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FINANCIAL INFORMATION

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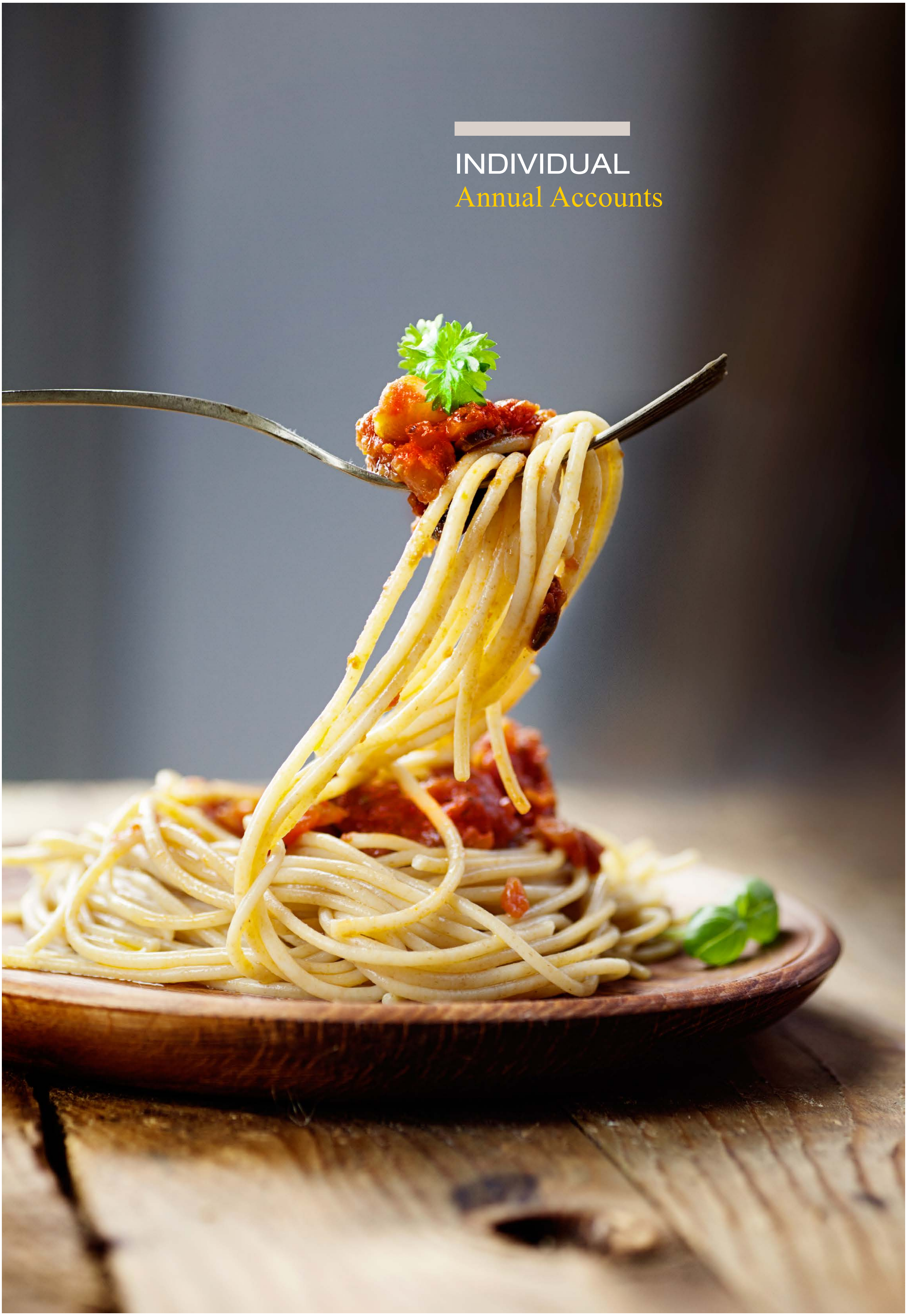


INDIVIDUAL
Annual Accounts

Audit Report on the Financial Statements
issued by an Independent Auditor

EBRO FOODS, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2018

Translation of a report and financial statement originally issued in Spanish. In the event of a discrepancy, the Spanish- language version prevails.

INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the shareholders of EBRO FOODS, S.A.:

Audit report on the financial statements

Opinion

We have audited the financial statements of EBRO FOODS, S.A. (the "Company"), which comprise the balance sheet as at December 31, 2018, the income statement, the statement of changes in equity, the statement of cash flows, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and policies contained therein.

Basis of the opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to auditor independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of equity investments in group companies and associates	
Description	As shown on the accompanying balance sheet, the Company recognized 1,572,215 thousand euros related to investments in equity instruments of group companies and associates. At the reporting date, management makes significant judgments to determine the existence of indications of impairment, and if necessary, estimates their recoverable amounts. We have determined this to be a key audit matter, since the analyses conducted by management require making complex estimates and judgments regarding the future results of group companies and associates in which the Company holds investments. The description of the balance, movements, and possible impairment loss recorded following management's recoverability analysis, are provided in Notes 4.3 and 8 to the accompanying financial statements.
Our response	In this regard, our audit procedures included: ► Reviewing the procedures established by the Company to evaluate the existence of indications of impairment, as well as those carried out to determine the recoverable amount of investments in group companies and associates. ► Obtaining calculations made by management, in collaboration with an independent expert, to value the cash-generating units (CGUs) pertaining to investments in group companies and associates at year end. ► Reviewing, in collaboration with our valuation experts, the reasonableness of the business assumptions and methodology for determining the impairment tests applied to investments in group companies and associates, when the discounted cash flow method was used. ► Reviewing the documentation supporting alternative analyses conducted by management when the latter is used to substantiate recoverable amount, as well as the equity of investees adjusted by unrealized capital gains existing at year end. ► Checking the accuracy and integrity of disclosures included in the notes to the accompanying financial statements.

Other information: Management report

Other information refers exclusively to the 2018 management report, the preparation of which is the responsibility of the company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not include the management report. Our responsibility for the information contained in the management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

a. A specific level applicable to certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the management report, and if not, disclose this fact.

b. A general level applicable to the remaining information included in the management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on knowledge of the Company obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the management report includes a reference that the non-financial information is provided in the consolidated management report of the Ebro Foods Group to which the company belongs, that the Corporate Governance Report information is included in the management report, and that the remaining the information contained therein is consistent with that provided in the 2018 financial statements and their content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair value of the equity and financial position and the results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the company to continue as a going concern, stating, where applicable, the issues linked to the going concern and using the accounting principle of a going concern except where the directors intend to liquidate the company or cease trading, or where there is no other realistic alternative.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the financial statement auditing standards prevailing in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legally-stipulated disclosure requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on April 1, 2019.

Term of engagement

During the Ordinary/Extraordinary General Shareholders' Meeting held on June 1, 2017, we were appointed auditors for a period of three years, commencing the year ended December 31, 2017.

Previously, we were appointed as auditors by the shareholders for a period of three years and we have been carrying out the audit of the consolidated financial statements continuously since December 31, 2014.

ERNST & YOUNG
(Registered in Spain's Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

David Ruiz-Roso Moyano
(Registered in the Official Register of Auditors under entry no. 18336)

April 1, 2019

EBRO FOODS, S.A.
BALANCE SHEET

At december 31, 2018 and 2017

ASSETS	NOTE	12-31-18	12-31-17
A) NON-CURRENT ASSETS		1,616,307	1,606,817
I. Intangible assets	5	5,847	6,816
3. Patents, licenses and trademarks		5,505	6,292
5. Software		342	524
II. Property, plant and equipment	6	939	978
1. Land and buildings		281	281
2. Plant and other PP&E		658	697
III. Investment properties	7	7,838	7,844
1. Land		7,276	7,276
2. Buildings		562	568
IV. Non-current investments in group companies and associates	8	1,572,215	1,559,030
1. Equity instruments		1,572,215	1,557,026
2. Loans to companies	8 & 17	0	2,004
V. Non-current financial assets	9	20,675	22,033
1. Equity instruments		0	0
2. Loans to third parties		20,533	21,885
5. Other financial assets		142	148
VI. Deferred tax assets	15	8,793	10,116
B) CURRENT ASSETS		16,505	30,706
III. Trade and other receivables	9 & 10	13,870	25,891
1. Trade receivables		87	9
2. Trade receivables, group companies and associates	17	10,760	5,618
3. Sundry receivables		8	8
4. Receivable from employees		26	31
5. Current tax assets	15	1,992	19,278
6. Other amounts receivable from public authorities	15	997	947
IV. Current investments in group companies and associates		701	0
2. Loans to companies	17	701	0
V. Current financial assets	9	1,352	1,211
2. Loans to third parties		1,352	1,211
VI. Prepayments and accrued income		38	0
VII. Cash and cash equivalents	11	544	3,604
1. Cash		544	3,603
2. Other cash equivalents		0	1
TOTAL ASSETS		1,632,812	1,637,523

(000€)

The accompanying notes 1 to 20 are an integral part of the balance sheet at December 31, 2018.

EBRO FOODS, S.A.
BALANCE SHEET

At december 31, 2018 and 2017

LIABILITIES	NOTE	12-31-18	12-31-17
A) EQUITY		638,394	730,880
A.1) CAPITAL AND RESERVES	12	638,394	730,880
I. Capital		92,319	92,319
1. Issued capital		92,319	92,319
II. Share premium		5	5
III. Reserves		550,846	580,455
1. Legal and statutory reserves		18,464	18,464
2. Other reserves		532,382	561,991
IV. Own shares and own equity holdings		0	0
V. Retained earnings (prior-year losses)		0	0
VI. Other owner contributions		0	0
VII. Profit for the year		(4,776)	58,101
VIII. Interim dividend		0	0
IX. Other equity instruments		0	0
A.2) VALUATION ADJUSTMENTS		0	0
B) NON-CURRENT LIABILITIES		895,873	821,621
I. Non-current provisions	14	18,061	17,906
1. Non-current employee benefit obligations		2,042	2,458
4. Other provisions		16,019	15,448
II. Non-current borrowings	9	225,466	298,934
2. Bank borrowings	13	219,585	291,963
4. Derivatives	9	2,369	2,459
5. Other financial liabilities	9	3,512	4,512
III. Non-current borrowings from group companies and associates	17	603,489	459,477
IV. Deferred tax liabilities	15	48,857	45,304
C) CURRENT LIABILITIES		98,545	85,022
III. DCurrent borrowings:	9	88,138	50,287
2. Bank borrowings	13	88,086	50,074
5. Other financial liabilities		52	213
IV. Current borrowings from group companies and associates	17	6,330	29,606
V. Trade and other accounts payable:	9	4,077	5,129
1. Trade payables		1,048	481
2. Trade payables, group companies and associates		129	112
4. Employee benefits payable		2,676	4,029
6. Other payables to public authorities	15	224	507
TOTAL EQUITY AND LIABILITIES		**1,632,812**	**1,637,523**

(000€)

The accompanying notes 1 to 20 are an integral part of the balance sheet at December 31, 2018.

EBRO FOODS, S.A.
INCOME STATEMENT FOR THE YEARS
Ended december 31, 2018 and 2017

	NOTE	2018	2017
CONTINUING OPERATIONS			
Revenue		20,207	78,345
Revenue from services rendered		3,465	5,188
Dividends from group companies and associates	8 & 17	16,711	73,146
Finance income from group companies	17	31	11
Other operating income		4,785	4,220
Ancillary and other operating income		4,785	4,220
Employee benefits expense		(9,779)	(11,898)
Wages, salaries and similar		(8,058)	(9,774)
Employee benefits		(1,126)	(1,156)
Termination benefits		0	0
Provisions		(595)	(968)
Other operating expenses		(8,782)	(7,484)
External services		(8,208)	(7,135)
Taxes other than income tax		(394)	(349)
Other operating expenses	14	(180)	0
Depreciation and amortization	5, 6 & 7	(1,239)	(1,290)
Impairment of and gains/(losses) on disposal of fixed assets		38	1,398
Gains/(losses) on disposals	5 & 7	38	1,398
OPERATING PROFIT		5,230	63,291
Finance income		884	819
From marketable securities and other financial instruments:			
Third parties		884	819
Finance costs		(13,429)	(10,219)
Borrowings from group companies and associates	17	(7,704)	(4,866)
Third-party borrowings		(5,725)	(5,353)
Change in fair value of financial instruments		90	(950)
Held-for-trading portfolio and other securities	9	90	(950)
Net exchange gains/(losses)	9	(255)	3,507
Impairment of and gains/(losses) on disposal of financial assets		(1)	2,387
Impairment and write-downs	8	(1)	2,387
Gains/(losses) on disposals	9	0	0
NET FINANCE COST		(12,711)	(4,456)
PROFIT/(LOSS) BEFORE TAX		(7,481)	58,835
Income tax	15	2,705	(734)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(4,776)	58,101
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations, net of income tax		0	0
PROFIT/(LOSS) FOR THE YEAR		**(4,776)**	**58,101**

(000€)

The accompanying notes 1 to 20 are an integral part of the income statement for the year ended December 31, 2018.

EBRO FOODS, S.A.
STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEARS

Ended december 31, 2018 and 2017

	2018	2017
A) Profit as per income statement	(4,776)	58,101
Income and expense recognized directly in equity		
I. Measurement of financial instruments		
1. Available-for-sale financial assets	0	0
2. Other income/expense		
II. Cash flow hedges		
III. Grants, donations and bequests received		
IV. Actuarial gains and losses and other adjustments		
V. Tax effect	0	0
B) Total income and expense recognized directly in equity	0	0
Amounts reclassified to profit or loss		
VI. Measurement of financial instruments		
1. Available-for-sale financial assets	0	0
2. Other income/expense		
VII. Cash flow hedges		
VIII. Grants, donations and bequests received		
IX. Tax effect	0	0
C) Total amounts reclassified to profit or loss	0	0
TOTAL RECOGNIZED INCOME AND EXPENSE (A + B + C)	**(4,776)**	**58,101**

(000€)

The accompanying notes 1 to 20 are an integral part of the statement of recognized income and expense for the year ended December 31, 2018.

EBRO FOODS, S.A.

STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS

Ended december 31, 2018 and 2017

	CAPITAL	SHARE PREMIUM	RESERVES	OWN SHARES	RETAINED EARNINGS	PROFIT FOR THE YEAR	INTERIM DIVIDEND	OTHER EQUITY INSTRUMENTS	VALUATION ADJUSTMENTS	GRANTS, DONATIONS AND BEQUESTS RECEIVED	TOTAL
OPENING BALANCE AT DEC. 31, 2016	92,319	5	654,781	0	0	13,382	0	0	0	0	760,487
I. Restatements for changes in accounting criteria											0
II. Restatements for prior-year errors											0
RESTATED BALANCE AT JAN. 1, 2017	92,319	5	654,781	0	0	13,382	0	0	0	0	760,487
I. Total recognized income and expense						58,101			0		58,101
II. Transactions with shareholders and owners:	0	0	(87,708)	0	0	0	0	0	0	0	(87,708)
Dividend distribution			(87,703)								(87,703)
Transactions with own shares (net)			(5)								(5)
Other transactions with shareholders											0
III. Other changes in equity			13,382			(13,382)					0
CLOSING BALANCE AT DEC. 31, 2017	92,319	5	580,455	0	0	58,101	0	0	0	0	730,880
I. Restatements for changes in accounting criteria											0
II. Restatements for prior-year errors											0
RESTATED BALANCE AT JAN. 1, 2018	92,319	5	580,455	0	0	58,101	0	0	0	0	730,880
I. Total recognized income and expense						(4,776)			0		(4,776)
II. Transactions with shareholders and owners:	0	0	(87,710)	0	0	0	0	0	0	0	(87,710)
Dividend distribution			(87,704)								(87,704)
Transactions with own shares (net)			(6)								(6)
Other transactions with shareholders											0
III. Other changes in equity			58,101			(58,101)					0
CLOSING BALANCE AT DEC. 31, 2018	**92,319**	**5**	**550,846**	**0**	**0**	**(4,776)**	**0**	**0**	**0**	**0**	**638,394**

(000€)

The accompanying notes 1 to 20 are an integral part of the statement of total changes in equity for the year ended December 31, 2018.

EBRO FOODS, S.A.
STATEMENT OF CASH FLOWS FOR THE YEARS
Ended december 31, 2018 and 2017

	NOTE	2018	2017
NET CASH FLOWS FROM OPERATING ACTIVITIES		17,490	48,488
1. Profit/(loss) for the year before tax		(7,481)	58,835
2. Adjustments for non-cash income and expenses:		(2,235)	(67,841)
a) Depreciation and amortization (+)	5,6 & 7	1,239	1,290
b) Impairment charges (+/–)	8	1	(2,387)
c) Changes in provisions (+/–)	14	595	968
e) Gains (losses) on derecognition and disposal of fixed assets (+/–)	7	(38)	(1,398)
g) Finance income (–)		(915)	(830)
h) Finance costs (+)		13,339	11,169
i) Exchange differences (+/–)	9.1	255	(3,507)
k) Other income and expenses (+/–)		(16,711)	(73,146)
3. Changes in working capital		(2,879)	(2,318)
b) Trade and other accounts receivable (+/–)		(498)	(1,077)
c) Other current assets (+/–)		(38)	0
d) Trade and other payables (+/–)		(2,343)	(1,241)
4. Other cash flows from operating activities		30,085	59,812
a) Interest paid (–)		(7,881)	(6,984)
b) Dividends received (+)		16,711	73,146
d) Income tax receipts (payments) (+/–)		21,255	(6,350)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		1,846	(12,244)
6. Payments for investments (–)		(230)	(16,500)
a) Group companies and associates		0	(16,500)
c) Property, plant and equipment	6	(190)	0
e) Other financial assets		(40)	0
7. Proceeds from disposals (+)		2,076	4,256
b) Intangible assets		2,000	1,700
d) Investment properties		30	1,806
e) Other financial assets		46	750
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(22,438)	(37,697)
9. Proceeds from and payments for equity instruments		(599)	(537)
c) Acquisition of own equity instruments (–)		(599)	(1,035)
d) Disposal of own equity instruments (+)		0	498
10. Proceeds from and repayment of financial liabilities		65,864	50,543
a) Issuance of:		361,426	155,150
2. Bank borrowings (+)		181,009	37,721
3. Borrowings from group companies and associates (+)		180,417	117,429
b) Repayment and amortization of:		(295,562)	(104,607)
2. Bank borrowings (–)		(224,117)	(86,073)
3. Borrowings from group companies and associates (–)		(71,434)	(18,534)
4. Other borrowings (–)		(11)	0
11. Dividends and payments on other equity instruments		(87,703)	(87,703)
a) Dividends (–)		(87,703)	(87,703)
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		42	(150)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,060)	(1,603)
Cash and cash equivalents, opening balance		3,604	5,207
CASH AND CASH EQUIVALENTS, CLOSING BALANCE		544	3,604

(000€)

The accompanying notes 1 to 20 are an integral part of the statement of cash flows for the year ended December 31, 2018.

1. CORPORATE INFORMATION

Ebro Foods, S.A., a Spanish public limited company (sociedad anónima), hereinafter, the Company, was created by the merger by absorption of Puleva S.A. into Azucarera Ebro Agrícolas S.A. on January 1, 2001. On the occasion of that transaction, Azucarera Ebro Agrícolas, S.A.'s name was changed to Ebro Puleva, S.A. Later, at the Annual General Meeting of June 1, 2010, its registered name was changed again to its current name: Ebro Foods, S.A.

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20. The Company's corporate object is to perform the following business activities in Spanish and foreign markets:

a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, rice, pasta, sauces and all manner of nutritional products.

b) The production, exploitation and sale of all manner of food, soft and alcoholic beverages.

c) The use of by-products and the provision of services or products of all types relating to the aforementioned activities, including refrigeration cabinets, ice, industrial gas, steam, cold and energy.

d) The acquisition, lease, creation, installation, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage (including alcohol) industries.

e) The performance of projects and installation work and the provision of all manner of technical assistance to other companies in the aforementioned industries; the creation, development, protection and use of patents, trademarks and other assets susceptible to intellectual property protection.

f) Staff training, computer programming or management, investment and monetization of resources, advertising and image, transport, distribution and sale and marketing activities that are ancillary or complementary to the aforementioned activities.

The activities comprising the Group's corporate object may be carried on through the subscription or acquisition of shares or other equity interests in companies with an identical or similar corporate purpose.

Ebro Foods, S.A. is the parent of a consolidated group comprising it and its subsidiaries and associates with which it has separately presented consolidated financial statements for 2018, which were authorized for issue by the Board of Directors of Ebro Foods, S.A. on March 27, 2019. The 2017 consolidated financial statements were approved at the Annual General Meeting held by Ebro Foods, S.A. on June 5, 2018 and duly filed with Madrid's Companies Register.

This fact should be taken into consideration in assessing the working capital position typical of year-end in the separate annual financial statements of Ebro Foods, S.A., which, as the Group's parent company, has the option of financing itself via dividends and additional bank or group financing, among other alternatives.

The key figures contained in the 2018 and 2017 consolidated financial statements, which were drawn up in accordance with Final Provision Eleven of Spanish Law 62/2003, of December 30, 2003, under the International Financial Reporting Standards approved by the European Commission, are replicated below:

	AT YEAR-END 2018		AT YEAR-END 2017	
TOTAL ASSETS		3,832,425		3,663,133
Equity:		2,190,202		2,121,925
Attributable to equity holders of the parent	2,162,334		2,074,637	
Attributable to non-controlling interests	27,868		47,288	
Revenue		2,646,523		2,506,969
Profit for the year:		149,311		229,974
Attributable to equity holders of the parent	141,589		220,600	
Attributable to non-controlling interests	7,722		9,374	

(000€)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The figures provided in these financial statements are presented in thousands of euros, unless otherwise indicated.

FINANCIAL REPORTING FRAMEWORK APPLICABLE TO THE COMPANY

The accompanying financial statements were authorized for issue by the directors in keeping with the financial reporting regulatory framework applicable to Company, namely:

a) Spain's Code of Commerce and other company law

b) Spain's General Accounting Plan, enacted by Royal Decree 1514/2007, as amended in 2016 by Royal Decree 602/2016, and other prevailing company law

c) The binding rules issued by the ICAC (acronym in Spanish for the Audit and Accounting Institute) enacting the General Accounting Plan and its complementary rules and regulations

d) Other applicable Spanish accounting regulations

FAIR PRESENTATION

The accompanying financial statements were prepared from the Company's accounting records in keeping with the prevailing applicable financial reporting framework and, specifically, the accounting principles and criteria contained therein, to present fairly the Company's equity and financial position at year-end and financial performance and cash flows during the year.

These financial statements have been authorized for issue by the Company's directors and will be submitted for shareholder approval at the Annual General Meeting at which they are expected to be ratified without modification. The 2017 financial statements were approved at the Annual General Meeting held on June 5, 2018.

COMPARATIVE INFORMATION

The information provided in these financial statements in respect of 2017 is presented to enable a reader comparison with the equivalent 2018 figures.

CRITICAL ISSUES REGARDING THE MEASUREMENT AND ESTIMATION OF UNCERTAINTY

The directors have prepared the Company's financial statements using estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amounts of assets and liabilities that are not readily apparent from other sources were established on the basis of those estimates. The Company reviews those estimates continually. However, given the uncertainty inherent in those estimates, there is a considerable risk that the carrying amounts of affected assets and liabilities may have to be significantly adjusted in the future should material changes occur in the assumptions, events or circumstances on which they were based.

In addition to other relevant information regarding the estimation of uncertainty at the reporting date, the key assumptions regarding the future that imply a risk that the carrying amounts of assets and liabilities may require material adjustment in the next financial year, are as follows:

Taxation

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period from the date of presentation of the respective returns has elapsed. The directors believe that no significant additional tax liabilities would arise for the Company in the event of a tax inspection (note 15).

Impairment of non-financial assets

Until December 31, 2015, the Company used to test its non-financial assets for signs of impairment annually. Specifically, indefinite-lived intangible were tested for impairment at least annually.

Since January 1, 2016, as provided for in Spanish Royal Decree 602/2016, which introduces a change in the criteria applicable to the amortization of intangible assets, those assets are now subject to amortization on a straight-line basis over a 10-year period. Irrespective of the new amortization regime, those intangible assets are tested for signs of impairment annually, along with the rest of the Company's non-financial assets.

Deferred tax assets

Deferred tax assets are recognized on the basis of the Company's estimates regarding the probability of occurrence and level of future taxable profits (note 15).

Provisions

The Company recognizes provisions for liabilities in keeping with the accounting policy outlined in note 4.n below. The Company has made judgments and estimates as to the likelihood that the provisioned liabilities will materialize, as well as the corresponding amounts, and has recognized provisions when the liability is deemed probable, estimating the cost that would be generated by the obligating event (note 14).

Although those estimates were made on the basis of the best information available at year- end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

TRANSACTIONS CONCLUDED IN 2018 THAT AFFECT THE BASIS OF PRESENTATION

The Company did not undertake any transactions in 2018 that affect the presentation or comparability of these financial statements. The transactions undertaken in prior years requiring specific disclosures in subsequent reporting periods are outlined below:

a) **Merger by absorption of Productos La Fallera, S.A.:**
See the 2003 financial statements.

b) **Dissolution of Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (GDP) transferring all of its assets and liabilities to Ebro Foods, S.A.:**
See the 2003 financial statements.

c) **Non-monetary contribution to Ebro Financial Corporate Services S.L.:**
See the 2012 financial statements.

d) **Liquidation of Azucarera Energías, S.A. in December 2015:**
See the 2015 financial statements.

3. APPROPRIATION OF PROFIT/(LOSS)

	AMOUNT
Basis of appropriation	
Unrestricted reserves	529,218
Profit/(loss) for the year	(4,776)
TOTAL	**524,442**

(000€)

The distribution of profit proposed by the directors of Ebro Foods, S.A. at a meeting of the Board of Directors held on December 19, 2018 for submission for ratification at the upcoming Annual General Meeting is as follows:

The profit generated by the Ebro Foods Group in 2018 makes it possible, as in prior years, to propose the payment of a cash dividend, with a charge against unrestricted reserves and profit for the year, of 0.57 euros per share, payable in the course of 2019, in a total amount of 87,703 thousand euros.

The dividend will be paid out in three equal instalments of 0.19 euros per share on April 1, June 28 and October 1, 2019.

LIMITATIONS ON THE DISTRIBUTION OF DIVIDENDS

The Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount equal to at least 20% of share capital. This reserve cannot be distributed to shareholders (note 12.c) unless it exceeds and only in the amount by which it exceeds this 20% threshold.

Once the legal and bylaw-stipulated requirements have been met, dividends may be distributed against profit for the year or freely distributable reserves so long as the value of equity is not lower than or would not fall below share capital as a result of the distribution. For these purposes, any profit recognized directly in equity may not be distributed either directly or indirectly. If prior-year losses were to reduce the Company's equity to below the amount of share capital, profit would have to be allocated to offset those losses.

4. RECOGNITION AND MEASUREMENT STANDARDS

A) INTANGIBLE ASSETS

Intangible assets are initially measured at either acquisition or production cost. The cost of intangible assets acquired in a business combination is their acquisition-date fair value.

Following initial measurement, they are stated at cost less accumulated amortization and any impairment losses.

Intangible assets are assets with a finite useful life and are therefore amortized on a straight- line basis as a function of their estimated useful life and residual value. Amortization methods and periods are reviewed at the end of each reporting period, and adjusted prospectively where applicable.

Intangible assets are tested for impairment at least at each financial year-end and any impairment is recognized. Patents, licenses and trademarks are amortized on a straight-line basis over their useful lives, generally 10 years, while computer software is amortized over an estimated useful life of four years.

B) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognized at either acquisition or production cost. The cost of property, plant and equipment acquired in a business combination is the fair value of the assets at the acquisition date. Following initial recognition, they are carried at cost less accumulated depreciation and any impairment losses.

The cost of assets acquired or produced since January 1, 2008 that require more than one year to ready for use (qualifying assets) includes borrowing costs accrued prior to putting the assets to use whenever these expenses meet the capitalization requirements.

Property, plant, and equipment likewise includes the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets, when these obligations trigger the recognition of provisions.

Expenses for repairs that do not prolong the useful life of the assets, as well as maintenance expenses, are taken to profit and loss in the year incurred. Expenses incurred for expansion or improvements that increase the productivity or prolong the useful life of those assets are capitalized as an increase in the carrying amount of the item.

Depreciation charges are recognized in the income statement. Assets are depreciated from when they are available for use.

Items of property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives, taking into consideration actual depreciation sustained through operation, usage and wear and tear, as follows:

DEPRECIATION RATES

Buildings	2.0 to 3.0%
Machinery, plant and tools	2.0 to 8.0%
Furniture and other fixtures	10.0 to 25.0%
Vehicles	5.5 to 16.0%

The Company reviews its material assets' residual values, useful lives and depreciation methods at each year-end and adjusts them prospectively where applicable.

C) INVESTMENT PROPERTIES

Investment properties comprise land and buildings that are leased to third parties or not being used for operating purposes. Buildings so classified are depreciated on a straight-line basis over an estimated useful life of 50 years.

The measurement criteria applicable to property, plant and equipment apply in full to investment properties. Transfers are made to (or from) investment property only when there is a change in use.

D) EXCHANGES OF ASSETS

Assets acquired in exchange for other assets are analyzed individually to determine whether the related transaction has commercial substance.

When the transaction has commercial substance, the asset received is measured at the fair value of the asset given up, plus any monetary compensation where applicable, except for transactions for which the evidence supporting the fair value of the asset received is better, in which case this measurement is taken. Any valuation differences arising upon derecognition of the asset given up are recognized in the income statement.

When the exchange does not have commercial substance or when the fair value of the assets exchanged cannot be reliably measured, the asset received is measured at the carrying amount of the asset given up, plus monetary consideration given, if any.

E) IMPAIRMENT OF NON-CURRENT AND NON-FINANCIAL ASSETS

The Company assesses whether there is any indication that a non-current, financial asset or cash-generating unit may be impaired at least at each reporting date. If there is any indication of impairment, the asset's recoverable amount is estimated.

The recoverable amount is the higher of fair value less costs to sell and value in use. When the carrying amount exceeds the recoverable amount, the asset is considered impaired.

Value in use is the present value of expected future cash flows, discounted using risk-free market rates, adjusted for the risks specific to the asset. For those assets that do not generate cash flows that are largely independent of those of other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the assets belong.

Impairment losses and any subsequent reversals are recognized in profit and loss. Impairment losses are reversed only if the circumstances giving rise to them have ceased to exist. Goodwill impairment losses are not reversed. Any such reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset in question.

F) LEASES

Leases are classified as finance leases when, based on the economic terms of the arrangement, substantially all the risks and rewards incidental to ownership of the leased item are transferred to the lessee. All other lease arrangements are classified as operating leases.

Company as lessee

Assets acquired under finance leases are classified as appropriate within property, plant and equipment and are measured at the lower of the fair value of the leased property and the present value of the minimum lease payments; a corresponding financial liability is recognized in the same amount. Lease payments are apportioned between finance charges and reduction of the lease liability. Leased assets are depreciated, impaired and derecognized using the same criteria as apply to owned assets of a similar nature.

Operating lease payments are expensed in profit and loss as they accrue.

Company as lessor

Rental income from operating leases is recognized in the income statement as accrued. Direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and are expensed over the term of the lease using the same criteria as are used to recognize lease income.

G) FINANCIAL ASSETS

1. Classification and measurement

1.1. Loans and receivables

The Company recognizes trade and non-trade receivables in this category, which includes financial assets with fixed or determinable payments not quoted on active markets that it expects to recover in full, other than because of credit impairment.

Upon initial recognition in the balance sheet, these investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables that mature within less than one year from the reporting date with no contractual interest rate, as well as advances, loans to employees, deposits, dividends receivable and called-up payments on equity instruments, the amount of which is expected to be realized in the short term, are carried at their nominal value both upon initial and subsequent measurement when the effect of not discounting the cash flows is not material.

1.2. Held-to-maturity investments

Held-to-maturity investments include debt instruments with fixed maturities and fixed or determinable payments traded on active markets which the Company has the positive intention and the ability to hold to maturity.

Upon initial recognition in the balance sheet, these investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Subsequent to initial recognition, these financial assets are measured at amortized cost.

1.3. Equity investments in group companies, jointly-controlled entities and associates

This category includes investments in entities over which the Company exercises control, joint control under bylaw stipulations or by contractual arrangement, or has significant influence. These investments are initially measured on the balance sheet at fair value, which is equivalent, absent indications to the contrary, to the transaction price, which is the fair value of the consideration given plus directly attributable costs, except in relation to non-monetary contributions to a group company in exchange for a business, in which instance the investment is measured at the carrying amount of the assets and liabilities comprising the business. The initially-recognized amount of an equity investment includes preferential subscription and similar rights acquired.

Subsequent to initial recognition, these financial assets are measured at cost, less any accumulated impairment losses.

When an investment is newly classified as an investment in a group company, jointly controlled entity or associate, cost is deemed to be the investment's recognized carrying amount; previously-recognized unrealized valuation adjustments are left in equity until the investment is either sold or impaired.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

In the case of equity investments in group companies that give control over the subsidiary, the fees paid to legal advisors and other professionals in connection with the acquisition have been recognized directly in the income statement since January 1, 2010.

1.4. Financial assets held for trading

This category includes financial assets created or acquired for the purpose of obtaining a profit in the short term. This category also includes derivative financial instruments that have not been designated as hedging instruments.

They are initially recognized at fair value which is equivalent to their transaction price, barring evidence to the contrary. Transaction costs that are directly attributable to their issuance are recognized in profit or loss.

The initially-recognized amount of an equity investment includes preferential subscription and similar rights acquired.

Subsequent to initial recognition, financial assets held for trading are carried at fair value without any deduction for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in profit or loss.

1.5. Available-for-sale financial assets

This category includes debt securities and equity instruments that have not been classified in any of the preceding categories.

Upon initial recognition in the balance sheet, these investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs. The initially-recognized amount of an equity investment includes preferential subscription and similar rights acquired.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously deferred in equity is taken to the income statement. However, foreign exchange gains and losses on monetary assets denominated in foreign currency are recognized in the income statement.

Equity instruments whose fair value cannot be reliably determined are measured at cost, less any cumulative impairment.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

1.6. Hedging derivatives

These are derivatives that qualify for hedge accounting.

Financial instruments that have been designated as hedging instruments or hedged items are measured as described in note 4.j below.

2. Derecognition

Financial assets are derecognized when the contractual rights to the related cash flows have expired or when the assets have been transferred, provided that the risks and rewards incidental to ownership have been substantially transferred.

If the Company has neither substantially transferred nor retained the risks and rewards incidental to ownership of the financial asset, it is derecognized when control over the asset is relinquished. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. to the extent of its continuing involvement, recognizing the associated liability as well.

The difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, and the carrying amount of the asset transferred, plus any cumulative gain or loss recognized directly in equity, determines the gain or loss generated upon derecognition, and is included in the income statement for the year to which it relates.

The Company does not derecognize financial assets in respect of the sale of financial assets in which it has retained substantially the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitizations of financial assets in which it retains subordinate financing or other types of guarantees which substantially absorb estimated losses. In these instances, it recognizes a financial liability at an amount equal to the consideration received.

3. Interest and dividend income generated by financial assets

Interest and dividends accrued on financial assets subsequent to their acquisition are recognized as income; specifically, dividends and finance income received from group companies are classified as revenue in the income statement. Interest is recognized using the effective interest rate method; dividends are recognized when the right to receive them is established.

To this end, financial assets are recognized separately upon initial measurement based on maturity, accrued explicit interest receivable at that date, and the dividends approved by the competent governing body up to the date the assets are acquired. Explicit interest refers to the contractual interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition, based on the conclusion that the amounts distributed exceed the profit generated by the investee since acquisition, the dividends are not recognized as revenue but rather as a decrease in the carrying amount of the investment.

H) IMPAIRMENT OF FINANCIAL ASSETS

The carrying amount of financial assets is adjusted against profit and loss when there is objective evidence of an impairment loss.

To determine whether its financial assets may be impaired, the Company tests individual assets and portfolios of assets with similar risk traits for impairment.

Debt instruments

There is objective evidence that debt instruments (receivables, loans and debt securities) are impaired when an event has occurred after the initial recognition of the instrument that has an adverse impact on the related estimated future cash flows.

The Company designates debt instruments as impaired assets (doubtful exposures) when there is objective evidence of impairment, which refers basically to the existence of unpaid balances, contractual breaches, refinancing activity and/or other information evidencing the possibility that the total agreed-upon cash flows will not be collected on time, or at all.

For financial assets measured at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the effective rate of interest prevailing upon initial recognition. For financial assets with floating interest rates, the effective interest rate at the reporting date is used.

For trade and other receivables, the Company considers balances past due by more than six months for which collection is uncertain, as well as balances owed by counterparties that have filed for creditor protection, to be doubtful assets.

Market value is used instead of the present value of estimated future cash flows in the case of quoted instruments, provided that this is considered a sufficiently reliable proxy for fair value.

The reversal of an impairment loss is recognized in the income statement. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

Equity instruments

There is objective evidence that equity instruments are impaired when one or more events have occurred after initial recognition that indicate that the cost of the investment in equity instruments may not be recovered due to a prolonged or significant decline in their fair value. Specifically, the Company considers that its equity instruments are impaired when their quoted value has decreased by 40% or for 18 months without having recovered their initial value.

In the case of equity instruments measured at fair value and included in the available-for-sale financial asset portfolio, impairment losses are measured at the difference between acquisition cost and fair value, less any previously recognized impairment losses. Unrealized capital losses deferred in equity are recognized immediately in profit or loss whenever it is deemed that such losses reflect a decline in fair value resulting from impairment. In the case of available-for-sale equity instruments, impairment losses give rise to a new cost basis for the impaired asset that provides the benchmark going forward for determining whether the investment has sustained additional permanent impairment and recognizing the related impairment losses. If, in a subsequent period, impairment losses are partially or totally reversed, a valuation adjustment is recognized for the related amount in equity.

In the case of equity instruments measured at cost and included in 'Available-for-sale financial assets' and 'Investments in group companies and associates', impairment loss is measured as the difference between the carrying amount of the financial asset and the recoverable amount, which is the greater of the asset's fair value less costs to sell and the present value of future cash flows derived from the investment. Unless better evidence is available, impairment of this type of asset is estimated based on the investee's equity adjusted for any unrealized capital gains existing on the measurement date. Impairment losses are recognized in the income statement and offset directly against the equity instrument.

For investments in group companies and associates, the reversal of an impairment loss is recognized in the income statement and is limited to the carrying amount of the investment that would have been recognized on the reversal date had the original impairment not occurred; an impairment loss recognized in previous years on available-for-sale financial assets measured at cost cannot be reversed.

I) FINANCIAL LIABILITIES

1. Classification and measurement

1.1 Debts and payables

These instruments include financial liabilities generated by the purchase of goods and services in the ordinary course of the Company's business and non-trade payables that are not derivative instruments.

Upon initial recognition, they are recognized at fair value, which, barring evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost. Accrued interest is recognized in the statement of profit or loss using the effective interest rate method.

Nevertheless, trade payables that mature within less than one year with no contractual interest rate, as well as called-up payments on shares, payment of which is scheduled in the short term, are carried at their nominal value when the effect of not discounting the cash flows is not significant.

1.2. Financial liabilities held for trading:

This category includes financial liabilities issued with the intention of buying them back in the near term and derivative instruments that have not been designated as hedging instruments. These financial assets are recognized and measured using the same criteria as apply to financial assets held for trading.

1.3. Hedging derivatives

These are derivatives that qualify for hedge accounting. Financial instruments that have been designated as hedging instruments or hedged items are measured as described in note 4.j below.

2. Derecognition

The Company derecognizes a financial liability when the obligation under the liability has been extinguished.

When debt instruments are exchanged, insofar as their contractual terms are substantially different, the original financial liability is derecognized and a new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same manner.

The difference between the fair value of the derecognized financial liability (or part thereof) and the consideration paid, including any attributable transaction costs, and including any asset sold other than cash or a liability assumed, is recognized in profit or loss in the year to which it relates.

When debt instruments are exchanged for other instruments whose contractual terms are not substantially different, the original financial liability is not derecognized and the commissions paid are recognized as a correction to the carrying amount. The new amortized cost of the financial liability is determined by applying the effective interest rate, namely that which equates the carrying amount of the financial liability on the modification date to the cash flows to be paid as per the new terms.

J) HEDGE ACCOUNTING

The Company typically arranges fair value hedges in respect of its foreign currency- denominated accounts receivable and cash flow hedges on loans arranged at floating rates and also hedges its net investments in its US subsidiaries.

Transactions are only designated as hedges when they effectively eliminate any risk inherent to the hedged item or position throughout the duration of the hedge, which means that the hedging item must be deemed highly effective at the inception of the contract (prospective effectiveness) and there must be sufficient evidence that the hedge has been effective throughout the life of the hedge (retrospective effectiveness).

The Company adequately documents its hedges, including how they are intended to achieve and measure effectiveness under current risk management policies.

To test its hedges for effectiveness, the Company verifies the actual results of the hedge, i.e., that the changes in the cash flows of the hedged item are offset by changes in the cash flows of its hedging instrument within a range of 80% and 125% throughout the life of the hedge, effectively delivering the forecasts established at inception.

If this correlation ceases to hold at any time, hedge accounting is discontinued and the hedges are reclassified as trading derivatives.

For measurement purposes, the Company classifies its hedges into three categories:

- **Fair value hedges:** These arrangements hedge the risk of variations in the fair value of accounts receivable as a result of changes in exchange rates. The changes generated by exchange differences in respect of both the hedging instrument and the hedged item are recognized in profit or loss.
- **Cash flow hedges:** These instruments hedge the risk of variations in cash flows attributable to changes in the interest rates borne on loans taken on. The Company uses interest rate swaps to exchange floating for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity; the cumulative gain or loss is reclassified to profit or loss in the year or years in which the hedged transaction affects profit or loss.
- **Hedges of net investments in foreign operations:** These instruments hedge the foreign currency risk associated with the Company's net investments in its US subsidiaries. These hedges take the form of the dollar-denominated loans used to finance the acquisition of these businesses. The exchange gains and losses arising on both the hedging instrument and the US investments are recognized in profit or loss.

K) OWN SHARES

Own shares are recognized at the amount of consideration delivered; they are recognized in equity (as a deduction) when they are acquired and no gain or loss is recognized in the income statement when they are sold or canceled. The costs incurred to trade in own shares are recognized directly in equity as a deduction from reserves.

L) CASH AND CASH EQUIVALENTS

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements that meet the following criteria:

- They are readily convertible to cash
- They mature within less than three months from the acquisition date
- The risk of change in value is insignificant
- They are part of the Company's standard cash management strategy

For cash flow statement purposes, occasional bank overdrafts used as part of the Company's cash management strategy are recognized as a decrease in cash and cash equivalents.

M) GRANTS

Grants are classified as non-repayable once the terms attaching to their award have been met. They are recognized directly in equity, net of the corresponding tax effect.

Repayable grants are recognized as liabilities by the Company until deemed non-repayable; no income is recorded until that point.

Grants received to finance specific expenses are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants received to acquire property, plant and equipment are released to income in proportion to the related depreciation charges.

N) PROVISIONS AND CONTINGENCIES

Provisions are recognized on the balance sheet when the Company has a present obligation (legal or constructive, explicit or implicit) arising from past events, settlement of which is expected to result in an outflow of resources embodying economic benefits that can be measured reliably.

Provisions are measured at the present value of the best possible estimate of the amount needed to cancel the obligation or transfer it to a third party, recognizing the increase in the carrying amount of the provision due to the passage of time as borrowing cost. Provisions due to be settled within twelve months are not discounted if the impact of not doing so is not material. Provisions are reviewed at each reporting date and adjusted to reflect the best estimate of the liability at each review date.

O) NON-CURRENT EMPLOYEE BENEFIT LIABILITIES

Under its prevailing collective bargaining agreements and other non-binding agreements, the Company is obliged to make annual supplementary payments of various kinds and other bonuses for long service and retirement, where applicable, to its permanent employees upon retirement at the legally stipulated age or early retirement. At present, the Company only has these commitments with some of its current employees.

The provision recognized for long-service bonuses represents the present value, calculated using actuarial studies performed by independent experts, of the potential future payments to these employees.

The post-employment and similar obligations have been externalized as stipulated under prevailing legislation. Since externalizing this obligation, the Company is committed to making annual contributions to the externalized pension fund in an estimated amount that is not material in respect of the universe of employees affected.

In addition, the Company grants its employees certain voluntary retirement bonuses of undetermined amount. Those bonuses, which are scantly material, are recognized as an expense when they are paid.

P) INCOME TAX

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable tax credits, taking into account changes during the year in recognized deferred tax assets and liabilities. The corresponding tax expense is recognized in the income statement, except when it relates to transactions recognized directly in equity, in which case it is likewise recognized in equity, and when it relates to business combinations, in which case it is recognized with a charge or credit to goodwill.

Deferred income tax is recognized using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in "Deferred tax assets" or "Deferred tax liabilities" on the balance sheet, as applicable.

The Company recognizes deferred tax liabilities in respect of all taxable temporary differences, except as stipulated in prevailing legislation.

The Company recognizes deferred tax assets for all deductible temporary differences and the carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, except as disallowed under prevailing legislation.

At each reporting date the Company reassesses recognized and unrecognized deferred taxes. Based on the outcome of this assessment, the Company derecognizes a previously recognized deferred tax asset if its recovery is no longer deemed probable, and recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate expected to apply in the period in which they reverse, as required by enacted tax laws, and in the manner in which it reasonably expects to recover or settle the deferred tax asset or liability, respectively.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

Q) DISTINCTION BETWEEN CURRENT AND NON-CURRENT

A distinction is made between current and non-current assets and liabilities in the balance sheet. An item is classified as current if it is associated with the Company's normal operating cycle and its realization, sale or consumption is expected to occur within this cycle; falling beyond this scope, if its realization is expected to occur within twelve months of the reporting period; if it is held primarily for the purpose of trading; or if it is cash or a cash equivalent, so long as its use is not restricted for more than one year.

R) INCOME AND EXPENSE

Revenue and expenses are recognized on an accruals basis, regardless of when actual payment or collection occurs.

Revenue from sales of goods and rendering of services

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, price reductions or similar promotions the Company may grant, and, where relevant, net of the interest income arising from sales financing granted. Applicable indirect taxes on transactions that are reimbursed by third parties are not included.

Revenue is recognized based on the economic substance of the transaction and only when all of the following prerequisites have been met:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods (regardless of when they are legally transferred)

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold

c) The amount of revenue can be measured reliably

d) It is probable that the economic benefits associated with the transaction will flow to the Company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably

S) DISCONTINUED OPERATIONS

The income and expenses of discontinued operations are included in a single line item, net of the corresponding tax effect, under 'Profit/(loss) for the year from discontinued operations, net of income tax'. This heading also includes the after-tax gain or loss recognized upon measuring the assets or disposal groups constituting the discontinued operation at fair value less costs to sell.

T) FOREIGN CURRENCY TRANSACTIONS

The Company's functional and presentational currency is the euro.

Transactions in foreign currency are initially translated at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting from settlement of balance sheet items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction. As an exception, as indicated in note 4.j above, valuation adjustments deriving from the impact of exchange rate movements on the Company's US subsidiaries are recognized by restating the value of these net investments with a credit or charge in profit or loss.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss is similarly recognized in equity; conversely, when the gain or loss is recognized in profit or loss, any exchange component is recognized in the income statement.

U) ENVIRONMENTAL ASSETS AND LIABILITIES

Expenses relating to decontamination and restoration work in contaminated areas, as well as the elimination of waste and other expenses incurred to comply with environmental legislation are expensed in the year to which they relate, unless they correspond to the purchase of assets for the purpose of long-standing use in its business operations whose main purpose is to minimize environmental damage and/or enhance environmental protection, in which case they are recognized in the corresponding heading within 'Property, plant and equipment' and are depreciated using the same criteria as other assets so classified.

V) TERMINATION BENEFITS

Under prevailing legislation, the Company is obliged to pay severance to employees that are discontinued under certain circumstances. Termination benefits that can be reasonably estimated are recognized as an expense in the year in which the redundancy decision is taken.

X) RELATED-PARTY TRANSACTIONS

The Company conducts all related-party transactions on an arm's length basis. In addition, its transfer prices are duly documented so that the Company's directors do not believe there is a significant risk of related liabilities going forward.

5. INTANGIBLE ASSETS

The reconciliation of the carrying amounts of the various items comprising intangible assets at the beginning and the end of 2018 and 2017 is as follows:

CARRYING AMOUNTS

	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	TOTAL
Balance at December 31, 2016	7,079	551	7,630
Balance at December 31, 2017	6,292	524	6,816
Balance at December 31, 2018	5,505	342	5,847

GROSS CARRYING AMOUNTS

	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	TOTAL
BALANCE AT DECEMBER 31, 2016	13,110	3,077	16,187
Business combinations			0
Additions		208	208
Decreases		(408)	(408)
Translation differences			0
Transfers			0
BALANCE AT DECEMBER 31, 2017	13,110	2,877	15,987
Business combinations			0
Additions		36	36
Decreases			0
Translation differences			0
Transfers			0
BALANCE AT DECEMBER 31, 2018	13,110	2,913	16,023

AMORTIZATION AND IMPAIRMENT CHARGES

	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	TOTAL
BALANCE AT DECEMBER 31, 2016	(6,031)	(2,526)	(8,557)
Business combinations			0
Additions	(787)	(235)	(1,022)
Decreases		408	408
Translation differences			0
Transfers			0
BALANCE AT DECEMBER 31, 2017	(6,818)	(2,353)	(9,171)
Business combinations			0
Additions	(787)	(218)	(1,005)
Decreases			0
Translation differences			0
Transfers			0
BALANCE AT DECEMBER 31, 2018	(7,605)	(2,571)	(10,176)

At year-end 2018, the Company had patents and trademarks with an original cost of 1,649 thousand euros (year-end 2017: 1,649 thousand euros) and computer software with an original cost of 1,964 thousand euros (year-end 2017: 1,891 thousand euros) still in use that were fully amortized.

None of the Company's intangible assets is located outside Spain other than the Portuguese brand "Saludaes" and the Dutch brand "Lassie", acquired in 2011. The Company was not party to any firm commitments for the acquisition of intangible assets at either year-end.

There were no major movements in intangible assets in either reporting period.

In 2018, the Company recognized 1,005 thousand euros of amortization charges in respect of these intangible assets (2017: 1,022 thousand euros); it did not recognize any impairment losses on these assets in either reporting period.

The recoverable amount of the Company's trademarks and brands was determined by calculating their value in use, using cash flow projections that are based on budgets that cover a five-year horizon and are then projected for another five years. The rates used in 2018 to discount these assets' projected cash flows were 6.8% in Netherlands (2017: 7.3%) and 8.8% in Portugal (9.3%), depending on the business market of each brand. Cash flows beyond the initial 5-year budget horizon were extrapolated using the corresponding units' medium to long- term growth rates, which are typically between 1.5% and 1.8% (1.6% - 1.8% in 2017), depending on the business.

With respect to the assumptions used to calculate these brands' value in use, management believes that no reasonably-possible change in the key assumptions used would cause their carrying amounts to significantly exceed their recoverable amounts, indicating the need to recognize additional impairment losses.

6. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amounts of the various items comprising property, plant and equipment at the beginning and the end of 2018 and 2017 is as follows:

CARRYING AMOUNTS

	LAND	BUILDINGS	PLANT & OTHER PP&E	IN PROGRESS AND APREPAYMENTS	TOTAL
Balance at December 31, 2016	307	171	873	0	1,351
Balance at December 31, 2017	281	0	697	0	978
Balance at December 31, 2018	281	0	658	0	939

GROSS CARRYING AMOUNTS

	LAND	BUILDINGS	PLANT AND EQUIPMENT	IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2016	307	1,149	5,427	0	6,883
Additions			73		73
Decreases	(26)	(1,149)	(555)		(1,730)
Transfers					0
BALANCE AT DECEMBER 31, 2017	281	0	4,945	0	5,226
Additions			191		191
Decreases					0
Transfers					0
BALANCE AT DECEMBER 31, 2018	281	0	5,136	0	5,417

ACCUMULATED DEPRECIATION

	LAND	BUILDINGS	PLANT AND EQUIPMENT	IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2016	0	(978)	(4,554)	0	(5,532)
Additions		(12)	(249)		(261)
Decreases		990	555		1,545
Transfers					0
BALANCE AT DECEMBER 31, 2017	0	0	(4,248)	0	(4,248)
Additions			(230)		(230)
Decreases					0
Transfers					0
BALANCE AT DECEMBER 31, 2018	0	0	(4,478)	0	(4,478)

There were no movements in these assets of material amount in 2018. In 2017, the Company sold one property in Madrid, generating a pre-tax gain of 1,347 thousand euros.

According to the directors' estimates and projections, there are no indications that its property, plant or equipment may be impaired. The Company has taken out insurance policies to cover the carrying amount of its property, plant and equipment. The breakdown at year-end of the original cost of fully-depreciated items of property, plant and equipment still in use is shown in the next table:

	2018	2017
Other fixtures, tools and furniture	2,301	2,201
Other PP&E	1,435	1,365

There were no firm commitments for the acquisition of material amounts of property, plant and equipment at either year-end. No material items of property, plant or equipment are located outside Spain.

OPERATING LEASES

The Company leases its head offices in Madrid under an agreement in force until April 1, 2023, and its Barcelona office under an agreement that terminates on March 1, 2023. These leases are rolled over automatically (tacitly in some cases) if neither party gives termination notice. There are no material contingent payments under these leases. Expenditure under operating leases (including rent and general expenses) totaled 1,220 thousand euros in 2018 (2017: 1,080 thousand euros). The future minimum payments under the Company's non-cancelable operating leases at December 31, 2018 break down as follows:

	12-31-2018	12-31-2017
Within one year	735	494
Between one and five years	2,385	178
More than five years	0	0
	3,120	**672**

7. INVESTMENT PROPERTIES

The reconciliation of the carrying amounts of the Company's investment properties at the beginning and the end of 2018 and 2017 is as follows:

CARRYING AMOUNTS

	LAND	BUILDINGS	TOTAL
Balance at December 31, 2016	7,276	610	7,886
Balance at December 31, 2017	7,276	568	7,844
Balance at December 31, 2018	7,276	562	7,838

GROSS CARRYING AMOUNTS

	LAND	BUILDINGS	TOTAL
BALANCE AT DECEMBER 31, 2016	7,276	1,028	8,304
Additions			0
Decreases		(103)	(103)
BALANCE AT DECEMBER 31, 2017	7,276	925	8,201
Additions			0
Decreases		(5)	(5)
BALANCE AT DECEMBER 31, 2018	7,276	920	8,196

ACCUMULATED DEPRECIATION

	LAND	BUILDINGS	TOTAL
BALANCE AT DECEMBER 31, 2016	0	(418)	(418)
Additions		(7)	(7)
Decreases		68	68
BALANCE AT DECEMBER 31, 2017	0	(357)	(357)
Additions		(4)	(4)
Decreases		3	3
BALANCE AT DECEMBER 31, 2018	0	(358)	(358)

There were no material movements under this heading in 2018 or 2017.

None of the investment properties is located outside Spain. The original cost of fully- depreciated investment properties still in use was 81 thousand euros at both year-ends. The expenses associated with these properties related to their upkeep and the related depreciation charges. Maintenance expenses totaled 251 thousand euros in 2018 (2017: 256 thousand euros). All expenses are recognized in the income statement as accrued. The Company has no contractual obligations to acquire, build on or develop its investment properties or to repair, maintain or upgrade them.

The breakdown of the future minimum payments receivable under non-cancelable operating leases at year-end is as follows:

	12-31-18	12-31-17
Within one year	120	54
Between one and five years	283	0
More than five years	0	0
	403	**54**

There are no restrictions on the monetization of the Company's investment properties or any proceeds from their disposal.

8. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The reconciliation of the carrying amounts of the Company's investments at the beginning and the end of 2018 and 2017 is as follows:

ITEM	BALANCE AT 12-31-2016	INCREASES	DECREASES	TRANSFERS	BALANCE AT 12-31-2017
Equity instruments in group companies	1,606,177	20,000	(46,592)	0	1,579,585
Equity instruments in associates	31,615	0	0	0	31,615
Provision for impairment	(56,561)	0	2,387	0	(54,174)
	1,581,231	**20,000**	**(44,205)**	**0**	**1,557,026**
Loans to group companies	293	1,711	0	0	2,004
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	**1,581,524**	**21,711**	**(44,205)**	**0**	**1,559,030**

ITEM	BALANCE AT 12-31-2017	INCREASES	DECREASES	TRANSFERS	BALANCE AT 12-31-2018
Equity instruments in group companies	1,579,585	16,191	(1,002)	0	1,594,774
Equity instruments in associates	31,615	0	0	0	31,615
Provision for impairment	(54,174)	0	0	0	(54,174)
	1,557,026	**16,191**	**(1,002)**	**0**	**1,572,215**
Loans to group companies	2,004	0	(2,004)	0	0
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	**1,559,030**	**16,191**	**(3,006)**	**0**	**1,572,215**

A) EQUITY INSTRUMENTS IN GROUP COMPANIES:

The main changes in each year are as follows:

2018

1. In 2018, the Company's equity investments in group companies increased by 16,191 thousand euros. The original cost basis of the investment in Riviana Foods Inc. (acquisition cost) is 526,639 thousand euros. However, this financial asset is a designated hedged item; the hedging item, which is effective, is the loan taken on to fund the acquisition; accordingly, the changes in value arising between its original cost in US dollars and its euro equivalent give rise to adjustments in this cost basis.

   The corresponding adjustment in 2018 was an increase of 16,191 thousand euros, which was recognized as a gain in the income statement; the accumulated net gain at year-end stood at 24,559 thousand euros.

2. A decrease of 2 thousand euros due to the liquidation of Networks Meal Solutions, S.L. and a decrease of 1,000 thousand euros in respect of one investment which included that sum as a balance payable in the event of delivery of certain earnings metrics that have not been met (adjusting its basis).

2017

3. In December 2016, the Group merged several US-resident companies with the aim of simplifying and streamlining its structure in that market (Ebro North America) and reducing costs, reasons deemed valid from an economic and tax perspective. That reorganization, which culminated in the merger of the Group's two main North American subsidiaries (Riviana Foods, Inc. and New World Pasta, Inc., the latter merging into the former) was structured as a tax-free reorganization in the US; the equivalent tax-neutral regime was availed of in Spain (specifically the regime provided for in Chapter VII of Title VII of Spain's Corporate Income Tax Act (Law 27/2014)). The merger took effect for legal and financial purposes from January 1, 2017. Ebro Foods, S.A. owned 100% of both companies (directly and indirectly), a percentage that has not changed since the merger.

   In 2017, the Company's equity investments in group companies declined by 46,592 thousand euros: The historical acquisition cost of the investment in Riviana Foods Inc., after the merger, is 526,639 thousand euros. However, this financial asset is a designated hedged item; the hedging item, which is effective, is the loan taken on to fund the acquisition; accordingly, the changes in value arising between its original cost in US dollars and its euro equivalent give rise to adjustments in this cost basis.

   The corresponding adjustment in 2017 was a decrease of 46,592 thousand euros, which was recognized as a loss in the income statement; the accumulated net gain at year-end 2017 stood at 8,368 thousand euros.

4. An increase of 20,000 thousand euros in the investment in the Geovita Group in Italy, whose parent is Geovita Funtional, S.r.l., due to the acquisition of 52% of its share capital:

   The Company paid 20,000 thousand euros for its 52% interest, 16,500 thousand euros of which was paid in 2017; payment of remaining 3,500 thousand euros is subject to delivery of certain targets between 2017 and 2019 (note 9.2.b). The acquisition was financed from own funds.

   In addition, the Company has arranged a call option of the remaining 48% (exercisable by the other shareholder over a 10-year period from July 2021). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This put option contractually gives rise to a financial derivative for the period until it is exercised, due to the existence of a minimum guaranteed price; this derivative contract has been recognized as a non-current financial liability (note 9.2.b).

B) EQUITY INSTRUMENTS IN ASSOCIATES:
The 31,615 thousand euro investment corresponds to a 40% equity interest in Italy's Riso Scotti S.p.A. In August 2013, the Company acquired 25% of this Italian company from the Scotti Group. In 2016, it increased its shareholding to 40%.

The Scotti Group is an Italian group specialized in the production and processing of rice. It is the leading maker of risotto rice in Italy and boasts a broad portfolio of products that it sells under the Scotti brand in more than 70 markets. This portfolio includes multiple value-added products (rice and soy milk, rice biscuits, rice oils, ready meals, etc.) that represent a modern take on Italian cuisine and are targeted at the premium segment. The Company's 40% interest in the Scotti Group is accounted for as an investment in an associate.

C) NON-CURRENT LOANS TO GROUP COMPANIES:
The loan classified under this heading was canceled in 2018. At December 31, 2017 (note 17), the most significant item presented under non-current loans to group companies was the loan extended to Beira Terrace Soc. de Construçoes, Ltda., a 100%-owned Portuguese subsidiary; the balance receivable at December 31, 2017 stood at 2,004 thousand euros.

D) IMPAIRMENT LOSSES:
There were no movements under this heading in 2018. The increases and decreases recognized in 2017 correspond to impairment allowances on the Company's investments in Beira Terrace Soc. de Construçoes, Ltda., Ebro Germany, Gmbh. and Dosbio, S.L.

The earnings of the group companies indicated in the table at the end of this note correspond in their entirety to continuing operations.

The direct investments held by Ebro Foods, S.A. in group companies and associates at December 31, 2018 (none of the group companies being listed other than Ebro Foods, S.A. itself) are:

SUBSIDIARIES AND ASSOCIATES

	INVESTMENT	IMPAIRMENT LOSSES	% SHAREHOLDING	REGISTERED OFFICE	BUSINESS ACTIVITY	(A) CAPITAL & RESERVES	(A) PROFIT/ (LOSS) 2018	DIVIDEND PAID IN 2018	TOTAL EQUITY	OP. PROFIT/ (LOSS)
Dosbio 2010, S.L.	22,297	(14,569)	100.00%	Madrid (Spain)	Flour production	7,729	57	-	7,786	(13)
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Agricultural holding	7,994	70	(350)	7,714	93
Arotz Foods, S.A.	22,864	-	100.00%	Madrid (Spain)	Tinned vegetables	32,100	215	-	32,315	202
Herba Foods S.L.	59,695	-	100.00%	Madrid (Spain)	Investment management	100,207	14,535	-	114,742	631
Herba Ricemills S.L	153,451	-	100.00%	Madrid (Spain)	Production and sale of rice	189,263	21,020	(9,000)	201,283	27,674
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	4,158	3,000	(3,000)	4,158	0
Jiloca Industrial, S.A.	1,500	-	100.00%	Teruel (Spain)	Production of organic fertilizer	2,078	520	-	2,598	702
Fundación Ebro	0	-	100.00%	Madrid (Spain)	Incorporation	301	0	-	301	0
Ebro Financial Corporate Services, S.L.	150,003	-	100.00%	Madrid (Spain)	Financial and insurance management	156,010	120	-	156,130	(161)
Harinas Santa Rita, S.A.	4,778	-	52.00%	Guadalajara (Spain)	Production and sale of flour	9,534	275	(98)	9,711	418
Beira Terrace Soc. de Const., Ltda.	12,436	(8,688)	100.00%	Porto (Portugal)	Real estate	3,748	219	-	3,967	(29)
Riceland, Kft. (*)	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	2,062	404	-	2,466	448
Riviana Foods Inc. (Group) (**)	551,198	-	84.47%	Houston, Texas (USA)	Production and sale of rice and pasta	1,493,448	68,914	-	1,562,362	77,782
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	675,744	40,107	-	715,851	64,435
Ebro Foods, Gmbh (Group) (***)	87,078	(30,917)	68.90%	Germany	Production and sale of pasta and sauces	78,219	3,281	-	81,500	(179)
Ebro Foods Alimentación, S.A.	1	-	100.00%	Mexico	Sale and marketing of rice	639	(207)	(273)	159	(163)
Pastificio Lucio Garofalo, S.r.l. (Group)	62,586	-	52.00%	Naples (Italy)	Production and sale of pasta and sauces	77,947	5,601	(3,990)	79,558	15,459
Geovita Functional Ingredients (Group)	20,000	-	52.00%	Vercelli (Italy)	Production and sale of pulses	39,072	360	-	39,432	861
Riso Scotti, S.p.a. (Group)	31,615	-	40.00%	Milan (Italy)	Production and sale of rice	78,560	3,380	-	81,940	7,180
TOTAL	**1,626,389**	**(54,174)**						**(16,711)**		

(A) Whenever the subsidiary's name is followed by "(Group)", the figures pertaining to that company's capital, reserves and profit or loss refer to the consolidated figures of that investee and its own subsidiaries and associates before considering dividends paid in 2018. In order to present uniform data for the various companies and groups of companies, the capital, reserves and earnings figures are obtained applying the International Financial Reporting Standard adopted by the European Union.

(*) Ebro Foods, S.A. owns 100% of this company, 20% directly and the other 80% indirectly via Herba Foods, S.L.

(**) Ebro Foods, S.A. owns 100% of this company, 84.5% directly and the other 15.5% indirectly via wholly-owned subsidiaries of Riviana.

(***) Ebro Foods, S.A. owns 100% of this company, 68.9% directly and the other 31.1% indirectly via subsidiaries.

SUBSIDIARIES AND ASSOCIATES

	INVESTMENT	IMPAIRMENT LOSSES	% SHAREHOLDING	REGISTERED OFFICE	BUSINESS ACTIVITY	(A) CAPITAL & RESERVES	(A) PROFIT/ (LOSS) 2017	DIVIDEND PAID IN 2017	TOTAL EQUITY	OP. PROFIT/ (LOSS)
Dosbio 2010, S.L.	22,297	(14,569)	100.00%	Madrid (Spain)	Flour production	7,732	(3)	-	7,729	(4)
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Agricultural holding	7,940	54	-	7,994	72
Arotz Foods, S.A.	22,864	-	100.00%	Madrid (Spain)	Tinned vegetables	31,846	254	-	32,100	176
Herba Foods S.L.	59,695	-	100.00%	Madrid (Spain)	Investment management	102,799	7,408	(10,000)	100,207	4,624
Herba Ricemills S.L	153,451	-	100.00%	Madrid (Spain)	Production and sale of rice	182,394	15,888	(9,000)	189,282	22,421
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	1,130	3,028	(3,000)	1,158	37
Jiloca Industrial, S.A.	1,500	-	100.00%	Teruel (Spain)	Production of organic fertilizer	1,796	522	(240)	2,078	728
Networks Meal Solutions, S.A.	2	-	100.00%	Madrid (Spain)	Dormant	1	0	-	1	0
Fundación Ebro	0	-	100.00%	Madrid (Spain)	Incorporation	301	0	-	301	0
Ebro Financial Corporate Services, S.L.	150,003	-	100.00%	Madrid (Spain)	Financial and insurance management	155,444	565	-	156,009	(129)
Harinas Santa Rita, S.A.	5,778	-	52.00%	Guadalajara (Spain)	Production and sale of flour	11,223	481	(156)	11,548	524
Beira Terrace Soc. de Const., Ltda.	12,436	(8,688)	100.00%	Porto (Portugal)	Real estate	1,360	2,388	-	3,748	2,638
Riceland, Kft. (*)	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	1,693	443	-	2,136	496
Riviana Foods Inc. (Group) (**)	535,007	-	84.47%	Houston, Texas (USA)	Production and sale of rice and pasta	1,277,692	140,922	-	1,418,614	122,246
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	677,940	46,672	(50,000)	674,612	67,464
Ebro Foods, Gmbh (Group) (***)	87,078	(30,917)	68.90%	Germany	Production and sale of pasta and sauces	85,966	1,020	-	86,986	(157)
Ebro Foods Alimentación, S.A.	1	-	100.00%	Mexico	Sale and marketing of rice	714	(108)	-	606	(84)
Pastificio Lucio Garofalo, S.r.l. (Group)	62,586	-	52.00%	Naples (Italy)	Production and sale of pasta and sauces	129,626	13,240	-	142,866	18,306
Geovita Functional Ingredients (Group)	20,000	-	52.00%	Vercelli (Italy)	Production and sale of pulses	38,435	661	-	39,096	1,015
Riso Scotti, S.p.a. (Group)	31,615	-	40.00%	Milan (Italy)	Production and sale of rice	77,311	2,000	(750)	78,561	5,800
TOTAL	**1,611,200**	**(54,174)**						**(73,146)**		

The direct investments held by Ebro Foods, S.A. in group companies and associates at December 31, 2017 are itemized below:

(A) Whenever the subsidiary's name is followed by "(Group)", the figures pertaining to that company's capital, reserves and profit or loss refer to the consolidated figures of that investee and its own subsidiaries and associates before considering dividends paid in 2017. In order to present uniform data for the various companies and groups of companies, the capital, reserves and earnings figures are obtained applying the International Financial Reporting Standard adopted by the European Union.

(*) Ebro Foods, S.A. owns 100% of this company, 20% directly and the other 80% indirectly via Herba Foods, S.L.

(**) Ebro Foods, S.A. owns 100% of this company, 84.5% directly and the other 15.5% indirectly via wholly-owned subsidiaries of Riviana.

(***) Ebro Foods, S.A. owns 100% of this company, 68.9% directly and the other 31.1% indirectly via subsidiaries.

9. FINANCIAL INSTRUMENTS

9.1 FINANCIAL ASSETS

The breakdown of financial assets, excluding investments in group companies and jointly- controlled entities (note 8), at year-end, is as follows

NON-CURRENT FINANCIAL INSTRUMENTS (ASSETS)

	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, RECEIVABLES & DERIVATIVES		TOTAL	
CATEGORÍAS	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other							0	0
Held-to-maturity investments							0	0
Loans and receivables					20,675	24,037	20,675	24,037
Available-for-sale financial assets:								
a) Measured at fair value	0	0					0	0
b) Measured at cost							0	0
Hedging derivatives							0	0
TOTAL	**0**	**0**	**0**	**0**	**20,675**	**24,037**	**20,675**	**24,037**

CURRENT FINANCIAL INSTRUMENTS (ASSETS)

	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, RECEIVABLES & DERIVATIVES		TOTAL	
CATEGORÍAS	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other					0	0	0	0
Held-to-maturity investments							0	0
Loans and receivables					12,934	6,877	12,934	6,877
Available-for-sale financial assets:								
a) Measured at fair value							0	0
b) Measured at cost							0	0
Hedging derivatives							0	0
TOTAL	**0**	**0**	**0**	**0**	**12,934**	**6,877**	**12,934**	**6,877**

LOANS AND RECEIVABLES

LOANS AND RECEIVABLES	12-31-18	12-31-17
Non-current financial assets		
Loans to group companies (notes 8 & 17)	0	2,004
Loans to third parties	20,533	21,885
Long-term deposits	142	148
	20,675	24,037
Non-current financial assets		
Loans to group companies (notes 8 & 17)	701	0
Trade and other receivables (note 10)	10,881	5,666
Loans to third parties	1,352	1,211
	12,934	6,877
TOTAL	**33,609**	**30,914**

The balance of loans to third parties at both reporting dates corresponds mainly to the deferred portion of the purchase price for the Nomen brands under the agreement reached in 2012. That agreement was renegotiated in September 2014 to extend the collection term by a further two years and reduce the interest rate from 4.2% to 3.4% and then again in 2017, extending the term a further two years and leaving the interest rate intact at 3.4%.

The non-current portion of this vendor loan is 20,533 thousand euros and the current portion, 1,352 thousand euros. This loan accrues interest at a rate of 3.4% and the last instalment is due in September 2029. The Nomen trademarks have been pledged as collateral to guarantee repayment of this loan.

Exchange differences recognized in profit or loss for the year

The exchange differences recognized in profit or loss in 2018 and 2017 for each financial asset category are broken down below:

EXCHANGE DIFFERENCES RECOGNIZED IN PROFIT OR LOSS

	LOANS AND RECEIVABLES		EQUITY INSTRUMENTS IN GROUP COMPANIES		LOANS AND PAYABLES		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
For transactions settled during the year	(65)	(32)	0	0	111	(197)	46	(229)
For transactions pending settlement at year-end	0	0	0	0	(301)	3,736	(301)	3,736
For foreign exchange hedges	0	0	16,191	(46,592)	(16,191)	46,592	0	0
TOTAL (EXPENSE)/INCOME RECOGNIZED IN PROFIT OR LOSS FOR THE YEAR	**(65)**	**(32)**	**16,191**	**(46,592)**	**(16,381)**	**50,131**	**(255)**	**3,507**

9.2 FINANCIAL LIABILITIES

The breakdown of the Company's financial liabilities at December 31, 2018 and 2017 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)

	BANK BORROWINGS		BONDS AND OTHER MARKETABLE SECURITIES		DERIVATES AND OTHER ACCOUNTS PAYABLE		TOTAL	
CATEGORIES	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Debts and payables	219,585	291,963			3,512	4,512	223,097	296,475
Liabilities at fair value through profit or loss								
a) Held for trading							0	0
b) Other					2,369	2,459	2,369	2,459
Hedging derivatives							0	0
TOTAL	**219,585**	**291,963**	**0**	**0**	**5,881**	**6,971**	**225,466**	**298,934**

NON-CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)

	BANK BORROWINGS		BONDS AND OTHER MARKETABLE SECURITIES		DERIVATES AND OTHER ACCOUNTS PAYABLE		TOTAL	
CATEGORIES	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Debts and payables	88,086	50,074			3,905	4,835	91,991	54,909
Liabilities at fair value through profit or loss								
a) Held for trading							0	0
b) Other							0	0
Hedging derivatives							0	0
TOTAL	**88,086**	**50,074**	**0**	**0**	**3,905**	**4,835**	**91,991**	**54,909**

A) BANK BORROWINGS: Refer to note 13.

B) DERIVATIVES AND OTHER ACCOUNTS PAYABLE

The breakdown of the financial liabilities included in this category is as follows:

	2018	2017
Non-current		
Derivatives	2,369	2,459
Trade and other payables	3,500	4,500
Security deposits	12	12
	5,881	6,971
Current		
Derivatives	0	0
Trade and other payables	3,853	4,622
Other financial liabilities	52	213
	3,905	**4,835**

(000€)

The non-current balance of trade and other payables includes a 3,500 thousand euro earnout payable to the seller of Geovita upon delivery of certain milestones between 2017 and 2019 (note 8.a.4).

The non-current derivatives balance includes the value assigned to the derivative contracts indicated below:

- Call-put option over 48% of Santa Rita Harinas, S.L. – the value ascribed to this derivative is 545 thousand euros (year-end 2017: 532 thousand euros). When acquiring 52% of this entity, the Company arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable from August 2019 with no expiry date) and the Ebro Group a call option (exercisable from August 2026 with no expiry date). The acquisition price in the event these options are exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This option contractually gives rise to a financial derivative for the period until the call or put is exercised, due to the existence of a minimum guaranteed price; this derivative contract has been recognized as a non-current financial liability.
- Call-put option over 48% of Geovita Funtional, S.r.l. (note 8.a.4) – the value ascribed to this derivative is 1,842 thousand euros (year-end 2017: 1,716 thousand euros).

C) NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The main objective of the Company's capital management policy is to guarantee a capital structure that complies with prevailing regulations in its group's operating markets. In addition, its capital management policy is designed to preserve its credit metrics and to maximize shareholder value.

The Company's business activities and operations expose it to financial risks including foreign currency and interest rate risk.

Interest rate risk: The Company is exposed to changes in market interest rates, mainly on account of its non-current payment obligations arranged at floating rates of interest. Its policy is to manage its borrowing costs by using a mix of fixed and variable rates. The goal is minimize the Company's exposure to this risk factor, to which end it tracks market rate trends exhaustively with the help of external experts.

It arranges interest-rate hedges as deemed necessary under which it agrees to swap, during specific periods, the difference between the amount of fixed and variable interest, calculated on the basis of a notional amount of principal agreed between the parties. These derivative or structured products are designed to hedge the underlying payment obligations.

Foreign currency risk: As a result of the investments made in the US, the carrying amounts of the Company's assets and liabilities are significantly exposed to changes in the USD / EUR exchange rate. The Company attempts to mitigate the impact of this structural exchange-rate risk by denominating its borrowings in US dollars. As a result, 63.8% of the Company's US investments are hedged in this manner.

In November 2018, the Company prepaid the 171 million US dollar loan that was recognized within non-current bank borrowings at December 31, 2017 (note 13). Elsewhere, non-current borrowings from group companies at December 31, 2018 include a loan totaling 411.5 million US dollars (237 million US dollars at year-end 2017) (note 17) that has been designated as a hedge of the net investment in the Group's US subsidiaries and is used to hedge its exposure to US dollar foreign exchange rate risk on that investment. The gains and losses generated upon translation of that loan into euros are recognized in the income statement and exactly offset the exchange gains and losses recognized on the translation of the net investment into euros (notes 8.a & 9.1).

Liquidity risk: The Company manages the risk of a shortfall of short-term liquidity with a liquidity planning tool. The tool analyzes the maturity of the Company's financial assets and liabilities in conjunction with its operating cash flow projections.

Ebro Foods, S.A. is the parent of a consolidated group comprising it and its subsidiaries and associates with which it separately presents consolidated financial statements. This fact should be taken into consideration in assessing the working capital position typical of year- end in the separate annual financial statements of Ebro Foods, S.A., which, as the group's parent company, has the option of financing itself via dividends, among other alternatives.

10. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables at year-end 2018 and 2017 is as follows:

	12-31-18	12-31-17
Trade receivables	87	9
Trade receivables from group companies and associates (note 17)	10,760	5,618
Sundry receivables	8	8
Receivable from employees	26	31
	10,881	**5,666**

(000€)

Impairment allowances: The 'Trade receivables' balance in the table above is presented net of impairment losses. The Company did not recognize any new impairment losses against its trade receivables in 2018 or 2017. The accumulated balance of impairment allowances was nil at both year-ends.

All of the balances recognized under trade receivables are denominated in euros.

11. CASH AND CASH EQUIVALENTS

Cash equivalents are typically bank deposits with a maturity of three months or less at the time of their acquisition.

There are no restrictions on these balances.

12. CAPITAL AND RESERVES

a) **Issued capital:** The Company's share capital consisted of 153,865,392 fully subscribed and paid bearer shares with a par value of 0.60 euros each at both year-ends. The Company's shares are traded on the Spanish stock exchanges. All of its shares belong to the same class and carry identical rights.

The shareholders with direct or indirect interests of more than 3% in the capital of Ebro Foods, S.A. at December 31, 2018 (2017), based on information furnished by the said shareholders to Spain's securities market regulator, the CNMV, and to Ebro Foods, S.A., are as follows:

- Grupo Tradifín, S.L., which directly holds 12,248,809 (12,248,809) shares, representing a 7.961% interest (7.961%).
- Hercalianz Investing Group, S.L., which directly holds 12,248,809 (12,248,809) shares, representing a 7.961% interest (7.961%).
- Sociedad Anónima Damm: indirect holder, via Corporación Económica Damm, S.A., of 17,980,610 (17,705,610) shares, representing a 11.686% (11.507%) interest.
- Sociedad Estatal de Participaciones Industriales: indirect holder, via Alimentos y Aceites, S.A., of 15,940,377 (15,940,377) shares, representing a 10.36% (10.36%) interest.

- Corporación Financiera Alba, S.A., which directly holds 21,546,807 (18,467,963) shares, representing a 14.004% (12.003%) interest.
- Empresas Comerciales e Industriales Valencianas, S.L., which directly holds 12,042,637 (12,042,637) shares, representing a 7.827% (7.827%) interest.
- Mr. José Ignacio Comenge Sánchez-Real, who directly holds 3,030 shares (3,030), representing a 0.002% interest (0.002%) and indirectly holds, through Fuente Salada, S.L., 5,600,000 shares (4,600,000), representing a 3.64% interest (2.990%). Accordingly, this shareholder directly and indirectly holds 5,603,030 (4,603,030) shares in the Company, giving him a 3.642% (2.992%) interest.

b) **Share premium:** The Consolidated Text of the Spanish Corporate Enterprises Act permits the use of the share premium account balance to increase share capital and provides no specific limitation with respect to its availability.

c) **Legal reserve:** The companies that generate a profit are required to earmark 10% of net profit for the year to a legal reserve until such reserve is equivalent to 20% of share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses insofar as other reserves are not available for this purpose and to increase capital by the amount that exceeds 10% of capital after the increase. The Company had fully endowed its legal reserve at both year-ends.

d) **Voluntary reserves:** This reserve is unrestricted other than the limitations imposed under prevailing company law.

e) **Revaluation reserve, Royal Decree-Law 7/1996:** As a result of the asset restatements made in the past by Sociedad General Azucarera de España, S.A. and Puleva S.A. under the scope of Royal Decree-Law 7/1996 of June 7, 1996, the Company recognized revaluation reserves in the amount of 21,767 thousand euros; in the wake of the amounts derecognized in 2001 following the split-off of the sugar business and in 2003 following the dissolution of A. E. Gestion de Patrimonio, S.L., that balance stands at 3,169 thousand euros (included under other reserves).

It can be used, without accruing taxes, to offset tax losses accumulated in prior, current and future tax periods and for the purpose of increasing share capital. Since April 1, 2007, this balance can be earmarked to unrestricted reserves to the extent that the monetary gain has been realized.

The monetary gain is deemed realized in respect of the corresponding depreciation charges recognized or when the restated asset items have been sold or derecognized for accounting purposes. If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be taxable.

f) **Own shares:** In 2018, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). In 2018, under the scope of the employee share plan, it bought back 33,348 shares and delivered 33,348 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2018.

In 2017, the Parent similarly had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). In 2017, the Company bought back 51,673 shares, sold 25,000 shares and delivered 26,673 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2017.

g) **Dividends paid in 2018:** Distribution of the dividends approved at the Annual General Meeting of June 5, 2018 at which the Company's shareholders ratified the motion to pay a cash dividend with a charge against 2017 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2018 for a total outlay of 87,703 thousand euros.

The dividend was paid out in three equal instalments of 0.19 euros per share on April 3, June 29 and October 1, 2018.

13. BANK BORROWINGS

The breakdown of current and non-current bank borrowings (in thousands of euros) at both year-ends:

	2018	2018	2017	2017
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Bank loans arranged in euros	219,585	80,000	149,380	30,000
Bank loans arranged in US dollars	-	-	142,583	-
Credit facilities arranged in euros	-	7,749	-	19,486
Interest accrued but not due	-	337	-	588
TOTAL	**219,585**	**88,086**	**291,963**	**50,074**

In November 2018, the Company prepaid a bank loan denominated in US dollars the principal on which – 171 million dollars – was due to be repaid in four six-monthly instalments of 42.75 million dollars starting in May 2020. That long-term dollar-denominated loan was financing the Company's operations in the US and was secured by the following subsidiaries: Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc.; those companies have been released from those guarantees.

The non-current euro-denominated bank borrowings at December 31, 2018 included:

- A €100 million bilateral loan, denominated in euros, repayable in a single instalment on May 31, 2020, arranged by the Company on May 30, 2016. The loan bears interest at 3- month EURIBOR plus a market spread, which translated into an average interest rate of 0.55%.
- In 2018, the Company arranged four new bilateral loans in an amount totaling 155 million euros (one of which - in the amount of 35 million euros - is still pending drawdown), repayable in a single instalment in 2021 and carrying an average rate of interest of 0.52%.

The current euro-denominated bank borrowings at December 31, 2018 included:

- Two loans of 25 million euros apiece arranged on March 30, 2016. Those loans are denominated in euros and are repayable in a single instalment on March 29 and 31, 2019, respectively. The loans bear interest at 3-month EURIBOR plus a market spread.
- The rest of this heading corresponds to a 30 million euro loan arranged in 2014 which originally fell due on June 25, 2015; however, the parties have availed of the option of agreeing additional two-year extensions to this facility's maturity so that it now falls due in 2019. The annual rate of interest applicable to this loan is 12-month EURIBOR plus a market spread.

The Company is obliged to comply with a series of covenants, specifically a series of ratios calculated on basis of the consolidated financial statements of the group of which the Company is the parent, throughout the term of these loans. Any breach of the covenants would increase the related borrowing costs and in some cases would trigger an early repayment requirement. The Company was in compliance with all those covenants at both year-ends.

In addition, at year-end 2018, the Company had arranged and guaranteed credit facilities with an aggregate limit of 35 million euros (year-end 2017: 33 million euros), of which 7,749 thousand euros (19,486 thousand euros) had been drawn down. The average annual rate of interest on these borrowings, excluding the long-term loans, is 3-month EURIBOR plus a market spread of 0.56% (2017: 0.67%) on average.

In addition, the Company has extended sureties and other guarantees to third parties via banks totaling 109,930 thousand euros at year-end 2018 (144,816 thousand euros at year- end 2017) (note 16).

The maturity schedule for bank borrowings (at December 31, 2018):

Due 2019 Due 2020 Due 2021	88,086 (000€) 100,000 (000€) 119,585 (000€)

14. NON-CURRENT PROVISIONS

The reconciliation of the Company's provisions at the beginning and end of 2018 and 2017 is as follows:

NON-CURRENT PROVISIONS

	EMPLOYEE BENEFIT OBLIGATIONS			OTHER PROVISIONS FOR CONTINGENCIES			TOTAL
	LONG-SERVICE BONUSES	LONG-TERM REMUNERATION	TOTAL	BUSINESS SALE REPS & WARRANTIES	TAX ASSESSMENTS	TOTAL	
CLOSING BALANCE: YEAR-END 2016	155	1,990	2,145	11,240	280	11,520	13,665
Additions (reversal of provisions)	6	917	923	0	3,928	3,928	4,851
Amounts used	0	(610)	(610)	0	0	0	(610)
CLOSING BALANCE: YEAR-END 2017	161	2,297	2,458	11,240	4,208	15,448	17,906
Additions (reversal of provisions)	4	554	558	0	851	851	1,409
Amounts used	0	(974)	(974)	0	(280)	(280)	(1,254)
CLOSING BALANCE: YEAR-END 20189	165	1,877	2,042	11,240	4,779	16,019	18,061

(000€)

PROVISION FOR CONTINGENCIES – REPS AND WARRANTIES GRANTED IN CONNECTION WITH THE SALES OF THE SUGAR AND DAIRY BUSINESSES

The provisions recognized to cover the outcome of lawsuits related to the sales of the sugar business (sold in 2009) and the dairy business (sold in 2010) correspond to the reps and warranties extended to the buyers of these businesses under which an unfavorable ruling in these lawsuits has the effect of reducing the sale-purchase prices for these business. Additions to this provision (or reversals thereof) imply an adjustment to the sale price and are accordingly recognized as a reduction (or increase) in profit in the year in which they are recognized.

These lawsuits had been substantially resolved by year-end 2013, so that the related provision stood at zero. However, in the course of 2014 a number of smaller-sized disputes came to light. Management determined it was necessary to recognize a provision in respect of certain of these cases in light of the possible outflow of resources in the future.

A new lawsuit was brought in August 2014 when Grupo Lactalis Iberia, S.A. passed the proposed ruling in respect of the disciplinary proceedings initiated by the investigative unit of Spain's anti-trust authority, the CNMC, against Spain's leading dairy transformation companies, including Puleva Food, S.L., in connection with alleged anti-competitive practices between 2003 and 2013, on to Ebro Foods, S.A. Ebro Foods, S.A. sold Puleva Food, S.L. to Grupo Lactalis Iberia, S.A. in 2010; the related share purchase agreement (the "SPA") included a liability regime covering future contingencies. Under that regime, Ebro Foods, S.A., as seller, could be held liable for any fine imposed on Puleva Food, S.L. with respect to developments taking place prior to the sale.

The above-mentioned proposed ruling qualifies the conduct investigated as a very serious infraction of article 62.4.a) of Spain's Anti-Trust Act and recommends that the Board of the CNMC hand down the fine contemplated in article 63 of that same piece of legislation. Grupo Lactalis Iberia, S.A. and Puleva Food, S.L., in keeping with the procedure agreed upon in the SPA, duly presented statements outlining their pleas against the proposed ruling, categorically denying the conduct charged therein.

The ruling issued by the CNMC's Board on February 26, 2015 was received on March 3, 2015. It hands down a fine against Puleva Food, S.L. of 10,270 thousand euros (the Disciplinary Ruling). Although the Ebro Group believed it had solid arguments for defending its position in these lawsuits, and so stated in the appeal lodged before the Spanish High Court (Audiencia Nacional) in September 2015, the risk of an outflow of resources was deemed probable and a provision was accordingly recognized in the 2014 financial statements.

In a ruling issued on October 25, 2018, the High Court annulled the Disciplinary Ruling for formal defects, ordering the rewinding of the procedure corresponding to disciplinary investigation S/0425/12, which originally gave rise to the Disciplinary Ruling, to the moment immediately preceding the procedural infraction that gave rise to the annulment. In keeping with the High Court's ruling, in November 2018, the CNMC agreed and notified Puleva Food, S.L. of the resumption of the disciplinary investigation, specifically the resumption of the pertinent proceedings rewound to immediately prior to April 24, 2014.

Following that retroactive resumption of the investigation, on December 21, 2018, the CNMC issued a new proposed ruling. In that ruling, the CNMC reiterated its original opinion of the underlying facts, which makes it more than likely that the ruling will culminate in a new disciplinary ruling implying a fine against Puleva Food, S.L.; note, however, that the proposed resolution does not quantify the penalty in any way, as that will take place when the disciplinary ruling is issued. Therefore, and notwithstanding the fact that the Company believes it has substantive arguments against such an outcome, its directors believe that the provision recognized to cover this lawsuit should be maintained.

Elsewhere and in addition, in 2016, the Group recognized a provision of 2,500 thousand euros to cover the litigation risk associated with the tax assessments signed under protest in 2016 in the wake of an inspection of the Puleva Group in respect of the years during which it still belonged to Ebro's consolidated tax group.

PROVISION FOR CONTINGENCIES – TAX ASSESSMENTS

The tax inspection of the Spanish tax group in respect of 2008 to 2011, both inclusive, concluded in May 2014. All of the assessments were paid (using financial criteria), including those signed under protest (albeit not the related fines). The assessments signed under protest have been appealed.

In addition, the Company signed assessments handed down in connection with the deduction accredited and applied as warranted in relation to the 2008 Volvo Ocean Race under protest. The amount contested, which applies from 2008 to 2010, totals 3,021 thousand euros. In this case, the liability was not initially provided for as the assessments had been appealed and the likelihood of winning the claim was deemed high due to the precedent set by National High Court rulings in favor of other taxpayers that had brought identical cases.

However, in July 2017, the Supreme Court ruled against the taxpayer in a very similar case. Therefore, the risk that the outcome of this process will not favor the tax group was reclassified from remote to probable as it was now expected to possibly entail an outflow of resources. As a result, in 2017, the Group recognized a provision of 3,928 thousand euros to cover this liability. The provision was recognized with a charge against corporate income tax expense in the 2017 income statement.

There were no new developments in the lawsuits related with the tax assessments appealed in relation to the 2008-2011 inspection in 2018.

Elsewhere, as detailed in note 15.8 below, the inspection of the Spanish tax group for 2012 to 2015, both years included, finished in 2018; as a result, the Company has recognized 851 thousand euros of provisions in relation to assessments signed under protest (note 15).

PROVISION FOR LONG-SERVICE BONUSES

Some Ebro Foods, S.A. employees are entitled to receive long-service bonuses after 25 to 40 years' service from a fund managed internally by the Company. The provision recognized for long-service bonuses at year-end 2018 in the amount of 165 thousand euros (year-end 2017: 161 thousand euros) represents the present value, calculated using actuarial studies performed by independent experts, of the potential future payments to these employees.

The key assumptions used in the most recent actuarial study with effect as of each reporting date are as follows:

a) A discount rate of 1.44% (2017: 1.23%)

b) Wage increases: compound annual growth of 3% (2017: 3%)

c) Mortality and survival tables: PERM/F 2000 tables (new policies)

PROVISION FOR LONG-TERM REMUNERATION TO EXECUTIVES

Refer to note 18. The provisions used in 2017 corresponded to the 2013-2015 bonus plan, settlement of which finalized in 2017. The provisions recognized in 2018 and 2017 and those used in 2018 correspond to the new 2016-2018 bonus plan, due to be settled between 2018 and 2020.

15. TAX MATTERS

The breakdown of taxes payable and receivable at year-end is as follows:

	12-31-18	12-31-17
Current		
Current tax assets	1,992	19,278
Other amounts receivable from public authorities	997	947
Current tax liabilities	0	0
Other payables to public authorities	(224)	(507)
	2,765	**19,718**
Non-current		
Deferred tax assets	8,793	10,116
Deferred tax liabilities	(48,857)	(45,304)
	(40,064)	**(35,188)**

(000€)

Under prevailing legislation, tax returns may not be considered final until either they have been inspected by the tax authorities or until the inspection period has prescribed.

The Company has its books open to inspection since 2016 in respect of all applicable taxes. The Company's directors believe there is no need to provide for potential additional tax liabilities that could arise from differing interpretations of tax regulations in respect of the years open to inspection.

15.1 The tax group that files its return under the consolidated tax regime is made up of:
Ebro Foods, S.A. (parent of the tax group), Ebro Financial Corporate Services, S.L., Network Meal Solutions, S.L. (in 2017 only; this entity was liquidated in 2018), Fincas e Inversiones Ebro, S.A., Dosbio 2010, S.L., Arotz Foods, S.A., Herba Foods, S.L., Herba Ricemills, S.L and its subsidiaries, Herba Nutrición, S.L, Fallera Nutrición, S.L., Española de I+D, S.A., Jiloca, S.A., Vegetalia, S.A. and Satoki, S.A.

15.2 The reconciliation of net income and expense for both reporting periods to taxable income (tax loss) is set forth below:

TAX EXPENSE

	2018		2017	
	ACCOUNTING	TAX	ACCOUNTING	TAX
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(7,481)	(7,481)	58,835	58,835
Permanent differences	(16,338)	(16,338)	(72,596)	(72,596)
Tax group tax losses for offset	7,944	7,944	0	0
Permanent differences arising from fiscal consolidation adjustments	0	0	0	0
ACCOUNTING PROFIT ADJUSTING FOR PERMANENT DIFFERENCES	(15,875)	(15,875)	(13,761)	(13,761)
Temporary differences		(17,083)		(18,528)
Temporary differences arising from fiscal consolidation adjustments		0		0
Tax group tax losses for offset		0		4,004
TAXABLE INCOME (TAX LOSS) OF THE COMPANY	(15,875)	(32,958)	(13,761)	(28,285)
Tax calculated at statutory rate: 25%	(3,969)	(8,240)	(3,440)	(7,071)
Tax credits	0	0	0	0
TAX EXPENSE/(INCOME) FOR THE YEAR	(3,969)	(8,240)	(3,440)	(7,071)
Restatement of prior-year's income tax	(174)	0	246	0
Tax assessments (note 15.8)	1,438		3,928	
TOTAL INCOME TAX: EXPENSE (INCOME)	**(2,705)**	**(8,240)**	**734**	**(7,071)**

(000€)

The reconciliation of income tax payable/(refundable) by/to Ebro Foods, S.A. and total income tax payable/(refundable) as a result of application of the consolidated tax regime is provided below:

	2018	2017
Tax payable (refundable) corresponding to Ebro Foods, S.A.	(8,240)	(7,071)
Payments made on account during the year	(1,878)	(13,633)
Tax withholdings	(71)	(51)
Tax refundable pending collection from prior years	0	(5,569)
Tax payable (refundable) corresponding to the other companies in the tax group	8,197	7,046
TAX GROUP TAX PAYABLE (RECEIVABLE)	**(1,992)**	**(19,278)**

15.3 The reconciliation of tax expense (income) to the result of multiplying total recognized income and expense, as opposed to profit or loss as per the income statement, by applicable tax rates, is as follows:

	2018	2017
Profit before tax from continuing operations	(7,481)	58,835
Statutory tax rate	25%	25%
THEORETICAL TAX EXPENSE	(1,870)	14,709
Effect of:		
Non-deductible expenses	121	143
Unused tax losses	1,986	0
Dividends between tax group companies	(3,088)	(5,560)
Dividends within parent company group	(1,090)	(12,726)
Deductions and other items	(28)	(6)
	(3,969)	(3,440)
Breakdown of tax expense (income)		
Current	(8,240)	(7,071)
Deferred	4,271	3,631
EFFECTIVE TAX EXPENSE (INCOME)	**(3,969)**	**(3,440)**

15.4 The breakdown of the temporary differences arising at Ebro Foods, S.A. in 2018 and 2017 is as follows:

	2018	2017
Temporary differences - Additions		
Additions to provision for long-term remuneration obligations	591	963
Additions to provision for long-service bonuses	4	6
Reversal of impairment provisions on investments in group companies	5,138	5,349
Amortization of trademarks for tax purposes	394	394
TOTAL ADDITIONS	6,127	6,712
Temporary differences - Decreases		
Goodwill amortization charges	2,007	2,007
Provisions for long-term remuneration obligations used	974	609
Temporary difference on account of goodwill amortization	20,227	20,227
Reversal of impairment provisions on investments in group companies	0	2,388
Utilization of asset recognized for 30% of depreciation charges not deductible	2	9
TOTAL DECREASES	23,210	25,240
TOTAL NET ADDITIONS (DECREASES)	**(17,083)**	**(18,528)**

15.5 The breakdown of the permanent differences arising at Ebro Foods, S.A. in 2018 and 2017 is as follows:

	2018	2017
Permanent differences - Additions		
Donations	457	550
Other non-deductible expenses	26	22
TOTAL ADDITIONS	483	572
Permanent differences - Decreases		
Adjustments for dividends from tax group subsidiaries	12,350	22,240
Adjustments for dividends from other group companies	4,361	50,906
Amortization of goodwill for tax purposes	110	22
TOTAL DECREASES	16,821	73,168
TOTAL NET ADDITIONS (DECREASES)	**(16,338)**	**(72,596)**

15.6 Ebro Foods, S.A. did not utilize any tax credits in 2018 as a result of the tax loss generated by the tax group. In 2018, it generated 160 thousand euros of tax credits, mainly corresponding to donations, for utilization in future years, in addition to the 7.3 million euros generated and unused in prior years (mainly deductions generated by the reinvestment of extraordinary gains).

The amounts of proceeds reinvested by the Spanish tax group in prior years entitling it to tax credits were 33.1, 5.0, 115.3, 57.3, 1.5, 16.2, 11.2 and 76.3 million euros between 2013 and 2006, respectively. These reinvestments satisfied all of the requirements for qualifying for the related tax relief.

15.7 A reconciliation of Ebro Foods, S.A.'s deferred tax assets and liabilities is provided below:

	12-31-16	ADDITIONS	AMOUNTS DERECOGNIZED	RESTATEMENTS AND OTHER ADDITIONS/ DERECOGNITIONS	12-31-17	ADDITIONS	AMOUNTS DERECOGNIZED	RESTATEMENTS AND OTHER ADDITIONS/ DERECOGNITIONS	12-31-18
Deferred tax assets									
Goodwill	3,111		(502)		2,609		(502)		2,107
Intangible assets: Trademarks	1,397				1,397			1,037	2,434
Property, plant and equipment: Land	108				108				108
Property, plant and equipment: Depreciation	14		(2)		12		(1)		11
Long-term remuneration obligations	641	240	(152)		729	148	(244)		633
Provisions for contingencies	310				310				310
Provisions for long-service bonuses	38	2			40	1			41
Impairment provisions: investments in group companies	2,720		(597)		2,123				2,123
Unused tax losses	1,457	1,001		330	2,788			(1,762)	1,026
	9,796	1,243	(1,253)	330	10,116	149	(747)	(725)	8,793
Deferred tax liabilities									
Amortization of goodwill for tax purposes	(36,157)	(5,056)			(41,213)	(5,057)		200	(46,070)
Amortization of trademarks for tax purposes	(57)	98			41	99		(140)	0
Deferral of gains by tax group	(331)				(331)				(331)
Impairment provisions: investments in group companies	(5,138)		1,337		(3,801)		1,285	60	(2,456)
	(41,683)	(4,958)	1,337	0	(45,304)	(4,958)	1,285	120	(48,857)
TOTAL DEFERRED TAXES, NET	(31,887)	(3,715)	84	330	(35,188)	(4,809)	538	(605)	(40,064)

(000€)

15.8 Expenditure/provisions in respect of tax assessments: The inspection of the tax group in respect of 2012 to 2015, both years inclusive, finalized in November 2018. The assessments handed down are summarized below:

	ASSESSMENTS UNCONTESTED	ASSESSMENTS CONTESTED	TOTAL
Tax	546	3,219	3,765
Interest	76	461	538
Fines	0	0	0
	623	3,680	4,303

ACCOUNTING TREATMENT:	TOTAL	EBRO FOODS S.A.	REST OF TAX GROUP	TOTAL
Income statement				
Income tax expense	2,356	1,438	918	2,356
Other operating expenses	1	0	1	1
Finance costs	464	338	126	464
Deferred income tax	1,482	(690)	2,172	1,482
TOTAL CHARGES	4,303	1,086	3,216	4,303
Other non-current provisions (note 14)	(3,680)	(851)	(2,829)	(3,680)
Inter-company balances receivable / payable within tax group	0	303	(303)	0
Taxes payable (payables)	(623)	(538)	(85)	(623)
TOTAL PAYMENTS	(4,303)	(1,086)	(3,216)	(4,303)

(000€)

All of the assessments in the table above were recognized in 2018 for accounting purposes either for payment (those not contested) or as provisions (those contested). The assessments signed under protest have been appealed.

In addition, assessments in the amount of 5,116 thousand euros have been signed under protest in relation to two specific concepts with which the Ebro Group is in total disagreement. In this instance, the balance has not been provided for as the assessments have been appealed and the likelihood of winning the claim is deemed very high due to the fact that there are solid arguments and precedent following prior inspections, prompting the directors to classify the probability of an outflow of resources as remote.

16. GUARANTEES EXTENDED

The Company had extended the following guarantees in the form of bank sureties at both reporting dates:

	2018	2017
Guarantees extended via banks		
Provided to courts and other bodies in relation to claims and tax deferrals	14,059	14,059
Provided to third parties to guarantee fulfilment of obligations arising in the ordinary course of business	360	770
Guarantees awarded directly by Ebro Foods, S.A.		
Guarantees given to banks to secure other companies' obligations	95,511	129,987

The guarantees extended to banks to secure other companies' obligations correspond mainly to the guarantees given by Ebro Foods, S.A. to its subsidiaries Ebro India, Ltda. (100%- indirectly owned), Ebro Financial Corporate Services, S.L. (100%-directly owned), Mundiriz, Ltda. (100%-indirectly owned), Herba Bangkok, Ltd (100%-indirectly owned) and Pastificio Lucio Garofalo, S.r.l. (52%-directly owned) to secure their short- and medium-term credit facilities.

17. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

Note 8 lists Ebro Foods, S.A.'s subsidiaries and associates. Transactions with associates did not result in material balances at either year-end.

The main transactions performed by the Company with group companies and associates in 2018 and 2017 are shown below:

	2018		2017	
	GROUP COMPANIES	ASSOCIATES	GROUP COMPANIES	ASSOCIATES
External services	(586)	0	(578)	0
Employee benefits expense	0	0	0	0
Finance costs	(7,704)	0	(4,866)	0
TOTAL PURCHASES AND EXPENSES	**(8,290)**	**0**	**(5,444)**	**0**
Services rendered and other income	7,746	0	8,465	0
Finance income	31	0	11	0
Dividend income received	16,711	0	72,396	750
TOTAL REVENUE AND INCOME	**24,488**	**0**	**80,872**	**750**

The resulting balances between Ebro Foods, S.A. and its group companies and associates at the respective year-ends are as follows:

AT DECEMBER 31, 2018

BALANCES WITH SUBSIDIARIES AND ASSOCIATES	NON-CURRENT LOANS	DUE FROM COMPANIES	CURRENT LOANS	BALANCES PAYABLE		DUE TO COMPANIES
				NON-CURRENT	CURRENT	
Panzani, SAS		730				
Herba Foods, S.L.		167				
Arotz Foods, S.A.		74		(29,278)		
Ebro de Costa Rica, S.L.				(14,627)		
Ebro Riviana de Guatemala, S.L.				(9,981)		
Herba Ricemills, S.L.		7,073				
Riviana Foods (Group)		1,290		(365,945)		
Ebro Financial Corporate Services, S.L.		308		(180,100)	(871)	
Lassie Group (Netherlands)		232				
Jiloca, S.A.		184				
Vegetalia, S.A.			701			
Fundación Ebro Foods				(299)		
Beira Terrace Soc. de Construçoes, Ltda.				(3,259)	(9)	
Sémola, SLR					(5,450)	
Other companies (minor balances)	0	702		0		(129)
	0	**10,760**	**701**	**(603,489)**	**(6,330)**	**(129)**

AT DECEMBER 31, 2017

BALANCES WITH SUBSIDIARIES AND ASSOCIATES	NON-CURRENT LOANS	DUE FROM COMPANIES	CURRENT LOANS	BALANCES PAYABLE		DUE TO COMPANIES
				NON-CURRENT	CURRENT	
Panzani, SAS		523				
Herba Foods, S.L.		104				
Arotz Foods, S.A.		97		(29.363)		(15)
Ebro de Costa Rica, S.L.				(14.545)		
Ebro Riviana de Guatemala, S.L.				(9.330)		
Dosbio 2010, S.L.						
Herba Ricemills, S.L.		2.770			(25.000)	(39)
Riviana Foods (Group)		1.015		(200.389)		(54)
Ebro Financial Corporate Services, S.L.		225		(205.850)	(300)	
Lassie Group (Netherlands)		237				
Jiloca, S.A.		176				
Fundación Ebro Foods					(300)	
Beira Terrace Soc. de Construçoes, Ltda.	2.004					
Sémola, SLR					(4.006)	
Other companies (minor balances)	0	471		0		(4)
	2,004	**5,618**	**0**	**(459,477)**	**(29,606)**	**(112)**

All of the balances are denominated in euros, other than the balances payable to Riviana Foods, Inc., Ebro de Costa Rica, S.L. and Ebro Riviana de Guatemala, S.L., which are denominated in US dollars.

The long-term loans payable do not carry any fixed maturity; accordingly, the Company has classified them as non-current as it does not expect to repay them in the short term. The balance payable to Riviana Foods, Inc. has a face value of 412 million US dollars at year-end 2018 (year-end 2017: 237 million US dollars); this loan is a hedge of an investment in an asset denominated in this same currency (note 9.2.c). It carries interest at 3-month LIBOR + 60 basis points.

The Company has a current business account arrangement with most of its subsidiaries under which it guarantees coverage of all of their financing needs and, as required, remuneration of their cash surpluses, all of which at market interest rates.

18. RELATED-PARTY TRANSACTIONS

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Company has not extended or received other guarantees in respect of accounts receivable from or payable to its related parties.

The Company did not write down any receivables due from related parties down for pairment in either reporting period. This assessment is undertaken each financial year by examining the financial situation of the related party and the market in which it operates.

18.1 TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS (OR PARTIES RELATED THERETO) OF EBRO FOODS, S.A. (EXCLUDING DIRECTORS)

Note 12 lists the companies that have a significant equity interest in Ebro Foods, S.A.

Other than dividend payments, there were no transactions between Ebro Foods, S.A. and its significant shareholders (excluding directors, for whom the related disclosures are provided in note 18.2) in either reporting period.

18.2 TRANSACTIONS WITH DIRECTORS AND EXECUTIVES (OR PARTIES RELATED THERETO) OF EBRO FOODS, S.A.

Ebro Foods, S.A. realized the following transaction with one of its directors in 2018 and 2017 outside the scope of the dividend and remuneration transactions disclosed in notes 18.3 and 18.7. (amounts in thousands of euros):

NAME OR COMPANY NAME OF DIRECTOR	RELATIONS HIP	NAME OR COMPANY NAME OF THE RELATED PARTY	EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2018 AMOUNT	2017 AMOUNT
Antonio Hernández Callejas	Relative	Luis Hernández González	Ebro Foods, SA	Lease (expense)	41	41

18.3 OTHER TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS AND DIRECTORS/EXECUTIVES: DIVIDENDS RECEIVED FROM EBRO FOODS, S.A.

Against the backdrop of the general dividend policy of Ebro Foods, S.A., the following amounts were paid in 2018 (2017) (expressed in thousands of euros):

- Dividends paid to significant shareholders: 10,092 (12,700)
- Dividends paid to directors (and persons related thereto) and executives: 44,567 (40,637)

18.4 TRANSACTIONS WITH OTHER RELATED PARTIES

Ebro Foods, S.A. did not transact with ‘other related parties’ in 2018.

18.5 OTHER DISCLOSURES

Ebro Foods, S.A. holds a 40% shareholding in Riso Scotti S.p.A. The investment in this associate is accounted for using the equity method.

Riso Scotti S.p.A. is an Italian company whose corporate purpose is analogous to that of Ebro Foods, S.A.

Mr. Antonio Hernández Callejas, Chairman of Ebro Foods, S.A., is a director of Riso Scotti, S.p.A.

In 2018, Ebro Foods, S.A. rendered services to Riso Scotti, S.p.A. (an associate that is not part of the Ebro Group) (income for Ebro Foods, S.A.) in the amount of 8 thousand euros (2017: 6 thousand euros).

18.6 FIDUCIARY DUTIES: CONFLICTS OF INTEREST AND NON-COMPETE DUTY

In keeping with article 229 of Spain’s Corporate Enterprises Act, this section of this note replicates the information provided to the Company by its directors, or by their natural person representatives as warranted, in keeping with their fiduciary duties, regarding their interests and positions held in/at companies with the same, analogous or complementary core business as that of Ebro Foods, S.A., irrespective of whether the former are part of the Ebro Foods Group.

- Grupo Tradifín, S.L.:
  - – Direct 50% interest in Instituto Hispánico del Arroz, S.A. Also the CEO.
  - – Direct shareholding of 100% in Cabher 96, S.L. Sole director.

- Ms. Blanca Hernández Rodríguez (the natural person who represents Grupo Tradifín, S.L. on the Board of Directors of Ebro Foods, S.A.):
  - – Indirect interest in Instituto Hispánico del Arroz, S.A. of 16.625% through the 33.25% interest held directly in Grupo Tradifín, S.L. She does not hold a position at this company.
  - – Indirect interest in Cabher 96, S.L. of 33.25% through the 33.25% interest held directly in Grupo Tradifín, S.L. She does not hold any position at this company.

- Hercalianz Investing Group, S.L.:
  - – Direct 50% interest in Instituto Hispánico del Arroz, S.A. Also the CEO.

- Mr. Félix Hernández Callejas (the natural person who represents Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.):
  - – Indirect interest of 16.666% in Instituto Hispánico del Arroz, S.A. through the 33.333% interest held directly in Hercalianz Investing Group, S.L. Also the CEO.

- Mr. Antonio Hernández Callejas:
  - – Indirect interest of 16.666% in Instituto Hispánico del Arroz, S.A. through the 33.333% interest held directly in Hercalianz Investing Group, S.L. He does not hold a position at this company.

The directors of Ebro Foods, S.A. (or their natural person representatives, as warranted) did not perform any transactions with the Company outside of its ordinary course of business or other than on an arm's length basis in either reporting period.

The directors have not informed the Company of any direct or indirect potential conflicts of interest between them or their related parties and the Company other than those disclosed in this note.

18.7 DIRECTOR AND EXECUTIVE REMUNERATION

Director remuneration

The remuneration accrued by the members of the Board of Directors of Ebro Foods, S.A. totaled 5,049 thousand euros in 2018 (2017: 5,528 thousand euros), broken down as follows (in thousands of euros):

DIRECTOR REMUNERATION AND OTHER BENEFITS	2018	2017
Type of remuneration		
Meeting attendance fees	303	272
Bylaw-stipulated profit-sharing	2,728	2,728
TOTAL DIRECTOR REMUNERATION	3,031	3,000
Wages, salaries and professional fees	2,018	2,528
Termination and other benefits	0	0
TOTAL EXECUTIVE DIRECTOR REMUNERATION	2,018	2,528
TOTAL REMUNERATION	5,049	5,528
Other benefits		
Life insurance and post-employment benefits	0	0

The Company's bylaws stipulate remuneration of up to 2.5% of consolidated net profit for the year provided that the required appropriations to the legal reserve have been made and the minimum shareholder dividend established in prevailing legislation has been declared (currently 4% of the par value of the shares).

At a meeting held on February 28, 2019, the Board of Directors resolved, at the recommendation of its Nomination and Remuneration Committee:

(i) to leave the by-law stipulated remuneration unchanged year-on-year, specifically implying submission at the Annual General Meeting of a motion to pay a sum of 2,728 thousand euros, which is equivalent to 1.927% of consolidated profit attributable to equity holders of the parent in 2018 (compared to 1.236% of 2017 profit); and

(ii) to leave attendance fees at 1,600 euros per Board meeting and 800 euros per meeting of its various committees.

The individual breakdown of director remuneration earned in 2018 (in thousands of euros) is provided below:

DIRECTOR	BYLAW-STIPULATED PROFIT-SHARING	ATTENDANCE FEES	FIXED REMUNERATION FOR PERFORMANCE OF EXECUTIVE DUTIES	VARIABLE REMUNERATION FOR PERFORMANCE OF EXECUTIVE DUTIES	TOTAL
Hernández Callejas, Antonio	435	25	1,041	977	**2,478**
Carceller Arce, Demetrio	410	34	0	0	**444**
Alimentos y Aceites, S.A.	135	17	0	0	**152**
Barreiro Pérez-Pardo, Belén	171	24	0	0	**195**
Carceller Arce, María (director since March 21, 2018)	112	14	0	0	**126**
Castelló Clemente, Fernando	220	33	0	0	**253**
Comenge Sánchez-Real, José Ignacio	177	23	0	0	**200**
Corporación Financiera Alba, S.A. (director since January 31, 2018)	301	24	0	0	**325**
Corporación Económica Delta, S.A. (director until March 21, 2018)	22	3	0	0	**25**
Costa García, Mercedes	211	33	0	0	**244**
Empresas Comerciales e Industriales Valencianas, S.L.	135	17	0	0	**152**
Fernández Alonso, Javier (director until January 31, 2018)	0	1	0	0	**1**
Grupo Tradifin, S.L.	211	33	0	0	**244**
Hercalaiz Investing Group, S.L- (*)	166	20	0	0	**186**
Zorrero Camas, Pedro Antonio (director since December 13, 2018)	22	2	0	0	**24**
TOTAL	**2,728**	**303**	**1,041**	**977**	**5,049**

(*) Hercalianz Investing Group, S.L. did not perform either executive or management duties at Ebro Foods, S.A. or at any subsidiary and therefore did not receive any remuneration in this respect. It is categorized as an executive director based on the fact that the natural person representing this entity on the Board of Directors of Ebro Foods, S.A. is an executive at an Ebro Group subsidiary.

The director remuneration itemized in the table above includes the amounts received by the following directors since they became members of the Board of Directors on the dates indicated below:

- Attendance fees for Javier Fernández Alonso until January 31, 2018, which is when he stepped down as director. Mr. Fernández Alonso collected attendance fees of 800 euros, which have been rounded in the table above to 1 thousand euros.
- Attendance fees and remuneration for Corporación Financiera Alba, S.A. since becoming a director on January 1, 2018.
- Attendance fees for Corporación Económica Delta, S.A. until March 21, 2018, which is when this entity stepped down as director.
- Attendance fees for Ms. María Carceller Arce since becoming a director on March 21, 2018.
- Attendance fees for Mr. Pedro Antonio Zorrero Camas since becoming a director on December 13, 2018.

Of the total variable remuneration earned by the Chairman of the Board of Directors for performance of executive duties in 2018, 805 thousand euros correspond to the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Business Plan in respect of 2016. That sum represented up to 25% of the deferred bonus entitlement accrued over the term of the three-year scheme, which was provided for in the 2016 financial statements and settled in 2018.

Elsewhere, in relation to the total remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2018, the 2018 financial statements recognize a provision of 596 thousand euros in respect of the provisional estimate of the amount corresponding to 2018 (last year of the plan) under the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Plan, which represents up to 50% of the deferred bonus entitlement expected to be accrued during the three-year period. That figure will be paid in 2020.

These bonus schemes are not tied to Ebro Foods' share price performance nor do they entitle their beneficiaries to the receipt of shares or any rights over such shares.

Elsewhere, none of the members of the Board of Directors benefits from complementary life insurance or pension cover. Moreover, the Company has neither extended any form of credit or advances to the members of its Board of Directors nor assumed any obligations on their behalf under guarantees.

Officer remuneration

A total of 10 people were considered officers of Ebro Foods, S.A. at both year-ends; in 2018 these executives accrued aggregate remuneration (fixed wages and salaries and annual bonuses) of 2,050 thousand euros (2,219 thousand euros in 2017).

"Officers" refers to the Chief Operating Officer of the Ebro Group, who is the most senior executive after the Executive Chairman, and the professionals in charge of the main departments of Ebro Foods, S.A., irrespective of whether they have a special senior management employment agreement with the Company.

In 2018, the team of officers (excluding the Chairman of the Board of Directors) of Ebro Foods, S.A. covered by the Deferred Annual Bonus Scheme tied to the Group's 2016- 2018 Business Plan were paid 169 thousand euros corresponding to 2016, a figure representing 25% of the bonuses earned during the three-year term of the scheme that had been provisioned in the 2016 financial statements.

Meanwhile, in relation to the team of officers (excluding the Chairman of the Board of Directors) of Ebro Foods, S.A. covered by the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Business Plan, the 2018 financial statements recognize a provision of 125 thousand euros in respect of the provisional estimate of the amount corresponding to 2018 under the scheme, which represents up to 50% of the deferred bonus entitlement expected to be accrued during the three-year period. That sum will be paid in 2020, in keeping with the plan rules.

Although two executives' employment contracts include golden parachute clauses in the event of dismissal or change of control, those clauses are not applicable under the very terms governing those same contracts.

Note lastly for the record that Ebro Foods, S.A. has taken out civil liability insurance cover for its directors and officers; those policies cover all of its subsidiaries up to an annual claims cap of 45 million euros. The policies cost 61 thousand euros in 2018 (65 thousand euros in 2017), are effective until April 30, 2019 and are currently in the process of being renewed.

19. OTHER DISCLOSURES

A) FOREIGN-CURRENCY TRANSACTIONS

The Company usually transacts in euros, other than the dollar-denominated borrowing arrangements described in notes 13 and 17.

B) WORKFORCE STRUCTURE

2018

	AT YEAR-END		AVERAGE TOTAL
	MALE	FEMALE	
Officers	7	3	10
Middle managers	20	10	30
Clerical staff	9	10	18
	36	**23**	**58**

As required under article 260 of the Corporate Enterprises Act, the Company hereby discloses that the average number of people employed during the year with a disability of a severity of 33% or higher was one (man) – in the 'Clerical staff' category – in both reporting periods.

2017

	AT YEAR-END		AVERAGE TOTAL
	MALE	FEMALE	
Officers	7	3	10
Middle managers	20	10	30
Clerical staff	9	9	19
	36	**22**	**59**

C) AUDIT FEES

The fees paid for account auditing and other services to the Company's auditor, Ernst & Young, S.L., and entities related to the latter by means of control, joint ownership or joint management, in 2018 and 2017 were as follows:

- The fees corresponding to auditing services provided in 2018 amounted to 264 (2017: 186) thousand euros; those corresponding to other assurance services amounted to 81 (2017: 54) thousand euros.
- The fees for tax advisory and and/other services totaled 187 (2017: 170) thousand euros.

D) ENVIRONMENTAL DISCLOSURES

The activities carried on by the various Ebro Foods Group companies require investments to manage and control their environmental risks.

Investments that increase the capacity of their facilities and machinery are capitalized and depreciated on a straight-line basis over their estimated useful life. Ebro Foods, S.A., in its capacity as the group's holding company, does not directly undertake this effort; rather its group companies make and incur the required environmental investments and expenditure.

The work performed on this front in recent years has been very broad but has focused above all on ensuring adequate control of wastewater discharges, combustion gas and dust emissions and inert solid and organic waste and rubbish generation.

The Company's directors believe there are no significant environmental protection or enhancement contingencies and therefore, have not deemed it necessary to record any related provisions.

E) DISCLOSURES REGARDING AVERAGE SUPPLIER PAYMENT TERMS

The Company paid its suppliers at 25 days on average in 2018 (2017: 26 days).

	2018	2017
Days		
Average supplier payment term	25	26
Paid transactions ratio	24	26
Outstanding transactions ratio	31	99
Amount		
Total payments made	8,996	9,170
Total payments outstanding	469	286

(000€)

F) For the purposes of compliance with the obligation stipulated in article 42 bis of Regulation 1065/2007, of July 27, 2007, enacting the general regulations governing tax management and inspections and establishing common procedural rules in respect of tax matters, and in keeping with the terms of article 4.b of the said article, there follows a list of the accounts with foreign financial institutions held by non-resident subsidiaries:

COMPANY	SEMOLA, S.R.L.	EBRO MÉXICO, S.A.
Account particulars	IBAN	SWIFT CODE BCMRMXMM
Account code	IT39D0350003205000000037267	187408390
Credit institution	Ubi Banco di Brescia SpA	BBVA BANCOMER, S.A.
Branch	Rome	Mexico City
Country in which account is held	Italy	Mexico
Date opened	April 2013	Aug 7, 2011
Balance at Dec. 31 (euros)	87,714.38	17,248.83
Average balance last quarter (euros)	107,289.02	203,123.60
% interest	100%	100%
Currency	EUR	MXP

COMPANY	EBRO MÉXICO, S.A.	BEIRA, LTD (PORTUGAL)
Account particulars	SWIFT CODE BCMRMXMM	IBAN
Account code	187409842	PT50001802310020003728217
Credit institution	BBVA BANCOMER, S.A.	SANTANDER TOTTA
Branch	Mexico City	Lisbon
Country in which account is held	Mexico	Portugal
Date opened	07-ago-11	23-jun-05
Balance at Dec. 31 (euros)	40,901.09	2,115.11
Average balance last quarter (euros)	41,752.46	4,529.30
% interest	100%	100%
Currency	USD	EUR

20. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue.

1. COMPANY SITUATION

Ebro Foods S.A. is the parent of the Ebro Foods Group, Spain's largest food group. Through its subsidiaries, it commands a presence in the rice and pasta markets in Europe and North America, as well as a growing presence in other countries.

As a holding company, its overriding objective is to lead, coordinate and foster the development of the Group it heads up, whose strategy is articulated around the provision of healthy food solutions to consumers that enable it to differentiate its brands by means of innovation and new product and format development.

The Ebro Foods Group articulates its management around business segments that combine business activities and their geographic location. Its key business lines are the production and distribution of pasta and rice and their culinary derivatives and accompaniments. Geographically, it is structured into four major regions: the Americas, Spain, Europe & RoW.

Decision-making is spearheaded by the Board of Directors, which is ultimately responsible for defining the Company's general strategy and management guidelines. The Board delegates certain tasks in its Executive Committee, including, notably, monitoring and oversight of delivery of the strategic and corporate development guidelines, while the Management Committee, on which the heads of the various business areas are represented, is tasked with monitoring and preparing the decisions taken at the management level.

The Annual Corporate Governance Report contains detailed information on the Group's ownership and governance structure.

The Management Report accompanying the consolidated financial statements provides detailed coverage of key trends in and the performance of the various segments and businesses that comprised the Ebro Food Group in 2018.

2. BUSINESS AND EARNINGS PERFORMANCE OF EBRO FOODS, S.A.

Ebro Foods, S.A.'s key sources of revenue are the dividends paid by its subsidiaries, the services it provides to these subsidiaries and certain real estate transactions. Its expenditure relates mainly to staff costs and the financial cost of the borrowings taken on in its capacity as parent of the Ebro Foods Group. In addition, depending on developments with respect to the value of its investments in its subsidiaries, it recognizes and reverses impairment provisions on its portfolio of investees as required. Recurring expenditure was in line with that of prior years. Certain services provided to subsidiaries were pared back.

Operating profit amounted to 5,230 thousand euros in 2018, compared to 63,291 thousand in 2017. The decrease in operating profit is primarily attributable to the drop in dividend income from subsidiaries (note 8), offset by lower performance-based employee benefits expense in 2018.

Net finance cost amounted to 12,711 thousand euros, compared to 4,456 thousand in 2017. The higher net cost is attributable to higher borrowing costs as a result of the trend in the corresponding rates of interest and the year-on-year decline in exchange gains on the liabilities denominated in US dollars as a result of the trend in that currency during the year.

As a result, the Company recorded an after-tax loss of 4,776 thousand euros in 2018, compared to a profit of 58,101 thousand euros in 2017.

The most significant developments last year related to its activity as parent of the Ebro Foods Group were the following:

KEY INVESTMENTS AND EXITS CONCLUDED BY THE GROUP

Note 8 to the financial statements lists Ebro Foods, S.A.'s direct investments in group companies and associates. The main transactions coordinated by Ebro Foods, S.A. in 2018:

Investment in Bertagni

On March 29, 2018, through the Panzani Group and Pastificio Lucio Garofalo, S.p.A., the Group acquired 70% of Italy's Bertagni 1882, S.p.A ("Bertagni"). Bertagni has factories in Vicenza and Alvio (Italy) and a headcount of 275. Bertagni is known as the oldest filled pasta brand in Italy and is an expert in the production of fresh pasta in the premium segment.

The investment totaled 96.5 million euros and was financed using a mix of equity and debt. In addition, there is a put option over the remaining 30% (exercisable by the other shareholders over a 10-year period from April 2022). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature.

There were no other significant changes in the Group's scope of consolidation during the reporting period.

3. NON-FINANCIAL INFORMATION

The non-financial statement required under Spanish Law 11/2018 (of December 28, 2018) on non-financial and diversity reporting was authorized for issue on December 13, 2018 and is included in the Management Report accompanying the consolidated financial statements.

4. EMPLOYEE AND ENVIRONMENTAL DISCLOSURES

HUMAN CAPITAL

Ebro Food's ultimate objective on the labor front is to foster mutually-beneficial labor relations, by making its employees feel vested in the organization, encouraging their career development, promoting equal opportunities and taking a zero-tolerance stance on discrimination and establishing, in a nutshell, a tranquil workplace climate.

Each of the Group companies is governed by the labor legislation prevailing in the countries in which it does business. In addition, the bigger subsidiaries have formulated their own human resource policies that regulate relations between management and employees. Above all of these policies, and notwithstanding the terms of the collective bargaining agreements of the various companies comprising the Ebro Foods Group, there is a corporate Code of Conduct designed not only to ensure the ethical and responsible conduct of the professionals of all Ebro Foods Group companies on the job but also to serve as a guide for defining employment policies and safeguards, workplace health and safety policy, training issues and the principles for guaranteeing the absence of discrimination and the promotion of diversity and equality in hiring decisions.

The key staff disclosures are provided in notes 18 and 19 of the accompanying financial statements.

ENVIRONMENTAL DISCLOSURES

Although the Company's business activities do not imply environmental consequences per se, one of Ebro Foods's basic management commitments is to provide its companies with the tools and measures needed to strike an optimal balance between their business activities and environmental protection. Refer to note 19.d to the financial statements for additional information.

5. LIQUIDITY AND FINANCING

Ebro Foods, S.A. manages the Group's financing requirements in respect of strategic matters such as dividend policy and the Group's organic growth. To this end it relies on the cash generated by its subsidiaries which act as guarantors on the long-term loans taken on to facilitate this role.

The Management Report accompanying the consolidated financial statements provides an in- depth overview of the Group's liquidity and financial position.

6. BUSINESS RISK MANAGEMENT TARGETS AND POLICIES

Ebro Foods, in its capacity as the parent of a group of companies, is indirectly exposed to risks affecting its subsidiaries via the valuation of its investment portfolio and the amount of dividends it receives from them. The business activities performed by the Ebro Foods Group companies are carried out it an environment shaped by exogenous factors that could influence their business and financial performances.

These risks are mainly environmental, business, financial, borrowings, labor and technology related. These risks and the measures taken to identify, manage and mitigate them are described in detail in both the Management Report accompanying the consolidated financial statements and in the Group's Annual Corporate Governance Report.

On the basis of the main risks identified, management assesses the instruments in place for mitigating them and the main associated processes and controls.

FINANCIAL RISK MANAGEMENT AND USE OF FINANCIAL INSTRUMENTS

The main financial instruments used are bank loans, bank overdraft facilities, cash and short- term deposits. The overriding goal of using these instruments is to expand the sources of financing available to the Group.

In the past, the Company has written derivatives to hedge interest and exchange rate risk. It is Company policy not to use financial instruments for speculative purposes.

The main risks arising from the financial instruments used are credit risk, cash flow interest rate risk, liquidity risk and foreign currency risk.

The Board of Directors, through its Audit and Control Committee (in turn supported by the Risk Committee) reviews and establishes the policies put in place for managing each of these risks, while the Finance Department identifies and manages them with a view to minimizing or ring- fencing their potential impact on the Group's performance.

Credit risk

Ebro Foods, S.A.'s exposure to credit risk is not significantly concentrated. Moreover, it deposits its cash and arranges its financial instruments with highly solvent and creditworthy financial institutions.

Cash flow interest rate risk

The Company is exposed to changes in market interest rates, mainly on account of its non- current payment obligations arranged at floating rates of interest.

The policy deployed to minimize this risk is to combine floating and fixed rates and to strive to achieve a well-balanced debt structure so as to reduce borrowing costs while containing volatility. To this end it tracks interest rate trends with the help of external experts. Whenever deemed necessary, Ebro Foods, S.A. arranges interest rate derivatives.

Foreign currency risk

As a result of the investments made in the US, the carrying amounts of the Company's assets and liabilities are significantly exposed to changes in the USD / EUR exchange rate. It has mitigated this structural exchange-rate risk by denominating specific borrowings in this currency. In this manner, it has hedged the majority of its US investments.

Foreign currency risk also arises from the purchases and sales made by the various subsidiaries in currencies other than the functional currency. In this instance, the subsidiaries themselves arrange their own forward contracts or other exchange rate hedges, in keeping with Group policy.

Liquidity risk

Ebro Foods, S.A.'s objective is to maintain a balance between continuity of funding and flexibility through the use of renewable credit facilities, bank loans and short-term deposits.

7. EVENTS AFTER THE REPORTING PERIOD

There have been no other significant events or developments between the end of the reporting period and the date of authorizing the accompanying condensed consolidated financial statements for issue.

8. BUSINESS OUTLOOK

Ebro Foods' earnings performance going forward will depend on the dividends received from its subsidiaries, the gains recognized on properties deemed non-core and the finance costs incurred on the debt taken on to finance its assets.

The Company's directors believe that the dividends declared by its subsidiaries will be sufficient to enable Ebro Foods to fund an adequate shareholder remuneration policy.

9. R&D

R&D initiatives are shaped by the subsidiaries' strategic initiatives (to which end we refer the reader to the Management Report accompanying the consolidated financial statements).

10. OWN SHARE TRANSACTIONS

In 2018, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). In 2018, under the scope of the employee share plan, it bought back 33,348 shares and delivered 33,348 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2018.

11. OTHER RELEVANT DISCLOSURES

AVERAGE PAYMENT PERIOD

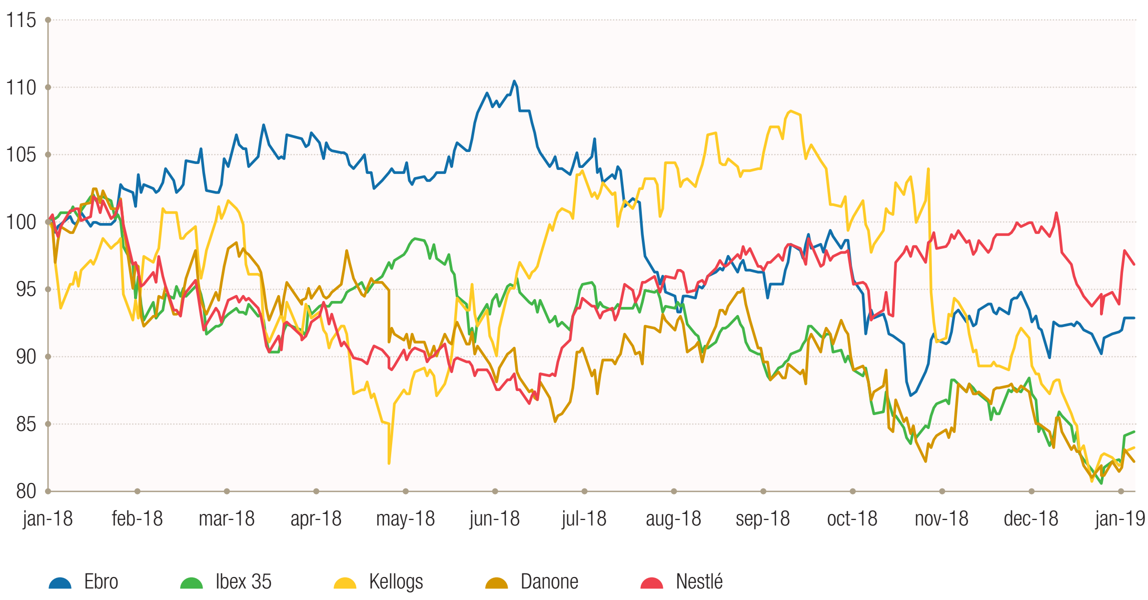
The Company paid its suppliers at 25 days on average in 2018.

	2018	2017
	DAYS	DAYS
Average supplier payment term	25	26
Paid transactions ratio	24	26
Outstanding transactions ratio	31	99
	AMOUNT	AMOUNT
Total payments made	8,996	9,170
Total payments outstanding	469	286

(000€)

SHARE PRICE PERFORMANCE

THE SECTOR IN THE STOCK MARKET 1Y



DIVIDEND DISTRIBUTION

On June 5, 2018, the Company's shareholders ratified the motion to pay a cash dividend with a charge against 2017 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2018 for a total outlay of 87,703 thousand euros. The dividend was paid out in three equal instalments of 0.19 euros per share (before withholdings) on April 3, June 29 and October 1, 2018.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DETAILS OF ISSUER

Year Ended: 31/12/2018

Tax Registration Number: A47412333

Name:

EBRO FOODS, S.A.

Registered Office:

PASEO DE LA CASTELLANA 20 - 3rd AND 4th FLOORS - MADRID

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

[ ] Yes
[√] No

A.2. Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Interest / total voting rights (%)
	Direct	Indirect	Direct	Indirect	
SOCIEDAD ANÓNIMA DAMM	0.00	11.69	0.00	0.00	11.69
CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	0.00	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0.00	10.36	0.00	0.00	10.36

Details of indirect holdings:

Name of indirect holder	Name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	Interest / total voting rights (%)
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	10.36	0.00	10.36

Indicate the principal movements in the shareholding structure during the year:

Principal movements
In October 2018 the interest held by José Ignacio Comenge Sánchez-Real exceeded the 3% threshold.

A.3. Complete the following tables on board members with voting rights in the company:

Name of director	% voting rights attributed to shares		% voting rights through financial instruments		% total voting rights	% voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
BELÉN BARREIRO PÉREZ- PARDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEMETRIO CARCELLER ARCE	0.00	0.10	0.00	0.00	0.10	0.00	0.00
ANTONIO HERNÁNDEZ CALLEJAS	0.00	0.11	0.00	0.00	0.11	0.00	0.00
PEDRO ANTONIO ZORRERO CAMAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FERNANDO CASTELLÓ CLEMENTE	1.50	0.00	0.00	0.00	1.50	0.00	0.00
MARÍA CARCELLER ARCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MERCEDES COSTA GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	0.00	3.64	0.00	0.00	3.64	0.00	0.00
CORPORACIÓN FINANCIERA ALBA, S.A.	14.00	0.00	0.00	0.00	14.00	0.00	0.00
ALIMENTOS Y ACEITES, S.A.	10.36	0.00	0.00	0.00	10.36	0.00	0.00
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7.83	0.00	0.00	0.00	7.83	0.00	0.00
GRUPO TRADIFÍN, S.L.	7.96	0.00	0.00	0.00	7.96	5.28	0.00
HERCALIANZ INVESTING GROUP, S.L.	7.96	0.00	0.00	0.00	7.96	3.02	0.00

Total % of voting rights held by board members	53.37

Details of indirect holdings:

Name of director	Name of direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights	% voting rights that may be transferred through financial instruments
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	0.05	0.00	0.05	0.00
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	0.06	0.00	0.06	0.00
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	3.64	0.00	3.64	0.00
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	0.10	0.00	0.10	0.00

A.4. Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, save any that are insignificant or deriving from ordinary commercial business, except those reported in A.6:

Name of related party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM, CORPORACIÓN ECONÓMICA DELTA, S.A.	Corporate	Sociedad Anónima Damm holds a direct interest of 99.99% in Corporación Económica Delta, S.A.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES, ALIMENTOS Y ACEITES, S.A.	Corporate	Sociedad Estatal de Participaciones Industriales holds a direct interest of 91.9625% in Alimentos y Aceites, S.A.

A.5. Describe the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Name of related party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM	Commercial	During 2018, Herba Ricemills, S.L.U. (a subsidiary of the Ebro Foods Group) sold rice and rice by-products on arm's length terms to Estrella de Levante, S.A. and Cía Cervecera Damm, S.A. (subsidiaries of the significant shareholder Sociedad Anónima Damm). See in this respect the information on related party transactions in section D.2 of this Report.

Name of related party	Type of relationship	Brief description
GRUPO TRADIFÍN, S.L.	Commercial	During 2018, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several commercial transactions (mainly purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
GRUPO TRADIFÍN, S.L.	Contractual	During 2018, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Commercial	During 2018, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several commercial transactions (mainly purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Contractual	During 2018, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.

A.6. Describe the relationships, save any that are insignificant for both parties, between the significant shareholders or those represented on the board and the directors, or their representatives in the case of corporate directors.

Explain how the significant shareholders are represented, where appropriate. Indicate specifically any directors appointed on behalf of significant shareholders, those whose appointments have been promoted by significant shareholders or who are related to significant shareholders and/or companies in their respective groups, specifying the nature of those relationships. In particular, indicate the existence, identity and office of board members or representatives of directors of the listed company, if any, who are also directors or representatives of directors in companies holding significant interests in the listed company or in companies of its group:

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	The Director Corporación Financiera Alba, S.A. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Javier Fernández Alonso, is also a Director of Inversiones de Corporación Financiera Alba, S.A.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	The Director Grupo Tradifín, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Blanca Hernández Rodríguez, is Managing Director of Grupo Tradifín, S.L.
HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	The Director Hercalianz Investing Group, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Félix Hernández Callejas, is Joint and Several Director of Hercalianz Investing Group, S.L.
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	The Director Empresas Comerciales e Industriales Valencianas, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Javier Gómez-Trenor Vergés, is Chairman of the Board of Directors of Empresas Comerciales e Industriales Valencianas, S.L.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
ALIMENTOS Y ACEITES, S.A.	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	The Director Alimentos y Aceites, S.A. is a significant shareholder of Ebro Foods, S.A. and Sociedad Estatal de Participaciones Industriales has a direct interest of 91.9625% in its capital. Its representative on the Board of Directors, Concepción Ordíz Fuertes, is Company Secretary, Secretary of the Board and Legal Counsel of Sociedad Estatal de Participaciones Industriales.
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The Director Demetrio Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. Demetrio Carceller Arce is Executive Chairman on the Board of Directors of Sociedad Anónima Damm and Corporación Económica Delta, S.A.
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The Director María Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. María Carceller Arce is the representative of the Director Seegrund BV on the Board of Directors of Sociedad Anónima Damm and Corporación Económica Delta, S.A.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	The Director José Ignacio Comenge Sánchez-Real is a significant shareholder of Ebro Foods, S.A., directly and indirectly through La Fuente Salada, S.L., of which he is the Sole Director. Mr Comenge Sánchez Real is the direct holder of 100% of the capital of Mendibea 2002, S.L. and Sole Director of that company, which in turn directly holds 100% of the capital of La Fuente Salada, S.L.

- Antonio Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Hercalianz Investing Group, S.L. holds in Ebro Foods, S.A. Antonio Hernández Callejas does not hold any office in that company.

- Félix Hernández Callejas, representative of Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.333% in Hercalianz Investing Group, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Hercalianz Investing Group, S.L. holds in Ebro Foods, S.A.

- Blanca Hernández Rodríguez, representative of Grupo Tradifín, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.25% in Grupo Tradifín, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Grupo Tradifín, S.L. holds in Ebro Foods, S.A.

- Javier Gómez-Trenor Vergés, representative of Empresas Comerciales e Industriales Valencianas, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 16.63% in Empresas Comerciales e Industriales Valencianas, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.83% that Empresas Comerciales e Industriales Valencianas, S.L. holds in Ebro Foods, S.A.

- Demetrio Carceller Arce has a 0.875% interest in Sociedad Anónima Damm and, consequently, an indirect interest in Ebro Foods, S.A. through the indirect interest of 11.69% held by that company, through Corporación Económica Delta, S.A., in Ebro Foods, S.A.

- María Carceller Arce has a 0.05% interest in Sociedad Anónima Damm and, consequently, an indirect interest in Ebro Foods, S.A. through the indirect interest of 11.69% held by that company, through Corporación Económica Delta, S.A., in Ebro Foods, S.A.

A.7. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to sections 530 and 531 of the Corporate Enterprises Act. If any, describe them briefly and list the shareholders bound by the agreement:

[ ] Yes
[√] No

Indicate and describe any concerted actions among company shareholders of which the company is aware:

[ ] Yes
[√] No

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year:

A.8. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 5 of the Securities Market Act and identify it/them if appropriate:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
		0.00

(*) Through:

Name of direct holder of the interest	Number of direct shares
No details	

A.10. Indicate the term and conditions of the authorisation granted by the general meeting to the board to issue, buy or sell own shares:

The Annual General Meeting of Shareholders held on second call on 3 June 2015 resolved, under item twelve on the agenda, to authorise the Board of Directors to buy back own shares and reduce the Company's capital and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in law.

a. Conditions of the authorisation

To authorise the Board of Directors, with the power to delegate, to buy back shares in Ebro Foods, S.A., directly or through its subsidiaries, by purchase, swap or under any other title and on one or several occasions, on the terms and conditions established in sections 146 et seq and sections 509 et seq of the Corporate Enterprises Act, and the following conditions:

- The par value of the shares purchased directly or indirectly, together with those already held by the Company or its subsidiaries, shall not exceed 10% of the subscribed capital.

- The buy-back, when added to the shares previously acquired by the Company, or any person acting in their own name but on behalf of the Company, and held as treasury stock, shall not have the effect of reducing equity to below the amount of the capital plus the legal or restricted statutory reserves. For this purpose, equity shall be the amount considered as such according to the principles for drawing up the annual accounts, less the amount of gains attributed directly thereto, plus the amount of uncalled subscribed capital and the par value and share premium of the subscribed capital recognised in liabilities.

- The shares thus acquired shall be fully paid up.

- The cap and floor values for buy-back shall be the market value of the shares on an official secondary market at the date of buy-back and a value equivalent to the par value of the own equity instruments acquired, respectively.

b. Contents of the authorisation

- To authorise the Board, by direct resolution or delegation to the Executive Committee, or by delegation to such person or persons as the Board of Directors may authorise for this purpose, to buy back own shares to hold them in its treasury stock, dispose of them or, as the case may be, put a motion to the General Meeting for their redemption, within the legal limits and complying with the conditions established in this resolution.

This authorisation is extended to the possibility of buying back own shares for delivery, on one or several occasions, to the Company or group employees, directly or following exercise of their option rights, pursuant to section 146.1(a), third paragraph, of the Corporate Enterprises Act.

It is also extended to acquisitions of shares in Ebro Foods, S.A. by its subsidiaries.

- To authorise the Board of Directors to reduce the capital in order to redeem the own equity instruments purchased by the Company or other companies in its group against the capital (for their par value) and unrestricted reserves (for the cost of the acquisition in excess of that par value), by such amounts as it may deem fit from time to time and up to the maximum own shares held at any time.

- To delegate to the Board of Directors to implement the aforesaid resolution to reduce the capital, which it may do on one or several occasions or declare it null and void, within a period not exceeding 5 years from the date of this General Meeting (3 June 2015), taking such actions for this purpose as may be necessary or required by law.

The Board of Directors is especially authorised so that it may, within the times and limits indicated in this resolution, proceed to: (i) make or declare void the reduction of capital, naming if appropriate the specific date(s) of the transactions, taking account of any internal or external factors that may influence this decision; (ii) specify in each case the amount by which the capital is reduced; (iii) determine the destination of the amount of the reduction of capital; (iv) in each case adjust Articles 6 ("Capital") and 7 ("Shares") of the Articles of Association to reflect each new amount of capital and new number of shares; (v) apply in each case for delisting of the redeemed shares; and (vi) in general adopt such resolutions as may be considered necessary for redemption and the consequent reduction of capital, designating who is to put it on record.

c. Term of the authorisation

The authorisation contemplated in this resolution is granted for a maximum of five years from the date of the General Meeting (3 June 2015) and covers all transactions in own equity instrument made hereunder, without requiring reiteration for each acquisition made. It also covers any provisions or earmarking of reserves made in accordance with the Corporate Enterprise Act.

A.11. Estimated free float:

	%
Estimated free float	34.94

A.12. Indicate any constraints (statutory, legal or other) on the transferability of shares and/or any restrictions on voting rights. In particular, indicate the existence of any constraint or limitation that may hamper takeover of the company through the acquisition of its shares on the market, and any authorisations or prior notifications of acquisitions or transfers of the company's financial instruments required by sector laws and regulations.

[ ] Yes
[√] No

A.13. Indicate whether the general meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007.

[ ] Yes
[√] No

If yes, explain the measures approved and the terms on which the restrictions will become ineffective:

A.14. State whether the company has issued any shares that are not traded on an EU regulated market:

[ ] Yes
[√] No

If appropriate, indicate the different classes of shares and the rights and obligations conferred for each class:

B. GENERAL MEETING

B.1. Indicate whether there are any differences between the quorums established for general meetings and the minimums stipulated in the Corporate Enterprises Act and, if any, explain:

[ ] Yes
[√] No

B.2. Indicate whether there are any differences in respect of the system stipulated in the Corporate Enterprises Act for adopting corporate resolutions and, if any, explain:

[ ] Yes
[√] No

B.3. Indicate the rules for alteration of the company's articles of association. In particular, indicate the majorities stipulated for altering the articles of association and the rules, if any, protecting shareholders' rights in any alteration of the articles.

Ebro Foods, S.A. has not established any requirements for altering the Articles of Association other than those stipulated in the Corporate Enterprises Act.

B.4. Give details of attendance of general meetings held during the year of this report and the two previous years:

	Details of attendance				
Date of general meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
01/06/2016	17.73	55.85	0.00	2.21	75.79
Of which free float	0.27	16.06	0.00	2.21	18.54
01/06/2017	20.68	44.90	0.00	11.87	77.45
Of which free float	0.27	15.56	0.00	1.51	17.34
05/06/2018	39.94	27.94	0.00	11.16	79.04
Of which free float	0.19	15.91	0.00	0.80	16.90

B.5. State whether there have been any items on the agenda for the general meetings held during the year that was not approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. Are any restrictions established in the articles of association requiring a minimum number of shares to attend general meetings or for distance voting?

[ ] Yes
[√] No

B.7. State whether certain decisions other than those established by law, involving an acquisition, disposal, transfer of essential assets to another company or other similar corporate operations must be laid before the general meeting of shareholders for approval:

[ ] Yes
[√] No

B.8. Indicate the address and access to the company's website and where to find information on corporate governance and other information on general meetings that must be made available to shareholders through the company's website:

The corporate website of Ebro Foods (http://www.ebrofoods.es) is set up as a vehicle of information, continuously and permanently updated for shareholders, investors and markets in general.

In this respect, the home page includes a specific section called "Information for shareholders and investors", which contains all the information required under the applicable legal provisions.

Pursuant to current legislation, this section includes the chapter on Corporate Governance at the following address:
http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/regulations-of-the- general-meeting/

That section includes all the information that the Company makes available to shareholders for general meetings, specifically at http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/general-meeting-of-shareholders-exercise-of-the-right-to-information/ and http://www.ebrofoods.es/en/information-for- shareholders-and-investors/corporate-governance/general-shareholders-meeting-2018/. There is also a direct link to the General Meeting of this year from the home page (http://www.ebrofoods.es).

The Corporate Governance section is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders: exercise of the right to information
- General Shareholders' Meeting
- Board of Directors
- Regulations of the Board
- Annual Corporate Governance Report
- Remuneration of Directors
- Board Committees
- Internal Code of Market Conduct
- Shareholders' Forum

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of easy access, aiming to enable fast location and download of the required information.

The corporate website offers all the information in this section in Spanish and English.

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 State the maximum and minimum numbers of directors stipulated in the articles of association and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	7
Number of directors set by general meeting	13

C.1.2 Give details of the board members:

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
ANTONIO HERNÁNDEZ CALLEJAS		Executive	CHAIRMAN	24/01/2002	05/06/2018	RESOLUTION PASSED AT AGM
DEMETRIO CARCELLER ARCE		Proprietary	VICE-CHAIRMAN	01/06/2010	05/06/2018	RESOLUTION PASSED AT AGM
ALIMENTOS Y ACEITES, S.A.	CONCEPCIÓN ORDIZ FUERTES	Proprietary	DIRECTOR	23/07/2004	05/06/2018	RESOLUTION PASSED AT AGM
BELÉN BARREIRO PÉREZ-PARDO		Independent	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
MARÍA CARCELLER ARCE		Proprietary	DIRECTOR	21/03/2018	05/06/2018	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		Independent	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
JOSE IGNACIO COMENGE SÁNCHEZ- REAL		Proprietary	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM
CORPORACIÓN FINANCIERA ALBA, S.A.	JAVIER FERNÁNDEZ ALONSO	Proprietary	DIRECTOR	31/01/2018	05/06/2018	RESOLUTION PASSED AT AGM
MERCEDES COSTA GARCÍA		Independent	LEAD INDEPENDENT DIRECTOR	27/07/2016	01/06/2017	RESOLUTION PASSED AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	JAVIER GÓMEZ-TRENOR VERGÉS	Proprietary	DIRECTOR	18/12/2013	05/06/2018	RESOLUTION PASSED AT AGM
GRUPO TRADIFÍN, S.L.	MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	Proprietary	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM
HERCALIANZ INVESTING GROUP, S.L.	FÉLIX HERNÁNDEZ CALLEJAS	Executive	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM
PEDRO ANTONIO ZORRERO CAMAS		Independent	DIRECTOR	13/12/2018	13/12/2018	RESOLUTION PASSED BY BOARD

Total number of directors	13

Indicate any retirements from the board during the reporting period, through resignation, removal or whatsoever other circumstance:

Name of director	Category of director at time of retirement	Date of last appointment	Date of retirement	Specialist committees of which the director was a member	State whether retirement occurred before end of term of office
JAVIER FERNÁNDEZ ALONSO	Proprietary	01/06/2017	31/01/2018	Executive Committee and Strategy and Investment Committee	Yes
CORPORACIÓN ECONÓMICA DELTA, S.A.	Proprietary	28/06/2017	21/03/2018	None	Yes

Cause of retirement and other comments

- Javier Fernández Alonso, Proprietary Director appointed at the proposal of the significant shareholder Corporación Financiera Alba, S.A., retired at the decision of the significant shareholder, which took office as Director represented by Mr Fernández Alonso.

- Corporación Económica Delta, S.A., Proprietary Director in its capacity as significant shareholder, retired at its own decision, to be replaced in office by María Carceller Arce, who had theretofore represented this Director on the Board and took up the office in her own name.

C.1.3 Complete the following tables with the details and types of the board members:

EXECUTIVE DIRECTORS		
Name of director	Position in company's organisation	Profile
ANTONIO HERNÁNDEZ CALLEJAS	Chairman	Antonio Hernández Callejas was born in Tudela (Navarre). He has a degree in Economics from the University of Seville and a diploma in Law. He began his career in 1979 in Arrocerías Herba, a rice producer founded by the Hernández family. In 2002 he was appointed Director, Vice-Chairman and member of the Executive Committee of Ebro Foods, S.A. and since then he has been a key figure in Ebro's transformation and international expansion. In 2004 he was appointed CEO of the Company and in 2005 he became Executive Chairman of the Ebro Group. Under his leadership, the Ebro Group has become number one in the rice sector and second world producer of pasta, operating in more than 70 countries in Europe, America, Africa and Asia, with a portfolio of over 80 brands. Over the course of his professional career, he has received numerous prizes and awards, such as the "Dinero" Business Awards for the best business management, Knight of the National Order of Merit of the Republic of France, Prize awarded by the Social Council of the University of Seville and the Seville Business Confederation (CES) for his Outstanding Business Career and the Gold Medal of the city of Seville. He speaks English, French and Italian.
HERCALIANZ INVESTING GROUP, S.L.	Member	Félix Hernández Callejas (representative of the Director Hercalianz Investing Group, S.L.) was born in Tudela (Navarre). He has a Law degree and extensive experience in the rice and food industry in general. He has held several executive positions and directorships in different rice companies and is currently director of several companies in the Ebro Group.

Total number of executive directors	2
% of board	15.38

With regard to the classification of Hercalianz Investing Group, S.L. as Executive Director, this Director:

(i) does not perform executive or management duties in Ebro Foods, S.A. or in any Group subsidiary, so receives no remuneration as such;

(ii) has been classified as Executive Director on the grounds that its representative on the Board of Directors of Ebro Foods, S.A. is an executive of a Group subsidiary;

(iii) holds office as a Director because it is a significant shareholder of the Company, with an interest of 7.961%. Hercalianz Investing Group, S.L. would continue to be a Director of Ebro Foods, S.A. as long as it is a significant shareholder, regardless of who is its representative and the executive position that said representative may have within the Group.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	Demetrio Carceller Arce was born in Madrid. He has a degree in Business Studies from CUNEF and a Master's in Business Administration from the University of Duke (North Carolina). He is Executive Chairman of Sociedad Anónima Damm, Chairman of Corporación Económica Delta, S.A. and Fundación Damm, Chairman of DICSA Corporación Petrolífera and Vice-Chairman and member of the Executive Committee of Sacyr, S.A.
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	María Carceller Arce was born in Madrid. She has a degree in Business Studies from the European Business School, specialising in marketing and international business, and has a postgraduate degree from IESE (Management Development Programme PDD-C). She has over 20 years' experience in national and international companies in the food and drink sector. She has been on the Food and Drink Advisory Board of the IESE Business School since 2001 and Managing Director of Grupo Rodilla since 2012. Before joining the Grupo Rodilla, she held different management positions in Pepsico and McDonald's, receiving the President Award, among others. She had previously been Manager of the Commercial and Marketing areas in different prestigious companies in the sector, such as Yoplait and Bodegas y Bebidas, S.A. She is bilingual Spanish-German and also speaks English.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	JOSE IGNACIO COMENGE SÁNCHEZ-REAL	José Ignacio Comenge Sánchez-Real was born in San Sebastián. He is an Economist and graduate in International Banking. He has a lengthy track record in business management and administration, in companies operating in different areas of the Spanish economy, including the financial, insurance, beverages and renewable energy sectors. He has been an executive and director in different financial and insurance entities, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. He is Chairman of Ball Beverage Packaging Iberica S.L. and Arbitraje&Inversiones S.L. and Director of ENCE Energía y Celulosa, S.A., CVNE, S.A. (Compañía Vinícola Nacional de España), Olive Partners, S.A., Barbosa&Almeida, S.A. Grupo Apex (Aperitivos y Extrusionados, S.A.U.) and Coca-Cola European Partners.
CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Javier Fernández Alonso (representative of the Director Corporación Financiera Alba, S.A.) was born in Bilbao. He has a degree in Business Management and Administration from Deusto University (La Comercial), specialising in Finance and graduating Cum Laude. With extensive experience in business management and administration, he is Investment Manager in Corporación Financiera Alba, S.A. He is also on the Board of Directors of Euskaltel, S.A., Parques Reunidos Servicios Centrales, S.A., Rioja Bidco Shareholding S.L., Artá Capital S.G.E.I.C., S.A. y Deyá Capital IV S.C.R., S.A. and on the Investment Committee of Artá Capital, among other responsibilities. His teaching experience includes lecturing on Advance Valuation in the MBA Deusto, Bilbao; finance lecturer at Deusto Business School on the Bancomer Summer Course on Financial Development, Management and Innovation, in Madrid; and lecturer on Corporate Finance in the preparatory course for the Certified International Investment Analyst (CIIA) examination organised by the Foundation of Financial Studies (Bolsa de Bilbao). He speaks English.
ALIMENTOS Y ACEITES, S.A.	ALIMENTOS Y ACEITES, S.A.	Concepción Ordiz Fuertes (representative of the Director Alimentos y Aceites, S.A.) was born in Oviedo (Asturias). She has a Law degree from the University of Oviedo (Miguel Traviesas Prize for the best academic record in Private Law 1987-1992) and a Master of Advanced Studies (MAS) from the Complutense University of Madrid, Dept. of Financial and Tax Law (2005). She is a State Attorney with extensive professional experience in different legal, consultancy and litigation services of the State Administration and courts. Among other activities, she was formerly a member of the General Codification Commission for the Reform of Bankruptcy Law (July 2009) and was adviser to the Ministry of Justice in the reform of Regulation (EC) 1346/2000. She is a speaker and habitual collaborator for courses run by public institutions and has published several books on legal issues. In 2010, she was awarded the San Raimundo de Peñafort Cross of Honour. She is currently Company Secretary, Secretary of the Board and Legal Counsel in Sociedad Estatal de Participaciones Industriales (SEPI). She speaks English and French.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Javier Gómez-Trenor Vergés (representative of the Director Empresas Comerciales e Industriales Valencianas, S.L.) was born in Barcelona. He has a degree in Economics and Business Studies from the University of Valencia. With ample experience in the business sector, he has held executive and director positions in several companies in the beverages, agriculture, livestock and concentrated juice sectors. At present, he is Chairman of the Board of Empresas Comerciales e Industriales Valencianas, S.L., Director of Olive Partners S.A. and administrator of several companies engaged in financial investment, real estate and agriculture.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	Blanca Hernández Rodríguez (representative of the Director Grupo Tradifín, S.L.) was born in Seville. She has a degree in Economics and Business Studies from the University of Seville, a degree in Humanities from the European University of Madrid and a Master of Finance from CUNEF. She has extensive experience in the financial sector and currently chairs the Ebro Foods Foundation.

Total number of proprietary directors	7
% of board	53.85

José Ignacio Comenge Sánchez-Real was classified as an Independent Director until his interest in the capital of Ebro Foods, S.A. reached 3% in October 2018, whereupon he lost his status as Independent Director and was reclassified as a Proprietary Director.

See the change in classification of Mr Comenge Sánchez-Real indicated at the end of this section C.1.3.

NON-EXECUTIVE INDEPENDENT DIRECTORS	
Name of director	Profile
BELÉN BARREIRO PÉREZ- PARDO	Belén Barreiro Pérez-Pardo was born in Madrid. She has a PhD in Political Science, Sociology and Social Anthropology from the Autonomous University of Madrid and a Master in Social Science from the Juan March Institute of Studies and Research. With over 20 years' experience, she is dedicated to the scientific analysis of society and counselling on public opinion research. She has published several books and academic articles and is a visiting lecturer for different university courses. She is on the Advisory Board of the Spanish Association of Foundations and Founder and Director of MyWord.
PEDRO ANTONIO ZORRERO CAMAS	Pedro Antonio Zorrero Camas was born in Seville. He graduated as Agricultural Engineer from the University of Almería, and as Technical Agricultural Engineer from the University of Seville. Civil servant in the regional government of Andalusia, as a specialist Agricultural Engineer. He has a lengthy track record within the public sector in the fields of audit, control and management of European funds and regional aids to agricultural and fisheries in the Autonomous Community of Andalusia. In the private sector, he has extensive experience in agricultural engineering, having designed several technical projects in the agricultural sector and having worked as engineering consultant and adviser at different farms to promote intensive farming and extensive stockbreeding.
FERNANDO CASTELLÓ CLEMENTE	Fernando Castelló Clemente was born in Mollerusa (Lleida). He is an Industrial Engineer and has an MBA from IESE. He was formerly a lecturer in the School of Engineers and Architects of Fribourg (Switzerland). He has held several important executive and management positions in companies operating in the dairy sector and in distribution in the food sector. He is on the Board of Directors of several companies operating in the alternative energy and construction sectors. He is currently Vice-Chairman of Merchpensión, S.A. and Director of Merchbanc, S.A.
MERCEDES COSTA GARCÍA	Mercedes Costa García was born in Lérida. She has a Law degree from the Central University of Barcelona and LL.M. from IE Law School. She has extensive professional experience as a commercial lawyer in the law firm of José Mario Armero, and as a lecturer and researcher of the entire negotiation process. She is currently Manager of the Negotiation and Mediation Centre and negotiation lecturer in the Master Programmes, Advanced Courses and Executive Education Programmes at IE Business School in Madrid, both on-site and online, Manager of the Negotiate Forum and member of the Good Governance Centre at IE Business School.

Total number of independent directors	4
% of board	30.77

State whether any director qualified as independent receives from the company or any other company in its group any sum or gain other than directors' emoluments, or has or has had a business relationship with the company or any other company in its group during the past year, in their own name or as significant shareholder, director or senior executive of a company which has or has had such a relationship.

If appropriate, include a reasoned statement by the board explaining why it considers that the director in question can perform their duties as an independent director.

Name of director	Description of the relationship	Reasoned statement
No details		

OTHER NON-EXECUTIVE DIRECTORS			
Name any other non-executive directors and explain why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders:			
Name of director	Reasons	Company, executive or shareholder with which it is related	Profile
No details			

Total number of other non-executive directors	N/A
% of board	N/A

Indicate any variations during the year in the type of each director:

Name of director	Date of change	Previous category	Current category
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	26/10/2018	Independent	Proprietary

See the comment regarding Proprietary Directors in this section C.1.3 regarding the change of category of José Ignacio Comenge Sánchez-Real.

C.1.4 Complete the following table with details of the number of female directors over the past 4 years and the type of female directors:

	Number of female directors				Female directors / total directors of each type (%)			
	2018	2017	2016	2015	2018	2017	2016	2015
Executive					0.00	0.00	0.00	0.00
Proprietary	3	3	2	2	42.86	50.00	33.33	28.57
Independent	2	2	1		50.00	50.00	25.00	0.00
Other non-executive					0.00	0.00	0.00	0.00
Total	5	5	3	2	38.46	41.67	23.08	16.67

Although the number of women on the Board of Directors remained unchanged in 2018 in respect of 2017 (5 women), the percentage women Proprietary Directors out of the total Directors in that category fell from 50% in 2017 to 42.86% in 2018. This was because the number of Proprietary Directors rose from 6 to 7 following the change in category of a Director from independent to proprietary as explained in section C.1.3 of this Report.

C.1.5 Indicate whether the company has diversity policies for the board of directors of the company regarding issues such as age, gender, disability, training and professional experience. In accordance with the definition set out in the Auditing Act, small and medium-sized enterprises must inform at least on the policy they have established with regard to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

If yes, describe those diversity policies, their goals the measures established, how they have been implemented and the results obtained during the year. Describe also the specific measures taken by the board of directors and the nomination and remuneration committee to achieve a balanced, diverse composition of directors.

If the company does not apply a diversity policy, explain why not.

Description of the policies, goals, measures and implementation and the results obtained

Ebro Foods, S.A. has implemented a Policy for Selection of Directors and Diversity in the Composition of the Board of Directors, the scope of which is extended to the appointment, ratification and re-election of Directors by the General Meeting of Shareholders and the appointments made directly by the Board of Directors. For candidate Directors who are legal persons, the principles and criteria of the Policy must be observed in respect of the individuals who are to represent them on the Board.

According to that Policy, all proposals for candidates must be based on a prior analysis of the needs of the Board, the results of which will be set out in the corresponding report by the Nomination and Remuneration Committee, to be published when calling the General Meeting at which the ratification, appointment or re-election of each director is to be submitted for approval.

The goals established in the Policy are:

- Avoid any implicit bias in the processes for selecting Directors that may imply discrimination against any of the candidates on any grounds whatsoever.

- Under equal conditions, opt for the candidate whose gender is least represented on the Board at that time.

- Favour diversity of expertise, professional experience and gender within the composition of the Board.

- Achieve a composition where the least represented gender on the Board accounts for at least thirty per cent of the total Board members by 2020. This target has already been met.

To achieve these goals set in the Policy, the Company has established the following measures to be applied in each appointment of Directors:

- prior analysis of the composition of the Board of Directors in aspects regarding the categories of Directors, presence of the least-represented gender, profile and professional experience of the Directors and capital represented on the Board of Directors;

- analysis of the legal, statutory and regulatory requirements applicable to both the classification of Director of the candidate and the procedure for their appointment;

- analysis of the experience, qualification and vocational training of the candidate and their availability for adequate performance of their duties;

- verification that the appointment of the candidate complies with the requirements of diversity, non-discrimination and equal treatment established in the Code of Conduct and the Directors Selection Policy.

Through its implementation of the Policy for Selection of Directors and Diversity in the Composition of the Board and correct monitoring of the measures described above, Ebro Foods, S.A.: (i) has a pluralistic, diverse Board of Directors in terms of gender, expertise, experience and professional profiles of its members and (ii) has reached in advance the goal set for 2020, whereby the gender least represented on the Board (women, in the case of Ebro Foods) accounts for at least thirty per cent of the total members of the Board of Directors.

C.1.6 Explain any measures agreed by the nomination committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that a conscious effort is made to include women with the target profile among the candidates so that a balance may be struck between male and female directors:

Explanation of the measures

Although the Nomination and Remuneration Committee has not adopted specific measures in this regard, in accordance with the gender diversity measures and the principles of non-discrimination and equal treatment applied by the Company when selecting candidate Directors, the Company will: (i) seek at all times a diversity of expertise, experience and gender in the composition of the Board; and (ii) under equal conditions, it will opt for the candidate whose gender is least represented on the Board at that time.

The main principle followed by the Company in this regard is that the selection procedure must avoid any implicit bias that might imply discrimination against any of the candidates on any grounds.

Furthermore, the aforesaid Policy for Selection of Directors and Diversity in the Composition of the Board expressly includes the target that by 2020 the gender least represented on the Board of Directors of the Company must account for at least 30% of the total Board members.

The Company has already met this target, as female directors currently represent 38.46% of the total thirteen Board members.

See section C.1.5 of this Report.

If, despite the measures taken, if any, there are few or no female directors, explain the reasons that justify this situation:

Explanation of the measures

N/A

C.1.7 Explain the conclusions of the nomination committee on compliance with the policy for selecting directors and, in particular, on how that policy is promoting the target that by the year 2020 the number of female directors should represent at least 30% of all the board members.

The Nomination and Remuneration Committee considers that the appointments of new Directors resolved in 2017 and 2018 both increase the number of Independent Directors, in keeping with the good governance recommendations, and conform to the principles of diversity, non-discrimination and equal treatment established in the Policy for Selection of Directors and Diversity in the Composition of the Board. Those principles are intended to: (i) enhance the diversity of expertise and experience on the board, (ii) avoid any implicit bias that may imply any kind of discrimination, and (iii) favour gender diversity.

The Nomination and Remuneration Committee also considers that the application of the Policy for Selection of Directors and Diversity in the Composition of the Board has been positive, because it has enabled the Company to meet early the target set for 2020, of women (the gender least represented on the Board of Directors) representing thirty per cent of the total Board members.

See sections C.1.5 and C.1.6 of this Report.

C.1.8 Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 3% of the capital:

Name of shareholder	Justification
No details	

State whether any formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met:

[ ] Yes
[√] No

C.1.9 Indicate the powers delegated by the board to particular directors or committees, if any:

Name of director or committee	Brief description
ANTONIO HERNÁNDEZ CALLEJAS	Antonio Hernández Callejas has no powers delegated by the Board of Directors. Mr Hernández Callejas is a class A general attorney of the Company by virtue of the power of attorney granted in deed no. 4802, executed on 4 December 2014 before the notary Andrés Domínguez Nafría and entered in the Madrid Trade Register, volume 29950, folio 202, section 8, page M-272855. In addition, in accordance with the rules on investments and divestments, strategic expenditure and corporate operations approved by the Board of Directors at its meeting on 21 March 2001, the following actions by Antonio Hernández Callejas shall require prior authorisation from the Board of Directors or notification to the Executive Committee: a) for investments/divestments or strategic expenditure, if exercise of the powers entails the acquisition of economic obligations or commitments in excess of two million euros, a resolution must previously be adopted by the Board of Directors; and for less than two million euros but more than three hundred thousand euros, the Executive Committee must be notified; b) for corporate operations, a prior resolution of the Board of Directors is required if they are for more than two million euros, and the Executive Committee must be notified if they are for less than two million euros but more than three hundred thousand euros.
Executive Committee	The Board of Directors has delegated all its powers to the Executive Committee, save any, which may not legally be delegated. This notwithstanding, in accordance with the rules on investments and divestments, strategic expenditure and corporate operations approved by the Board of Directors at its meeting on 21 March 2001, the powers of the Executive Committee in these areas are internally limited to the sum of two million euros per investment/divestment, expenditure or corporate operation. See section C.2.1 of this Report for the duties attributed to this Committee in the Articles of Association and applicable regulations.

C.1.10 Name Board members, if any, who are also directors, representatives of directors or executives of other companies in the same group as the listed company:

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	A.W. MELLISH, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARRROZ, S.A.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, CV	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EURO RICE HANDLING, BVBA	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	GEOVITA FUNCTIONAL INGREDIENTS, S.R.L	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA INGREDIENTS BELGIUM B, B.V.B.A	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFALO, S.P.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT AND SEVERAL DIRECTOR	YES

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTAGNI 1882, S.P.A	DIRECTOR	YES

Antonio Hernández Callejas is a member of the Board of Trustees of the Ebro Foods Foundation. He is also a Director of the Italian company Riso Scotti, S.p.A., an associate outside the Ebro Foods Group, in which Ebro Foods, S.A. holds a 40% interest. This investment is consolidated by the equity method.

C.1.11 Name the company directors or representatives of corporate directors, if any, who are board members or representatives of corporate directors of non-group companies listed on official stock markets, insofar as the company has been notified:

Name of director	Name of listed company	Position
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	ENERGÍA Y CELULOSA, S.A. (ENCE)	REPRESENTATIVE OF DIRECTOR
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	PRIM, S.A.	REPRESENTATIVE OF DIRECTOR
CORPORACIÓN FINANCIERA ALBA, S.A.	EUSKALTEL, S.A.	DIRECTOR
JAVIER FERNÁNDEZ ALONSO	EUSKALTEL, S.A.	REPRESENTATIVE OF DIRECTOR
JAVIER FERNÁNDEZ ALONSO	PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SACYR, S.A.	VICE-CHAIRMAN

The following notes are added in respect of the information set out in this section:

- José Ignacio Comenge Sánchez-Real represents the Director La Fuente Salada, S.A. (a company controlled by Mr Comenge) on the Board of Directors of Energía y Celulosa, S.A. and Prim, S.A.
- Javier Fernández Alonso represents the Director Corporación Financiera Alba, S.A. on the Board of Directors of Euskaltel, S.A.

C.1.12 Indicate and, where appropriate, explain whether the company has established rules on the maximum number of directorships its directors may hold, if so, indicating where those rules can be found:

[√] Yes
[ ] No

Explanation of the rules and identification of the document in which they are regulated

Article 32.2 of the Regulations of the Board establishes, among the "General Duties of Directors", that the Directors shall dedicate such time and attention to the Company as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the Company.

C.1.13 Indicate the amounts of the following items in the overall remuneration of the board:

Remuneration of the board (thousand euros)	5,054
Amount of the vested rights of current directors in pension schemes (thousand euros)	
Amount of the vested rights of former directors in pension schemes (thousand euros)	

The Directors' remuneration indicated in this section C.1.13 includes the attendance fees received by the Chairman of the Board of Ebro Foods, S.A., Antonio Hernández Callejas, as Director of the Group subsidiary, Pastificio Lucio Garofalo, S.p.A., totalling 5,000 euros and paid by that company.

In addition, the Chairman of the Board of Directors received 5,200 euros from Riso Scotti, S.p.A. in attendance fees as Director of that company.

C.1.14 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position(s)
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER (COO)
LUIS PEÑA PAZOS	SECRETARY OF THE COMPANY AND BOARD
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY OF THE BOARD
ALFONSO FUERTES BARRO	FINANCE MANAGER
JESÚS DE ZABALA BAZÁN	INTERNAL AUDIT MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER
LEONARDO ÁLVAREZ ARIAS	I.T. MANAGER
ANA MARÍA ANTEQUERA PARDO	COMMUNICATIONS AND CSR MANAGER
MANUEL GONZÁLEZ DE LUNA	INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS MANAGER
GLORIA RODRÍGUEZ PATA	CORPORATE ASSETS MANAGER
Total remuneration top management (thousand euro)	2,050

The company executives named in this section C.1.14 include the Chief Operating Officer (COO), the highest-ranking executive of the Ebro Foods Group after the Executive Chairman, and the heads of the principal departments of Ebro Foods, S.A. even if they do not have a senior management employment relationship with the company.

C.1.15 State whether any modifications have been made during the year to the Regulations of the Board:

[ ] Yes
[√] No

C.1.16 Describe the procedures for selection, appointment, re-election and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for selection, appointment, re-election and removal of the Directors are regulated in the Articles of Association and the Regulations of the Board.

There is also a Policy for Selection of Directors and Diversity in the Composition of the Board of Directors, which specifically and verifiably establishes the basic criteria and principles to be followed in the selection of candidates.

The Policy is applicable in the appointment, ratification and re-election of directors by the General Meeting and any appointments made by the Board. For candidates who are legal persons, the principles and criteria of the Policy must also be observed in respect of the individuals representing them on the Board.

A. Procedure for selection, appointment and re-election of Directors

Procedures for selecting Directors shall be designed to favour diversity of expertise, professional experience and gender within the Board, avoiding any implicit bias that may imply discrimination against any of the candidates on any grounds. Under equal conditions, the Company will opt for the candidate whose gender is least represented on the Board at that time.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the minimum (7) and maximum (15) established in the Articles of Association, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may also appoint directors by cooptation, subject to a report by the Nomination and Remuneration Committee and by the Board of Directors on the terms stipulated in law.

In any case, the initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The proposals for the appointment or re-election of Directors made by the Board of Directors, or by the Nomination and Remuneration Committee in appointments or re-elections of Independent Directors, must be based on a prior analysis of the needs of the Board, the results of which will be set out in the corresponding report by the Nomination and Remuneration Committee, to be published when calling the General Meeting at which the ratification, appointment or re-election of each director is to be submitted for approval.

B. Procedure for removal of Directors

The removal of Directors is regulated in Article 31 of the Regulations of the Board. See section C.1.19 of this Report in this respect.

Without prejudice to the initiative of the Board regarding the inclusion of its members, the General Meeting has sovereign power to resolve on the removal of Directors.

The Nomination and Remuneration Committee is competent to study, issue reports and prepare proposals for the removal of Directors of Ebro Foods, S.A.

Following a report by the Nomination and Remuneration Committee, the Board of Directors shall table a motion at the General Meeting of Shareholders for removal of the Director in question if the Director in question fails to resign in the circumstances contemplated in Article 31 of the Regulations of the Board.

If a Director retires from office before the end of their term, through resignation or on whatsoever other grounds, they shall explain the reasons to the other Board members and the Company shall state those reasons in the Annual Corporate Governance Report, as well as reporting the cessation in a regulatory announcement.

If a Director opts to resign following adoption by the Board of decisions on issues on which that Director has expressed qualifications or reservations in the sense contemplated in Article 32.5 below ("…/…whenever they consider that some of the decisions proposed to the Board may go against the corporate interests and/or those of the shareholders not represented on the Board."), they shall explain the reasons as per the preceding paragraph.

The measures described in the preceding two paragraphs shall also be applicable to the Secretary of the Board, regardless of whether the secretary is a director.

C.1.17 Explain to what extent the annual assessment of the board has given rise to major changes in its internal organisation and the procedures applicable to its activities:

Description of changes
After completion in 2018 of the 2017 annual assessment of the Board, Committees and Chairman, made with assistance from an independent external adviser, the Company took the following measures, although it should be noted that none of them has given rise to any major changes in the Company's internal organisation or the procedures applicable to its activities: 1. Bring forward the times of Board meetings, at least when the agenda includes especially complex or important issues or matters which may, for any other reason, require a greater, more thorough debate among the Directors. 2. Schedule longer meetings of the Audit and Compliance Committee, at least when the agenda includes issues which are especially complex, require the participation of third parties or for any other reason, making a greater participation by Committee members foreseeable, with requests for explanations or greater detail in the reports and debates. In especially important cases, the Committee may meet one or two days before the date scheduled for the Board meeting, in order to debate at greater length and in greater depth, with extra time for reflection after the meeting. This will in turn allow better preparation of the business to be transacted and the conclusions, reports and proposals that the Committee is to submit to the Board of Directors. 3. Include meetings of the Strategy and Investment Committee in the annual calendar of meetings. These meetings should coincide, where necessary, with the meetings of the Executive Committee, every two or three months, both to prepare and define strategic plans and to follow up and monitor them. The report on business discussed at meetings of the Strategy and Investment Committee should be included as an item on the ordinary agenda for Board meetings.

Describe the process of assessment and the areas assessed by the board, assisted where necessary by an external consultant, on the performance and composition of the board and its committees and any other area or aspect that has been assessed.

Description of assessment process and areas assessed

A. Self-assessment process:

A self-assessment process is carried out every year on the Board, its Committees and the Executive Chairman of the Company. That process is based on (i) a report prepared by the Nomination and Remuneration Committee for presentation to the Board, (ii) the activity reports of the Audit and Compliance Committee and the Nomination and Remuneration Committee, and (iii) the resolutions adopted by the Board of Directors in view of the foregoing.

B. Methods used:

The following methods were used during the last assessment procedure made by the Company (assisted by an independent external adviser) during 2018, in respect of 2017:

- The Board members completed a questionnaire previously approved by the Nomination and Remuneration Committee with a number of questions in which they rated certain aspects regarding the composition, quality and efficiency of the Board procedures, the actions performed by the Chairman of the Board, who is at the same time the Chief Executive of the Company, and the procedure of the Executive Committee and other Board Committees.

- The replies to the questionnaires were kept by the Secretary and the external adviser who made the assessment. Both guaranteed confidentiality.

- In the light of the preliminary conclusions drawn from the answers and comments expressed by the Directors in those questionnaires, the external adviser conducted an interview with the Lead Independent Director at that time, José Ignacio Comenge Sánchez-Real, to discuss and qualify the results and obtain from the latter any aspects or matters that the Non-Executive Directors had mentioned to him in the contacts he had had with them.

- The independent external adviser issued an assessment report with all the information collected, and a proposed plan for improvement based on the conclusions of the report.

- The final assessment report and proposed plan for improvement were presented to the Board of Directors, once they had been checked and evaluated by the Nomination and Remuneration Committee.

C. Areas assessed:

- Composition of the Board and actions by the Directors: assessment on diversity, powers, the quantitative and qualitative composition of the Board and their perception of the performance by other Directors of their duties.

- Procedure of the Board: assessment of the functioning of the Board, frequency of meetings, procedure for calling meetings, remittance of documentation for the meetings and quality of those documents, transaction of business at Board meetings (segmented by subject matters) and the powers of the Board.

- Chairman of the Board: assessment of the dedication and actions by the Chairman, both as such and in his capacity as chief executive of the Company.

- Committees of the Board: assessment of the Directors' perception, from the Board, of the role of the Board Committees and perception of the members of the Board Committees on their functioning.

C.1.18 In any years in which an external consultant was called in to assist with assessment, describe any business relations between the consultant or any company in its group with the company or any other company in its group.

During 2018, the external consultant provided personnel selection services for various subsidiaries of the Ebro Foods Group, for a charge of 50 thousand euros.

C.1.19 State the events in which directors are obliged to step down.

The retirement and resignation of directors are regulated in Article 31 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the Articles of Association and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the causes of incompatibility or disqualification established in law, the Articles of Association or the Regulations of the Board.

b) When they step down from the executive post to which their appointment as Director was linked, when the shareholder they represent on the Board disposes of all its shares in the Company or reduces its interest to an extent requiring a reduction in the number of Proprietary Directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

C.1.20 Are special majorities differing from those stipulated in law required for any type of decision?

[ ] Yes
[√] No

If yes, describe the differences.

C.1.21 Are there any specific requirements, other than those established for directors, to be appointed chairman of the board?

[ ] Yes
[√] No

C.1.22 Do the Articles of Association or Regulations of the Board establish an age limit for directors?

[ ] Yes
[√] No

C.1.23 Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors other than as stipulated in law?

[ ] Yes
[√] No

C.1.24 Do the Articles of Association or Regulations of the Board establish specific rules for the delegation of votes to other directors at board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may hold, and whether any limitation has been established regarding the categories to which proxies may be granted, other than those established in law? If yes, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 20) contemplate the possibility of Directors attending Board meetings through a duly authorised proxy.

The proxy must be made in advance, in writing, specially for each Board meeting, in favour of another Director.

The represented Director may issue specific voting instructions for any or all of the items on the agenda.

Non-executive directors may only grant proxies to other non-executive directors.

No limit is established on the number of proxies any one Director may hold, nor is there any constraint on the categories to which proxies may be granted.

C.1.25 State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman. Proxies made with specific instructions will be considered attendances.

Number of board meetings	11
Number of board meetings held without the chairman	0

Indicate the number of meetings held without the attendance or representation of any executive director and chaired by the lead independent director:

Number of meetings	0

Indicate the number of meetings held by the different Committees of the Board:

Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Strategy and Investment Committee	3
Number of meetings of the Nomination and Remuneration Committee	11
Number of meetings of the Executive Committee	6

No issue was raised at the last meeting held on 17 December 2017 between the former Lead Independent Director and the Non-Executive Directors that required or recommended the holding of a further meeting in the first few months of 2018. Therefore, it was planned to hold the next meeting in the second half of 2018, unless anything were to arise in the meantime making it advisable to bring it forward.

That meeting finally did not take place owing to the appointment of Mercedes Costa García as new Lead Independent Director in November 2018, when her predecessor lost his status as Independent Director (see section C.1.3 of this Report). The new Lead Independent Director is expected to hold a formal meeting with the non-executive directors in the first half of 2019, once she has completed the logical adaptation process required by her appointment. This notwithstanding, she has informed the other Non-Executive Directors that she is prepared to discuss any business they may deem fit within her remit.

C.1.26 State the number of meetings held by the Board during the period attended by all its members:

Number of meetings attended by at least 80% of the directors	9
Attendance / total votes during the year (%)	91.72
Number of meetings attended by all the directors, in person or by proxies made with specific voting instructions	11
Votes cast with attendance in person or by proxies with specific instructions / total votes during the year (%)	100.00

In connection with the information provided in this section, it should be borne in mind that there were 12 Board members up to 13 December 2018 and 13 after that date.

C.1.27 Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

[ ] Yes
[√] No

If yes, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 43 of the Regulations of the Board.

The Board shall establish an objective, professional and continuous relationship with the external auditors of the Company appointed by the General Meeting, guaranteeing their independence and providing them with all the information they may require to perform their duties. This relationship and the relationship with the Internal Audit Manager shall be channelled through the Audit and Compliance Committee. Furthermore, the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the Board in certain areas, Article 9 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the Company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 24.4 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section C.2.4 of this Report).

Finally, there is a Risks Control and Management Policy established in the Group laying down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in its Group are exposed.

As regards the control of financial reporting, the Group has procedures in place for checking and authorising financial reporting and a description of the financial reporting internal control system (FRICS), responsibility for which lies with the Economic Department, the Risks Committee, the economic and finance departments of the different business units, the Audit and Compliance Committee and the Board. Financial information is checked and authorised by the Economic Department of the Group on the basis of the information confirmed in the different business units.

The information to be remitted to the market is supervised by the Audit and Compliance Committee and approved by the Board.

C.1.29 Is the Secretary of the Board a Director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
LUIS PEÑA PAZOS	

C.1.30 Describe the specific mechanisms established by the company to preserve the independence of the external auditors, if any; the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies; and how the legal provisions are implemented.

A. With regard to the external auditors:

Both the Articles of Association and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, for examination by the Audit Committee, as well as any other issues relating to the auditing of accounts. The Committee shall also receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation, notwithstanding the ultimate responsibility of the Board of Directors, which, pursuant to Article 8.1.3.(a) of the Regulations of the Board, is responsible for ensuring the independence and professional suitability of the external auditor.

Article 43 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 24.4 of the Regulations of the Board establishes the following powers of the Audit and Compliance Committee in this respect:

- Establish regular contact with the external auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the external auditors in accordance with prevailing auditing standards and legislation.

- Ensure the independence of the external auditors and the existence of a discussion procedure enabling the external auditors, the Internal Audit Department and any other expert to inform the company of any significant weaknesses in its internal control detected while checking the annual accounts or any other processes in which they have worked. The Committee shall issue an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the external auditors and any supplementary services they may have provided.

In accordance with the foregoing and through the Audit and Compliance Committee, the Company keeps a strict, constant watch for any circumstances that might affect the independence of the external auditors. Accordingly:

(i) The Audit and Compliance Committee issues an annual report on the independence of the external auditors, once the latter have provided the necessary information. That report is submitted to the Board of Directors and made available to shareholders as from the call to the General Meeting.

(ii) Constantly throughout the year, the Commission receives timely notification of any potential engagement of the external auditors to provide services in addition to auditing the annual accounts. In this regard, in February 2017 the Audit and Compliance Committee established a protocol (the "Protocol") for the notification, review and, if appropriate, authorisation of the potential contracting of the external auditors by any company in the Group for non-audit services. The protocol covers the "pre-approval" required for the events contemplated in Article 5(3) of Regulation EU 537/2014 and any other potential service.

B. With regard to relations with analysts, investment banks and rating agencies:

The Company has a Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors approved by the Board of Directors, and a Shareholder and Investor Relations Department, through which communications and information for investors in general are channelled.

Article 42 of the Regulations of the Board regulates the Company's relations with shareholders and the markets in general, providing that the Board of Directors shall take such measures as may be necessary to enable participation by shareholders in general meetings and organise meetings to inform the shareholders and investors (particularly institutional investors) on the progress of the Company and, where appropriate, its subsidiaries.

The Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors contemplates the following general principles applicable in this matter:

- Communication and relations with shareholders, institutional investors and proxy advisors shall be conducted in accordance with the principles of transparency, truth and permanent, adequate, timely reporting.

- The principle of non-discrimination and equal treatment is recognised for all shareholders who are in the same conditions and not affected by conflicts of interest or competence.

- The rights and legitimate interests of all shareholders shall be protected.

- Continuous, permanent communication with shareholders and investors shall be encouraged.

- Reporting and communication channels shall be established with shareholders and investors to ensure compliance with these principles.

The Company's Audit and Compliance Committee is responsible for overseeing compliance with the rules and principles set out in the Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors.

In accordance with the aforesaid Policy, the Investor Relations Department shall make sure that any information to be issued to the market, analysts or third parties is: (i) previously checked by the Audit and Compliance Committee and, where appropriate, approved by the Board of Directors; and (ii) always the same.

The Investor Relations Department ensures equal treatment (from the point of view of access to information) of all third parties, assisting those who so request in a professional manner so that those third parties can make such valuations and considerations as they may deem fit independently and according to their own criteria.

C.1.31 Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

[ ] Yes
[√] No

Explain any disagreements with the outgoing auditor:

[ ] Yes
[√] No

C.1.32 State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Charge for non-audit work (thousand euros)	268	214	482
Charge for non-audit work / Total amount invoiced by auditors (%)	50.33	11.35	19.93

C.1.33 Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

[ ] Yes
[√] No

C.1.34 State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Separate	Consolidated
Number of years in succession	5	5

	Separate	Consolidated
Number of years audited by current auditors / Number of years that the company has been audited (%)	17.90	17.90

C.1.35 Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

[√] Yes
[ ] No

Details of procedure

According to the obligations and duties assigned by law, the Articles of Association and the Regulations of the Board, the Secretary of the Board is responsible for channelling the relations between the Company and the Directors in all matters concerning the procedures of the Board of Directors and the Board Committees in which he participates, following instructions received from the respective Chairman, and for implement and foster exercise by the Directors of their right to information (Article 15.2(c) and (d) of the Regulations of the Board).

At each year-end, the Secretary of the Board sends all the Directors an annual calendar of meetings previously agreed among all the Directors, setting the dates and times of the meetings of the Board of Directors, Committees, General Meetings and meetings with analysts for the following year. That calendar is also sent to the different professionals of the Company involved in preparing the documentation and information for the Directors for each meeting, to enable them to plan their work and make sure that the corresponding information and documentation are prepared sufficiently before each meeting.

When the documentation for each meeting is complete, it is sent to the Secretary of the Board, who sends it to the Directors, if possible together with the notice of call to the meeting, or in highly justified cases, as soon as possible after sending the notice of call.

Finally, the opinions expressed by the Directors on the matter in the latest performance assessment of the Board of Directors, Chairman and Committees were as follows:

- Regarding the time prior to Board meetings that Directors receive the corresponding information: 58% of the Directors consider that time "Very adequate", 42% "Adequate" and 0% "Inadequate".

- Regarding the quality and quantity of the information distributed for monitoring of the Company's and Group's activities: 83% of the Directors consider it "Very adequate", 17% "Adequate" and 0% "Inadequate".

C.1.36 Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

[√] Yes
[ ] No

Explain the rules

Under the Regulations of the Board, Directors must step down and tender their resignations, among other cases, if the Board, in view of a report by the Nomination and Remuneration Committee, considers that a Director has seriously defaulted his obligations or that for reasons of corporate interest, which include any event in which a Director may have brought the Company into disrepute (Article 31.2.c).

The Regulations further stipulate that if a Director fails to tender his resignation when so obliged, the Board of Directors shall, subject to a report by the Nomination and Remuneration Committee, tender a motion to the General Meeting of Shareholders for his removal (Article 31.4).

C.1.37 Have any members of the Board informed the company that they have been sued or brought to trial for any of the offences contemplated in s. 213 of the Corporate Enterprises Act?

[ ] Yes
[√] No

C.1.38 Describe any significant agreements entered into by the company that enter into force or are modified or terminated in the event of a takeover of the company following a takeover bid, and the effects thereof.

Most of the financing agreements signed by the Company include takeover clauses on the usual terms for this type of contract. By virtue of those provisions, the lender reserves the right to terminate the financing agreement in the event of a takeover of the Company. Although there is no universal definition of "takeover" for this purpose, the lender's right is triggered if there is a substantial change in the Company's significant shareholders.

C.1.39 Indicate individually for directors and globally in other cases, and describe in detail any agreements made between the company and its directors, executives or employees contemplating golden handshake clauses or any other indemnities in the event of resignation or unfair dismissal or termination of employment following a takeover bid or any other type of transaction.

Number of beneficiaries	2
Type of beneficiary	Description of agreement
Executives	Although the contracts of two executives contain golden handshake clauses for cases of dismissal or takeover, those clauses are no longer applicable, on their own terms.

State whether, apart from the cases contemplated in law, these contracts have to be notified to and/or approved by the governing bodies of the company/group companies. If yes, specify the procedures, events contemplated and nature of the bodies responsible for approval and notification:

	Board of Directors	General Meeting
Body authorising the clauses	√	

	Yes	No
Is the general meeting informed of the clauses?	√	

C.2. Committees of the Board

C.2.1 Give details of the different committees, their members and the proportion of executive, proprietary, independent and other non-executive directors in each committee:

Audit and Compliance Committee		
Name	Position	Category
MERCEDES COSTA GARCÍA	CHAIRMAN	Independent
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
FERNANDO CASTELLÓ CLEMENTE	MEMBER	Independent
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other non-executive directors	0.00

Explain the duties attributed to this committee, including any duties additional to those stipulated in law, and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

The Audit and Compliance Committee is governed by the applicable legal provisions, the specific rules on its composition, organisation, procedure and powers set out in Article 28.2 of the Articles of Association and Article 24 of the Regulations of the Board, and by the provisions on organisation and procedure common to all the Committees, set out in Article 22 of the Regulations of the Board.

This Committee has a minimum of three Directors and a maximum of five.

All the members must be Non-Executive Directors, at least most of whom must be Independent Directors and one of them will be appointed on the basis of their expertise and experience in accounting, auditing or both.

The Board shall appoint one of the Independent Directors on the Audit and Compliance Committee to chair that committee, subject to a report by the Nomination and Remuneration Committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such.

The Audit and Compliance Committee shall meet as and when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

In addition to the powers and duties established by law, the articles of association and regulations, the Audit and Compliance Committee has the duties of supervision, oversight, control and reporting to the Board of Directors established in Article 24.4 of the Regulations of the Board in each of the following areas:

- Risk management and internal control: supervise and promote internal control of the company and the risk management systems and submit recommendations to the Board for a decision on the risk management (including tax risks) and control policy and ensure the adequacy and effectiveness of the internal control systems in relation to the accounting principles and policies used to draw up the financial statements and annual accounts of the Company.

- Financial reporting and annual accounts: ensure that: (i) the systems used for preparing the financial statements and annual accounts conform to current laws and regulations and portray a true and fair view of the equity, financial position and results of the Company; and (ii) the Board of Directors endeavours to submit the annual accounts to the General Meeting with an unqualified auditors' report.

- Relations with the internal and external auditors: submit to the Board, to be tabled at the General Meeting, proposals for the selection, appointment, re-appointment and replacement of the company's External Auditors and their terms of contract, the scope of their commission and the renewal or revocation of their engagement; ensure the independence of the External Auditors, issuing an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the External Auditors and any supplementary services they may have provided.

- Intragroup transactions, related party transactions and conflicts of interest: supervise and report to the Board on intragroup and related party transactions of the company or subsidiaries and settle any conflicts of interest that may arise between the company or the group and its directors, executives and significant shareholders.

- Whistleblowing channel: investigate and solve any issues reported through that channel, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.

- Internal codes of conduct and corporate governance rules: oversee compliance and, in particular, supervise the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems relating to the financial reporting process.

During 2018, the Audit and Compliance Committee performed activities of supervision, control, monitoring and reporting to the Board of Directors in respect of the matters falling within its competence, including financial reporting, annual accounts, relations with the auditors, risk management (including tax risks) and control systems, related party transactions, conflicts of interest, whistleblowing channel and compliance.

The Company will issue a detailed report of all the activities performed by the Audit and Compliance Committee during 2018, which will be made available to all shareholders prior to the forthcoming AGM 2019.

Name the member(s) of the audit committee appointed on account of their expertise and experience in accounting, auditing or both and indicate the date of appointment of the chairman of this committee.

Names of directors with experience	MERCEDES COSTA GARCÍA / CORPORACIÓN FINANCIERA ALBA, S.A. / FERNANDO CASTELLÓ CLEMENTE / GRUPO TRADIFÍN, S.L. / PEDRO ANTONIO ZORRERO CAMAS
Date of appointment to this office of the chairman of the committee	22/11/2018

Strategy and Investment Committee		
Name	Position	Category
DEMETRIO CARCELLER ARCE	CHAIRMAN	Proprietary
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	Executive
HERCALIANZ INVESTING GROUP, S.L.	MEMBER	Executive
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	Proprietary

% executive directors	40.00
% proprietary directors	60.00
% independent directors	0.00
% other non-executive directors	0.00

Explain the duties attributed to this committee and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

Article 28.4 of the Articles of Association stipulates that the Regulations of the Board shall also contemplate the existence of a Strategy and Investment Committee, on which any Directors may sit.

The composition, organisation and procedure of the Strategy and Investment Committee are governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board and the specific provisions established in Article 24 of the Articles of Association, its powers being regulated in Article 24.3.

This Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors subject to a report by the Nomination and Remuneration Committee.

Meetings are held when called by its Chairman or at the request of two of its members, and in any case whenever the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

The Committee is competent to study, issue reports, review and submit proposals for the Board on the following matters:

- setting of targets for growth, yield and market share;

- strategic development plans, new investments and restructuring processes;

- coordination with subsidiaries in the matters contemplated in paragraphs (a) and (b) above, for the common interests and benefit of the Company and its subsidiaries.

During 2018, the Strategy and Investment Committee monitored the Strategic Plan of the Ebro Foods Group 2016-2018, worked on preparation of the Strategic Plan of the Ebro Foods Group 2019-2021 and analysed possible investment strategies in different business lines.

Nomination and Remuneration Committee		
Name	Position	Category
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	Independent
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary
BELÉN BARREIRO PÉREZ-PARDO	MEMBER	Independent
MERCEDES COSTA GARCÍA	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other non-executive directors	0.00

Explain the duties attributed to this committee, including any duties additional to those stipulated in law, and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

The Nomination and Remuneration Committee is governed by the applicable legal provisions, the specific rules on composition, organisation and procedure established in Article 28.3 of the Articles of Association and Article 25 of the Regulations of the Board and the provisions on organisation and procedure common to all the committees set out in Article 22 of the Regulations of the Board.

The powers of the Nomination and Remuneration Committee are regulated in Article 25.4 of the Regulations of the Board, without prejudice to any others that may be assigned to it by law, the Articles of Association or the Regulations of the Board.

This Committee has a minimum of three and a maximum of five non-executive directors, at least two of which must be Independent Directors. The members are appointed by the Board of Directors.

The Board shall appoint one of the Independent Directors who are members of the Nomination and Remuneration Committee to chair it, subject to a report by that Committee.

Meetings are held when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

Pursuant to Article 25.4 of the Regulations of the Board, the Nomination and Remuneration Committee is competent to study, issue reports and submit proposals to the Board on the following matters:

- selection of candidates to join the Board of Directors;

- appointment of the Chairman, and Vice-Chairman if any, of the Board, Managing Director(s), Lead Independent Director and the Secretary, and Vice-Secretary if any, of the Board;

- succession of the Chairman and chief executive;

- appointment of Directors to the Committees of the Board of Directors;

- appointment and possible dismissal of senior executives and their termination benefit clauses;

- directors' emoluments, according to the system of remuneration established in the Articles of Association and the executive directors' relationship with the Company;

- remuneration of Directors and executives indexed to the value of the shares in the Company or its subsidiaries or consisting of the delivery of shares in the Company or its subsidiaries or the granting of options thereover;

- selection policy for Directors, targets for the representation of the least represented gender on the Board and issuance of guidelines on how to achieve them;

- remuneration policy for Directors and senior management of the Company and Group subsidiaries;

- management training, promotion and selection policy in the Company and Group subsidiaries;

- Annual Report on Directors' Remuneration.

With regard to the activities of the Nomination and Remuneration Committee during 2018, following the appropriate studies and assessments, the Committee has drawn up the proposals and issued the corresponding favourable reports to the Board of Directors in respect of the following: (i) appointments, ratifications and re-elections of Directors and their representatives, where appropriate, and their assignment to the different Committees of the Board of Directors, and appointment of a new Lead Independent Director; (ii) self-assessment procedure for the Board of Directors, Chairman and Committees for 2017; (iii) Directors' Remuneration Policy for 2019, 2020 and 2021; (iv) remuneration systems and remuneration of Directors, including the Executive Chairman, and of the key executives of the Company and Group; (v) Directors' Remuneration Report for 2018; and (vi) Share Delivery Plan for Group employees for 2018.

The Company will issue a detailed report of all the activities performed by the Nomination and Remuneration Committee during 2018, which will be made available to all shareholders prior to the forthcoming AGM 2019.

Executive Committee		
Name	Position	Category
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	Executive
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent

% executive directors	25.00
% proprietary directors	50.00
% independent directors	25.00
% other non-executive directors	0.00

Explain the duties attributed to this committee and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

Articles 19 and 27 of the Articles of Association contemplate the delegation of powers of the Board of Directors to the Executive Committee.

The composition, organisation and procedure of the Executive Committee is governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board, and the specific regulations established in Article 28.1 of the Articles of Association and Article 23 of the Regulations of the Board.

The powers of this Committee are set out in Article 23.2 of the Regulations of the Board, without prejudice to what the Board may establish in its resolution to delegate powers.

The Executive Committee shall have no fewer than three nor more than seven members, including the Chairman and Vice-Chairman of the Board, who will form part of this Committee.

The Committee shall be presided by the Chairman of the Board. In general, one Executive Committee meeting will be held a month. Its meetings may be attended by such members of the management, employees and advisers of the Company as the Committee may deem fit.

Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions normally being fully valid and effective without ratification by the Board, if the Chairman or three members of the Committee consider this necessary in the circumstances, the resolutions adopted by the Executive Committee shall be submitted to the Board for ratification. This will also be applicable when the Board has delegated the Committee to study certain matters while reserving for itself the ultimate decision, in which case the Executive Committee shall merely submit the corresponding proposal to the Board.

During 2018, the Executive Committee assessed several investments, divestments and sales of assets, as well as the strategic decisions to be adopted in respect of the different business lines.

C.2.2 Complete the following table with information on the number of female directors on the board committees over the past four years:

	Number of female directors							
	2018		2017		2016		2015	
	No.	%	No.	%	No.	%	No.	%
Audit and Compliance Committee	2	40.00	3	60.00	2	40.00	1	25.00
Strategy and Investment Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	3	60.00	2	50.00	1	25.00	1	25.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

The percentage of female Directors on the Audit and Compliance Committee in 2018 indicated in this section C.2.2. has been calculated omitting Belén Barreiro Pérez-Pardo, who was a member of this Committee up to 19 December 2018.

C.2.3 Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

In general, Article 28 of the Articles of Association establishes the basic regulation of the Committees of the Board, contemplating the existence and composition of: (i) the Executive Committee, (ii) the Audit and Compliance Committee and (iii) the Nomination and Remuneration Committee. It also refers to the Regulations of the Board regarding the possible existence of a Strategy and Investment Committee.

The Regulations of the Board regulate the Board committees in the following specific provisions:

- General provisions applicable to all the Committees: Article 22

- Executive Committee: Article 23

- Audit and Compliance Committee: Article 24

- Nomination and Remuneration Committee: Article 25

- Strategy and Investment Committee: Article 26

The Regulations of the Board also contemplate in different articles the powers of the different Committees of the Board in different areas (e.g. modification of the Regulations).

No changes were made during 2018 to the regulations of the Committees.

Both the Articles of Association and the Regulations of the Board are available for consultation on the Company's website (www.ebrofoods.es). The Regulations of the Board are also published and available for consultation on the website of the National Securities Market Commission (www.cnmv.es). Both texts are delivered to the Directors when they are appointed, together with the Regulations of the General Meeting, the Internal Code of Market Conduct, the Internal Code of Conduct and the Policies of the Ebro Foods Group.

Both the Audit and Compliance Committee and the Nomination and Remuneration Committee issue annual activity reports, which are submitted to the Board of Directors for its information and consideration within the assessment of the Board and its Committees. Those activity reports are made available for shareholders on the company's website coinciding with the call to the Annual General Meeting.

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

D.1. Explain the procedure, if any, and competent bodies for approval of related party and inter-company transactions.

Apart from cases which, by law, require approval by the General Meeting, related party transactions are approved by the Board subject to a report by the Audit and Compliance Committee.

Article 24 of the Regulations of the Board establishes the power of the Audit and Compliance Committee to report to the Board prior to the adoption of any decisions on related party transactions submitted for its authorisation and to supervise and report to the Board on intragroup and related party transactions of the Company or subsidiaries of the Group.

With regard to related party transactions, Article 37.3 of the Regulations of the Board expressly establishes that other than in the cases in which this power is reserved by law to the General Meeting, any transactions made by the Company or Group companies with Directors, significant shareholders, other related parties or shareholders represented on the Board must be authorised by the Board. That authorisation is not necessary when the transactions meet all of the following three conditions:

(i) they are made under contracts with standard terms and conditions applied "en masse" to numerous clients;

(ii) they are made at prices or rates established generally by the supplier of the goods or provider of the services in question;

(iii) the amount thereof does not exceed 1% of the Company's annual revenue.

General, prior authorisation by the Board, subject to a report by the Audit and Compliance Committee, for a line of transactions and their conditions will be sufficient for bilateral or recurring transactions made in the normal course of the company's business. Finally, in cases where urgent action is necessary, related party transactions may be authorised by the Executive Committee, subject to subsequent ratification by the Board.

Finally, the company makes intragroup transactions on arm's length terms, documenting them according to the requirements of the laws (essentially tax laws) in place in each jurisdiction. This is one of the practices required by the Risk Management and Control Policy established in the Ebro Group.

D.2. List any transactions for a significant amount or object between the company and/or companies in its group and significant shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euros)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Corporate	Sale of goods (finished or otherwise)	5,190
CORPORACIÓN ECONÓMICA DELTA, S.A.	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	10,092

See section A-5 of this Report regarding the related party transaction between Sociedad Anónima Damm and Herba Ricemills, S.L.U. mentioned in this section D.2.

D.3. List any significant transactions for a significant amount or object between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Operating leases	41
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	28
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	31
GRUPO TRADIFÍN, S.L.	REAL CLUB DE GOLF DE SEVILLA, S.L.	CORPORATE	Services received	9
GRUPO TRADIFÍN, S.L.	CABHER 96, S.L.	CORPORATE	Purchase of goods (finished or otherwise)	91
GRUPO TRADIFÍN, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	AGRICOLA MAURIÑAS, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
HERCALIANZ INVESTING GROUP, S.L.	LLANOS RICE, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
HERCALIANZ INVESTING GROUP, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Operating leases	444
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Purchase of goods (finished or otherwise)	8,574
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services rendered	1
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services received	46
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sale of goods (finished or otherwise)	2,006
ALIMENTOS Y ACEITES, S.A.	---	---	Dividends and other distributions	9,086

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
FERNANDO CASTELLÓ CLEMENTE	---	---	Dividends and other distributions	1,315
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	---	---	Dividends and other distributions	2
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	CORPORATE	Dividends and other distributions	2,622
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	---	---	Dividends and other distributions	6,864
CORPORACIÓN FINANCIERA ALBA, S.A.	---	---	Dividends and other distributions	10,616
MARÍA CARCELLER ARCE	---	---	Dividends and other distributions	2
DEMETRIO CARCELLER ARCE	---	---	Dividends and other distributions	19

With regard to the transactions made with Instituto Hispánico del Arroz, S.A. and mentioned in this section C.3, the Directors Grupo Tradifín, S.L. and Hercalianz Investing Group, S.L. each own 50% of Instituto Hispánico del Arroz, S.A., the parent of a Group with which the Ebro Foods Group habitually conducts commercial transactions on arm's length terms. The transactions made by the Ebro Foods Group with that company and its subsidiaries in 2018 have been reported for their total amount in this section as made with the related party Hercalianz Investing Grupo, S.L. (Director), although they should also be considered related with the Director Grupo Tradifín, S.L. by virtue of its 50% interest in Instituto Hispánico del Arroz, S.A.

It should also be noted that during 2018 Ebro Foods, S.A. distributed a sum of 19 thousand euros as dividends to the executives listed in section C.1.14 of this Report.

D.4. Report any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which, by virtue of their object or terms, do not correspond to the normal business of the Company.

In any case, inform on any inter-company transaction with companies established in countries or territories considered tax havens:

Name of group company	Brief description of the transaction	Amount (thousand euros)
No details		N/A

Ebro Foods, S.A. has a 40% interest in Riso Scotti S.p.A., an associate consolidated by the equity method.

Riso Scotti S.p.A. is an Italian company with business activities similar to the objects of Ebro Foods, S.A.

The transactions made from 1 January to 31 December 2018 between companies in the Ebro Group and Riso Scotti (associate that is not part of the Ebro Group) are indicated below:

- Purchase of goods (finished or otherwise): 1,330 thousand euros

- Sale of goods (finished or otherwise): 3,236 thousand euros

- Services rendered (income): 8 thousand euros.

D.5. Report any significant transactions made between the company or group companies with other related parties that have not been reported in the preceding sections:

Name of related party	Brief description of the transaction	Amount (thousand euros)
FÉLIX HERNÁNDEZ CALLEJAS	Services rendered (income) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	4
FÉLIX HERNÁNDEZ CALLEJAS	Services received (expense) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	293

Hernández Barrera Servicios, S.A. is closely related to Félix Hernández Callejas, the individual representing the Director Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.

D.6. Describe the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

Apart from the powers of the General Meeting and the Board of Directors on conflicts of interest of the Directors, under Article 24 of the Regulations of the Board, the Audit and Compliance Committee has the power to settle any conflicts of interest that may arise between the company or the group and its Directors, executives, significant shareholders and listed subsidiaries, if any.

With regard to the Directors, Article 36 of the Regulations of the Board provides that Directors may not perform activities for their own or third party account that effectively or potentially compete with the Company or which otherwise puts them in a permanent conflict of interest with the company; and Article 37.1 establishes the obligation of Directors to take such measures as may be necessary to avoid situations in which their interests, for their own or third party account, may conflict with the corporate interests and their duties to the Company.

For this purpose, Article 38 of the Regulations of the Board stipulates that Directors shall inform the Board of any direct or indirect conflict of interest that they or any of their related parties may have with the Company. Furthermore, pursuant to Article 32.4 of the Regulations of the Board, Directors shall abstain from participating in the corresponding debates and voting on resolutions or decisions in which they or any person related to them has a direct or indirect conflict of interest, except in the cases in which they are authorised by law to participate in the discussion and voting.

Rule 13 of the current Internal Code of Market Conduct stipulates that any Relevant Persons (Directors, senior executives and their closely related parties) who are or may be in a conflict of interest shall:

(i) inform the Compliance Unit of their situation;

(ii) abstain from participating in or influencing any decisions on the matters affected by the conflict;

(iii) act with freedom of judgement, loyalty to the Company and its shareholders and independently of their own interests;

(iv) abstain from requesting or having access to any information or documentation related with the conflict of interest.

It also provides that the Audit and Compliance Committee, assisted by the Compliance Unit, shall make such decisions as may be necessary in respect of any conflicts of interest that may arise.

Without prejudice to their obligation to inform, both the Directors (and in the case of corporate directors, also their representatives on the Board) and the significant shareholders of the Company are asked each year, when drawing up the Annual Accounts and preparing the Annual Corporate Governance Report, to confirm: (i) any transactions that they may have made with the Company and/or other companies in the Group, (ii) their engagement in activities similar or complementary to those included in the company's objects, and (iii) that there have been no other conflicts of interest during the year.

D.7. Is more than one company of the Group listed in Spain?

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax risks:

As an integral part of the corporate policies passed by the Board, the Risk Management and Control Policy lays down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which Ebro Foods, S.A. and other companies in its Group are exposed.

Within this general framework, the integral, homogenous Risk Management and Control System is based on the preparation of a business risk map, through which, by pinpointing, assessing and grading of the risk management capacity, the risks are ranked from greater to lesser impact for the Group and by probability of occurrence. The risk map also identifies methods for mitigating or neutralising the risks detected.

The risk universe is structured in four main groups: compliance, operational, strategic and financial, and they are all subdivided into a large number of categories.

The risk classification process dynamically assesses both the inherent risk and the residual risk after application of the internal controls and action protocols established to mitigate them. These controls include preventive controls, adequate separation of duties, clear levels of authorisation and definition of policies and procedures. These controls can in turn be grouped into manual and automatic, made by data processing applications.

This model is both qualitative and quantitative and can be measured in the Group's results, for which purpose the risk level is considered acceptable or tolerable on a corporate level.

The Risk Management and Control System is dynamic, so the risks to be considered will vary according to the circumstances in which the Group's business is performed.

E.2. Name the corporate bodies responsible for preparing and implementing the Risk Management and Control System, including tax risks:

The Risk (including tax risks) Management and Control System and control of financial reporting is based essentially on the following structure:

- The Board of Directors, as ultimately responsible, defines the policy for control and management of risks, including tax risks, and control of financial reporting. Article 17.3 of the Regulations of the Board provides that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof.

- The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of the financial reporting and risk control systems, reporting regularly to the Board on any significant aspects arising in these areas. It is responsible for supervising and promoting internal control of the Group and the risk management systems and submitting recommendations to the Board on the risk control and management policy and possible mitigation measures in those areas.

- The Risks Committee, based on the policy established by the Board of Directors and under the supervision of and reporting to the Audit and Compliance Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and control of the Group's financial reporting. The Risks Committee also analyses and assesses the risks associated with new investments.

- The Management Committees of the core business units of the Group, on which the Chairman of the Board and the Chief Operating Officer (COO) sit, assess the risks and decide on mitigation measures.

- Risk officers of the core business units of the Group. The Risks Committee designates individuals in the major subsidiaries to monitor the systems for management and control of risks (including tax risks) and financial reporting and report to the Committee.

- Internal Audit Department. Within the internal audits of the different subsidiaries, the Company's Internal Audit Department checks that the testing and control of the financial reporting and risk management systems have been performed adequately in accordance with the indications by the Risks Committee.

E.3. Define the main risks, including tax risks and, to the extent that they may be significant, those deriving from corruption (the latter within the scope of Royal Decree Law 18/2017), that could have a bearing on achievement of the company's business goals:

The main risks that might have a bearing on achievement of the business goals set by the Ebro Foods Group are listed below and explained in greater detail in Explanatory Note Three in section H of this Report.

A. OPERATIONAL RISKS:

- Food safety risk
- Commodity supply risk
- Market risk (prices) risk
- Customer concentration risk
- Technological risk

B. RISKS RELATED WITH THE ENVIRONMENT AND STRATEGY:

- Environmental risk
- Climate risk
- Competition risk
- Reputational risk
- Changes in lifestyle
- Country or market risk
- Natural disasters, fires
- Strategic planning and assessment of strategic opportunities for investment or divestment

C. COMPLIANCE RISKS:

- Sectoral regulatory risk
- General regulatory risk
- Tax risks

D. FINANCIAL RISKS:

- Foreign exchange risk
- Interest rate risk
- Liquidity risk
- Credit risk

E.4. State whether the company has a risk tolerance level, including one for tax risks:

Risks are measured by both inherent and residual risk.

A scorecard is made each year of the principal ten risks to which the Group may be exposed (the TOP TEN), which are rated and measured as far as possible. If the economic consequences of a risk could cause a loss (or a loss of profit) of more than 5% of the consolidated EBITDA budgeted, or over 20% of the individual EBITDA of a business, it is considered a threat requiring corporate action.

In general, the heads of the different business units (the Management Committee of each unit) define the risks affecting their respective businesses, assess the possible economic impact of those risks and, according to the specific circumstances prevailing, establish whatever mitigation measures they deem fit.

Without prejudice to the supervision by the Risks Committee and Audit Committee, the Management Committee of each unit implements and monitors the mitigation measures taken and assesses the results thereof.

This notwithstanding, when a threat is identified that requires action on a corporate level (as mentioned in the first paragraph above), the persons responsible for risk management and control in the corresponding unit inform the Risks Committee of the situation, proposing such mitigation measures as they may consider adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit.

E.5. What risks, including tax risks, have occurred during the year?

The following risks occurred within the Ebro Group during 2017, further details of which are provided in Explanatory Note Four in Section H of this Report:

- Food safety risk

- Supply risks

- Country risk

- Competition / market risk

- Regulatory and reputational risk

E.6. Explain the response and supervision plans for the main risks, including tax risks, to which the company is exposed and the procedures followed to ensure that the board of directors provides solutions for any new challenges that may arise:

The management committee in each subsidiary is responsible for monitoring the subsidiary's risk supervision system. Management committees usually meet monthly to analyse any risks that may have materialised and follow up the contingency plans and actions taken to mitigate them. Control and monitoring of the economic variables in each subsidiary against the corresponding budget also ensures the immediate detection of unforeseen risk situations. The subsidiaries with greatest weight within the Group, such as the North American subsidiaries, have "Crisis Management Plans" (CMP), which specify the main risks to which the company is exposed, the protocols for responding to them and the company officers responsible for implementation.

This notwithstanding, when a threat is identified that requires action on a corporate level (see section E.4), the persons responsible for risk management and control in the corresponding unit must inform the Risks Committee of the situation, proposing such mitigation measures as may be considered adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit. The Risks Committee reports regularly to the Audit and Compliance Committee on the actions taken and plans proposed and the latter in turn reports on all this to the Board of Directors.

The measures to control, reduce and, as the case may be, mitigate the risks are established according to the following basic criteria:

- They shall seek to neutralise the risk detected, maintaining coherence between the importance of the risk and the cost and means required to neutralise it.

- If neutralisation is not feasible, measures shall be designed to reduce the potential economic consequences, if possible to within tolerance levels.

- The management and control shall, as far as possible, forestall rather than remedy.

- The control mechanisms shall adequately separate management and oversight.

- The different people responsible for risk management shall coordinate their actions to be efficient, seeking the utmost integration between control systems.

- Maximum transparency shall be ensured in the identification and assessment of risks, specification and implementation of mitigation measures and assessment of the results of those measures.

- Compliance must be guaranteed with the requirements of internal reporting to the bodies responsible for supervision and control.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS FOR FINANCIAL REPORTING (FRICS)

Describe the mechanisms comprising the financial reporting internal control and risk management systems (FRICS) of your company.

F.1. Control environment

Report on at least the following, describing their principal features:

F.1.1 What bodies and/or units are responsible for: (i) the existence and maintenance of an adequate and effective FRICS, (ii) its implementation and (iii) its oversight?

As established in its Regulations, the Board of Directors is ultimately responsible for the existence, maintenance and oversight of an adequate, effective internal control system for the company's financial reporting (FRICS).

The Audit and Compliance Committee is responsible for: (i) supervising and promoting the procedures and systems used to prepare and control the company's financial reporting; (ii) checking any public financial information; and (iii) ensuring implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in relation to the financial reporting process.

The Management Committee is responsible for the design, implementation and functioning of the FRICS through the Group Finance Department and the Finance Departments of the different business units. The different general managements are responsible for effective implementation of these systems within their respective areas of activity. There are also officers responsible for the different processes documented within the FRICS, who must ensure that those processes are kept up to date, informing the Risks Committee, through the finance department and general management of the corresponding business unit, of any modifications or adaptations required.

The Risks Committee, reporting to the Audit and Compliance Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and controlling the Group's financial reporting.

F.1.2 State whether the following elements exist, especially in respect of the financial reporting process:

- Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for adequately informing the company:

As established in its Regulations, the Board of Directors is responsible for defining the general strategy and guidelines for management of the Company and its Group and encouraging and supervising the actions taken by the senior officers, establishing an organisational structure that will guarantee the utmost efficiency of the senior management and the management team in general.

According to the Regulations of the Board, the Nomination and Remuneration Committee is responsible for checking the criteria followed regarding the composition and structure of the Board and for selecting candidates for the Board. It also nominates the Chairman, CEO or managing director(s) and Secretary of the Board and proposes the assignment of Directors to the different Board Committees.

In turn, under the policies approved by the Board, the Nomination and Remuneration Committee supervises the senior executive remuneration and incentives policy.

Within each group company, the organisational structure of the units participating in the preparation of financial reporting depends on several factors, such as the volume of operations or type of business, but in all cases it corresponds to the need to cover the main duties of recording, preparing, checking and reporting the operations performed and the economic and financial position of the company. The Executive Chairman, Chief Operating Officer (COO) and executives of the different business units of the Ebro Foods Group participate actively in the management committees of the Group's subsidiaries, thereby ensuring direct communication through the lines of responsibility and authority.

The senior management and the human resources departments of the Group and each of the Group subsidiaries are responsible for designing the organisational structure according to local needs. The most important subsidiaries have organisation charts that include a description of the duties and responsibilities of the main areas participating in the internal control of financial reporting.

The different job descriptions of positions and responsibilities are maintained by the Human Resources Department of each subsidiary and the management of all the subsidiaries, especially the financial management, are informed of any new member of a subsidiary.

- Code of conduct, body responsible for its approval, degree of publicity and instruction, principles and values included (stating whether there is any specific mention of the recording of transactions and preparation of financial reporting), body responsible for analysing default and proposing corrective measures and penalties:

The Code of Conduct of the Ebro Group, an update of the earlier Codes of Ethics and Conduct drawn up by the Ebro Foods Group in 2003, 2008 and 2012, was approved by the board on 25 November 2015 and all levels of the organisation were notified.

The Code of Conduct provides guidance on how to act in the Group's internal and external relationships, strengthening the values that distinguish us and establishing a basic reference to be followed by the Group.

The Code aims to:

- Be a formal, institutional reference for personal and professional conduct

- Guarantee the responsible, ethical behaviour of all the Group's professionals in their work

- Reduce the element of subjectivity in personal interpretations of moral and ethical principles

- Create a standardisation tool to guarantee progressive implementation throughout the Group of the ten principles of the UN Global Compact

- Grow responsibly and committed to all our stakeholders.

As established in the Code of Conduct, the Group assumes a principle of conduct based on transparent reporting, consisting of an undertaking to report reliable financial, accounting or other information to the markets. Accordingly, the company's internal and external financial reporting will give a true and fair view of its real economic, financial and equity situation according to generally accepted accounting principles.

Employees formally sign the Code of Conduct when they join the workforce of most Group companies and all new Group employees during the year were informed and given a copy of the Code.

The Code of Conduct is published in the Intranet, where it can be consulted by any employee, and on the Group's website.

The Audit and Compliance Committee is responsible for monitoring and controlling application of the Code. The Compliance Unit, which has sufficient initiative, autonomy and resources, is responsible, among other duties, for assisting the Audit and Compliance Committee in the supervision of compliance, publication and interpretation of the Code of Conduct.

Ebro Foods, through its Secretary, has an e-mail address to which any Group employee may send queries and suggestions regarding the interpretation of the Code of Conduct.

The Audit and Compliance Committee reports regularly to the Group's Board of Directors on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved and, where appropriate, the interpretation criteria followed.

The Code of Conduct provides that any violation or breach of the Code that is classified as a labour offence shall be penalised according to the labour laws, without prejudice to any other liability that the infringer may incur and the remedial measures that may be established by the different Group companies in pursuance of prevailing laws. On a Group level, the Audit and Compliance Committee, assisted by the Compliance Unit, shall receive reports of any violation of the Code of Conduct and act accordingly.

- Whistleblowing channel, through which the audit committee can be informed of any financial or accounting irregularities, any breaches of the code of conduct and any irregular activities within the organisation, indicating whether this channel is confidential:

As established in the Regulations of the Board, the Audit and Compliance Committee is formally responsible for implementing a confidential whistleblowing channel accessible to all Group employees and defining a protocol for prioritising, processing, investigating and settling reports according to their importance and nature, especially any concerning possible financial or accounting misrepresentations.

For this purpose, in its Code of Conduct the Ebro Group has established a whistleblowing channel, through which any irregular conduct in financial, accounting or other areas and any breach of the code of conduct can be reported confidentially.

Through that whistleblowing channel, therefore, any employees may report whatever conduct they may consider necessary and contact the Chairman of the Audit and Compliance Committee directly to inform on potential breaches. Access to that e-mail account, technologically protected to prevent any unauthorised access, is limited exclusively to the Chairman of the Audit and Compliance Committee who, as an Independent Director, has no relationship with the management structure of the Group.

The Audit and Compliance Committee guarantees the confidentiality of the reports handled, according to a confidentiality commitment signed by all those involved in handling the reports and other precautions included in the "Report Handling Protocol". That protocol, approved by the Audit and Compliance Committee in 2012, establishes the procedure to be followed on receiving reports, regarding their processing, prioritising, solving and notification.

- Training programmes and regular refresher courses for employees involved in the preparation and checking of financial information and evaluation by the FRICS, covering at least accounting and auditing standards, internal control and risk management:

The Ebro Group has a policy of making sure it has personnel with sufficient training and experience to perform the duties and responsibilities assigned to them. The Ebro employees involved in the preparation and checking of the financial information and FRICS appraisal participate in training and refresher courses regarding the laws and standards in place from time to time and good practices to guarantee the reliability of the financial information generated.

The Ebro Group also encourages and provides means and resources for its employees to keep their accounting knowledge up to date through the attendance of seminars, on-line information and other means, and regular meetings are held with the external auditors to assess in advance the standards in place or those about to enter into force.

During the year the Ebro Group has focused its training for personnel involved in the preparation and checking of financial information and FRICS appraisal on the following aspects:

- Accounting updates
- Management and control of costs for business decision-making
- Training in the tax laws in different countries
- Financial Reporting Internal Control System Manual

In addition, the external auditors of the Company and its Group regularly attend the meetings of the Audit and Compliance Committee to give training on the principal novelties in accounting and auditing, especially those that have or may have a greater effect on the Group's accounts.

F.2. Measurement of risks in financial reporting

Report at least on:

F.2.1 The main features of the risk identification process, including risks of error or fraud, in respect of:

- Whether the process exists and is documented:

Within the risk management and control policy approved by the Board, the financial reporting internal control system is supervised by the Audit and Compliance Committee, assisted by the Risks Committee and the Group Finance Department.

The potential risk events that could affect the organisation are identified and assessed through the financial reporting internal control system, pinpointing and assessing the risks corresponding to each line of business. Through this risk control and management system, the Ebro Group has drawn up a consolidated risk map by compiling and combining the risk maps of its major subsidiaries.

This process is coordinated by the Risks Committee, which manages and establishes the permitted tolerance to the risk and coordinates actions to align the measures addressing risks with the Group's global risk policy so that the exposure to risk assumed by the Ebro Group overall is known at all times.

Based on the results obtained, systems are devised for addressing risks and internal control, to keep the likelihood and impact of those risks on financial reporting within the tolerance levels, thereby providing reasonable certainty regarding achievement of the strategic business goals.

- Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations), whether it is updated and how often:

The Ebro Group has established a continuous improvement process to minimise the risks related with financial reporting by improving the design and effectiveness of existing controls.

For this purpose, it has a process identifying the risks affecting the reliability of financial reporting, based on and beginning with a definition of the scope, according to quantitative criteria of materiality in respect of the consolidated amounts and other qualitative criteria (error, fraud, uncommon transactions, etc.). Companies in the major business units or divisions that meet any of the afore-mentioned criteria and the material accounting items of each one are defined according to those criteria. Once the material items have been defined on a company level, the processes and sub-processes they affect are established, according to a relationship matrix.

For each of the sub-processes included within the scope, the inherent risks and the checks made by the responsible persons to mitigate those risks are identified, setting this information down in a Risks-Controls Matrix. Those risks take account of all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations).

The financial reporting risks are identified in the Ebro Group's Risks-Controls Matrix and updated to take account of any changes in the scope of consolidation of the Group or development of its business and their reflection in the financial statements, making a comparative analysis every year of the variations in material processes and sub-processes to establish any risks that have not been previously identified.

- The existence of a process for defining the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, base companies or special purpose vehicles:

The Ebro Group has a process based on internal regulations that guarantees the correct identification of the scope of consolidation through an adequate separation of duties in the requesting, authorising, reporting and recording of any operation entailing the incorporation, merger, division, acquisition or sale of companies and any other corporate operation, directly involving the Legal Department and the Board of Directors.

This process considers the possible existence of complex corporate structures, base companies or special purpose vehicles, among other means by establishing an adequate structure to separate the duties of requesting, authorising and reporting for any corporate operation within the Group. No transactions or complex corporate structures that might entail off-balance sheet transactions that should be recorded within the reporting period were identified this year.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they affect the financial statements:

The Risk Management and Control System of the Ebro Group is designed to identify potential risk events that might affect the organisation. At present there are four types of risks: Operating, Compliance, Strategic and Financial, and the conclusions are taken into account insofar as the risks may affect financial reporting. For this purpose, the Risks Committee acts as a unit of coordination and interrelation of the effect of the risks detected on the different areas (management, business, financial reporting, legal, reputational etc. risks).

- Which governing body of the company supervises the process:

While the Board has the power, which it may not delegate, to determine the policy for control and management of risks, including tax risks, and supervision of the internal control and reporting systems, the Audit and Compliance Committee is responsible for supervising and promoting the procedures and systems used to prepare and control the Company and Group financial reporting, and controlling the implementation of and compliance with the risk management and control systems, both in general and in respect of the financial reporting process.

F.3. Control activities

Inform whether the company has at least the following, describing their main features:

F.3.1 Procedures for checking and authorising financial information to be published on the stock markets and description of the FRICS, indicating who is responsible for these tasks, and documentation describing the flows of activities and controls (including those checking for the risk of fraud) in the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections

The priorities established within the Ebro Group include the quality and reliability of the financial information, both internal information for decision-making and external information published for the markets. The information to be provided by the different units is requested by the Group financial department, paying special attention to the processes of closing the accounts, consolidation, measurement of intangibles and areas subject to judgement and estimates.

The Ebro Group has procedures for checking and authorising the financial information and description of the FRICS, responsibility for which corresponds to the Financial Department, the Risks Committee, the Audit and Compliance Committee and the Board of Directors.

The Audit and Compliance Committee checks and analyses the financial statements and any other important financial information, as well as the principal judgements, estimates and projections included and discusses them with the corporate financial department and the internal and external auditors to confirm that the information is complete and the principles applied are consistent with those of the previous full-year accounts.

The procedure for checking and authorising the financial information corresponds to the Group financial department, based on the information checked and validated by the different units. The Audit and Compliance Committee supervises this information to be published on the market and it is approved by the Board of Directors.

The Group has implemented a process to enhance the quality and quantity of documentation and make the generation of financial information and its subsequent supervision more effective and efficient.

The significant processes involved in the generation of the Group financial reporting are documented based on the COSO internal control model. The main processes documented are:

- Closing of Financial Statements and Reporting
- Consolidation
- Sales and Receivables
- Purchases and Payables
- Fixed Assets
- Inventories
- Payroll

The documentation outline is extended progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

The persons responsible for each of the documented processes in each subsidiary have been identified. They are responsible for keeping those processes up to date on an annual basis, reporting any modifications or adaptations to the Risks Committee through the Group's financial department.

Process documentation includes details of the flows and transactions and the financial reporting objectives and controls established to ensure they are met. It also contemplates the risks of error and/or fraud that might affect the financial reporting objectives. The documentation of flows of activities and controls that may have a material effect on the financial statements, including the accounts closing procedure, includes the preparation of narratives on the processes, flow charts and risk and control matrices. The controls identified are both preventive and detective, manual or automatic, describing also their frequency and associated information systems.

F.3.2 Internal control procedures and policies for the IT systems (including access security, track changes, operation, operating continuity and separation of duties) used for the significant processes of the company in the preparation and publication of financial information

The Group has rules for managing financial information security. Those rules are applicable to the systems used to generate financial information and the IT Department is responsible for defining and proposing the security policies.

Within its policies and infrastructure management the Ebro Group has procedures to secure each of the following points:

i) Both physical and logical access are controlled to ensure that only authorised internal and external personnel can access the Ebro centres and systems. Ebro has several Data Centres, the main one in Spain where the company's critical systems are housed. The major subsidiaries also have local data centres. They all have their own infrastructure to guarantee adequate control of access to the installations. In small subsidiaries, the general rule is to have external service providers to provide that security. When external service providers are used, the Ebro Group makes internal audits of the information systems and their architecture, including the security aspect.

Logical access control is secured with efficient management of access to our systems, whether internal or external, and through a user management coordinated with the human resources department and the company's group of managers. Ebro has user access control systems and workflow tools to guarantee inter-departmental integration and efficient updating of user status, regularly identifying those who no longer access the systems. Ebro Foods is in the process of implementing a system to control the separation of duties and access to critical functions of the SAP GRC SoD system. This system is already operational in the major subsidiaries of the Group and its implementation programme contemplates extension to all the important subsidiaries of the Ebro Foods Group.

External access is guaranteed through specific users and controlled management. The necessary elements have also been provided on a network level to ensure that only authorised users and processes have access from outside.

ii) The larger subsidiaries mainly use the ERP SAP system. In all those cases, Ebro has procedures underpinned by systems that systematically filter, assess, manage the life cycle and inform on production changes after acceptance by specific users and impact analysis in the systems currently used in production.

iii) The separation of duties is underpinned by the use of roles by groups of users, which allow access only to the information and transactions previously approved by the organisation. The modification or creation of new roles is backed by the same procedure that guarantees management of the user life cycle and is applicable to the major companies of the Ebro Group. Special attention is paid to separation in IT support processes to make sure that the tasks of development, sending to production and administration of the system are duly separated. In addition, as mentioned above, Ebro Foods is in the process of implementing the SAP GRC SoD system throughout the Group, ensuring adequate access control, separation of duties, anti-fraud elements within ERP and mitigating measures where necessary.

iv) Ebro has internal tools which, combined with the user support departments and systems (Help Desks), guarantee the management and traceability of any incidents in the IT systems. Programme changes are managed within that system, which is based on ITIL best practices and management.

The critical information systems are always housed in our data centres and there are individuals assigned to each one who are responsible for proactive monitoring of the automatic processes and proactive assessment of the yield and functioning of the systems.

Ebro has global contracts with security control tool providers, which guarantee the installation of such tools in all the computer and data processing equipment used in the company.

v) Ebro has tools to guarantee the continuity of business support by its IT systems in the event of a fatal error or system crash. There are backup systems and policies in its data centres that guarantee access to information and systems in case of a crash. The use of tape or disk backups and replicating the information in several computers with subsequent triangular distribution are habitual procedures for making incremental or complete backup copies. The current systems allow recovery of the information up to the specific time of the fatal error or system crash.

F.3.3 Internal control procedures and policies to oversee the management of outsourced activities and any aspects of valuation, calculation or measurement commissioned to independent experts, which may have a material impact on the financial statements

In general, the Ebro Group manages all activities that may have a material impact on the reliability of the financial statements, using internal resources to avoid outsourcing. There are very few outsourced activities and the procedures and controls of those activities are regulated in the contracts signed with the service providers in question.

The valuation, calculation or measurement activities commissioned by the Ebro Group to independent experts are mainly concerned with the appraisal of properties, actuarial studies of employee benefits and impairment testing of intangibles.

Only service providers of internationally recognised standing are used for these valuation reports, making sure that they are not affected by any circumstance or event that could compromise their independence.

The reports obtained from these firms are submitted to internal review to check that the most significant assumptions and hypotheses used are correct and that they comply with the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS). Furthermore, the valuation processes and the hypotheses and assumptions used by independent experts are reported to and considered by the external auditors of the Company and its Group.

F.4. Information and communication

Inform whether the company has at least the following, describing their main features:

F.4.1 A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates

The Ebro Group has adequate procedures and mechanisms to inform the employees involved in the preparation of financial information on the applicable criteria and the IT systems used in that preparation. This is done through the Management Control Unit and the Corporate Financial Department, whose powers include the following, among others:

- Define, administer, update and report on the Group's accounting policies, in compliance with the applicable accounting standards and rules of consolidation for the preparation and presentation of financial information to be disclosed.

- Prepare, update and report on the Accounting Policy Manual to be applied by all financial units in the Group. This manual is updated regularly.

- Settle any queries or conflicts regarding the interpretation and application of the accounting policies, maintaining fluent communication with those responsible for these operations in the organisation.

- Define and create templates, formats and criteria to be used for preparing and reporting the financial information. All financial information distributed on the markets is prepared by consolidating the reports of the different business units, prepared using mechanisms for data input, preparation and presentation that are homogenous for the entire Group. These mechanisms are designed to enable compliance with the standards applicable to the principal financial statements, including accounting criteria, valuation rules and presentation formats, and embrace not only the balance sheet, profit and loss account, statement of changes in equity and statement of cash flows, but also the obtaining of other information that is necessary to prepare the notes to the financial statements.

F.4.2 Mechanisms for collecting and preparing financial information with homogenous formats, applied and used by all business units in the company or group, valid for the main financial statements and notes, and the information given on the FRICS

The Group's financial information is prepared using a process of aggregating separate financial statements at source for subsequent consolidation according to the applicable accounting and consolidation standards, to obtain the consolidated financial information to be presented monthly to the Board and published periodically on the markets.

The process of aggregation and consolidation of the Group's financial statements is based on homogenous, common format templates that include different tables and reports to be completed. They also have automatic internal controls to check the integrity and reasonability of the data input.

These templates are validated each month by a financial manager in each subsidiary before sending them for checking and consolidation. To complete the automatic checks, those data and the estimation, valuation and calculation principles used to obtain them, as well as the accounts closing procedure, are checked by the financial manager at each level of aggregation and consolidation until the Ebro Group consolidated financial information is obtained, prepared and checked by the corporate financial department.

The Ebro Group has established a reporting system for the Financial Reporting Internal Control System, which is available in the Group for all the subsidiaries included within the scope of the FRICS. Through that reporting, the parent coordinates maintenance of the system in the rest of the subsidiaries annually through the assignment of persons responsible for their maintenance and updating in the event of any significant change to be taken into consideration in the documentation. Finally, if any weaknesses are detected in the financial reporting internal control system, the subsidiaries are notified of the necessary action plans and they are monitored by the parent.

F.5. Supervision of the functioning of the system

Inform on at least the following, describing their main features:

F.5.1 The FRICS supervisory activities performed by the audit committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS). Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered

The Board of Directors is ultimately responsible for the existence, maintenance and supervision of an adequate, effective internal control system for the financial reporting. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the Board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The Audit and Compliance Committee, assisted by the Risks Committee, must see that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system, are adequate.

The Audit and Compliance Committee also ensures that the external auditor and Internal Audit Manager are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; reports to the board on any related party transactions submitted for its consideration; controls any possible conflicts of interest; and, in general, makes sure that all the company's information and reporting, particularly financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The Risks Committee, as the central control system, monitors adequate fulfilment by the risk officers of the respective units of the following duties: (i) monitoring, updating and review of the business risks map and the different financial reporting processes; (ii) compliance with the reporting protocols for business risks and financial information; (iii) assessment of the measures for mitigating and controlling any risks detected, and (iv) assessment of the effectiveness of the systems and controls by implementing the test processes indicated by the Risks Committee, assisted by the heads of the different units and, where necessary, external advisers. The Risks Committee, based on the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and checking the Group's financial information.

Within the business risks control and the financial reporting internal control system, the Internal Audit Department makes sure that the testing and control of risk management and financial reporting systems have been done properly, within the internal audits carried out on different subsidiaries during the year, under the Internal Audit Plan.

The Internal Audit Department has submitted its annual working plan to the Audit and Compliance Committee and reported directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it has submitted an activity report.

The results of audits made by the Internal Audit Department and any incidents detected by the Risks Committee have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

F.5.2 Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of any significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed

The Audit and Compliance Committee has a stable, professional relationship with the external auditors of the principal companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its implementation, and checks that the senior management heeds the auditor's recommendations.

In addition, as established in the Regulations of the Board, it is responsible for overseeing the Internal Audit Services, examining the financial reporting process and internal control systems.

During 2018, the External Auditor and Manager of the Internal Audit Department each attended 5 meetings of the Audit and Compliance Committee.

F.6. Other significant information

N/A

F.7. External auditor's report

Inform on:

F.7.1 Whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, explain why not.

The report issued by the external auditor is appended hereto.

G. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Good Governance Code for Listed Companies.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

   Complies [X]   Explanation [ ]

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

   a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies.

   b) The mechanisms in place to solve any conflicts of interest.

   Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

3. During the annual general meeting, to supplement the written distribution of the annual corporate governance report, the chairman of the board should inform the shareholders orally, in sufficient detail, of the most important aspects of the company's corporate governance, especially:

   a) Any changes made since the previous annual general meeting.

   b) The specific reasons why the company does not follow any of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

4. The company should define and promote a policy of communication and contacts with shareholder, institutional investors and proxy advisors that fully respects the laws against market abuse and gives similar treatment to shareholders who are in the same position.

   And the company should publish that policy on its website, including information on how it has been implemented, naming those responsible for such implementation.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

5. The board should not table a motion at the general meeting for delegating powers to issue shares or convertible securities excluding the preferential subscription right in a sum of more than 20% of the capital at the time of the delegation.

   And when the board approves an issue of shares or convertible securities excluding the preferential subscription right, the company should immediately publish on its website the reports on that exclusion required by commercial law.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

6. Listed companies that prepare the following reports, whether mandatory or voluntary, should publish them on their websites sufficiently in advance of the annual general meeting even though that publication is not compulsory:

   a) Report on the independence of the auditor

   b) Reports on the functioning of the audit committee and the nomination and remuneration committee

   c) Report by the audit committee on related party transactions

   d) Report on the corporate social responsibility policy.

   Complies [ ]   Partial compliance [X]   Explanation [ ]

All the sections of this Recommendation are met, except (c).

The Audit and Compliance Committee checks that all the related party transactions with significant shareholders, Directors, representatives of corporate directors and other related parties have been made on arm's length terms, at market prices, transparently, fairly and reasonably, and always in the interests of the Ebro Foods Group, and issues a report to the Board in favour of their approval. After studying this Recommendation the Company does not consider it convenient to publish the contents of that report because it contains sensitive commercial information that is confidential for the Group in respect of its rivals.

7. The company should broadcast general meetings live, through its website.

   Complies [ ]   Explanation [X]

General Meetings of shareholders of Ebro Foods S.A. are not broadcast live through the corporate website owing to the size and capitalisation of the Company.

Furthermore, considering the little use made of the technical means intended to increase shareholders' participation at general meetings (such as the shareholders' forum or electronic voting and proxies) and the ample quorum at general meetings (79.0325% at the last AGM held on 5 June 2018), the Company considers it unnecessary at present to invest economic resources in the live broadcasting of general meetings.

All information on what happens at the general meeting is subsequently published in Spanish and English on the corporate website, where it is fully available, downloadable and easy to access, with no limitations or restrictions of any nature.

The Company has studied this Recommendation and for the time being does not contemplate live broadcasting of the AGM to be held in 2019, considering that its general meetings comply with the principles of transparency and adequate information recommended by the Code of Good Governance.

8. The audit committee should make sure that the board endeavours to avoid a qualified auditor's report on the accounts laid before the general meeting, and in exceptional circumstances when such qualifications exist, both the chairman of the audit committee and the auditors should clearly explain to the shareholders their content and scope.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

9. The company should publish permanently on its website the requirements and procedures it will accept as proof of ownership of shares, right to attend the general meeting and exercise or delegation of shareholders' voting right.

And those requirements and procedures should favour the attendance and exercise by shareholders of their rights, not being in any way discriminatory.

Complies [X] Partial compliance [ ] Explanation [ ]

10. If a legitimate shareholder has exercised their right, prior to the general meeting, to supplement the agenda or submit new proposed resolutions, the company should:

a) Immediately distribute those supplementary items and new proposed resolutions.

b) Publish the model attendance card or proxy form or postal/electronic voting form with the necessary modifications to enable voting on the new items on the agenda and alternative proposed resolutions on the same terms as those proposed by the board of directors.

c) Put all these items or alternative proposals to the vote and apply the same voting rules as those applicable to the proposals by the board, including in particular the presumptions or deductions regarding votes.

d) After the general meeting, report the details of the voting on those supplementary items or alternative proposals.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

11. If the company plans to pay attendance fees for general meetings, it should establish in advance a general policy on those fees and that policy should be stable.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

12. The board should perform its duties with unity of purpose and independence of judgement, give the same treatment to all shareholders in the same position and be guided by the company's interests, namely the achievement of a profitable business sustainable in the long term, promote its continuity and maximise the economic value of the company.

And in its search for the company's interests, apart from respecting the laws and regulations and acting in good faith, ethically and with respect for generally accepted use and good practice, it should endeavour to reconcile the corporate interests with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as the case may be, and the impact of the company's activities on the community and environment.

Complies [X] Partial compliance [ ] Explanation [ ]

13. The board should have the necessary size to operate effectively, with participation. The recommended size is between five and fifteen members.

Complies [X] Explanation [ ]

14. The board should approve a policy for selecting directors which:

a) Is specific and verifiable.

b) Ensures that nominations or proposals for re-election are based on a prior analysis of the board's needs.

c) Favours the diversity of expertise, experience and gender.

The results of the prior analysis of the board's needs should be set out in the report by the nomination committee published when calling the general meeting at which the ratification, appointment or re-election of each director is proposed.

And the policy for selecting directors should promote the target that the number of female directors on the board should be equivalent to at least 30% of the total members of the board by 2020.

The nomination committee shall check compliance with the policy for selecting directors annually and inform on its conclusions in the annual corporate governance report.

Complies [X] Partial compliance [ ] Explanation [ ]

15. The proprietary and independent directors represent an ample majority of the board and the number of executive directors is the minimum necessary, taking account of the complexity of the corporate group and the percentage stake held by the executive directors in the company's capital.

Complies [X] Partial compliance [ ] Explanation [ ]

16. The ratio of proprietary directors to total non-executive directors should not be greater than the ratio of capital represented by those directors to the rest of the capital.

This may be eased:

a) In companies with a high capitalisation, in which shareholdings legally considered significant are scarce.

b) In companies with a plurality of unrelated shareholders represented on the board.

Complies [X] Explanation [ ]

17. The number of independent directors should represent at least one-half of the total directors.

This notwithstanding, if the company does not have a large capitalisation or if it has a high level of capitalisation but has one shareholder, or several acting in concert, that controls more than 30% of the capital, the number of independent directors should represent at least one-third of the total directors.

Complies [X] Explanation [ ]

18. Companies should publish on their websites and keep up to date the following information on their directors:

a) Professional and biographic profile

b) Other directorships held, in listed or unlisted companies, and other remunerated activities performed, of whatsoever nature

c) Indication of the category of director, indicating for proprietary directors the shareholder they represent or with which they are related

d) Date of first appointment as director of the company and subsequent re-elections

e) Shares and stock options held in the company

Complies [ ] Partial compliance [X] Explanation [ ]

All the sections of this Recommendation are met, except b).

Although there is no specific section on the corporate website containing the information contemplated in paragraph (b), information on the Directors of Ebro Foods, S.A., including directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, is set out in the annual accounts and corporate governance report each year published in the corresponding sections of the website.

After studying this Recommendation, the Company considers that it informs on the directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, S.A. in sufficient detail to comply with the transparency in reporting sought by the Code of Good Governance.

19. Once checked by the nomination committee, the annual corporate governance report should include an explanation of the reasons why proprietary directors have been appointed at the request of shareholders with an interest of less than 3% in the capital, as well as the reasons, if appropriate, for not meeting formal requests for presence on the board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

20. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

21. The board should not propose the removal of any independent director before the end of the period for which they were appointed, unless there are just grounds for doing so, as appreciated by the board subject to a report by the nomination committee. In particular, just grounds are deemed to exist when the director takes up new positions or contracts new obligations preventing them from dedicating the necessary time to performance of their duties on the board, or if they breach their duties or any circumstances arise by virtue of which they would no longer be considered independent, according to the applicable legal provisions.

The removal of independent directors may also be proposed following takeover bids, mergers or other similar corporate operations entailing a change in the ownership structure of the company, when changes in the structure of the board are required by the principle of proportionality contemplated in Recommendation 16.

Complies [X] Explanation [ ]

22. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's credit and reputation. In particular, directors should be obliged to inform the board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is prosecuted or tried for any of the offences contemplated in company law, the board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

Complies [X] Partial compliance [ ] Explanation [ ]

23. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the board.

And when the board adopts significant or reiterated decisions about which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if they opt to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the secretary of the board, even if they are not a director.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

24. If a director resigns or retires from office on whatsoever grounds before the end of their term of office, they should explain the reasons in a letter sent to all the board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be stated in the Annual Corporate Governance Report.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

25. The nomination committee should make sure that non-executive directors have sufficiently availability to perform their duties correctly.

And the regulations of the board should stipulate the maximum number of directorships that may be held by its directors.

Complies [ ] Partial compliance [X] Explanation [ ]

Although the Regulations of the Board do not stipulate a maximum number of directorships that may be held by the Directors of Ebro Foods, S.A., it does impose on the Directors the obligation to dedicate to the Company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company (Article 32 of the Regulations of the Board, "General duties of Directors").

Moreover, the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors stipulates within "Conditions to be met by candidates" that candidates must have sufficient availability to be able to duly perform their duties. This point is confirmed by the Committee with the candidates before submitting any proposal to the Board of Directors.

After studying this Recommendation, the Company considers that the principles pursued by the Code of Good Governance in this respect are met with the obligation regarding dedication imposed in Article 32 of the Regulations of the Board and the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors. It considers this a complex issue and believes that it is not necessary to establish a maximum number of directorships that may be held by the Directors in order to achieve this.

26. The board should meet as often as may be necessary to secure efficient performance of its duties, and at least eight times a year, following the calendar and business established at the beginning of the year, although any director may individually propose additional items to be included on the agenda.

Complies [X] Partial compliance [ ] Explanation [ ]

27. Non-attendance of board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to miss a board meeting, a proxy should be granted with the appropriate instructions.

Complies [X] Partial compliance [ ] Explanation [ ]

28. When the directors or the secretary express concern over a proposal, or, in the case of directors, the company's performance, and those concerns are not settled by the board, they should be put on record in the minutes, at the request of those expressing them.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

29. The company should establish adequate channels for directors to obtain any counselling they may need to perform their duties, including, should circumstances so require, external counselling at the company's expense.

Complies [X] Partial compliance [ ] Explanation [ ]

30. Regardless of the expertise required of directors to perform their duties, companies should also offer their directors refresher courses in the appropriate circumstances.

Complies [X] Explanation [ ] Not applicable [ ]

31. The agenda for meetings should clearly indicate the items on which the board is called upon to adopt a decision or resolution, so that the directors can study or obtain in advance the information they may need.

In exceptional cases, for reasons of urgency, the chairman may submit decisions or resolutions not included on the agenda for approval by the board. The prior, express consent of most of the directors present will be necessary for this, leaving due record in the minutes.

Complies [X] Partial compliance [ ] Explanation [ ]

32. Directors shall be regularly informed on any changes in the ownership of the company and the opinion held by the significant shareholders, investors and ratings agencies of the company and its group.

Complies [X] Partial compliance [ ] Explanation [ ]

33. Being responsible for the efficient procedure of the board of directors, apart from performing the duties assigned by law and in the articles of association, the chairman should prepare and submit to the board a schedule of dates and business to be transacted; organise and coordinate the periodical assessment of the board and chief executive, if any, of the company; be responsible for managing the board and for its efficient operation; make sure sufficient time is allotted to the discussion of strategic issues; and resolve and review refresher programmes for each director whenever circumstances so require.

Complies [X]   Partial compliance [ ]   Explanation [ ]

34. When there is a lead independent director, the articles of association or regulations of the board should assign the following powers, apart from those corresponding to them by law: preside over board meetings in the absence of the chairman and vice-chairmen, if any; echo the concerns of non-executive directors; hold contacts with investors and shareholders to find out their points of view and form an opinion on their concerns, particularly regarding the corporate governance of the company; and coordinate the plan for succession of the chairman.

Complies [ ]   Partial compliance [ ]   Explanation [X]   Not applicable [ ]

Although the Articles of Association and Regulations of the Board do not expressly assign to the Lead Independent Director the powers contemplated in this Recommendation, said Director is entirely free to exercise them.

The Articles of Association and Regulations of the Board do not establish any limit on the exercise of those powers by the Lead Independent Director or any other Director.

After studying this Recommendation, the Company considers that the fact that any Director, not only the Lead Independent Director, may exercise the powers contemplated in this Recommendation, together with the ample majority on Non-Executive Directors on the Board of Directors, this is sufficient to avoid any concentration of powers in the Executive Chairman, as sought by the Code of Good Governance.

35. The secretary of the board should especially ensure that the actions and decisions of the board follow the recommendations on good governance contained in the Code of Good Governance that are applicable to the company.

Complies [X]   Explanation [ ]

36. The full board should assess once a year and, where necessary, adopt an action plan to correct any deficiencies detected in respect of:

a) The quality and effectiveness of the board's actions.

b) The procedure and composition of its committees.

c) Diversity in the composition and powers of the board.

d) The performance by the chairman of the board and chief executive officer of their respective duties.

e) The performance and contribution of each director, paying special attention to the heads of the different board committees.

The different committees should be assessed based on the reports they submit to the Board and the Board will be assessed on the basis of the report it submits to the nomination committee.

Every three years, the board will be assisted in this assessment by an external consultant, whose independence shall be checked by the nomination committee.

The business relations that the consultant or any company in its group has with the company or any company in its group should be described in the Annual Corporate Governance Report.

The process and areas assessed should also be described in the Annual Corporate Governance Report.

Complies [X] Partial compliance [ ] Explanation [ ]

37. When there is an executive committee, the balance between the different types of director should roughly mirror that of the board and its secretary should be the secretary of the board.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

38. The board should be informed at all times of the business transacted and decisions made by the executive committee and all board members should receive a copy of the minutes of executive committee meetings.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

39. The members of the audit committee, especially its chairman, should be appointed on account of their expertise and experience in accounting, auditing or risk management, and the majority of those members should be independent directors.

Complies [X] Partial compliance [ ] Explanation [ ]

40. Under the supervision of the audit committee, there should be an internal audit unit to see that the internal control and reporting systems work properly. This unit should report to the non-executive chairman of the board or the chairman of the audit committee.

Complies [X] Partial compliance [ ] Explanation [ ]

41. The head of the internal audit unit should submit its annual work programme to the Audit Committee, report directly any incidents that may arise during its fulfilment and submit an activity report at the end of each year.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

42. The audit committee should have the following duties, in addition to those contemplated in law:

1. In connection with the internal control and reporting systems:

a) Supervise the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the scope of consolidation and correct application of accounting principles.

b) Oversee the independence of the internal audit unit; propose the selection, appointment, re-appointment and removal of the internal audit manager; propose the budget for this unit; approve its approach and working plans, making sure its activity focuses mainly on the material risks of the company; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

c) Establish and supervise a mechanism through which employees can confidentially and, if possible and where appropriate, anonymously report any potentially important irregularities they observe within the company, particularly in financial and accounting aspects.

2. In connection with the external auditors:

a) Investigate the circumstances giving rise to resignation of any external auditor.

b) Ensure that the remuneration of the external auditors for their work does not jeopardise their quality or independence.

c) See that the company reports the change of auditor to the CNMV in a regulatory disclosure, attaching a declaration on the possible existence of disagreements with the outgoing auditor and the contents of those disagreements, if any.

d) Make sure that the external auditors hold an annual meeting with the full board to inform on the work done and the evolution of the company's risks and accounting situation.

e) Ensure that the company and external auditors respect the provisions in place on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, any other provisions regarding the independence of auditors.

Complies [ ] Partial compliance [X] Explanation [ ]

The Company complies with all of this Recommendation except for paragraph 2(d).

The Audit and Compliance Committee is responsible for maintaining relations with the external auditors, receiving information and exchanging all the necessary communications with them. The external auditors attend Committee meetings whenever this is necessary in view of the business included on the agenda.

The Audit and Compliance Committee provides timely information to the Board on the contents of all the meetings held, including those attended by the external auditors. The Board is thus informed in a timely manner of all business transacted by the Committee, particularly the work done by the external auditors and the Company's relations with them.

This notwithstanding, the external auditors attend Board meetings if this is considered appropriate by the Audit and Compliance Committee, the Board of Directors or any member of the Board.

The Company considers that the Audit and Compliance Committee makes sure that the Board receives all the necessary information regarding the work of and relations with the external auditors.

43. The audit committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies [X] Partial compliance [ ] Explanation [ ]

44. The audit committee should be informed on any corporate and structural operations that the company plans to make, so that it can analyse them and submit a preliminary report to the board on the economic terms and impact on accounts, and particularly on the exchange ratio proposed, if any.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

45. The risk management and control policy should identify at least:

a) The different types of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational) to which the company is exposed, including contingent liabilities and other off-balance-sheet risks among the financial or economic risks.

b) The risk level that the company considers acceptable.

c) The measures contemplated to mitigate the impact of the risks identified, should they materialise.

d) The internal control and reporting systems to be used to control and manage those risks, including contingent liabilities and other off-balance-sheet risks.

Complies [X] Partial compliance [ ] Explanation [ ]

46. Under the direct supervision of the audit committee or, as the case may be, an ad hoc committee of the board, there should be an internal risk management and control role exercised by an internal unit or department of the company expressly having the following duties:

a) See that the risk management and control systems work properly and, in particular, that all the major risks affecting the company are adequately identified, managed and quantified.

b) Participate actively in the preparation of the risk strategy and in the major decisions on their management.

c) See that the risk management and control systems adequately mitigate the risks within the policy defined by the board.

Complies [X] Partial compliance [ ] Explanation [ ]

47. Companies should ensure that the members of the nomination and remuneration committee -or the nomination committee and the remuneration committee, if they are separate- have adequate experience, skills and expertise for the duties they are to perform and that the majority of those members are independent directors

Complies [X] Partial compliance [ ] Explanation [ ]

48. Companies with a high level of capitalisation should have a separate nomination committee and remuneration committee.

Complies [ ] Explanation [ ] Not applicable [X]

49. The nomination committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors.

And any director should be able to request the nomination committee to consider potential candidates to fill vacancies on the board, in case they were suitable in the committee's opinion.

Complies [X] Partial compliance [ ] Explanation [ ]

50. The remuneration committee should perform its duties independently, having the following duties in addition to those assigned to it by law:

a) Propose to the board the basic terms of contract of the senior executives

b) See that the remuneration policy established by the company is observed

c) Periodically review the remuneration policy applied to directors and senior executives, including the systems of payment with shares and their application, and ensure that their individual remuneration is in proportion to that paid to other directors and senior executives of the company

d) Ensure that any conflicts of interest that may arise do not jeopardise the independence of the external counselling provided to the committee

e) Check the information on the remuneration of directors and senior executives in the different corporate documents, including the annual report on directors' remuneration

Complies [X] Partial compliance [ ] Explanation [ ]

51. The remuneration committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors and senior executives.

Complies [X] Partial compliance [ ] Explanation [ ]

52. The rules of composition and procedure of the supervision and control committees should be included in the regulations of the board and be coherent with those applicable to the committees required by law according to the foregoing recommendations, including the following:

a) The members should be exclusively non-executive directors, the majority independent directors.

b) They should be chaired by independent directors.

c) The board should appoint the members of these committees on account of the expertise, skills and experience of the directors and the duties of each committee; and the committees should discuss its proposals and reports; and report on its activities at the first board meeting following their meetings, answering for the work done.

d) The committees should be able to obtain external counselling whenever they may consider it necessary to perform their duties.

e) Minutes should be issued of their meetings and made available to all directors.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

53. The supervision of compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy should be assigned to one or distributed among several committees of the board, which may be the audit committee, the nomination committee, the corporate social responsibility committee, if any, or an ad hoc committee that the board, exercising its powers of self-organisation, may decide to set up. These committees should specifically have the following minimum duties:

a) Oversight of compliance with the internal codes of conduct and the company's corporate governance rules.

b) Supervision of the strategy of communication and relations with investors and shareholders, including small and medium-sized shareholders.

c) Periodical assessment of the adequacy of the company's corporate governance system to ensure that it fulfils its mission of promoting corporate interests and takes account of the legitimate interests of the other stakeholders, where appropriate.

d) Review of the company's corporate responsibility policy, making sure that it is geared towards creating value.

e) Monitoring of the corporate social responsibility strategy and practices and assessment of the degree of compliance.

f) Supervision and assessment of the processes of relations with different stakeholders.

g) Assessment of everything related with non-financial risks in the company, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordination of the reporting process for non-financial information and diversity, complying with the applicable legal provisions and international benchmark standards.

Complies [X] Partial compliance [ ] Explanation [ ]

54. The corporate social responsibility policy should include the principles or commitments that the company voluntarily undertakes in its relationships with the different stakeholders and define at least the following:

a) The corporate social responsibility goals and the development of supporting instruments.

b) The corporate strategy related with sustainability, the environment and social issues.

c) Specific practices in matters related with shareholders, employees, customers, suppliers, social issues, environment, diversity, tax responsibility, respect for human rights and prevention of unlawful conduct.

d) The methods or systems for monitoring the results of applying the specific practices contemplated in the preceding paragraph, the associated risks and management thereof.

e) The mechanisms for supervising non-financial risks, ethics and business conduct.

f) The communication channels, participation and dialogue with stakeholders.

g) Responsible communication practices to avoid manipulation of information and protect integrity and honour.

Complies [X]   Partial compliance [ ]   Explanation [ ]

55. The company should inform, in a separate document or in the directors' report, on matters related with corporate social responsibility, using one of the internationally accepted methodologies.

Complies [X]   Partial compliance [ ]   Explanation [ ]

56. The remuneration of directors should be high enough to attract and retain directors with the desired profiles and remunerate the dedication, qualification and responsibility required by their office, but not so high as to jeopardise the independence of non-executive directors.

Complies [X]   Explanation [ ]

57. Variable remuneration linked to the company's yield and personal performance and the remuneration paid in shares, stock options, rights over shares or instruments indexed to the value of the share, and long-term savings systems such as pension plans, retirement schemes or other welfare systems, should be limited to executive directors.

The delivery of shares as remuneration to non-executive directors may be contemplated when it is conditional upon holding those shares until they retire from the board. This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies [X]   Partial compliance [ ]   Explanation [ ]

58. For variable remunerations, the remuneration policies should establish the limits and technical precautions required to make sure those remunerations are linked to the professional performance of their beneficiaries and do not merely derive from general trends on the markets or in the company's sector of business or other similar circumstances.

In particular, the variable components of the remuneration should:

a) Be linked to predetermined, measurable yield criteria, which consider the risk assumed to obtain a result.

b) Promote the company's sustainability and include non-financial criteria that are adequate for the creation of long-term value, such as compliance with the internal rules and procedures of the company and its policies for the control and management of risks.

c) Be based on a balance between meeting short, medium and long-term goals, permitting the remuneration of yield achieved through continuous performance over a sufficient period of time to appreciate their contribution to the sustainable creation of value, such that the elements for measuring that yield are not related only with one-off, occasional or extraordinary events.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

59. The payment of a significant part of the variable components of remuneration should be deferred for a minimum time that is sufficient to check that the yield conditions established above have actually been met.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

60. Earnings-linked remuneration should take account of any qualifications made in the report by the external auditors that may reduce those earnings.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments indexed to their value.

Complies [ ] Partial compliance [ ] Explanation [X] Not applicable [ ]

Of the two Executive Directors, only the Chairman of the Board of Directors, Antonio Hernández Callejas, receives remuneration for his executive duties. Hercalianz Investing Group, S.L. does not receive any such remuneration, for the reasons explained elsewhere in this Report.

The current variable remuneration systems of the Executive Director are described in the Annual Report on Directors' Remuneration 2018 and are linked to the achievement of pre-established measurable, quantifiable objectives related with financial and non-financial factors that promote the Company's and Group's long-term sustainability and profitability.

Although Article 22 of the Articles of Association contemplates the possibility that Directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares, the Board of Directors has not so far submitted this form of remuneration to approval by the General Meeting, considering that the systems of variable remuneration of the Executive Director currently used are most appropriate for stimulating his motivation and personal performance, and his commitment to and relationship with the Group's interests.

After studying this Recommendation, the Company considers that, in view of the special relationship of the Executive Chairman as shareholder of the Company, the current system for remuneration of the only Executive Director who receives remuneration for his executive duties (the Chairman) is adequate for his professional talent and profile. The Company also considers that this system incorporates the necessary mechanisms to avoid excessive exposure to risks and reward for unfavourable results, as recommended by the Code of Good Governance.

62. Once the shares, stock options or rights over shares corresponding to the remuneration systems have been distributed, the directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration or exercise the stock options or rights until at least three years after being allotted those shares, options or rights.

This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

63. Contracts should include a clawback clause whereby the company may to claim repayment of the variable components of remuneration when the amounts paid do not correspond to fulfilment of the conditions regarding yield or when paid on the basis of data subsequently proved to be misstated.

Complies [X]   Partial compliance [ ]   Explanation [ ]   Not applicable [ ]

64. Termination benefits should not exceed a specified amount equivalent to two years' total annual remuneration and should not be paid until the company has confirmed that the director has met the performance requirements established above.

Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

H. OTHER INFORMATION OF INTEREST

1. If you consider there to be any important aspects regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.

2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

   In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession. Particular mention shall be made of whether the company has acceded to the Code of Good Tax Practices of 20 July 2010.

EXPLANATORY NOTE ONE, ON SECTION C

A) The name of the audit committee in the company is "Audit and Compliance Committee" and the name of the nomination and remuneration committee is "Nomination and Remuneration Committee".

B) All the members of the Audit and Compliance Committee were appointed on account of their accounting and audit experience and expertise, including Grupo Tradifín, S.L. and Corporación Financiera Alba, S.A., which were elected on account of the expertise of their representatives in these areas (Blanca Hernández Rodríguez and Javier Fernández Alonso, respectively).

EXPLANATORY NOTE TWO, ON SECTION C.2.3

The following changes were produced in the composition of the Committees during 2018:

EXECUTIVE COMMITTEE:

Javier Fernández Alonso stepped down as member of this Committee as of 31 January 2018. On the same date, Corporación Financiera Alba, S.A. joined the Committee, represented by Mr Fernández Alonso.

AUDIT AND COMPLIANCE COMMITTEE:

- José Ignacio Comenge Sánchez-Real retired as Chairman and member of the Committee as of 22 November 2018.

- Mercedes Costa was appointed Chairman of the Committee on 22 November 2018.

- Belén Barreiro Pérez-Pardo retired as member of the Committee as of 19 December 2018.

- Corporación Financiera Alba, S.A. (represented by Javier Fernández Alonso) and Pedro Antonio Zorrero Camas joined the Committee on 19 December 2018.

NOMINATION AND REMUNERATION COMMITTEE:

- Belén Barreiro Pérez-Pardo joined the Committee on 19 December 2018.

- STRATEGY AND INVESTMENT COMMITTEE:

- Javier Fernández Alonso retired as member of the Committee as of 31 January 2018. On the same date, Corporación Financiera Alba, S.A. joined the Committee, represented by Mr Fernández Alonso.

- José Ignacio Comenge Sánchez-Real joined the Committee on 22 November 2018.

EXPLANATORY NOTE THREE, ON SECTION E.3

The main risks that could have a bearing on achievement of the company's business goals listed in section E.3 of this Report.

A. OPERATIONAL RISKS:

- Food safety. Owing to the nature of the Group's business, aspects regarding food safety are a critical point to which the Group pays the utmost attention, as we are bound by a large number of laws and standards in each of the countries in which the Group's products are put on the market.

- Commodity supply risk. The availability of commodities in the quantity and quality required to meet our commitments to customers and the requirements of our brands is a key factor for our business both nationally (Spanish paddy rice) and internationally (semi-processed rice for the Group subsidiaries).

- Market risk (prices). Unexpected variations in the prices of our commodity supplies may affect the profitability of our commercial transactions, in both the industrial and brand-based segments. The main risk lies in the prices of the different rice varieties and durum wheat, although it extends also to other materials consumed, such as packaging material and oil derivatives.

- Customer concentration risk. The concentration of customers, which can occur in both the industrial and brand segments, may lead to less favourable commercial terms for our sales and affect our credit risk.

- Technological risk. In our sector, one of the most important tools for competing with our rivals is based on constant technological innovation and searching for ways to adapt to consumers' desires. Consequently, "technological lag" is considered a possible risk. The risks relating to the security of the Group's IT systems and data (cybersecurity) is also included here.

B. RISKS RELATED WITH THE ENVIRONMENT AND STRATEGY:

- Environmental risk. Respect for the environment is another critical point for the Group, considering our industrial activity, with a large number of plants distributed internationally. We aim to adopt a set of good practices, complying scrupulously with the law.

- Climate risk. The effects of droughts, flooding and other weather perils in the countries where we source our supplies can cause problems of availability and unstable commodity prices, in both rice and durum wheat.

- Competition risk. In general, the pressure from white label brands is the main threat for maintaining the market shares of the Group's brands.

- Reputational risk. This is the risk associated with changes of opinion resulting in a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, employees, institutions, etc., as they may adversely affect the Group's ability to maintain its commercial and financial relations or its interaction with social partners.

- Changes in lifestyle. The proliferation of low carbohydrate diets or other food habits could alter consumers' perception of our products.

- Country or market risk. Owing to the international nature of the Group's activities, political and economic circumstances in the different countries in which we operate and other market variables, such as exchange rates, interest rates, costs of production, etc. may affect our business.

- Natural disasters, fires. As an industrial group, a significant part of the assets on the Group's balance sheet corresponds to its factories, so any natural incidents (earthquakes, fires, etc.) that may affect the integrity of the Group's plants are a business risk.

- Strategic planning and assessment of strategic opportunities for investment or divestment. Risk deriving from the possibility of making a mistake in the selection of alternatives and/or assignment of resources to reach the Group's strategic goals. In the short term, this includes aligning the budget with the goals defined for the medium and long term.

C. COMPLIANCE RISKS:

- Sectoral regulatory risk. The food industry is a sector subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the directives laid down in the Common Agricultural Policy (CAP). The Group's activity may also be affected by changes in legislation in the countries in which it sources raw materials or sells its products.

- General regulatory risk. These include risks of compliance with civil, commercial, criminal and good governance provisions. In the area of criminal risks, the Group has a Crime Prevention Model, monitored and controlled by the Compliance Unit. At the date of this report, the Compliance Unit is beginning a process of review and update of its criminal risk map and mechanisms for mitigating those risks, while working on the necessary training for employees in this area. These activities are expected to be performed throughout 2019.

- Tax risks. Any changes in the tax laws or the interpretation or application thereof by the competent authorities in the countries in which the Group operates could affect its earnings.

D. FINANCIAL RISK:

This category includes foreign exchange, interest rate, liquidity and credit risks. The foreign exchange risk is particularly significant because the functional currency of the Group is the euro, but a considerable part of its commodity supply transactions are in US dollars and a very large part of the Group's investments are also in that currency.

The current risk map does not identify within the major risks any that might be considered to derive from corruption. However, the Group has measures to mitigate those potential risks on both a global level (Code of Conduct) and a local level. It also has a Crime Prevention Model that identifies several means for mitigating the risk of corruption offences being committed.

EXPLANATORY NOTE FOUR, ON SECTION E.5.

Details are provided below of the risks that have actually occurred during 2018, listed in section E.5 of this Report.

FOOD SAFETY RISK

In the summer of 2018, our French subsidiary detected a problem in the taste of a batch of dry pasta. The relevant procedure was immediately set under way to detect the source of the problem and eliminate any possible risk for consumers. Following a product recall, the origin of the problem was found to be in the insufficient cleaning of a silo from which the raw material was supplied. The consequences were minimal, limited exclusively to claims from distribution for losses deriving from recall of the affected product. Although this was considered an isolated incident, control has been stepped up of the protocols for emptying and cleaning silos.

Changes in the laws on pesticides and fungicides affected the sourcing of basmati rice and other varieties and increased the costs of analysis, transport and logistics. At the beginning of the year, an analysis detected the presence of picoxystrobin (approval of which was not renewed by the EU in 2017) in some fungicides used by suppliers in the cultivation of certain varieties of long-grain rice. Picoxystrobin is mainly concentrated in the outer husk of the grain, which is eliminated during processing, but it might get into the pericarp during the parboiling process. The risk was confined, therefore, to parboiled rice put on the market without completing the milling or polishing (cargo). When the incident was detected, samples were taken as a precaution from all stocks of paddy rice to identify the lots that were free from this substance and alternative varieties that could be put on the market without any risk.

SUPPLY RISKS

The price of aromatic rice varieties rose progressively as from the second quarter of 2017, as a result of: (i) the smaller sowing area in the last few crop years and (ii) the shortage of water in some rice-growing areas, which affected the harvest and the carryover stock.

The price rise first hit the basmati rice varieties, followed by a sharp rise in Thai fragante. The hike only levelled off in early 2018, at a price of over USD 1,000 per tonne. Since this was not a temporary situation and it had a material effect on the profitability of those varieties, the Group endeavoured (as far as possible) to pass this price increase on to customers. However, especially in the case of Thai fragante rice varieties, it was only possible to pass on part of this rise in the first few months of the year so it produced an adverse effect on profit margins.

Within a generally buoyant situation with very low unemployment in the United States, the costs of several materials and services in that country have hiked, which has been a challenge for our local subsidiary there. In particular, we have identified the following key aspects affecting costs:

- Raw materials and auxiliary materials: unique price dynamics in the case of rice (especially the fragante variety mentioned earlier, which is, moreover, one of the fastest-growing varieties in terms of consumption) and egg white (partly due to the changes in regulation of laying hens, as a result of which the price tripled during the year), although it also affected oil and other auxiliary materials, such as plastic and paper.

- Labour: the cost and turnover of labour increased considerably in the wake of the buoyant economic situation and the strength of the oil industry, which is our main rival for hiring personnel in the Gulf of Mexico.

- Rise in logistics costs due to the fuel price hike and new rules on the use of tachographs, which has led to a waning supply of road haulage.

Apart from price rises in the products most affected by these circumstances, we have implemented additional measures designed to lower the cost of the end product, such as a productivity plan for transport and the use of auxiliary materials, and measures to boost the hiring and retaining of personnel in the most difficult areas.

COUNTRY RISK

During 2018, the negotiation of the UK's exit from the EU has been very up and down. Although British laws applicable after Brexit will foreseeably stick closely to those of the EU at least initially, uncertainty escalated when the deal was rejected by the British Parliament. The main risks lie in the evolution of the pound sterling, the increased cost of imports and the possibility of standstill or major delays in the settlement of customs duties.

Although the location of our plants is favourable (nowhere near the ports on the south coast, which could be more conflictive), in order to mitigate the risks as far as possible, it has been decided to: (i) hedge currencies, covering our immediate needs and trying to reduce volatility, and (ii) take long positions in goods, in case any problems arise in respect of imports and customs duties.

COMPETITION/MARKET RISK

Our main rival in the North American fresh pasta market has announced its investment in a new plant in the United States and it has come to light that it plans to install a "skillet gnocchi" line there. This is one of our Group's major ventures for growth in that market, through the start-up of a manufacturing line in Canada in early 2019. In response to this possible threat, we have stepped up our efforts to put this product on the market as soon as possible, securing customer loyalty with a high quality product and service.

REGULATORY AND REPUTATIONAL RISK

In response to the new customs tariffs slapped on imports of steel and aluminium in the USA, in June 2018 the EU put a 25% tariff on a list of products, which included American white rice. This product is sold by our Group, so in order to avoid this additional cost, we made some changes in our sourcing, seeking alternatives such as the importing of cargo rice (husked rice that is not on the list of products subject to this tariff), to be milled within the EU.

At the end of 2018, the EU approved tariffs on imports of long-grain white rice from Myanmar and Cambodia, which had been exempt in recent years under the Everything But Arms Agreement. This measure, which will foreseeably put greater pressure on prices in the short term, is also an opportunity to boost the production structure in Europe and Argentina, taking advantage of the Group's risk management through diversification of sourcing.

The new Agriculture and Food Act (EGAlim) was passed in France in October 2018. This Act regulates discounts, promotions and leader pricing for a period of two years. It entered into force in February 2019, outlawing any mention on the packaging of the product being "free" or "without charge". Consequently, certain packaging material cannot be used and has had to be withdrawn, against the earnings of the year.

EXPLANATORY NOTE FIVE, ON SECTION G

- RECOMMENDATION 11

The Company has a Policy on Attendance Fees for General Meetings, which establishes the principle that those fees will not be cash payments, but the delivery of a gift related with the products of Ebro Group and/or its brands.

- RECOMMENDATION 50

The "senior executives" contemplated in this recommendation include the Chief Operating Officer, the Company Secretary and Secretary of the Board and the heads of the business units of the Ebro Foods Group.

ETHICAL PRINCIPLES AND CODES VOLUNTARILY APPLIED BY EBRO FOODS, S.A.:

- United Nations Global Compact - 2001

- Project of the Spanish Commercial Coding Association (AECOC) against food waste, "Don't waste food, use it" - 2012

- Member of the Advisory Committee of the United Nations Sustainable Development Goals Fund (SDGF) to boost the Sustainable Development Goals (SDG) - 2015

- Sustainable Agriculture Initiative (SAI) Platform - 2015

- SERES Foundation - 2015

- Sustainable Rice Platform - 2016

- Forética. 2017

- Cool Farm Alliance. 2017

This Annual Corporate Governance Report was approved by the Board of Directors of the Company on:

[27/03/2019]

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

[ ] Yes
[√] No

The English version of this document is purely informative.
In the event of any discrepancy between the Spanish and English versions of this document, the Spanish version will prevail.

EBRO FOODS, S.A.

Auditor Report on the "2018 Disclosures Regarding the Internal Control over Financial Reporting System"

Ernst & Young, S.L.
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28003 Madrid

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Fax.: 915 727 300
ey.com

Building a better working world

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

AUDIT REPORT ON THE "DISCLOSURES REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM" OF EBRO FOODS, S.A. FOR 2018

To the Board of Directors of Ebro Foods S.A.,

As per the request made by the Board of Directors of EBRO FOODS, S.A. (hereinafter, the Company) and our proposal letter of March 21, 2019, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2018, which summarize the Company's internal control procedures in respect of its annual reporting exercise.

The Board of Directors is responsible for taking the opportune measures to reasonably assure the implementation, maintenance and supervision of an adequate internal control system, making improvements to this system and preparing the contents of the ICFR disclosures required of the accompanying Annual Corporate Governance Report (ACGR).

Against this backdrop, it is important to note that, regardless of the quality of design and effective functioning of the ICFR system adopted by the Company in respect of is annual financial reporting effort, the later can only provide reasonable but not absolute assurance regarding the objectives pursued, due to the limitations intrinsic to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we have only carried out the specific procedures described below, as indicated in the Procedures for external audit reviews of an entity´s ICFR disclosures contained in the Internal Control over Financial Reporting in Listed Companies report published by Spain´s securities market regulator, the CNMV (and available on its website), which establishes the procedures to be performed, the scope thereof and the contents of this report. Given that the products resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design as effective functioning in respect of the Company´s 2018 financial reporting disclosures, as described in the accompanying ICFR disclosures. Consequently, had we performed additional procedures to those stipulated in the above mentioned that the Company is required to present, other matter might have come to our attention that would have been reported to you.

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Furthermore, given that this special assignment neither constitutes a financial statement audit nor is subject to the Consolidated Text of Spain´s Financial Statement Audit Act, we do not express an opinion in the terms provided for in that piece of legislation.

The procedures performed are itemized below:

1. Read and understand the information prepared by the Entity in relation to the ICFR - which is provided in the Director's Report disclosure- and assess whether such information addresses all the required information which will follow the minimum content detailed in Section F, relating to the description of the ICFR, as per the ACGR model established by CNMV Circular nº 5/2013 dated June 12, 2013 amended by circular nº 7/2015 dated December 22, 2015 and then modified by Circular nº 2/2018 dated June 12, 2018 (hereinafter, the Circulars of the Spanish National Securities Market Commission).

2. Questioning of personnel responsible for drawing up the information detailed in item 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.

3. Reviewing the explanatory documents supporting the information detailed in item 1, including documents directly made available to those responsible for describing ICFR system. The documentation to be reviewed may include reports prepared for the audit committee by internal audit, senior management and other internal or external specialist.

4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit.

5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company to evaluate the consistency between the ICFR business transacted and the information detailed in item 1 above.

6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively within the framework of the requirements established by article 540 of the consolidated text of the Corporate Enterprises Act and by Circulars of the Spanish National Securities Market Commission related to the description of the ICFR in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

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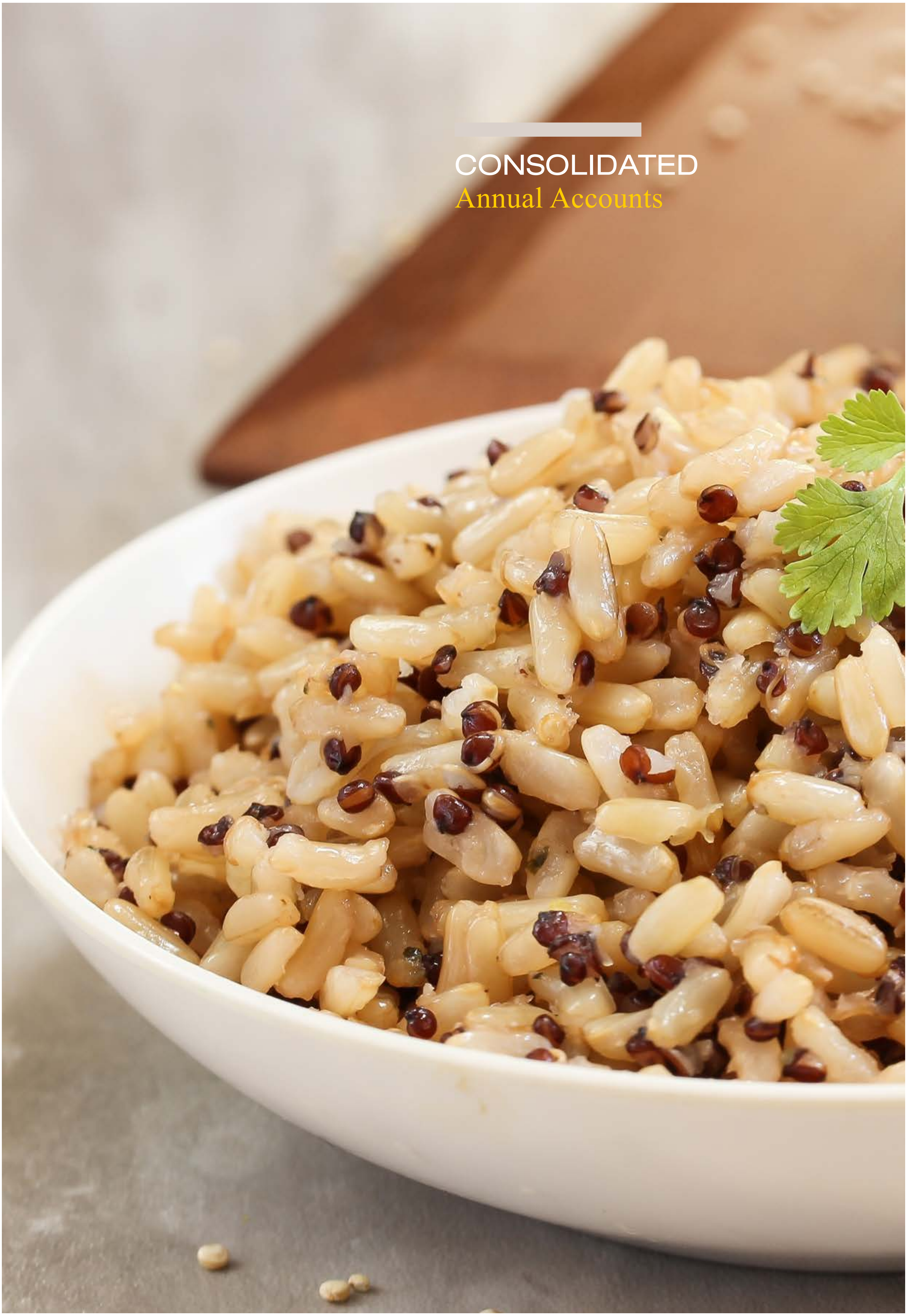
David Ruiz-Roso Moyano

March 27, 2019



CONSOLIDATED

Annual Accounts

CONSOLIDATED
Annual Accounts

Audit report on the Consolidated Financial Statements
issued by an Independent Auditor

EBRO FOODS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Management Report
for the year ended
December 31, 2018

Translation of a report and financial statement originally issued in Spanish. In the event of a discrepancy, the Spanish- language version prevails.

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of EBRO FOODS, S.A.:

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of EBRO FOODS, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2018, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2018 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and other provisions in the regulatory framework applicable in Spain.

Basis of the opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of goodwill, other intangible assets, and property, plant and equipment

Description

The Group has a significant amount of other intangible assets (primarily, brand names) and property, plant and equipment. Specifically, at December 31, 2018, the Group recognized goodwill, other intangible assets, and property, plant and equipment amounting to 1,156,606 thousand euros, 436,601 thousand euros, and 857,450 thousand euros, respectively.

At least once a year, the Group's Management analyzes the recoverable amounts of each significant cash-generating unit (CGU). The goal of this analysis is to determine whether it is necessary to recognize an impairment loss against the goodwill associated with these CGUs or against any other intangible asset or item of property, plant, and equipment belonging to them. For purposes of this analysis, the Group determines, in collaboration with an independent expert, the impairment tests using the cash flow method at a risk-free rate. We have considered this issue to be a key audit matter because the analysis performed by Group management requires the use of complex estimates and judgments regarding the future earnings of the CGUs to which the aforementioned assets belong.

The description of the amounts, the movements, and the analysis of the recoverable amounts of the CGUs to which the aforementioned goodwill has been allocated are provided in Note 15 to the accompanying consolidated financial statements. Elsewhere, the corresponding disclosures for other intangible assets and property, plant and equipment are provided in Notes 9 and 10, respectively, to the accompanying consolidated financial statements.

Our response

In this regard, our audit procedures included:

- Reviewing, in collaboration with our valuation specialists, the reasonableness of the methodology used by management and the independent expert in constructing the cash flows discounted from each significant CGU, focusing particularly on the discount rate and long-term growth rate applied.
- Reviewing the projected financial information for each CGU's business plan by understanding and analyzing:
    - Historical and budgetary financial information
    - The Company's business and its operational market
    - Other information provided by the Company

- Reviewing the disclosures included in the notes to the consolidated financial statements related to the analysis of the recoverability of goodwill, other intangible assets, and property, plant, and equipment in accordance with IAS 36.

The procedures described above are performed on all the assets that do not generate cash flows, irrespective of the CGU to which they belong. However, for assets no longer in use, we perform specific procedures in order to conclude on their recoverable amounts. In addition, the aforementioned analysis is likewise carried out for CGUs having assets which require annual impairment testing (good will and intangible assets with indefinite useful lives). With regard to other intangible assets and property, plant, and equipment, we analyzed the internal and external factors taken into account by the Group in order to conclude on the existence of objective indications of impairment, carrying out procedures to conclude on the recoverable amounts of those items for which indications of impairment did exist following our analysis.

Revenue recognition

Description	Revenue is recognized in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), net of discounts, incentives, and rebates accrued by the Group's customers based on sales. In certain markets, the estimate associated with these discounts, incentives, and rebates is significant and is likewise based on complex, highly subjective judgments. Consequently, there is a risk that the contractual terms that give rise to these adjustments to sales are incorrectly recorded and thus, revenue recognized in the consolidated financial statements may be incorrectly measured. We determined this matter to be a key audit issue due to the variety of discounts and incentives offered, as well as the complexity associated with the estimates that management must make to record some of them at year end. Therefore, we consider the abovementioned issues to be a key audit matter. The disclosures related to the Group's revenue recognition policies as well as information relating to revenue by business segments and customer contracts are provided in Notes 3 q) and 6, respectively, to the accompanying consolidated financial statements.
Our response	In this regard, our audit procedures included: ► Understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of the design of controls related to revenue recognition processes employed by the Group's key components. ► Carrying out substantive analytical procedures for the Group's key components, analyzing the actual performance of revenue and cost of sales related to discounts, incentives, rebates, and margins, as compared with budgeted data.

- Analyzing and discussing with management significant contracts including contractual terms and conditions related to discounts, incentives, and rebates, as well as the hypotheses used in the related estimates.
- Reviewing the most relevant estimates made in connection with discounts, incentives, and rebates at years end via customer confirmation letters and alternative procedures.
- Performing operations cut-off procedures for a sample of revenue transactions at year end in order to conclude on whether they were recognized at the moment the related goods or services actually took place.
- Analyzing other adjustments and credit notes issued after the reporting date.
- Performing analytical procedures on entries in the daily ledger related to revenue made by the Group's key components. These procedures were carried out paying special attention to accounting entries recorded close to the year-end closing or subsequently, as well as those deemed unusual due, among other reasons, to their nature, amount, date of occurrence, user, the item itself or its balancing entry.
- Reviewing disclosures included in the notes to the accompanying consolidated financial statements.

Other information: Consolidated Management Report

Other information refers exclusively to the 2018 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

a. A specific level applicable to the non-financial information statement, as well as certain information included in the Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the consolidated management report or where applicable, that the consolidated management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.

b. A general level applicable to the remaining information included in the consolidated management report, which requires us to evaluate and report on the consistency of said information in the consolidated financial statements, based on knowledge of the Group obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the consolidated management report, and that the remaining the information contained therein is consistent with that provided in the 2018 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Responsibilities of the Parent's directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Parent with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated to the Parent's audit committee, we determined those that were of greatest significance in the audit of the consolidated financial statements of the current period and therefore constitute the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the Parent's audit committee

The opinion expressed in this audit report is consistent with the additional report we issued for the Parent's audit committee on Month April 1, 2019.

Term of engagement

During the Ordinary/Extraordinary General Shareholders' Meeting held on June 1, 2015, we were appointed auditors for a period of three years, commencing the year ended December 31, 2017.

Previously, we were appointed as auditors by the shareholders for a period of three years and we have been carrying out the audit of the consolidated financial statements continuously since December 31, 2014.

ERNST & YOUNG
(Registered in Spain's Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

David Ruiz-Roso Moyano
(Registered in the Official Register of Auditors under entry no. 18336)

April 1, 2019

EBRO FOODS, S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2018 and 2017

	NOTE	12-31-2018	12-31-2017
NON-CURRENT ASSETS			
Intangible assets	9	436,601	432,090
Property, plant and equipment	10	857,450	763,618
Investment properties	11	23,439	23,780
Financial assets	12	24,371	32,252
Investments in associates	14	39,967	36,755
Deferred tax assets	21	52,884	49,757
Goodwill	15	1,156,606	1,031,601
		2,591,318	2,369,853
CURRENT ASSETS			
Inventories	16	594,804	558,990
Trade and other receivables	12	401,923	378,069
Current tax assets	21	23,488	37,651
Taxes receivable	21	34,983	32,425
Other financial assets	12	4,195	8,636
Derivatives	12	498	146
Other current assets		9,766	7,952
Cash and cash equivalents	13	171,450	269,411
		1,241,107	1,293,280
Non-current assets held for sale		0	0
TOTAL ASSETS		**3,832,425**	**3,663,133**

(000€)

The accompanying notes 1 to 27 are an integral part of the consolidated statement of financial position at December 31, 2018.

EBRO FOODS, S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2018 and 2017

	NOTE	12-31-2018	12-31-2017
EQUITY		2,190,202	2,121,925
Equity attributable to equity holders of the parent			
Share capital		92,319	92,319
Share premium		4	4
Restricted parent company reserves		21,633	21,633
Retained earnings		1,999,977	1,952,503
Translation differences		48,401	8,178
Own shares		0	0
	17	2,162,334	2,074,637
NON-CONTROLLING INTERESTS		27,868	47,288
NON-CURRENT LIABILITIES			
Deferred income	18	3,593	4,051
Provisions for pensions and similar obligations	19	43,156	51,110
Other provisions	20	22,700	20,579
Financial liabilities	12	533,612	472,353
Deferred tax liabilities	21	236,942	221,683
		840,003	769,776
CURRENT LIABILITIES			
Other financial liabilities	12	342,694	310,194
Derivatives	12	360	4,293
Trade and other payables	12	424,458	425,161
Current tax liabilities	21	11,691	14,013
Taxes payable	21	17,814	14,822
Other current liabilities		5,203	2,949
		802,220	771,432
Liabilities associated with non-current assets held for sale		0	0
TOTAL EQUITY AND LIABILITIES		3,832,425	3,663,133

(000€)

The accompanying notes 1 to 27 are an integral part of the consolidated statement of financial position at December 31, 2018.

EBRO FOODS, S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEARS
Ended December 31, 2018 and 2017

	NOTE	2018	2017
Revenue from contracts with customers	6	2,646,523	2,506,969
Change in inventories of finished goods and work in progress		18,978	23,878
Own work capitalized		1,281	737
Other operating income	8	19,073	20,193
Raw materials and consumables used and other external expenses	6	(1,462,269)	(1,331,011)
Employee benefits expense	8	(360,496)	(338,975)
Depreciation and amortization	9, 10 & 11	(88,812)	(79,686)
Other operating expenses	8	(556,150)	(531,026)
OPERATING PROFIT		218,128	271,079
Finance income	8	22,862	35,505
Finance costs	8	(31,628)	(46,562)
Impairment of goodwill	15	(1,429)	(181)
Share of profit of associates	14	5,017	4,290
PROFIT BEFORE TAX		212,950	264,131
Income tax	21	(63,639)	(34,157)
PROFIT FROM CONTINUING OPERATIONS		149,311	229,974
Profit/(loss) after tax for from discontinued operations	7	0	0
GROUP PROFIT FOR THE YEAR		149,311	229,974
Attributable to:			
EQUITY HOLDERS OF THE PARENT		141,589	220,600
Non-controlling interests		7,722	9,374
		149,311	229,974

(000€)

	NOTE	2018	2017
Earnings per share (euros)	17		
From continuing operations			
Basic		0.920	1.434
Diluted		0.920	1.434
From profit for the period			
Basic		0.920	1.434
Diluted		0.920	1.434

The accompanying notes 1 to 27 are an integral part of the consolidated statement of profit or loss for the year ended December 31, 2018.

EBRO FOODS, S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS
Ended December 31, 2018 and 2017

	NOTE	2018			2017		
		GROSS AMOUNT	TAX EFFECT	NET AMOUNT	GROSS AMOUNT	TAX EFFECT	NET AMOUNT
1. Profit for the year				149,311			229,974
2. Other comprehensive income recognized directly in equity:		43,712	(982)	42,730	(135,718)	(2,665)	(138,383)
2.1 Other comprehensive income to be reclassified to profit or loss in subsequent periods		40,280	2	40,282	(137,448)	1	(137,447)
Gains/(losses) on the measurement of financial assets	12	(6)	2	(4)	8	1	9
Gains/(losses) on the measurement of financial assets reclassified to profit or loss during the reporting period	12	0	0	0	0	0	0
Translation differences	17	40,265	0	40,265	(137,456)	0	(137,456)
Translation differences reclassified to profit or loss during the reporting period		21	0	21	0	0	0
2.2 Other comprehensive income not to be reclassified to profit or loss in subsequent periods		3,432	(984)	2,448	1,730	(2,666)	(936)
Actuarial gains and losses	19	3,432	(984)	2,448	1,730	(2,666)	(936)
1+2 TOTAL INCOME AND EXPENSE RECOGNIZED DURING THE YEAR:	17			192,041			91,591
Attributable to:							
Equity holders of the parent	17			184,256			83,110
Non-controlling interests	17			7,785			8,481
				192,041			91,591

(000€)

The accompanying notes 1 to 27 are an integral part of the consolidated statement of recognized income and expense for the year ended December 31, 2018.

EBRO FOODS, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS

Ended December 31, 2018 and 2017

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

						RESTRICTED		UNRESTRICTED RESERVES				
	TOTAL EQUITY	NON-CONTROLLING INTERESTS	TOTAL	SHARE CAPITAL	SHARE PREMIUM	REVAL. RESERVE	LEGAL RESERVE	RETAINED EARNINGS	PROFIT/ (LOSS)	INTERIM DIVIDEND PAID	TRANSLATION DIFFERENCES	OWN SHARES
BALANCE AT DECEMBER 31, 2016	2,106,401	27,075	2,079,326	92,319	4	3,169	18,464	1,650,888	169,724	0	144,758	0
Distribution of prior-period profit	0	0	0	0	0	0	0	169,724	(169,724)	0	0	0
Dividends paid (note 18)	(87,823)	(120)	(87,703)	0	0	0	0	(87,703)	0	0	0	0
Costs of issuing/canceling share capital	(121)	0	(121)	0	0	0	0	(121)	0	0	0	0
Sale-purchase of own shares (net)	0	0	0	0	0	0	0	0	0	0	0	0
Gain/(loss) on own share sales	(5)	0	(5)	0	0	0	0	(5)	0	0	0	0
Tax effect of above movements	30	0	30	0	0	0	0	30	0	0	0	0
Transactions with non-controlling interests	11,852	11,852	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	(76,067)	11,732	(87,799)	0	0	0	0	81,925	(169,724)	0	0	0
Profit for the year (as per income statement)	229,974	9,374	220,600	0	0	0	0	0	220,600	0	0	0
Change in translation differences	(137,456)	(876)	(136,580)	0	0	0	0	0	0	0	(136,580)	0
Translation differences reclassified to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
Fair value of financial instruments:												
1. Unrealized gains/(losses)	8	0	8	0	0	0	0	8	0	0	0	0
2. Realized gains/(losses)	0	0	0	0	0	0	0	0	0	0	0	0
Change due to actuarial gains/(losses)	1,730	(23)	1,753	0	0	0	0	1,753	0	0	0	0
Tax effect of other income and expenses	(2,665)	6	(2,671)	0	0	0	0	(2,671)	0	0	0	0
Total income and expense recognized	91,591	8,481	83,110	0	0	0	0	(910)	220,600	0	(136,580)	0
BALANCE AT DECEMBER 31, 2017	2,121,925	47,288	2,074,637	92,319	4	3,169	18,464	1,731,903	220,600	0	8,178	0
Impact of IFRS 9 (note 3.u)	(8,848)	0	(8,848)	0	0	0	0	(8,848)	0	0	0	0
BALANCE AT JANUARY 1, 2018	2,113,077	47,288	2,065,789	92,319	4	3,169	18,464	1,723,055	220,600	0	8,178	0

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

						RESTRICTED		UNRESTRICTED RESERVES				
	TOTAL EQUITY	NON-CONTROLLING INTERESTS	TOTAL	SHARE CAPITAL	SHARE PREMIUM	REVAL. RESERVE	LEGAL RESERVE	RETAINED EARNINGS	PROFIT/ (LOSS)	INTERIM DIVIDEND PAID	TRANSLATION DIFFERENCES	OWN SHARES
Distribution of prior-period profit	0	0	0	0	0	0	0	220,600	(220,600)	0	0	0
Dividends paid (note 18)	(89,055)	(1,350)	(87,705)	0	0	0	0	(87,705)	0	0	0	0
Sale-purchase of own shares (net)	0	0	0	0	0	0	0	0	0	0	0	0
Gain/(loss) on own share sales	(6)	0	(6)	0	0	0	0	(6	0	0	0	0
Tax effect of above movements	0	0	0	0	0	0	0	0	0	0	0	0
Transactions with non-controlling interests	(25,855)	(25,855)	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	(114,916)	(27,205)	(87,711)	0	0	0	0	132,889	(220,600)	0	0	0
Profit for the year (as per income statement)	149,311	7,722	141,589	0	0	0	0	0	141,589	0	0	0
Change in translation differences	40,265	61	40,204	0	0	0	0	0	0	0	40,204	0
Translation differences reclassified to profit or loss	21	2	19	0	0	0	0	0	0	0	19	0
Fair value of financial instruments:												
1. Unrealized gains/(losses)	(6)	0	(6)	0	0	0	0	(6)	0	0	0	0
2. Realized gains/(losses)	0	0	0	0	0	0	0	0	0	0	0	0
Change due to actuarial gains/(losses)	3,432	0	3,432	0	0	0	0	3,432	0	0	0	0
Tax effect of other income and expenses	(982)	0	(982)	0	0	0	0	(982)	0	0	0	0
Other movements in equity	0	0	0	0	0	0	0	0	0	0	0	0
Total income and expense recognized	192,041	7,785	184,256	0	0	0	0	2,444	141,589	0	40,223	0
BALANCE AT DECEMBER 31, 2018	**2,190,202**	**27,868**	**2,162,334**	**92,319**	**4**	**3,169**	**18,464**	**1,858,388**	**141,589**	**0**	**48,401**	**0**

(000€)

The accompanying notes 1 to 27 are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2018.

EBRO FOODS, S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS
Ended December 31, 2018 and 2017

	NOTE (*)	2018	2017
Receipts from customers		2,690,259	2,573,738
Payments to suppliers and employees		(2,452,848)	(2,304,839)
Interest paid		(9,760)	(6,362)
Interest received		2,610	547
Dividends received		2,194	4,070
Other operating activity receipts / payments		10,743	13,082
Income tax paid	21	(31,490)	(83,517)
NET CASH FLOWS FROM OPERATING ACTIVITIES	a)	**211,708**	**196,719**
Purchase of fixed assets	b)	(138,930)	(120,671)
Proceeds from sale of fixed assets	c)	18,338	10,885
Purchase of financial assets (net of cash acquired)	5	(98,563)	(37,065)
Proceeds from sale of financial assets		2,000	1,823
Other investment activity proceeds / purchases		283	(226)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(216,872)**	**(145,254)**
Acquisition of own shares		(599)	(1,035)
Proceeds from sale of own shares		0	498
Dividends paid to shareholders (including NCI holders)	d)	(95,566)	(93,771)
Proceeds from borrowings		878,614	590,994
Repayment of borrowings		(875,591)	(544,738)
Other financing activity proceeds / payments and grants		40	(254)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(93,102)**	**(48,306)**
Translation differences arising on cash flows from foreign companies		(6,728)	2,117
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(104,994)**	**5,276**
Cash and cash equivalents, opening balance		269,411	291,340
Effect of year-end exchange rate on opening balance		7,033	(27,205)
CASH AND CASH EQUIVALENTS, CLOSING BALANCE	**13**	**171,450**	**269,411**

(000€)

(*) The cross-references to the corresponding notes accompanying the consolidated financial statements are provided for qualitative purposes only; it is not always possible to provide cross- references to the precise amounts reported.

a) Cash flow generation from operating activities increased year-on-year despite the decline in EBITDA as a result of a significant reduction in tax expense, due basically to the tax rate cuts passed in the US in December 2017, as well as an increase in reimbursements in respect of payments on account in Spain.

b) This balance plus the 2,005 thousand euros of differences between the cash outflows and accrual for accounting purposes of the additions to property, plant and equipment and intangible assets, explain the movements in new investments disclosed in notes 9 and 10.

c) Corresponds to the amounts received from the sale of fixed assets arranged with deferred payments (note 12) and from the sale of the SOS brand for use in Mexico (note 9).

d) This balance is made up of:
– Dividends paid to shareholders of the Parent in the amount of 87,703 thousand euros.
– Dividends paid to non-controlling shareholders and holders of stock options (put & call options) in the amount of 7,863 thousand euros.

The accompanying notes 1 to 27 are an integral part of the consolidated statement of cash flows for the year ended December 31, 2018.

1. GROUP INFORMATION

Ebro Foods, S.A., a Spanish public limited company (sociedad anónima), hereinafter the Parent or the Company, was created by the merger by absorption of Puleva S.A. into Azucarera Ebro Agrícolas S.A. on January 1, 2001. On the occasion of that transaction, Azucarera Ebro Agrícolas, S.A.'s name was changed to Ebro Puleva, S.A. Later, at the Annual General Meeting of June 1, 2010, its registered name was changed again to its current name: Ebro Foods, S.A.

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20.

The corporate object of its consolidated group (hereinafter, the Ebro Foods Group, the Ebro Group or the Group) is to perform the following business activities in Spanish and foreign markets:

a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, rice, pasta, sauces and all manner of nutritional products.

b) The production, exploitation and sale of all manner of food, soft and alcoholic beverages.

c) The use of by-products and the provision of services or products of all types relating to the aforementioned activities, including refrigeration cabinets, ice, industrial gas, steam, cold and energy.

d) The acquisition, lease, creation, installation, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage (including alcohol) industries.

e) The performance of projects and installation work and the provision of all manner of technical assistance to other companies in the aforementioned industries; the creation, development, protection and use of patents, trademarks and other assets susceptible to intellectual property protection.

f) Staff training, computer programming or management, investment and monetization of resources, advertising and image, transport, distribution and sale and marketing activities that are ancillary or complementary to the aforementioned activities.

The activities comprising the Group's corporate object may be carried on through the subscription or acquisition of shares or other equity interests in companies with an identical or similar corporate purpose.

The Group currently operates in Spain and internationally. The revenue breakdown by geographic market is provided with the segment reporting disclosures (note 6).

The 2017 consolidated financial statements were approved at the Annual General Meeting held by Ebro Foods, S.A. on June 5, 2018 and duly filed with Madrid's Companies Register.

The distribution of the profit of the Parent proposed by the directors of Ebro Foods, S.A. at a meeting of the Board of Directors on December 19, 2018 for submission for ratification at the upcoming Annual General Meeting is as follows:

AMOUNTS RELATING ONLY TO THE PARENT'S SEPARATE FINANCIAL STATEMENTS

	AMOUNT
Basis of appropriation	
Unrestricted reserves	529,218
Profit/(loss) for the year	(4,776)
TOTAL	**524,442**

(000€)

The profit generated by the Ebro Foods Group in 2018 makes it possible, as in prior years, to propose the payment of a cash dividend, with a charge against unrestricted reserves and profit for the year, of 0.57 euros per share, payable in the course of 2019, in a total amount of 87,703 thousand euros.

The dividend will be paid out in three equal instalments of 0.19 euros per share on April 1, June 28 and October 1, 2019.

LIMITATIONS ON THE DISTRIBUTION OF DIVIDENDS

Ebro Foods, S.A. is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount equal to at least 20% of share capital. This reserve cannot be distributed to shareholders unless it exceeds and only in the amount by which it exceeds this 20% threshold.

Once the legal and bylaw-stipulated requirements have been met, dividends may be distributed against profit for the year or freely distributable reserves so long as the value of equity is not lower than or would not fall below share capital as a result of the distribution. For these purposes, any profit recognized directly in equity may not be distributed either directly or indirectly. If prior-year losses were to reduce the Company's equity to below the amount of share capital, profit would have to be allocated to offset those losses.

2. BASIS OF PREPARATION AND COMPARABILITY OF THE INFORMATION INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements are presented in thousands of euros (unless expressly stated otherwise), the euro being the Ebro Foods Group's functional currency. Transactions performed in other currencies are translated into euros using the accounting policies outlined in note 3.

A) BASIS OF PREPARATION

1. General accounting policies

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements for the year ended December 31, 2018, which were authorized for issue by the Parent's directors on March 27, 2019, are pending approval by its shareholders at the Annual General Meeting; however, they are expected to be approved without modification (similarly, at the reporting date, the 2018 financial statements of Ebro Foods, S.A. and of its subsidiaries and associates had still to be ratified by their respective shareholders at the corresponding Annual General Meetings).

These financial statements have been prepared using the general historical cost measurement basis, except where the occasional IFRS requires performance of the corresponding revaluations.

2. Use of estimates and assumptions

The Parent's directors are responsible for the information included in these consolidated financial statements.

In preparing the accompanying consolidated financial statements, they have relied on occasion on estimates made by the management of the various Group companies in order to measure certain of the assets, liabilities, income, expenses and commitments recognized therein. Essentially, these estimates refer to:

- Measurement of the recoverable amounts of assets and goodwill for impairment testing purposes.
- The assumptions used in the actuarial calculation of pension and similar liabilities and obligations.
- The useful lives of property, plant and equipment and intangible assets.
- The assumptions used to calculate the fair value of financial instruments and put options.
- The probability of occurrence and amount of liabilities of uncertain amounts and/or contingent liabilities.
- The recoverability of deferred tax assets.

Although these estimates were made on the basis of the best information available at the date of authorizing these consolidated financial statements for issue regarding the facts analyzed, future events could make it necessary to revise these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognizing the effects of the changes in estimates in the related consolidated financial statements.

3. Materiality assessment

These consolidated financial statements omit information and disclosures that do not require detailed breakdown on account of their qualitative importance and were not deemed material or relevant in accordance with the materiality or significance concept defined in the IFRS Conceptual Framework, considering the consolidated financial statements of the Ebro Group as a whole.

B) COMPARABILITY

For comparative purposes, the Group presents, in addition to the figures for the year ended December 31, 2018, for each item in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated statement of comprehensive income and notes to the consolidated financial statements, the figures for the year ended December 31, 2017.

Accounting for the impact of the definitive amounts recognized in respect of the Geovita business combination (a business acquired in July 2017; for further information refer to the 2017 consolidated financial statements) compared to the provisional amounts recognized at year-end 2017 once the opportune appraisals and analyses had been carried out in order to establish the definitive fair value of the net assets acquired. This accounting process implied the following reclassifications:

- The amounts of intangible assets and property, plant and equipment were increased by 3,842 and 4,879 thousand euros, respectively.
- Goodwill was decreased by 6,288 thousand euros.
- The deferred tax liability balance was increased by 2,433 thousand euros.

C) CHANGES IN THE SCOPE OF CONSOLIDATION

Notes 4 and 5 detail the main changes affecting the consolidation scope in 2018 and 2017, outlining the corresponding consequences in terms of accounting methods used.

3. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

A) PRINCIPLES OF CONSOLIDATION

Subsidiaries

All of the companies over which the Group has control are fully consolidated in these financial statements. Control is the power to affect an investee's returns through the ability to direct its relevant activities.

When the Group acquires a business, that business's assets, liabilities and contingent liabilities are measured at their acquisition-date fair values. The difference between the cost of the business combination and the fair value of the net assets acquired is recognized as goodwill if positive and as a gain on a bargain purchase in profit and loss if negative. The results of companies acquired during the year are consolidated from the effective date of acquisition.

Non-controlling interests are determined at the acquisition date at their percentage interest in the fair value of the acquiree's recognized assets and liabilities or at their proportionate share of the fair value of the acquired business, i.e., including their share of goodwill.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All material intra-group balances relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in associates

The Group's investments in associates (companies over which it has significant interest but not control) are accounted for using the equity method. Under the equity method, an investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of the net assets of the associate since the acquisition date, adjusted for impairment charges as necessary. The Group's share of the results of operations of its associates is recognized, net of the related tax effect, in the consolidated statement of profit or loss or the consolidated statement of other comprehensive income, as warranted.

B) FOREIGN CURRENCY TRANSLATION: RESULTS AND FINANCIAL POSITION OF FOREIGN OPERATIONS

The Group companies' separate financial statements are expressed in each company's functional currency.

On consolidation, their assets and liabilities are translated into euros using the year- end exchange rate; items of profit and loss are translated at the average exchange rate for the period; while share capital, share premium and reserve accounts are translated using the historical exchange rate. The exchange differences arising on translation for consolidation purposes of investments in foreign subsidiaries and associates are recognized in equity under "Translation differences".

If there are non-controlling interests in these subsidiaries, the related translation differences are recognized under "Non-controlling interests" within equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

On disposal of an investment in a foreign subsidiary or associate, the translation differences relating to that particular foreign operation, deferred in equity until the transaction date, are recognized in profit or loss.

C) FOREIGN CURRENCY

Each Group company translates its transactions in foreign currencies to its respective functional currency using the rate prevailing on the transaction date. Differences arising on settlement of these transactions or translation of monetary assets and liabilities denominated in currencies other than each Group company's functional currency are recognized in profit or loss.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are mainly certificates of deposit, short-term deposits, short-term marketable securities, short-term government bonds and other money market assets with a maturity of three months or less, and bank deposits with a maturity of more than three months from the date of acquisition but immediately drawable without incurring any kind of penalty. These assets are valued at cost, which is deemed a fair approximation of their realizable amount.

E) PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Items of property, plant and equipment and investment properties are stated at the lower of:

- Acquisition (or production) cost, net of accumulated depreciation and accumulated impairment losses, if any.
- Their recoverable amount, i.e. the amount that will be recovered via the cash- generating units to which they belong or via their sale, capital appreciation or a combination of the two.

For items of property, plant and equipment and investment properties acquired in business combinations, acquisition cost equates to their fair value on the date that the Group obtained control, determined using appraisals carried out by independent experts, as detailed in section a) above.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is its carrying amount on the date of the change in use.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the reporting period in which they are derecognized.

In the event that management detects indications that these assets may be impaired, the corresponding impairment losses are recognized.

Borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost of the asset until such assets are commissioned. Extension, upgrade or improvement costs that represent an increase in productivity, capacity or efficiency or an extension in the useful life of assets are capitalized as an increase in the cost of the corresponding assets. Upkeep and maintenance costs are expensed in the year they are incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their respective useful lives, taking into consideration actual depreciation sustained through operation, usage and wear and tear, as follows: The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end.

DEPRECIATION RATES	
Buildings and other structures	1.0 to 3.0%
Plant and machinery	2.0 to 20%
Other fixtures, tools and furniture	8.0 to 25%
Other items of PP&E	5.5 to 25%

Assets acquired under finance lease agreements, i.e., when the Group assumes substantially all the risks and rewards incidental to ownership, are capitalized, recognizing the present value of the total lease liability in tandem. Lease payments are apportioned between finance charges and principal (reduction of the lease liability) so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets are depreciated on a straight-line basis over the useful life of the assets, using the rates shown above.

Operating lease payments are recognized as an operating expense in profit and loss on a straight-line basis over the lease term.

F) INTANGIBLE ASSETS (EXCLUDING GOODWILL AND GREENHOUSE GAS EMISSION ALLOWANCES)

Intangible assets are recognized at their acquisition or production cost, which is reviewed continually, and written down for impairment, as warranted, as described in note 3.h) below. Intangible assets with finite lives are amortized; their residual values, amortization periods and amortization methods are reviewed annually. The assets included under this heading are the following:

- **Development costs:** The costs incurred on specific projects for the development of new projects for sale or internal use that are reasonably certain to be recovered are capitalized and amortized on a straight-line basis over the period of expected future benefit from the date of completion.

  Recovery is regarded reasonably assured when it is considered technically feasible and the Group has the ability and intention to complete the asset and use it or sell it and it is expected to generate future economic benefits.

- **Trademarks, patents and licenses:** Capitalized development expenditure is recognized under this heading when the corresponding patent or similar protection is obtained. This heading also includes new trademarks or brand names acquired from third parties (recognized at their acquisition cost) and those acquired in business combinations (recognized at their fair value on the date control is obtained). Based on an analysis of all the relevant factors, the Group has determined that there is no foreseeable limit to the period of time for which its most significant trademarks will generate cash inflows for the Group, which is why it has classified them as intangible assets with indefinite useful lives. Nevertheless, it reviews its trademarks' indefinite useful life assessment every year.

  Those that are amortized are amortized over their estimated useful lives, which vary between 10 and 20 years.

- **Computer software:** Computer software includes the amounts paid for title to or the right to use computer programs and the costs incurred to develop software in-house, to the extent that the software is expected to be used for several years. Software is amortized on a straight-line basis over its useful life, which is usually around three years.

  Software maintenance expenses are expensed in the year incurred.

G) GOODWILL

Goodwill is the excess of the consideration transferred in exchange for control of a business and the acquisition-date fair value of the share of the net assets acquired, including the portion attributable to non-controlling interests, as detailed above. Goodwill in respect of investments in associates is recognized in the consolidated statement of financial position within 'Investments in associates', while any corresponding impairment losses are recognized under 'Share of profit of associates' in the consolidated statement of profit or loss.

When the price of a business combination includes contingent consideration, the acquisition price includes the present value of such contingent consideration.

Goodwill is not amortized but is tested for impairment annually. Any impairment of goodwill indicated by such tests is recognized immediately in profit or loss and cannot be reversed in subsequent years.

Similarly, gains from a bargain purchase are recognized in the consolidated statement of profit or loss once the Group has confirmed the fair value of the net assets acquired.

Whenever the Group disposes of a subsidiary or associate to which goodwill has been allocated, the amount of such goodwill is included in the carrying amount in order to determine the gain or loss on disposal.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill derecognized under these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

H) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group tests its assets for impairment every year.

If its impairment tests indicate that that an asset's recoverable amount is less than its carrying amount, the asset is written down to its recoverable amount by recognizing an impairment loss in the consolidated statement of profit or loss. An asset's recoverable amount is the higher of its realizable value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate.

If an asset being tested for impairment does not generate cash inflows that are largely independent of those from other assets or groups of assets, the impairment test is performed in respect of the group of assets to which it belongs (cash-generating unit or CGU).

The recoverable value of intangible assets with indefinite useful lives is reassessed annually (annual impairment test) or whenever there are indications that such assets may be impaired. The reversal of an asset impairment loss is recognized in the consolidated statement of profit or loss.

I) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets classified as held for sale and discontinued operations are measured at the lower of their acquisition cost and fair value less costs of disposal.

Assets are classified into this category when their carrying amount is expected to be realized through a sale transaction rather than through continuing use, the asset is available for immediate sale in its present condition and the sale is expected to qualify for recognition as a completed sale within one year.

J) FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

Financial assets are classified in accordance with how they are measured on the basis of the corresponding business model and the characteristics of the contractual cash flows. A financial asset is only reclassified from one category to another when there is a change in the business model used to manage the financial assets.

Financial asset acquisitions and disposals are recognized at the trade date, i.e., on the date the Group undertakes to acquire or sell the asset. Upon acquisition they are classified into one of the following categories:

a) **Financial assets at amortized cost**

These are non-derivative financial assets that are held in order to collect their contractual cash flows and those contractual cash flows represent solely payments of principal and interest. They are included in current assets, except for amounts maturing more than 12 months from the end of the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Interest income from these financial assets is recognized in finance income; any gain or loss arising on their derecognition and any impairment losses are recognized directly in profit and loss as they arise.

b) **Financial assets at fair value through profit or loss**

These are assets that are acquired for sale in the short term. Derivatives are included in this category unless they are designated as hedging instruments. These financial assets are initially recognized and subsequently measured at fair value and any changes in fair value are recognized in profit and loss as they arise.

Equity instruments classified into this category are recognized at fair value and any gain or loss arising from changes in their fair value or as a result of their sale are similarly recognized in profit and loss as they arise.

The fair values of quoted investments are based on quoted prices (fair value hierarchy level 1). The fair value of investments in unlisted entities is established using valuation techniques, which include the use of recent arm's length transactions between knowledgeable, willing parties, reference to other instruments that are substantially the same and discounted cash flow analysis (levels 2 and 3). In the event that the more recent information available is insufficient to measure fair value or there is a wide range of possible fair value measurements and cost represents the best estimate within that range, such investments are recognized at cost less any impairment losses.

c) **Equity instruments at fair value through other comprehensive income (FVOCI).**

These are investments in equity instruments which the Group has opted to irrevocably designate as at fair value through other comprehensive income upon initial recognition. They are recognized at fair value and any gains or losses arising from changes in their fair value are recognized in other comprehensive income, except for the dividends received from those investments, which are recognized in profit or loss when the right to receive payment is established. Accordingly, no impairment losses are recognized on these investments. Changes in their fair value are not recycled to profit and loss when they are sold.

The fair value measurements made in the accompanying consolidated financial statements are classified using a fair value hierarchy articulated around the relevance of the inputs used to make the corresponding measurements. The hierarchy categorizes the inputs used in valuation techniques into three levels:

- Level 1 inputs: Fair value measurements based on quoted prices in active markets for identical instruments. These measurements are based on quoted prices at the reporting date.
- Level 2 inputs: Fair value measurements based on inputs that are observable for the asset or liability. The fair value of financial assets included in this category is determined by using valuation techniques. Those valuation techniques maximize the use of available observable market-based inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to measure fair value are observable, the instrument is included in Level 2. If one or more of the significant inputs required to measure fair value are not observable market inputs, the instrument is included in Level 3.

– **Level 3 inputs:** Measurements based on inputs that are not based on observable market data.

Financial assets are derecognized when the contractual rights to the related cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the assets. If substantially all the risks and rewards have been retained, the financial asset is not derecognized; instead the Group recognizes a financial liability in the amount of any consideration received in exchange for the transfer.

Agreements for the transfer of account receivables are considered non-recourse factoring agreements if the risks and rewards of ownership of the receivables have been transferred substantially.

The financial asset impairment model is based on expected credit losses. The Group accounts for expected credit losses, and any changes therein, at every reporting date, to reflect changes in credit risk since the date of initial recognition without waiting for an impairment event to occur.

The Group applies the general expected loss approach for all its financial assets except for trade and other account receivable that do not contain a significant financing component; it applies the simplified approach for those qualifying assets.

Under the general approach, the Group recognizes the expected loss from a financial asset default on either a 12-month or lifetime basis, depending on whether there has been a significant increase in credit risk since initial recognition. Under the simplified approach, the Group recognizes a loss allowance from the outset based on lifetime expected credit losses using available information about past events (such as historical customer default rates), current conditions and forward-looking estimates (macroeconomic factors such as the outlook for GDP, unemployment, inflation, interest rates, etc.) that could affect the creditworthiness of its debtors.

Financial liabilities

a) Financial liabilities at amortized cost

Borrowings are initially recognized at fair value, less any transaction costs incurred. Any difference between the amount received and the redemption value is recognized in profit and loss over the borrowing repayment term using the effective interest method. These financial liabilities are subsequently measured at amortized cost.

In the event that a modification in the contractual terms of a liability at amortized cost does not result in its derecognition (a non-substantial modification), the contractual cash flows from the refinanced debt must be calculated using the original effective interest rate and any resulting modification gain or loss must be recognized in profit or loss on the date of the modification.

Borrowings are classified as current liabilities unless they mature more than 12 months from the reporting date or the Group is entitled to automatically roll them over.

Trade and other current accounts payable are financial liabilities and are initially recognized at fair value; they do not explicitly accrue interest and are recognized at their face value. Non-current borrowings are those due more than 12 months from the reporting date.

b) Financial liabilities at fair value through profit or loss

These are liabilities that are acquired for sale in the short term. Derivatives are included in this category unless they are designated as hedging instruments. These financial liabilities are initially recognized and subsequently measured at fair value and any changes in fair value are recognized in profit and loss as they arise.

K) DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

The Group uses certain financial derivatives to manage its exposure to movements in exchange and interest rates. All of these derivatives are measured at fair value, regardless of whether or not they are designated as hedges, their fair value being their market value in the case of listed instruments, and valuations based on option valuation models or discounted cash flow analysis in the case of unlisted instruments. The following criteria are used for recognition purposes:

- Cash flow hedges: the gains and losses derived from the restatement to fair value at the reporting date of derivatives designated as hedges, to the extent effective, are recognized directly in equity (net of tax) until the committed or forecast transaction is realized, at which point they are reclassified to profit or loss.

  Gains and losses on ineffective hedges are recognized directly in profit or loss.

- Hedges of a net investment in a foreign operation: the gains and losses derived from the measurement at fair value of these investments in respect of the portion of the hedge deemed effective are recognized, net of tax, directly in equity under 'Translation differences' and are reclassified to profit or loss when the hedged investment is disposed of. Gains and losses on ineffective hedges are recognized directly in profit or loss.

- Accounting treatment for financial derivatives not designated as hedges or not qualifying for hedge accounting: the gains and losses arising from the restatement to fair value of these financial instruments are recognized directly in the consolidated statement of profit or loss.

L) INVENTORIES

Inventories are measured at their weighted average acquisition or production cost.

The acquisition price includes the amount stated on the invoice plus all additional costs incurred until the goods are stored in the warehouse.

Production cost is determined by adding to the cost of acquiring raw materials and other consumables, manufacturing costs directly attributable to the product and the corresponding portion of indirect costs attributable to the product in question, to the extent such costs are incurred during the manufacturing period. If the selling price less estimated costs of completion and the estimated costs necessary to make the sale are less than the costs indicated above, the inventories are written down for impairment.

M) DEFERRED INCOME - GRANTS

The grants received by the Group are accounted for as follows:

a. **Non-repayable grants related to assets:** these grants are measured at the amount awarded and reclassified to profit and loss on a straight-line basis over a period of 10 years, which is roughly equivalent to the average period during which the assets financed by such grants are depreciated. They are presented on the liability side of the consolidated statement of financial position.

b. **Grants related to income:** when a grant relates to an item of expense, it is recognized as income in the period that the costs it is intended to compensate are expensed.

N) PENSION COMMITMENTS AND SIMILAR OBLIGATIONS

The Group manages several defined benefit and defined contribution pension plans. The cost of providing benefits under defined benefit plans is determined using the projected unit credit method.

The defined benefit commitment is calculated by independent actuarial experts annually for the most significant plans and regularly for the rest. The actuarial assumptions used to calculate the Group's obligations depend on each country's economic situation.

The various funds may be funded through an external fund or through internal provisions.

For defined benefit plans funded externally, any deficit in the fair value of the plan assets with respect to the present value of the obligation as a result of actuarial gains or losses is recognized directly in equity net of the related tax effect, and any changes in past service costs are recognized in profit or loss. A gain is only capitalized in respect of a surplus to the extent that it represents a future economic benefit, in the form of refunds from the plan or a reduction in future contributions.

Actuarial gains and losses arise mainly as a result of changes in actuarial assumptions or differences between estimated and actual variables.

In the case of defined benefit plans, the actuarial cost charged to the consolidated statement of profit or loss is the sum of the current service cost, interest cost, the expected return on any plan assets and the past service cost, while any material actuarial gains and losses are recognized directly in retained earnings within equity.

Contributions to defined contribution plans are charged to the consolidated statement of profit or loss when they are made.

Pursuant to the prevailing collective bargaining agreement and other non-binding agreements, Ebro Foods, S.A. is obliged to pay bonuses for long service to certain of its permanent employees upon retirement at the legally-stipulated age or early retirement.

In accordance with the prevailing collective bargaining agreements and other non- binding agreements, the Riviana Group (USA) and certain European Group companies are obliged to make annual supplementary payments of various kinds and other bonuses for long service and retirement, where applicable, to certain of their permanent employees upon retirement at the legally-stipulated age or early retirement.

The provision recognized represents the present value, calculated by means of actuarial studies, most of which performed by independent experts, of the future payment obligations of the companies concerned to their former and current employees in connection with the aforementioned retirement bonus obligations, net of the present value of the financial assets in which the related funds are invested. These plans are managed independently by a Management Committee made up of employees, executives and third parties.

In addition, certain Group companies grant their employees certain voluntary retirement bonuses of undetermined amount. Those bonuses, which are scantly material, are recognized as an expense when they are paid. The other Group companies do not have similar obligations or have obligations that are scantly material.

O) OTHER PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

They are measured at the year-end estimate of the amounts (at their present value) that will be required to discharge probable or certain liabilities arising as a result of lawsuits or other outstanding obligations.

If an outflow of resources is considered possible but not probable, the Group does not recognize a provision but discloses the nature of said contingent liability in the notes to the annual consolidated financial statements.

Restructuring provisions are recognized only when the Group has a constructive obligation, which is deemed to exist when a detailed formal plan identifies the business concerned, the locations affected, the function and number of employees who will be compensated for terminating their services, a detailed estimate of the associated costs, and when it will be implemented, and a valid expectation has been raised among those affected that the restructuring will be carried out because the plan has started to be implemented or because the main features of the plan have been announced to those affected by it. Those provisions are estimated on the basis of their economic substance and not just their legal form.

P) INCOME TAX

Current tax expense is recognized in the consolidated statement of profit or loss, except for current income tax relating to items recognized directly in equity, the tax effect of which is recognized in equity.

Deferred tax is provided using the liability method. Under this method, deferred tax assets and liabilities are recognized on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities that arise from items recognized in equity are directly credited to or charged against equity. Deferred tax assets and unused tax credits are recognized to the extent that it is probable that sufficient taxable profit will be available to allow the benefit to be utilized and they are written down if this expectation changes. Deferred tax liabilities associated with investments in subsidiaries and associates are not recognized unless the Parent has the power to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Q) RECOGNITION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue and expenses are recognized on an accrual basis. Revenue from contracts with customers is the gross inflow of economic benefits during the period arising in the course of the Group's ordinary activities insofar as those inflows result in increases in equity, other than increases relating to contributions from equity participants, and the benefits can be measured reliably. Revenue from contracts with customers is measured at the fair value of the consideration received or receivable.

Revenue from services is only recognized when the outcome of a transaction involving the rendering of services can be estimated reliably and is recognized by reference to the stage of completion of the transaction at the end of the reporting period. Revenue from contracts with customers includes only the gross inflows of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties, such as in an agency relationship, are not recognized as revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

The Group recognizes non-financial asset purchase or sale agreements settled at the net amount in cash or through some other financial instrument at their net amount. Agreements entered into and held for the purpose of receiving or delivering such non- financial assets are recognized in accordance with the contractual terms of the purchase, sale or expected usage requirements.

Interest income is recognized using the effective interest method, by reference to the principal outstanding and the applicable effective interest rate.

R) ENVIRONMENTAL DISCLOSURES

Expenditure incurred under initiatives taken or that have to be undertaken to manage the environmental effects of the Group's business operations and that deriving from environmental commitments are considered environmental expenses.

Capitalized assets acquired or produced by the Group for the purpose of long-lasting use in its business operations and whose main purpose is to minimize environmental damages and/or enhance environmental protection, including assets intended to make the Group's operations less contaminating, are considered environmental assets. Those assets are accounted for using the same criteria as items of property, plant and equipment.

S) GREENHOUSE GAS EMISSION ALLOWANCES

The Group recognizes its greenhouse gas emission allowances as intangible assets with an infinite useful life. Allowances received for free under the various national allocation plans are measured at their fair value at the time of receipt and a deferred income balance is recognized in the same amount.

Since 2013 the Group is no longer obliged to meet allowance requirements and will therefore not be allocated additional free allowances.

T) OWN SHARES

Own equity instruments that are reacquired (own shares or treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

U) NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The measurement standards (accounting policies) applied in preparing the accompanying consolidated financial statements are consistent with those used to prepare the 2017 consolidated financial statements with the exception of the following new and amended standards and interpretations (none of which has been early adopted by the Ebro Group):

1) Standards and amendments published by the International Accounting Standards Board (IASB) and adopted by the European Union for application in Europe for annual periods beginning on or after January 1, 2018:

   The Group has applied IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments for the first time in these consolidated financial statements. Other new and amended standards are also applicable for the first time in 2018 but have not had an impact on the accompanying consolidated financial statements.

IFRS 9 Financial instruments

In July 2014, the IASB published the final version of IFRS 9 Financial instruments, which replaces IAS 39 Financial instruments: measurement and classification and all prior versions of IFRS 9. This standard consolidates the three phases of the financial instrument project: classification and measurement, impairment and hedge accounting. IFRS 9 is applicable for annual periods beginning on or after January 1, 2018.

Except for hedge accounting, IFRS 9 must be applied retrospectively (the Group availed of the exemptions from full retrospective application). The new hedge accounting requirements are generally applicable prospectively, with some limited exceptions.

The Group adopted the new standard on the required application date and has not restated the comparative information. In 2017 and 2018, the Group evaluated the impact of the three key aspects of IFRS 9. In general, first-time adoption of IFRS 9 has not had a significant impact on the Group in terms of the classification and measurement of its financial instruments on its statement of financial position or on its net debt or equity position; the only impact has been as a result of the application of the new impairment testing requirements. The Group had to recognize an increase in impairment losses, which had a small negative impact on equity, as outlined below:

The impact of adoption of IFRS 9 (recognized at January 1, 2018) (increase / (decrease)) was as follows:

NON-CURRENT ASSETS	**(6,065)**
Non-current financial assets	(9,031)
Deferred tax assets	2,966
CURRENT ASSETS	**(2,783)**
Trade and other receivables	(2,783)
TOTAL ASSETS	**(8,848)**
EQUITY	**(8,848)**
Unrestricted reserves (retained earnings)	(8,848)
TOTAL LIABILITIES	**(8,848)**

(000€)

(a) Classification and measurement

The Group initially recognizes its financial assets at fair value, which coincides, generally, with their acquisition cost, adjusted for any transaction costs, except for financial assets at fair value through profit or loss, for which transaction costs are recognized directly in profit and loss.

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, at amortized cost or at fair value through other comprehensive income. Classification is based on two criteria: (i) whether the Group's business model for realizing the assets is to hold them to collect the contractual cash flows or to achieve an objective by both collecting the contractual cash flows and selling the assets (the 'business model' test); and (ii) whether the contractual cash flows represent "solely payment of principal and interest" (the 'SPPI' test).

The business model test was performed as of the date of first-time application, i.e., January 1, 2018, and was then applied retrospectively to the financial assets that had not been derecognized prior to that date. The SPPI test was determined on the basis of the facts and circumstances existing at the time of initial recognition of the instruments.

The new classification and measurement requirements under IFRS 9 have not affected the Group's net debt or equity. The Group does not currently have material amounts of financial assets at fair value and it expects to be able to continue to measure those that it does in this manner.

The Group does not currently have significant investments in the shares of other entities that it expects to hold without their forming part of its held-for-trading portfolio; however, if it did, it would avail of the option of presenting any changes in their fair value in other comprehensive income without recycling to profit or loss and it believes that application of IFRS 9 will not have a significant impact on it in this respect.

Its loans and receivables (current and non-current) are held to collect their contractual cash flows, which are expected consist solely of payments of principal and interest. The Group analyzed the characteristics of the cash flows from these instruments and concluded that they meet the criteria for measurement at amortized cost under IFRS 9. As a result, it does not have to reclassify these instruments.

The accounting treatment of the Group's financial liabilities is largely the same as in IAS 39 so that application of IFRS 9 has not had a significant impact on these instruments.

(b) Impairment

Adoption of IFRS 9 has changed the way the Group accounts for impairment losses on its financial assets; specifically it has replaced the incurred loss model prescribed under IAS 39 with an expected credit loss approach.

Expected credit losses are based on the difference between the cash flows due as per the terms of the contract and all of the cash flows the Group expects to collect. The shortfall is discounted at the asset's original effective interest rate.

For trade and other receivables, the so-called 'simplified approach' is used to estimate impairment losses; under this approach it recognizes a loss allowance based on lifetime expected credit losses at initial recognition. The Group has established a 'provision matrix' for calculating expected losses for trade receivables based on its historical default rates, adjusted for forward-looking estimates for its debtors and the economic environment.

For its other financial assets (essentially loans), the Group has used the general approach, which is based on evidence of the impairment of the credit quality of its assets. For assets presenting no evidence of impairment, it recognizes losses based on expected credit losses during the next 12 months. When there has been a significant increase in credit risk since initial recognition, expected lifetime credit losses are recognized instead.

In general, the Group deems a financial asset to be in default when a contractual payment is late by between 30 and 60 days (depending on the country). However, in certain instances, the Group may also consider a financial asset to be non- performing when internal or external information suggests that it is unlikely that the Group will receive the outstanding contractual amounts in full.

Adoption of the IFRS 9 impairment recognition requirements has increased the credit loss allowances recognized by the Group for its debt instruments. The increase in impairment losses has given rise to the following adjustments: trade and other receivables were decreased by 2,783 thousand euros; non-current financial assets were decreased by 9,031 thousand euros; and reserves were decreased by 11,814 thousand euros (8,848 thousand euros net of the related tax effect).

IFRS 15 Revenue from contracts with customers

IFRS 15 was published in May 2014 and amended in April 2016 and establishes a new five-step model applicable to the recognition of revenue from contracts with customers. Under IFRS 15, revenue must be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

This standard repeals all prior revenue recognition related standards. IFRS 15 must be adopted using either a fully or modified retrospective approach. The standard is effective for annual periods beginning on or after January 1, 2018. The Group adopted the new standard on the required date of effectiveness (availing of the exemptions from full retrospective application). In 2017 and 2018, the Group assessed the impact of first-time application of IFRS 15 and did not detect significant impacts. The Group has not had to recognize significant changes in its revenue or a significant impact on its statement of financial position or equity.

The Group's core business is the sale of food products to end consumers and the supply of food-related raw materials to third parties. The new standard has not had an impact on the Group's profits from contracts with customers under which the sale of finished food products and food-related raw materials is generally the only contractual obligation. Revenue is recognized when control of the asset is transferred to the customer, which is customarily when the goods are delivered.

2) At the date of authorizing the accompanying consolidated financial statements for issue, the following new and amended standards and interpretations have been published but are either effective for reporting periods beginning after December 31, 2018 or are still pending adoption by the European Union. None of these standards has been early adopted by the Group.

NEW OR AMENDED STANDARD OR INTERPRETATION	DATE OF ADOPTION BY THE EU	DATE OF APPLICATION IN THE EU	DATE OF APPLICATION BY THE IASB
IFRS 16 *Leases*	October 2017	January 1, 2019	January 1, 2019
IFRS 17 *Insurance contracts*	Pending	Pending	January 1, 2021
IFRIC 23 *Uncertainty over income tax treatments*	October 2018	January 1, 2019	January 1, 2019
Annual Improvements to IFRSs, 2015- 2017 Cycle	Pending	Pending	January 1, 2019
Amendments to IAS 19 *Plan amendment, curtailment or settlement*	Pending	Pending	January 1, 2019
Amendments to IAS 28 *Long-term interests in associates and joint ventures*	Pending	Pending	January 1, 2019
Amendments to IFRS 9 *Prepayment features with negative compensation*	March 2018	January 1, 2019	January 1, 2019
Revised Conceptual Framework for Financial Reporting	Pending	Pending	January 1, 2020

Although the Group is still in the process of analyzing their impact, based on the analysis performed to date, it estimates that their first-time application will not in general have an impact on its consolidated financial statements. However, the following new standard is expected to imply certain impacts, albeit without materially changing the consolidated financial statements:

IFRS 16 Leases

IFRS 16 was issued in January 2016. It replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - Incentives and SIC-27 Evaluating the substance of transaction in the legal form of a lease.

IFRS 16 establishes the rules for recognizing, measuring and presenting leases and the related disclosure requirements. It requires that all leases be accounted for using a single balance sheet model similar to that prescribed for finance leases under IAS 17. The new standard provides two lease recognition exceptions for lessees: (i) leases of low-value assets (e.g., personal computers); and (ii) short-term leases (i.e., leases with a term of 12 months of less).

On the lease inception date, the lessor has to recognize a liability for the payments to be made under the lease (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees must recognize the interest corresponding to the lease liability and the expense associated with amortization of the right of use separately.

Lessees are also obliged to reassess the lease liability if certain events occur (such as a change in the lease term, a change in future lease payments or a change in the index or rate used to determine those payments). The amount of any such restatements will generally be recognized by the lessee by adjusting the right-of-use asset.

Lease accounting by lessors under IFRS 16 is not substantially different from the model currently prescribed under IAS 17. Lessors will continue to classify their leases using the same classification criteria as in IAS 17 and will recognize two classes of lease: operating and finance leases.

IFRS 16 also requires lessees and lessors to provide more extensive disclosures than under IAS 17. IFRS 16 is effective in annual periods beginning on or after January 1, 2019. Lessees may choose between a full or modified retrospective transition approach. The standard provides certain transition relief.

In 2018, the Group virtually completed its analysis of the effects and impacts of this new standard on its consolidated financial statements. The Group plans to apply IFRS availing of the (i) modified retrospective transition approach; and (ii) exceptions for short-term and low-value (under 5 thousand euros) leases. The new standard mainly affects our businesses in Spain, France, Italy and the US, specifically the land and buildings housing some of its factories, offices and equipment. The discount rates applied vary by business from 1% to 3.5%. The main impacts of first-time application of IFRS 16:

- At January 1, 2019, the Group will adjust both property, plant and equipment and financial liabilities, increasing both by around 55 million euros (the present value of the right-of-use assets representing the entitlement to use the underlying assets and a lease liability representing the lease payment obligations). That sum is equivalent to 1.4% of total consolidated assets.
- In 2019, application of IFRS 16 will imply the following impacts on profit and loss compared to 2018: a decrease in lease expenses (other operating expenses) of around 12 million euros; an increase in depreciation charges of around 11.5 million euros; and an increase in finance costs of approximately 1 million euros.

4. SUBSIDIARIES AND ASSOCIATES

Ebro Foods, S.A. has the following direct and indirect investments in subsidiaries and associates:

SUBSIDIARIES AND ASSOCIATES

	OWNERSHIP INTEREST, %		PARENT COMPANY		REGISTERED OFFICE	BUSINESS ACTIVITY
	12-31-18	12-31-17	12-31-18	12-31-17		
Dosbio 2010, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Flour production
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Agricultural holding
Arotz Foods, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Production of canned vegetables
Jiloca Industrial, S.A.	100.0%	100.0%	EF	EF	Teruel (Spain)	Production of organic fertilizer
Beira Terrace, Ltda.	100.0%	100.0%	EF	EF	Porto (Portugal)	Real estate (dormant)
Riviana Foods Inc. (Group) (Riviana)	100.0%	100.0%	EF	EF	Houston, Texas (US)	Production and sale of rice and pasta
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EF	EF	Lyon (France)	Production and sale of pasta and sauces
Ebro Germany, Gmbh. (Group) (EFG)	100.0%	100.0%	EF/Boost	EF/Boost	Hamburg (Germany)	Holdco
Ebro Alimentación México, S.A.	100.0%	100.0%	EF	EF	Mexico	Sale and marketing of rice
Networks Meal Solutions, S.A. (NMS)	-	100.0%	-	EF	Madrid (Spain)	Liquidated in 2018
JJ. Software de Medicina, S.A.**(A)**	-	26.8%	-	NMS	Madrid (Spain)	Liquidated in 2018
Fundación Ebro Foods	100.0%	100.0%	EF	EF	Madrid (Spain)	Foundation
Ebro Financial Corporate Services, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Insurance and finance
Herba Foods S.L. (HF)	100.0%	100.0%	EF	EF	Madrid (Spain)	Investment management
Herba Ricemills S.L (HR)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Herba Nutrición S.L (HN)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Semola, S.r.l. (SEM)	100.0%	100.0%	EF	EF	Naples (Italy)	Investment management
Riso Scotti, S.p.a. (Group) **(A)**	40.0%	40.0%	EF	EF	Milan (Italy)	Production and sale of rice
Geovita, S.r.l. **(B)**	52.0%	52.0%	EF	EF	Vercelli (Italy)	Production and sale of pulses
Santa Rita Harinas, S.L. **(B)**	52.0%	52.0%	EF	EF	Guadalajara (Spain)	Production and sale of flour
Fallera Nutrición, S. L.	100.0%	100.0%	HN	HN	Valencia (Spain)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	EFG	EFG	Hamburg (Germany)	Trademark holdco
Euryza, Gmbh.	100.0%	100.0%	EFG	EFG	Hamburg (Germany)	Sale and marketing of rice
Transimpex, Gmbh **(B)**	55.0%	55.0%	EFG	EFG	Hamburg (Germany)	Sale and marketing of rice
T.A.G. Nahrungsmittel Gmbh.	100.0%	100.0%	EFG	EFG	Stuttgart (Germany)	Dormant
Bertolini Import Export Gmbh.	100.0%	100.0%	EFG	EFG	Mannheim (Germany)	Dormant
Ebro Frost Holding, Gmbh (Efrost)	55.0%	55.0%	HF	HF	Munich (Germany)	Investment management
Ebro Frost Denmark, AS.	100.0%	100.0%	Efrost	Efrost	Orbaek (Denmark)	Production and sale of rice and pasta
Ebro Frost Germany, Gmbh.	100.0%	100.0%	Efrost	Efrost	Munich (Germany)	Production and sale of rice and pasta
Ebro Frost UK, Ltd.	100.0%	100.0%	Efrost	Efrost	London (UK)	Production and sale of rice and pasta
Ebro Frost ENA, Inc.	100.0%	100.0%	Efrost	Efrost	Houston (US)	Production and sale of rice and pasta

SUBSIDIARIES AND ASSOCIATES

	OWNERSHIP INTEREST, %		PARENT COMPANY		REGISTERED OFFICE	BUSINESS ACTIVITY
	12-31-18	12-31-17	12-31-18	12-31-17		
S&B Herba Foods, Ltda. (Group)	100.0%	100.0%	HF/R. Int.	HF/R. Int.	London (UK)	Production and sale of rice
Riceland Magyarorszag, KFT.	100.0%	100.0%	HF/EF	HF/EF	Budapest (Hungary)	Sale and marketing of rice
Boost Nutrition C.V. (Boost)	100.0%	100.0%	HF / NC	HF / NC	Merksem (Belgium)	Production and sale of rice
Mundi Riso S.R.L.	100.0%	100.0%	HF	HF	Vercelli (Italy)	Production and sale of rice
Mundi Riz, S.A. (MR)	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and sale of rice
Agromeruan, S.A.	100.0%	100.0%	MR	MR	Larache (Morocco)	Farmland concessionaire
Rivera del Arroz, S.A.	100.0%	100.0%	MR	MR	Larache (Morocco)	Rice farming
Katania Magrheb, S.A.R.L	100.0%	100.0%	MR	MR	Larache (Morocco)	Sale and marketing of rice
Arrozeíras Mundiarroz, S.A.	100.0%	100.0%	HF	HF	Lisbon (Portugal)	Production and sale of rice
Josep Heap Properties, Ltda.	100.0%	100.0%	HF	HF	Liverpool (UK)	Investment management
Risella OY	100.0%	100.0%	HF	HF	Helsinki (Finland)	Sale and marketing of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	HF	Warsaw (Poland)	Sale and marketing of rice
Herba Bangkok, S.L. (Group) (HB)	100.0%	100.0%	HF	HF	Bangkok (Thailand)	Production and sale of rice
Herba Cambodia CO, Ltd	100.0%	100.0%	HB	HB	Cambodia	Sale and marketing of rice
Herba Egipto Rice Mills, S.A.E.	100.0%	100.0%	HF	HF	Cairo (Egypt)	Production and sale of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	HF	Romania	Sale and marketing of rice
Ebro India, Ltda.	100.0%	100.0%	HF	HF	New Delhi (India)	Production and sale of rice
Ebrosur, S.R.L.	100.0%	100.0%	HF	HF	Argentina	Sale and marketing of rice
TBA Suntra UK, Ltd. (B)	75.5%	75.5%	HF	HF	Goole (UK)	In liquidation
Ebro Rice Handling, S.A.	100.0%	100.0%	HF	HF	Merksem (Belgium)	Logistics
La Loma Alimentos, S.A.	100.0%	-	HF	-	Argentina	Production and sale of rice
Neofarms Bio, S.A.	60.0%	-	HF	-	Argentina	Sale and marketing of rice
Ebro Foods Netherland, B.V. (EFN)	100.0%	100.0%	HF	HF	Amsterdam (Netherlands)	Investment management
Lassie Netherland, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Production and sale of rice
Lassie, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations
Lassie Property, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations
Herba Ingredients, B.V. (Grupo) (HI) **(B)**	80.0%	80.0%	EFN/HF	EFN/HF	Amsterdam (Netherlands)	Holdco and sale of rice
Mediterranean Foods Label, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Nutramas, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Nutrial, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Pronatur, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Vitasan, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Yofres, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Herba Trading, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Formalac, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Eurodairy, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Española de I+D, S.A.	100.0%	100.0%	HR	HR	Valencia (Spain)	New product development and commercialization

SUBSIDIARIES AND ASSOCIATES

	OWNERSHIP INTEREST, %		PARENT COMPANY		REGISTERED OFFICE	BUSINESS ACTIVITY
	12-31-18	12-31-17	12-31-18	12-31-17		
Riviana International Inc. (R. Int.)	100.0%	100.0%	Riviana	Riviana	Houston (US)	Investment management
Ebro Riviana de Guatemala, S.L.	100.0%	100.0%	R. Int.	R. Int.	Guatemala	Investment management
Ebro de Costa Rica, S.L.	100.0%	100.0%	R. Int.	R. Int.	San José (Costa Rica)	Investment management
R&R Partnership (A)	50.0%	50.0%	Riviana	Riviana	Houston (US)	Production and sale of rice
N&C Boost N.V. (N.C. Boost)	100.0%	100.0%	R. Int.	R. Int.	Antwerp (Belgium)	Investment management
Les Traiteurs Lyonnais (LTL)	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Investment management
Lustucru Riz	99.9%	99.9%	LTL	LTL	Lyon (France)	In liquidation
Lustucru Frais	100.0%	100.0%	LTL	LTL	Lyon (France)	Production and sale of food
Roland Monterrat, SAS	100.0%	100.0%	LTL	LTL	Lyon (France)	Production and sale of flour and semolina
Alimentation Sante (AS)	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Investment management
Celnat, S.A.	100.0%	100.0%	AS	AS	Lyon (France)	Production and sale of food
Vegetalia, S.A. & Satoki, S.L.	100.0%	100.0%	AS	AS	Barcelona (Spain)	Production and sale of food
Panzani Development, S.A.	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Investment management
S.F.C. Silo de la Madrague, SAS	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Industrial operations
S.F.C. d'Investissements, SAS	100.0%	100.0%	Panzani	Panzani	Marseilles (France)	Industrial operations
Bertagni, Spa. (Bertagni) **(B)**	70.0%	-	LTL	-	Verona (Italy)	Production and sale of pasta
Bertagni USA, Inc.	70.0%	-	Bertagni	-	New York (US)	Sale and marketing of pasta
Bertagni UK, Ltd.	56.0%	-	Bertagni	-	London (UK)	Sale and marketing of pasta
TBA Suntra Beheer, B.V. (Group)	100.0%	100.0%	HI	HI	Netherlands and Belgium	Production and sale of rice
Herba Ingredients, BVBA	100.0%	100.0%	HI	HI	Belgium	Industrial operations
Herba Ingredients Belgium B, BVBA	100.0%	100.0%	HI	HI	Belgium	Industrial operations
Herba Ingredients Belgium C, BVBA	100.0%	100.0%	HI	HI	Belgium	Industrial operations
Herba Ingredients Netherlands, BV	100.0%	100.0%	HI	HI	Netherlands	Industrial operations
Euro Rice Flour, BV	100.0%	100.0%	HI	HI	Netherlands	Dormant
Pastificio Lucio Garofalo, Spa. (GAROF) **(B)**	52.0%	52.0%	SEM	SEM	Naples (Italy)	Production and sale of pasta
Garofalo Nordic, AB.	100.0%	100.0%	GAROF	GAROF	Sweden	Sale and marketing of pasta
Garofalo USA, Inc.	100.0%	100.0%	GAROF	GAROF	New York (US)	Sale and marketing of pasta
Garleb, SAL.	70.0%	70.0%	GAROF	GAROF	Lebanon	Sale and marketing of pasta
Catelly Corp. (Ronzoni)	100.0%	100.0%	NWP	NWP	Montreal (Canada)	Production and sale of pasta and sauces
Garofalo France, S.A.	100.0%	100.0%	Garof/Panzani	Garof/Panzani	Lyon (France)	Sale and marketing of pasta and sauces

(A) Associates consolidated using the equity method
(B) Companies fully consolidated due to the existence of a commitment to acquire the rest of these investees' equity (for a description of these commitments, refer to note 22).

None of the subsidiaries or associates is publicly traded. The financial statements of all of the companies consolidated by the Group correspond to the same financial year-end, namely December 31, 2018 and 2017.

5. SIGNIFICANT TRANSACTIONS (BUSINESS COMBINATIONS, DISPOSALS, ETC.) CLOSED IN 2018 AND 2017 AND IMPACT ON COMPARABILITY

5.1 BUSINESS COMBINATIONS OF ENTITIES UNDER COMMON CONTROL IN 2018

There were no internal restructuring transactions in 2018.

5.2 BUSINESS COMBINATIONS OF ENTITIES UNDER COMMON CONTROL IN 2017

In December 2016, the Group merged several US-resident companies with the aim of simplifying and streamlining its structure in that market (Ebro North America) and reducing costs. That reorganization, which culminated in the merger of the Group's two main North American subsidiaries (Riviana Foods, Inc. and New World Pasta, Inc., the latter merging into the former) was structured as a tax-free reorganization in the US; the equivalent tax-neutral regime was availed of in Spain (specifically the regime provided for in Chapter VII of Title VII of Spain's Corporate Income Tax Act (Law 27/2014)). The merger took effect for legal and financial purposes from January 1, 2017. Ebro Foods, S.A. owned 100% of both companies (directly and indirectly), a percentage that has not changed since the merger.

5.3 THIRD-PARTY BUSINESS COMBINATIONS UNDERTAKEN IN 2018 AND 2017 AND IMPACT ON COMPARABILITY. CHANGES IN CONSOLIDATION SCOPE:

The most significant changes in the Group's consolidation scope in 2018 are outlined below:

ANIES ADDED TO THE CONSOLIDATION SCOPE IN 2018:

COMPANY AFFECTED	SUBGROUP	%	COMMENTS
Bertagni Group (Italy)	Pasta	70%	Acquisition of 70% of this business
La Loma Alimentos, S.A. (Argentina)	Rice	100%	Acquisition of 100% of this business
Neofarm Bio, S.A. (Argentina)	Rice	60%	Incorporation of this company

COMPANIES REMOVED FROM THE CONSOLIDATION SCOPE AND CHANGES IN SHAREHOLDINGS IN 2018:

COMPANY AFFECTED	SUBGROUP	%	COMMENTS
Networks Meal Solutions, S.A.	Other	100%	Liquidation of this company
JJ. Software de Medicina, S.A.	Other	26.8%	Liquidation of this company

Acquisition of the Bertagni Group

On March 29, 2018, through the Panzani Group and Pastificio Lucio Garofalo, S.p.A., the Group acquired 70% of Italy's Bertagni 1882, S.p.A ("Bertagni"). Bertagni, with factories in Vicenza and Alvio (Italy) and a headcount of 275, is known as the oldest filled pasta brand in Italy. An expert in the production of fresh pasta in the premium segment, it boasts deep know-how and a terrific portfolio of products. In 2017, it generated revenue of over 70 million euros, over 90% of which outside of Italy.

The Group's investment totaled 96.5 million euros. The acquisition was financed using a mix of equity and debt. In addition, there is a put option over the remaining 30% (exercisable by the other shareholders over a 10-year period from April 2022). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature.

The date on which the Group took effective control of this business - and the date of its first-time consolidation - was April 1, 2018. The fair values of the assets acquired are shown in the summary table provided further below.

Acquisition of La Loma Alimentos, S.A.

On August 1, 2018, through Herba Foods, S.L. and Herba Ricemills, S.L., the Group acquired 100% of La Loma Alimentos, S.A. (La Loma) of Argentina. La Loma has a rice mill in the state of Concordia-Entre Ríos (Argentina) and a headcount of 35. This acquisition is expected to facilitate the procurement of organic and non-organic rice.

The business was acquired for 4,882 thousand euros. The acquisition was financed from own funds. The date on which the Group took effective control of this business - and the date of its first-time consolidation - was September 1, 2018. The fair values of the assets acquired are summarized below.

	BERTAGNI	LA LOMA	
	DATE OF FIRST-TIME CONSOLIDATION		
	APRIL 1, 2018	SEPT. 1, 2018	TOTAL
	FAIR VALUE	FAIR VALUE	FAIR VALUE
Intangible assets	3,597	0	3,597
Property, plant and equipment	27,193	4,965	32,158
Financial assets	91	0	91
Deferred tax assets	674	0	674
Inventories	6,510	2,083	8,593
Cash	2,230	164	2,394
Other current assets	13,807	1,520	15,327
TOTAL ASSETS	54,102	8,732	62,834
Provisions for pensions and similar obligations	367	0	367
Other provisions	1,085	0	1,085
Deferred tax liabilities	2,790	0	2,790
Current financial liabilities	12,742	2,567	15,309
Trade payables	11,000	1,181	12,181
Other current liabilities	4,510	102	4,612
TOTAL LIABILITIES	32,494	3,850	36,344
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	21,608	4,882	26,490
Goodwill arising on acquisition	116,242	0	116,242
PURCHASE CONSIDERATION TRANSFERRED	137,850	4,882	142,732
Non-controlling interests	41,355	0	41,355
Financed with financial liabilities and cash	96,495	4,882	101,377
PURCHASE CONSIDERATION TRANSFERRED	137,850	4,882	142,732
Net cash (debt) acquired with the subsidiary	(10,512)	(2,403)	(12,915)
Revenue since the acquisition date	61,405	2,384	63,789
Net profit contribution since the acquisition date	5,017	360	5,377
Revenue since January 1 **(a)**	80,700	10,707	91,407
NET PROFIT CONTRIBUTION SINCE JANUARY 1 (A)	**6,000**	**470**	**6,470**

(000€)

(a) Estimate as if the businesses had been acquired on January 1, 2018

The Group expects to conclude the process of valuing and analyzing the assets acquired in the course of 2018 in order to determine the definitive fair value of the net assets acquired as of the date of first-time consolidation by the Ebro Group in the coming months.

The goodwill generated represents the future economic benefits the Ebro Group expects to obtain as a result, mainly, of the synergies implied by integration of these businesses into its supply, logistics, industrial, sales and human resources platforms.

There were no other significant changes in the Group's scope of consolidation in 2018.

The most significant changes in the Group's consolidation scope in 2017 are outlined below:

COMPANIES ADDED TO THE CONSOLIDATION SCOPE IN 2017:

COMPANY AFFECTED	SUBGROUP	%	COMMENTS
Vegetalia Group	Pasta	100%	Acquisition of 100% of this business
Geovita Group	Rice	52%	Acquisition of 52% of this business
Transimpex, GmbH.	Rice	55%	Acquisition of 52% of this business

COMPANIES REMOVED FROM THE CONSOLIDATION SCOPE AND CHANGES IN SHAREHOLDINGS IN 2017:

COMPANY AFFECTED	SUBGROUP	%	COMMENTS
New World Pasta, Inc.	Pasta	100%	Merger into Riviana (note 5.2)
American Rice, Inc.	Rice	100%	Merger into Riviana (note 5.2)

Acquisition of Vegetalia, S.A. and Satoki, S.L.

In January 2017, the Group acquired 100% of the share capital of Vegetalia, S.L. and Corporacio Alimentaria Satoki, S.L. (together, "Vegetalia") through its French subsidiary Alimentation Sante. The chain of restaurants operated under the Vegetalia trademark was carved out from the scope of the transaction. Vegetalia is based in Castellcir (Barcelona) and it employs over 80 people at its complex. It also grows organic vegetables on around 70 hectares which it then consumes to make its products.

The Group's investment totaled 14.7 million euros. The acquisition was financed using a mix of own funds and borrowings. The Group took effective control of this business on January 1, 2017, which was also the date of its first-time consolidation. The fair values of the assets acquired are shown in the summary table presented at the end of this note.

Acquisition of Geovita of Italy

In July 2017, the Group acquired 52% of the share capital of the Geovita Group of Italy, whose parent company is Geovita Functional Ingredients, S.r.l.: The Geovita Group is a leading producer and seller of pulses, rice and fast-cooking grains and offers highly- innovative solutions.

The Group paid 20,000 thousand euros for its 52% interest, 16,500 thousand euros of which was paid in 2017; payment of the remaining 3,500 thousand euros is subject to delivery of certain targets between 2017 and 2019. The acquisition was financed from own funds. The Group took effective control of this business on August 1, 2017, which was also the date of its first-time consolidation. The fair values of the assets acquired are shown in the summary table presented at the end of this note.

In addition, it has arranged a call option over the remaining 48% (exercisable by the other shareholder over a 10-year period from July 2021). The price of this option will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature.

Acquisition of Transimpex of Germany

In September 2017, through its wholly-owned German subsidiary, Ebro Foods, Gmbh., the Company directly acquired 55% of Germany's Transimpex, mbH., also committing to acquire the outstanding 45%. This company is devoted to the production and sale of rice and pulses, mainly in Europe.

The total investment for 100% of Transimpex amounted to 23,622 thousand euros, of which 9,361 thousand euros was paid in 2017. The Group has committed to pay the outstanding 14,261 thousand euros three years from the close, by September 30, 2020 (note 22), from which date the sellers are free to exercise their put option at the amount of the agreed deferred consideration plus 45% of retained earnings since January 1, 2018. The acquisition was financed from own funds. The Group took effective control of this business on October 1, 2017, which was also the date of its first-time consolidation.

The estimated fair value of the net assets acquired in the business combinations closed in 2017 is shown in the table below.

	VEGETALIA	GEOVITA	TRANSIMPEX	
	DATE OF FIRST-TIME CONSOLIDATION			
	JAN 1, 2017	AUG. 1, 2017	OCT. 1, 2017	TOTAL
	FAIR VALUE	FAIR VALUE	FAIR VALUE	FAIR VALUE
Intangible assets	3,714	6,849	87	10,650
Property, plant and equipment	1,837	18,076	742	20,655
Financial assets	24	0	0	24
Deferred tax assets	0	256	0	256
Inventories	791	5,298	4,216	10,305
Other current assets	2,482	8,621	9,347	20,450
TOTAL ASSETS	**8,848**	**39,100**	**14,392**	**62,340**
Deferred income	93	0	0	93
Provisions for pensions and similar obligations	0	1,039	1,216	2,255
Other provisions	0	14	0	14
Non-current financial liabilities	579	5,275	0	5,854
Deferred tax liabilities	791	4,177	0	4,968
Current financial liabilities	768	7,146	0	7,914
Trade payables	1,054	7,244	4,062	12,360
Other current liabilities	129	2,137	259	2,525
TOTAL LIABILITIES	**3,414**	**27,032**	**5,537**	**35,983**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**5,434**	**12,068**	**8,855**	**26,357**
Goodwill arising on acquisition	9,277	26,394	14,767	50,438
PURCHASE CONSIDERATION TRANSFERRED	**14,711**	**38,462**	**23,622**	**76,795**
Non-controlling interests	0	18,462	0	18,462
Financed with financial liabilities and cash	14,711	20,000	23,622	58,333
PURCHASE CONSIDERATION TRANSFERRED	**14,711**	**38,462**	**23,622**	**76,795**
Net cash (debt) acquired with the subsidiary	(249)	(11,470)	2,072	(9,647)
Revenue since the acquisition date	11,963	17,722	13,584	43,269
Net profit contribution since the acquisition date	834	661	740	2,235
Revenue since January 1 **(a)**	11,963	46,500	50,900	109,363
NET PROFIT CONTRIBUTION SINCE JANUARY 1 (A)	**834**	**2,200**	**2,500**	**5,534**

(000€)

(a) Estimate as if the businesses had been acquired on January 1, 2017

The goodwill generated represents the future economic benefits the Ebro Group expects to obtain as a result, mainly, of the synergies implied by integration of these businesses into its supply, logistics, industrial, sales and human resources platforms.

6. SEGMENT REPORTING AND REVENUE FROM CONTRACTS WITH CUSTOMERS

The operating segments are organized and managed separately by products and services; each segment represents a strategic business unit that sells different products and services different markets. Accordingly, the Group's segment reporting disclosures are articulated around its business segments, as the Group's risks and returns are shaped primarily by differences in the products and services provided.

Against this backdrop, the Ebro Foods Group is divided into the following business segments and/or activities:

- Rice business
- Pasta business
- Other businesses and/or activities

The Group structures its segment reporting disclosures around these businesses and/or activities. The financial information relating to these business segments is presented in the table provided at the end of this note.

RICE BUSINESS

Herba Group: Specialized in businesses related with rice, pulses and other grains. The Ebro Group has established itself as Europe's leading rice group and one of the world's most important players. It boasts an extensive and modern manufacturing base and sales network, doing business in more than 70 markets.

It is the leading European player in rice retailing, the food service segment and in the supply of rice, rice derivatives and ingredients for industrial purposes. It follows a multi-brand strategy underpinned by a deep portfolio of successful brands that boast strong recognition in their operating markets. These high-profile brands include: SOS, La Fallera, La Cigala, Saludades, Lassie, Reis fit, Rix fis, Oryza, Bosto, Riceland, Risella, Peacock and Phoenix. The table below summarizes the Group's market shares in its main retail markets:

COUNTRY	BY VOLUME	BY VALUE	RANKING
Spain	23.20%	32.90%	#1
Portugal	17.30%	19.60%	#1
Germany	10.0%	16.20%	#2
Belgium	21.50%	28.70%	#2
Netherlands	20.60%	28.20%	#1

In parallel it supplies rice to Europe's leading food sector players:

- Beverage industries
- Industrial rice companies
- Baby food: cereals, baby food, etc.
- Pre-cooked dishes: non-refrigerated, dehydrated, frozen, etc.
- Animal and pet food

Riviana Rice Group: This is the unit specialized in the rice business in the US, specifically through Riviana Inc., the largest rice company in the US with rice processing and production facilities in Tennessee, Texas and Arkansas.

Riviana is the leading rice retailer in the US and boasts a variety of brands including Mahatma and Minute, leaders in the traditional and instant & microwaveable rice segments, respectively.

In 2015, the Group acquired the RiceSelect brand, thereby consolidating Riviana's presence in the specialty rice segment (aromatic rice, risottos, organic rice, etc.). RiceSelect boasts unique brand and product recognition.

The Group's overall market share in the US retail segment is 23.5% by volume; its footprint extends to growth segments such as aromatic and microwaveable rice and grains.

This subgroup also has an international presence in markets with long-standing trade ties with the US, several Caribbean nations and the Middle East, the latter through the Abu Bint brand, which is the leading player in the par-boiled rice segment in Saudi Arabia.

PASTA BUSINESS

Panzani Group: This is the Group unit specialized in the pasta and sauces business. Panzani is the leading player in the dry pasta, fresh products, rice, pulses, semolina and sauce segments in France.

The sauce and fresh products line is a premium customer proposition and a segment in which Panzani is the undisputed leader in France. Its brands, Panzani and Lustucru, command 33% and 43.4% of the market by volume, respectively.

The fresh products line includes fresh pasta, pan-fry products, risotto sauces, ready- to-eat fresh dishes and fresh, potato-based specialties. It represents a growth segment and a launch pad for the Group's R&D effort. The acquisition of Roland Monterrat in 2015 reinforced the Group's presence in this market as this company specializes in fresh dishes, sandwiches, pâté en croûte and croque-monsieurs.

Panzani sells rice under two brands: Lustucru, devoted to conventional and quick- cook rice, and Taureau Ailé, specialized in select, premium quality rice. Between the two brands, Panzani is the number-one player in the French market, with a market share of 20.8% by sales volumes. Panzani sells semolina products under the Regia and Ferrero brands, which lead the market by sales volumes.

It is also the market leader in Belgium and the Czech Republic with shares of 7.8% and 13.4% (by volume), respectively, and exports pasta and semolina products, particularly to northern Africa and other French-speaking markets.

Bertagni Group: This business was added in March 2018 when the Group acquired 70% of its shares (it holds an option over the remaining 30%). The Bertagni Group has factories in Vicenza and Alvio (Italy) and a workforce of 275. Bertagni is known as the oldest filled pasta brand in Italy. An expert in the production of fresh pasta in the premium segment, it boasts deep know-how and a terrific portfolio of products.

Garofalo Group: This is the Group unit that specializes in the high-end dry pasta segment; its products enjoy protective geographic indications. Pastificio Lucio Garofalo is steeped in over two hundred years of history and marries tradition and innovation in the premium pasta business. It is based in Gragnano (at the back of the Bay of Naples), the region considered the cradle of pasta on account of its special microclimate. It owns the Garofalo and Santa Lucia trademarks, among others.

This company has etched out a growth story during the past 15 years, transforming from a small-sized local player into a leader in the Italian premium dry pasta segment (share of 5.3% by volume and 7.6% by value). Its brands are sold in most European markets and the US and its Santa Lucía brand is a best-selling pasta brand in eastern Africa.

Riviana Pasta Group: the Group's leading unit in the dry pasta segment in the US and Canada. Its manufacturing base encompasses Montreal (Quebec), Fresno (California), Saint Louis (Missouri) and Winchester (Virginia). It follows a multi-brand strategy: its brands are strongly entrenched in their local markets; this sub-group also commands an important presence in the health and well-being segments.

New World Pasta boasts an extensive range of complementary and solid brands, including: Ronzoni, Skinner, Prince, American Beauty, San Giorgio, Creamette and No Yolks in the US, and Catelli, Lancia and Ronzoni in Canada. It commands overall market shares (by volume) in the US and Canada of 19.1% and 28.8%, respectively.

At the end of 2013, the Group acquired the Olivieri brand, the undisputed leader in the fresh pasta segment in Canada with a market share of 45.8% by volume and 49.8% by value. Olivieri makes and sells simple and filled fresh pasta products as well as a wide range of gnocchi products.

OTHER BUSINESSES AND/OR ACTIVITIES

The most notable activity in this category:

Asset management:

This unit manages the Group's property that is not used in the core businesses (investment properties). Its purpose is to centrally control all of the Group's properties with a view to remaining abreast of their status, reducing costs and selling off those not used for industrial purposes after taking action to maximize their valuation prior to monetization.

Criteria used to allocate amounts to reportable segments

The restructuring effort and initiatives undertaken by the Group in recent years have enabled it to scale each of its main business segments separately, thereby facilitating their management, decision-making and financial control. Accordingly, the allocation of consolidated expenses, income, assets and liabilities among the segments derives from the amounts that belong directly to each. It hasn't been necessary to establish criteria for allocating shared expenses and income or shared assets and liabilities among the segments other than in the US businesses for which certain expenses were allocated on a pro rata basis (as is common practice in these kinds of situations) between the US rice and pasta units. Against this backdrop, although the non-financial fixed assets and liabilities and working capital structures dovetail with the needs of each business or activity, the financial structure shown by segment is determined by internal financial management criteria in keeping with appropriate and necessary centralization and coordination at the Group level.

Inter-segment transactions

Although not material in relation to the total consolidated figures, inter-segment transactions have been eliminated for the purpose of determining the reportable segments' revenue, expenses and profits. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment transactions are eliminated on consolidation.

6.1 GEOGRAPHIC INFORMATION

The geographic information is provided on the basis of the Group's assets. Revenue from external customers is based on the geographic location of the customers. The detailed descriptions of each of the Group's business segment provided above indicate the geographic areas in which each operates. A summary of the businesses and/or activities carried out by the Group by geographic areas is provided below:

- Spain: the Herba rice business, Harinas Santa Rita, Vegetalia and Satoki.
- Rest of Europe: essentially the businesses of Herba, Panzani (including Monterrat, Celnat and Bertagni), Garofalo and Geovita.
- US & Canada: mainly the Riviana (including RiceSelect) business in the US and the Cateli and Olivieri businesses in Canada; to a lesser extent, Panzani, Bertagni and Garofalo.
- Rest of world: essentially the rice business of Herba and some of the exports of Panzani, Bertagni, Riviana and Garofalo.

The breakdown of assets and revenue provided by geographic market below for continuing operations, without considering the place where the goods are produced, is provided in the next table (thousands of euros):

2017 - GEOGRAPHIC MARKET	SPAIN	EUROPE	AMERICAS	ROW	TOTAL
Segment revenue	174,172	1,288,513	992,359	187,368	2,642,412
Inter-segment revenue	(6,297)	(64,506)	(64,055)	(585)	(135,443)
TOTAL REVENUE	167,875	1,224,007	928,304	186,783	2,506,969
Intangible assets	44,057	155,695	232,200	138	432,090
Property, plant and equipment	67,126	402,852	262,724	30,916	763,618
Other assets	292,143	1,170,964	874,121	130,197	2,467,425
TOTAL ASSETS	403,326	1,729,511	1,369,045	161,251	3,663,133
CAPITAL EXPENDITURE	**7,777**	**51,182**	**50,936**	**9,786**	**119,681**

2018 - GEOGRAPHIC MARKET	SPAIN	EUROPE	AMERICAS	ROW	TOTAL
Segment revenue	184,835	1,344,663	1,021,946	261,909	2,813,353
Inter-segment revenue	(8,830)	(68,991)	(88,885)	(124)	(166,830)
TOTAL REVENUE	176,005	1,275,672	933,061	261,785	2,646,523
Intangible assets	37,334	158,914	240,187	166	436,601
Property, plant and equipment	69,297	452,609	285,491	50,053	857,450
Other assets	288,449	1,300,119	794,636	155,170	2,538,374
TOTAL ASSETS	395,080	1,911,642	1,320,314	205,389	3,832,425
CAPITAL EXPENDITURE	**9,356**	**73,792**	**41,348**	**16,439**	**140,935**

In one of the countries within the Group's markets, specifically the United States of America, the revenue from contracts with customers and the unit's assets are material in comparison with the other countries and are thus broken down below (thousands of euros):

USA	2018	2017
Segment revenue	873,995	845,742
Inter-segment revenue	(82,253)	(59,932)
TOTAL REVENUE	791,742	785,810
Intangible assets	223,468	214,348
Property, plant and equipment	253,789	232,386
Other assets	658,565	760,193
TOTAL ASSETS	1,135,822	1,206,927
CAPITAL EXPENDITURE	**30,814**	**35,562**

6.2 SEGMENT INFORMATION BY BUSINESS

The following tables provide information on the revenue and earnings of continuing operations as well as certain asset and liability disclosures for the Group's reportable segments for the years ended December 31, 2018 and 2017.

REPORTABLE SEGMENT DISCLOSURES - CONTINUING OPERATIONS

EBRO FOODS GROUP	TOTAL CONSOL. FIGURES		RICE BUSINESS (EXCL. NORTH AMERICA)		NORTH AMERICA RICE & PASTA		PASTA BUSINESS (EXCL. NORTH AMERICA)		EF HOLDCO		OTHER BUSINESSES & CONSOL. ADJUSTMENTS	
BALANCE SHEET	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Intangible assets	436,601	432,090	46,767	53,056	240,062	232,201	136,673	133,545	11,795	11,978	1,304	1,310
Property, plant and equipment	857,450	763,618	237,770	212,189	271,305	251,733	338,438	289,862	940	979	8,997	8,855
Investment properties	23,439	23,780	26,102	26,260	0	0	1	1	7,838	7,844	(10,502)	(10,325)
Financial assets	28,566	40,888	4,975	1,588	1,037	999	2,894	3,504	22,027	23,244	(2,367)	11,553
Investments in associates	39,967	36,755	123	7	62,508	58,566	0	0	1,401,579	1,402,580	(1,424,243	(1,424,398)
Deferred tax assets	52,884	49,757	13,108	10,510	16,271	17,148	8,981	8,398	8,793	10,116	5,731	3,585
Goodwill	1,156,606	1,031,601	113,839	113,795	412,481	400,588	622,401	506,159	0	0	7,885	11,059
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable from group companies	0	0	10,257	38,379	415,219	240,678	13,504	9,364	36,180	7,396	(475,160)	(295,817)
Other current assets	1,236,912	1,284,644	544,725	495,090	359,851	463,080	322,100	295,049	4,119	24,032	6,117)	7,393
	3,832,425	3,663,133	997,666	950,874	1,778,734	1,664,993	1,444,992	1,245,882	1,493,271	1,488,169	(1,882,238)	(1,686,785)
Assets held for sale	0	0									0	0
TOTAL ASSETS	3,832,425	3,663,133									(1,882,238)	(1,686,785)
Total equity	2,190,202	2,121,925	601,366	590,947	1,562,362	1,434,096	790,631	749,886	628,349	736,317	(1,392,506)	(1,389,321)
Deferred income	3,593	4,051	261	246	247	464	3,084	3,338	0	0	1	3
Provisions for pensions and similar obligations	43,156	51,110	13,613	15,205	5,815	10,562	19,373	20,412	2,042	2,458	2,313	2,473
Other provisions	22,700	20,579	3,607	1,346	233	462	2,273	2,733	16,019	15,448	568	590
Non-current & current financial liabilities	876,306	782,547	177,756	169,657	0	0	316,057	195,978	361,240	396,606	21,253	20,306
Other non-financial liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	236,942	221,683	20,384	19,607	109,390	100,030	55,874	54,504	50,346	46,596	948	946
Borrowings from group companies	0	0	43,905	22,697	6,655	9,077	36,473	7,847	428,339	283,045	(515,372)	(322,666)
Other current liabilities	459,526	461,238	136,774	131,169	94,032	110,302	221,227	211,184	6,936	7,699	557	884
	3,832,425	3,663,133	997,666	950,874	1,778,734	1,664,993	1,444,992	1,245,882	1,493,271	1,488,169	(1,882,238)	(1,686,785)
Liabilities of non-current assets held for sale	0	0									0	0
TOTAL LIABILITIES	3,832,425	3,663,133									(1,882,238)	(1,686,785)
Capital expenditure for the year	140,935	119,681	43,367	43,112	37,682	40,253	59,331	35,660	225	283		
Capital employed	1,805,986	1,678,670	598,768	522,923	668,664	630,751	502,619	461,363	20,224	18,055		
ROCE	12.3	16.6										
Leverage	29.0%	20.5%										(000€)
Average headcount for the year	7,153	6,520										
Stock market data:												
Number of shares outstanding ('000)	153,865	153,865										
Market cap. at year-end	2,683	3,003	Millions of euros									
EPS	0.92	1.43										
Dividend per share (DPS)	0.57	0.57										
Underlying carrying amount per share	14.05	13.48										

Within “North America: Rice and Pasta”, the breakdown of intangible assets and property, plant and equipment between the Rice and Pasta segments is as follows (thousands of euros):

	12-31-18			12-31-17		
	RICE	PASTA	TOTAL	RICE	PASTA	TOTAL
Intangible assets	130,359	109,703	240,062	125,173	107,028	232,201
Property, plant and equipment	167,628	103,677	271,305	152,272	99,461	251,733
	297,987	213,380	511,367	277,445	206,489	483,934

REPORTABLE SEGMENT DISCLOSURES - CONTINUING OPERATIONS

EBRO FOODS GROUP	TOTAL CONSOL. FIGURES		RICE BUSINESS		PASTA BUSINESS		EF HOLDCO		OTHER BUSINESSES & CONSOL. ADJUSTMENTS	
INCOME STATEMENT	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Revenue from contracts with customers	2,646,523	2,506,969	1,359,491	1,294,335	1,280,201	1,202,296	2	4	6,829	10,334
Inter-segment			53,211	50,691	18,345	15,989	3,978	5,702	(75,534)	(72,382)
TOTAL REVENUE	2,646,523	2,506,969	1,412,702	1,345,026	1,298,546	1,218,285	3,980	5,706	(68,705)	(62,048)
Change in inventories	18,978	23,878	15,665	24,439	3,326	(472)	0	0	(13)	(89)
Own work capitalized	1,281	737	419	163	862	574	0	0	0	0
Other operating income	19,073	20,193	11,318	9,991	8,777	8,737	5,558	6,186	(6,580)	(4,721)
Raw materials and consumables used and other expenses	(1,462,269)	(1,331,011)	(863,433)	(780,778)	(664,496)	(607,800)	0	0	65,660	57,567
Employee benefits expense	(360,496)	(338,975)	(159,905)	(151,585)	(190,260)	(173,499)	(9,884)	(12,066)	(447)	(1,825)
Depreciation and amortization	(88,812)	(79,686)	(38,075)	(33,466)	(50,099)	(45,552)	(452)	(501)	(186)	(167)
Other operating expenses	(556,150)	(531,026)	(253,299)	(239,764)	(307,255)	(298,241)	(10,088)	(6,146)	14,492	13,125
OPERATING PROFIT	218,128	271,079	125,392	174,026	99,401	102,032	(10,886)	(6,821)	4,221	1,842
Finance income	22,862	35,505	18,803	24,143	10,372	8,762	1,457	124,566	(7,770)	(121,966)
Finance costs	(31,628)	(46,562)	(20,582)	(31,476)	(4,170)	(7,102)	(13,294)	(10,777)	6,418	2,793
Impairment of goodwill	(1,429)	(181)	(179)	(181)	0	0	0	0	(1,250)	0
Share of profit of associates	5,017	4,290	1,373	3,755	0	0	0	0	3,644	535
CONSOLIDATED PROFIT (LOSS) BEFORE TAX	212,950	264,131	124,807	170,267	105,603	103,692	(22,723	106,968	5,263	(116,796)

(000€)

6.3 REVENUE FROM CUSTOMER CONTRACTS

Disaggregated revenue disclosures. The Group's disaggregated revenue from contracts with customers:

TYPE OF GOODS OR SERVICES

	12-31-18				
	RICE	PASTA	OTHER	INTER-COMPANY	TOTAL
Sale of goods	1,406,632	1,289,780	6,738	(64,166)	2,638,984
Rendering of services	2,312	4,670	3,469	(7,250)	3,201
Revenue from royalties *et al.*	2,946	4,093	600	(3,610)	4,029
Lease income	812	3	2	(508)	309
	1,412,702	**1,298,546**	**10,809**	**(75,534)**	**2,646,523**

(000€)

	12-31-17				
	RICE	PASTA	OTHER	INTER-COMPANY	TOTAL
Sale of goods	1,340,140	1,207,147	9,742	(57,179)	2,499,850
Rendering of services	2,818	7,297	5,202	(12,590)	2,727
Revenue from royalties *et al.*	1,920	3,839	1,094	(2,613)	4,240
Lease income	147	3	2	0	152
	1,345,025	**1,218,286**	**16,040**	**(72,382)**	**2,506,969**

(000€)

The contract balances correspond primarily to trade receivables (note 12).

The Group's core business is the sale of food products to end consumers and the supply of food-related raw materials to third parties. The Group's contracts with customers are contracts for the sale of finished food products and food-related raw materials and the delivery of those products and raw materials is generally the only performance obligation.

Revenue is recognized when control of the asset is transferred to the customer, which is customarily when the goods are delivered.

7. DISCONTINUED OPERATIONS

The Group did not have significant amounts of non-current assets held for sale at either year-end. No operations were classified as discontinued operations at the segment reporting level in either 2018 or 2017.

8. OTHER INCOME AND EXPENSE

8.1 OTHER OPERATING INCOME (THOUSANDS OF EUROS)

	2018	2017
Government grants (related to income and grants)	862	716
Other operating income	9,238	8,333
Gains on disposal of fixed assets	7,154	1,470
Gains on disposal of investment properties	117	8,861
Reversal of non-current asset impairment provisions	21	7
Other income	1,681	806
Insurance claims	635	0
Reversal of provisions for other lawsuits	477	452
Other less significant items	569	354
	19,073	**20,193**

Other income included the following less-recurring items in 2018:

- A gain of 6,789 thousand euros from the sale of the SOS brand in Mexico and other neighboring countries (note 9).
- A gain of 482 thousand euros recognized on the sale of items of property, plant and equipment and other assets such as greenhouse gas emission allowances and the odd small investment property.
- Income from the reversal of provisions and the collection of insurance claims in the amount of 1,112 thousand euros.
- The rest of other operating income related to grants and minor other operating items.

Other income included the following less-recurring items in 2017:

- A gain of 8,861 thousand euros on investment properties sold: 6,065 thousand euros from the sale of the site of the former factory in Houston (USA); 2,746 thousand euros from the sale of a property in Portugal; and the rest from the sale of a small property in La Rioja (Spain).
- A gain of 1,477 thousand euros on items of property, plant and equipment sold, most notably a piece of property in Madrid.
- Income deriving from the reversal of provisions for lawsuits in the amount of 385 thousand euros and of long-term employee remuneration commitments of 67 thousand euros.
- The rest of other operating income related to grants and minor other operating items.

8.2 OTHER OPERATING EXPENSES (THOUSANDS OF EUROS)

	2018	2017
External services	(436,691)	(402,801)
Advertising expenditure	(89,694)	(93,134)
Research and development costs	(2,194)	(1,237)
Taxes/levies other than corporate income tax	(14,775)	(14,475)
Loss on the disposal of fixed assets	(2,552)	(1,673)
Provision for the impairment of intangible assets (trademarks)	0	(9,477)
Other provisions and charges recognized	(10,244)	(8,229)
Provisions for lawsuits and disputes	(2,622)	(2,060)
Industrial and logistics restructuring charges	(3,226)	(4,571)
New business and investment acquisition costs	(2,625)	(1,415)
Tax assessment expenses	(806)	0
Other less significant items	(965)	(183)
	(556,150)	**(531,026)**

Other operating expenses included the following less-recurring items in 2018:

- A loss of 2,552 thousand euros recognized on the derecognition, sale or restructuring of several pieces of industrial equipment and plant.
- Expenses incurred in acquiring new businesses and investments not eligible for capitalization in the amount of 2,625 thousand euros.
- Charges for provisions and expenses for lawsuits with third parties in the amount of 2,622 thousand euros (note 20).
- Industrial restructuring charges and costs at certain centers totaling 3,226 thousand euros. This includes the cost of redundancies, expenses in respect of factories closed in prior years and operator and warehouse logistical restructuring.
- Expenses in connection with several tax assessments signed in 2018 in the amount of 806 thousand euros.

Other operating expenses included the following less-recurring items in 2017:

- A loss of 1,673 thousand euros recognized on the derecognition, sale or restructuring of several pieces of industrial equipment and plant.
- Expenses incurred in acquiring new businesses and investments not eligible for capitalization in the amount of 1,415 thousand euros.
- Charges for provisions and expenses for lawsuits with third parties in the amount of 2,060 thousand euros.
- A charge of 9,477 thousand euros for the impairment of two pasta brands in North America.
- Industrial restructuring charges and costs at certain centers totaling 3,864 thousand euros. This includes the cost of redundancies, expenses in respect of factories closed in prior years and logistical restructuring at warehouses. Non- recurring costs of 707 thousand euros derived from the effects of Hurricane Harvey on Houston (US) and the surrounding area in September 2017.

8.3 FINANCE COSTS AND FINANCE INCOME (THOUSANDS OF EUROS)

	2018	2017
Finance costs		
Third-party borrowings	(10,740)	(9,390)
Unwinding of discount on provisions for pensions and similar obligations	(1,243)	(1,346)
Losses on derecognition of financial assets and liabilities	(4)	0
Impairment provisions on other financial assets	(1,778)	(1,603)
Expenses/losses related to derivatives and financial instruments	(4,055)	(8,966)
Exchange losses	(13,808)	(25,257)
	(31,628)	**(46,562)**
Finance income		
Third-party loans	4,612	4,105
Reversal of financial asset impairment provisions	1,737	1,097
Gains on derivatives and financial instruments	4,988	1,921
Exchange gains	11,525	28,382
	22,862	**35,505**
NET FINANCE INCOME/(COST)	**(8,766)**	**(11,057)**

8.4 EMPLOYEE BENEFITS EXPENSE

The breakdown of employee benefits expense and the average Group headcount in 2018 and 2017 and at each year-end (thousands of euros):

	2018	2017
Wages and salaries	(270,812)	(254,428)
Other benefit expense	(32,938)	(31,671)
Social security and similar costs	(46,679)	(43,453)
Cost of post-employment and similar benefits	(10,067)	(9,423)
	(360,496)	**(338,975)**

AVERAGE 2018

	MEN		WOMEN		TOTAL
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	
Executives	160	0	60	0	220
Middle managers	443	16	230	19	708
Clerical staff	424	64	466	117	1,071
Support staff	996	289	343	49	1,677
Sales staff	201	37	86	5	329
Other staff	1,671	804	400	273	3,148
TOTAL	**3,895**	**1,210**	**1,585**	**463**	**7,153**

AVERAGE 2017

	MEN		WOMEN		TOTAL
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	
Executives	147	1	62	0	210
Middle managers	439	10	224	16	689
Clerical staff	442	37	422	43	944
Support staff	967	323	317	114	1,721
Sales staff	190	25	85	6	306
Other staff	1,476	670	326	178	2,650
TOTAL	**3,661**	**1,066**	**1,436**	**357**	**6,520**

YEAR-END HEADCOUNT

YEAR-END 2018

	MEN		WOMEN		TOTAL
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	
Executives	155	0	58	0	213
Middle managers	444	16	228	19	707
Clerical staff	431	67	471	115	1,084
Support staff	1,003	249	335	42	1,629
Sales staff	209	50	86	4	349
Other staff	1,692	688	404	302	3,086
TOTAL	**3,934**	**1,070**	**1,582**	**482**	**7,068**

YEAR-END 2017

	MEN		WOMEN		TOTAL
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	
Executives	142	0	59	0	201
Middle managers	434	8	228	17	687
Clerical staff	446	40	426	43	955
Support staff	965	319	322	107	1,713
Sales staff	195	39	85	5	324
Other staff	1,480	581	327	191	2,579
TOTAL	**3,662**	**987**	**1,447**	**363**	**6,459**

As required under article 260 of the Spanish Corporate Enterprises Act, it is hereby disclosed that the number of people employed by the Group in 2018 (2017) with a disability of a severity of 33% or higher averaged 75 (77) men and 29 (23) women, all of whom in the clerical and support staff categories except for five members of the Group's middle management.

9. INTANGIBLE ASSETS

The reconciliation of the carrying amount of intangible assets at the beginning and end of 2018 and 2017, detailing the amortization and impairment provisions recognized each year, is provided below (in thousands of euros):

CARRYING AMOUNTS

	DEVELOPMENT COSTS	PATENTS & TRADEMARKS	COMPUTER SOFTWARE	ALLOWANCES & OTHER	IN PROGRESS	TOTAL
Balance at December 31, 2016	0	456,344	5,695	89	2,100	**464,228**
Balance at December 31, 2017	0	424,692	5,802	89	1,507	**432,090**
Balance at December 31, 2018	0	429,581	6,101	0	919	**436,601**

GROSS CARRYING AMOUNTS

	DEVELOPMENT COSTS	TRADEMARKS PATENTS &	COMPUTER SOFTWARE	RIGHTS ALLOWANCES	IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2016	86	478,904	46,470	89	2,100	527,649
Business combinations		10,613	37			10,650
Business sales (exits)						0
Additions		57	2,988		(583)	2,462
Decreases		(50)	(1,011)			(1,061)
Translation differences		(32,817)	(2,506)		(10)	(35,333)
Assets held for sale						0
Transfers						0
BALANCE AT DECEMBER 31, 2017	86	456,707	45,978	89	1,507	504,367
Business combinations		3,500	97			3,597
Business sales (exits)						0
Additions		1	2,574		(588)	1,987
Decreases		(6,455)	(55)	(89)		(6,599)
Translation differences		9,404	755			10,159
Assets held for sale						0
Transfers		(65)	220			155
BALANCE AT DECEMBER 31, 2018	**86**	**463,092**	**49,569**	**0**	**919**	**513,666**

AMORTIZATION AND IMPAIRMENT

	DEVELOPMENT COSTS	TRADEMARKS PATENTS &	COMPUTER SOFTWARE	ALLOWANCES & OTHER	IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2016	(86)	(22,560)	(40,775)	0	0	(63,421)
Business combinations						0
Business sales (exits)						0
Additions		(10,944)	(2,719)			(13,663)
Decreases		41	709			750
Translation differences		1,448	2,609			4,057
Assets held for sale						0
Transfers						0
BALANCE AT DECEMBER 31, 2017	(86)	(32,015)	(40,176)	0	0	(72,277)
Business combinations						0
Business sales (exits)						0
Additions		(1,439)	(2,644)			(4,083)
Decreases			54			54
Translation differences		(142)	(521)			(663)
Assets held for sale						0
Transfers		85	(181)			(96)
BALANCE AT DECEMBER 31, 2018	**(86)**	**(33,511)**	**(43,468)**	**0**	**0**	**(77,065)**

MOVEMENTS IN 2018

The most significant movements under this heading during the year ended December 31, 2018:

- An increase of 1,987 thousand euros in relation to new intangible assets, mainly software purchases.
- An increase of 9,496 thousand euros due to exchange gains.
- A decrease of 4,083 thousand euros on account of amortization charges for the year.
- An increase of 3,597 thousand euros due to business combinations (note 5).
- The derecognition of 6,455 thousand euros following the sale of SOS brand in Mexico and other neighboring countries (note 8).
- In 2018, the Group also derecognized intangible assets with a carrying amount of 90 thousand euros and transferred assets with a carrying amount of 59 thousand euros.

The most significant movements under this heading in 2017:

- An increase of 2,462 thousand euros in relation to new intangible assets, mainly software purchases.
- A decrease of 31,276 thousand euros due to exchange losses.
- A decrease of 4,186 thousand euros on account of amortization charges for the period.
- An increase of 10,650 thousand euros due to business combinations (note 5).
- A decrease of 9,477 thousand euros as a result of the impairment of several pasta brands in North America. As part of its procedure for testing its intangible assets for impairment, the Ebro Group tests its goodwill and other indefinite-lived intangible assets for impairment on an annual basis or whenever there are circumstances indicating that any of these assets may be impaired. Against this backdrop, the impairment tests performed in 2017 revealed a shortfall in the recoverable amounts of four pasta brands in North America, to which end the above-mentioned impairment charge was recognized.
- The Group also derecognized intangible assets with a carrying amount of 311 thousand euros in 2017; it did not transfer any intangible assets that year.

TRADEMARKS

The trademarks and patents included within intangible assets were either acquired directly or via business combinations. Virtually all of these assets have been assessed as having an indefinite useful life and have been valued using the cost model.

The Group tested its most significant brands for impairment in 2018 and 2017 (these tests were mostly performed by independent experts - Duff & Phelps), as a result of which exercise the following brand-related carrying amounts were allocated to the following cash-generating units (thousands of euros):

SEGMENT	CASH-GENERATING UNIT: TRADEMARKS	NUMBER OF TRADEMARKS	BALANCE AT DEC. 31, 2018		
			GROSS	ACCUM. IMPAIR.	NET
Rice	Herba Germany	2	21,065	(8,653)	12,412
Rice	Risella (Finland)	1	4,000	0	4,000
Rice	SOS business	3	33,269	0	33,269
Rice	Geovita (Italy)	3	6,849	0	6,849
Rice	Tranximpex (Germany)	1	64	0	64
Rice	Riviana (US)	4	104,897	0	104,897
Rice	Riviana (US) SOS	4	16,322	0	16,322
Rice	Riviana (US) Rice select	4	3,963	0	3,963
Pasta	Riviana (US & Canada)	16	124,854	(17,369)	107,485
Pasta	Panzani (France)	5	88,161	0	88,161
Pasta	Panzani (France) - Monterrat	1	2,677	0	2,677
Pasta	Panzani (France) - Vegetalia	4	3,700	0	3,700
Pasta	Garofalo (Italy)	3	34,575	0	34,575
Pasta	Bertagni (Italy)	1	3,500	0	3,500
Other	Harinas (Spain)	1	1,300	0	1,300
			449,196	(26,022)	423,174
Rice	Riviana (US) Rice select		6,076	(2,177)	3,899
Rice	Riviana (US) Rice select - Customer portfolio		1,643	(841)	802
Pasta	Canada - customer portfolio		3,222	(2,301)	921
Other indefinite-lived trademarks and patents			2,955	(2,170)	785
			463,092	**(33,511)**	**429,581**

At year-end 2018, there are seven trademarks with an original aggregate cost of 51,873 thousand euros (year-end 2017: 51,786 thousand euros) that have been written down for impairment by 26,022 thousand euros in total (year-end 2017: 25,880 thousand euros).

The recoverable amount of these trademarks was determined using cash flow projections that are typically derived from budgets that cover a one-year horizon and are then projected for another four years (using the royalty relief method).

The after-tax rates used to discount the trademarks' projected cash flows in 2018 ranged between: 7.5% and 7.75% in the US & Canada (2017: 7.3% - 7.8%); 6.8% in Germany (7.3%); 6.75% in France (7.3%); 8.0% in Spain (8.5%); 9.25% in Italy (8.8%) and 8.75% in Portugal (9.3%), depending on the business market of each brand or cash-generating unit. Cash flows beyond the initial 5-year budget horizon were extrapolated using the corresponding units' medium- to long-term growth rates, which are typically between 1.6% and 2.2% (2017: 1.6% - 2.4%), depending on the business.

With respect to the assumptions used to calculate the trademarks' value in use, management believes that no reasonably-possible change in the key assumptions used would cause their carrying amounts to exceed their recoverable amounts, with the exception of those already deemed impaired. More specifically, neither a 10% increase in the discount rates nor a 10% variation in the royalty rates used would trigger significant impairment charges.

10. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amount of the Group's property, plant and equipment at the beginning and end of 2018 and 2017, detailing the depreciation and impairment provisions recognized in each year, is provided below (in thousands of euros):

CARRYING AMOUNTS

	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	PP&E UNDER CONSTR.	TOTAL
Balance at December 31, 2016	106,976	200,077	359,018	16,911	4,937	49,533	737,452
Balance at December 31, 2017	109,753	192,169	364,879	19,246	5,470	72,101	763,618
Balance at December 31, 2018	110,848	226,673	409,426	21,623	6,114	82,766	857,450

GROSS CARRYING AMOUNTS

	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	PP&E UNDER CONSTR.	TOTAL
BALANCE AT DECEMBER 31, 2016	108,380	349,625	950,856	51,680	15,645	49,533	1,525,719
Business combinations	2,575	12,061	5,031	248	489	251	20,655
Business sales (exits)							0
Additions	461	16,562	67,234	5,829	1,331	25,802	117,219
Decreases	(26)	(1,620)	(7,044)	(136)	(1,406)		(10,232)
Translation differences	(4,074)	(13,659)	(39,379)	(860)	(260)	(3,485)	(61,717)
Transfers	3,598	(938)	(5,887)	3,729	1,298		1,800
BALANCE AT DECEMBER 31, 2017	110,914	362,031	970,811	60,490	17,097	72,101	1,593,444
Business combinations	1,353	8,840	19,502	1,727	17	719	32,158
Business sales (exits)							0
Additions	5,281	31,061	85,442	6,084	1,930	9,150	138,948
Decreases	(120)	(297)	(6,777)	(235)	(1,103)		(8,532)
Translation differences	909	4,460	11,081	360	220	796	17,826
Transfers	983	(1,029)	38	54	(162)		(116)
BALANCE AT DECEMBER 31, 2018	**119,320**	**405,066**	**1,080,097**	**68,480**	**17,999**	**82,766**	**1,773,728**

DEPRECIATION AND IMPAIRMENT

	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	PP&E UNDER CONSTR.	TOTAL
BALANCE AT DECEMBER 31, 2016	(1,404)	(149,548)	(591,838)	(34,769)	(10,708)	0	(788,267)
Business sales (exits)							0
Additions	(167)	(14,066)	(56,307)	(3,762)	(1,218)		(75,520)
Decreases		1,238	5,732	129	1,333		8,432
Translation differences	21	4,207	22,145	695	179		27,247
Transfers	389	(11,693)	14,336	(3,537)	(1,213)		(1,718)
BALANCE AT DECEMBER 31, 2017	(1,161)	(169,862)	(605,932)	(41,244)	(11,627)	0	(829,826)
Business sales (exits)							0
Additions	(792)	(16,139)	(62,419)	(4,629)	(1,251)		(85,230)
Decreases	53	218	5,577	219	1,046		7,113
Translation differences	(177)	(1,112)	(6,642)	(327)	(127)		(8,385)
Transfers	(6,395)	8,502	(1,255)	(876)	74		50
BALANCE AT DECEMBER 31, 2018	**(8,472)**	**(178,393)**	**(670,671)**	**(46,857)**	**(11,885)**	**0**	**(916,278)**

The Group takes out all the insurance policies deemed necessary to cover risks that could affect these assets.

Additions under ‘PP&E under construction’ include the amounts corresponding to projects related to the production of new production lines and, in general, the upgrade of the quality of the Group’s industrial processes, products and its assets’ environmental performance.

Note that in relation to certain investments made by the various Group companies in 2018 and prior years, the Group obtained grants, the amounts of which are disclosed in note 18.

No material items of property, plant or equipment are used other than for business purposes.

MOVEMENTS IN 2018

The most significant movements under this heading during the year ended December 31, 2018:

- An increase of 9,441 thousand euros due to exchange gains.
- A decrease of 84,718 thousand euros due to depreciation charges and of 512 thousand euros due to asset impairment charges.
- Additions of 138,948 thousand related to capital expenditure, essentially investments in technical upgrades, expansion work and new facilities at the Group’s various factories.
- An increase of 32,158 thousand euros due to business combinations (note 5).
- The derecognition of assets with a carrying amount of 1,419 thousand.
- It also transferred non-material assets in the amount of 66 thousand euros in 2018.

MOVEMENTS IN 2017

- A decrease of 34,470 thousand euros due to exchange losses.
- A decrease of 75,485 thousand euros on account of depreciation charges for the period.
- Additions of 117,219 thousand related to capital expenditure, essentially investments in technical upgrades, expansion work and new facilities at the Group’s various factories.
- An increase of 20,655 thousand euros due to business combinations (note 5).
- In 2017, the Group also derecognized assets with a carrying amount of 1,772 thousand euros.

In 2018, the Group recognized 84,718 thousand euros of depreciation charges in respect of its property, plant and equipment (2017: 75,485 thousand euros) and 512 (2017: 35 thousand euros) of impairment losses on these assets in its consolidated statement of profit or loss.

The derecognition of items of property, plant and equipment in 2018 generated losses, on the one hand, of 2,040 thousand euros (2017: 1,673 thousand euros) and gains of 256 thousand euros (2016: 1,477 thousand euros), on the other (note 8).

11. INVESTMENT PROPERTIES

The reconciliation of the carrying amount of the Group's investment properties at the beginning and end of 2018 and 2017, detailing the depreciation and impairment provisions recognized in each year, is provided below (in thousands of euros):

CARRYING AMOUNTS

	LAND	BUILDINGS	TOTAL
Balance at December 31, 2016	23,974	1,908	25,882
Balance at December 31, 2017	22,884	896	23,780
Balance at December 31, 2018	23,014	425	23,439

	GROSS CARRYING AMOUNTS			DEPRECIATION AND IMPAIRMENT		
	LAND	BUILDINGS	TOTAL	LAND	BUILDINGS	TOTAL
BALANCE AT DECEMBER 31, 2016	24,558	10,749	35,307	(584)	(8,841)	(9,425)
Business combinations			0			0
Business sales (exits)			0			0
Additions			0		(14)	(14)
Decreases	(1,018)	(5,992)	(7,010)		4,994	4,994
Translation differences	(72)		(72)			0
Transfers			0			0
BALANCE AT DECEMBER 31, 2017	23,468	4,757	28,225	(584)	(3,861)	(4,445)
Business combinations			0			0
Business sales (exits)			0			0
Additions			0		(11)	(11)
Decreases	(363)	(219)	(582)	189	64	253
Translation differences		(1)	(1)			0
Transfers	304	(304)	0			0
BALANCE AT DECEMBER 31, 2018	**23,409**	**4,233**	**27,642**	**(395)**	**(3,808)**	**(4,203)**

The depreciation charge recognized in 2018 amounted to 11 thousand euros (2017: 14 thousand euros). The Group did not recognize any impairment losses on these properties in either year.

In 2018, the Group sold one small property, recognizing a gain of 117 thousand euros (note 8). In 2017, it sold a number of investment properties: specifically, a site in Houston (USA), a property in Portugal and a small property in La Rioja (Spain), which between them generated a pre-tax net gain of 8,861 thousand euros (note 8.1).

There are no restrictions on the monetization of the Company's investment properties or any proceeds from their disposal.

Investment properties are initially recognized at their acquisition cost. The investment properties with the most significant fair values correspond to the sites on which dismantled factories were located and some unoccupied buildings, located mainly in Spain.

These properties' fair values represent the values at which the assets can be exchanged on the date of valuation between knowledgeable, willing parties in an arm's length transaction, in keeping with the International Valuation Standards.

In determining their fair value, the properties are valued individually and separately and not as part of a portfolio of properties. In some instances, the Group used the benchmark valuations provided by independent appraisers (updated internally as warranted), while in others it used comparable valuation methodology to reflect the market paradigm and the prices at which assets with similar characteristics are being transacted, adjusting as needed for changes in economic circumstances arising since the comparable transaction dates. This effort is coordinated by the Asset Management Unit which, as indicated in note 6 above, is the business unit tasked with management and control of all of the properties that are not used in the Group's core business activities (investment properties), its remit being to remain abreast of their status, reduce costs and sell off those not used for industrial purposes after taking action to maximize their valuation prior to monetization. Against this backdrop, the inputs used to determine these properties' fair value should be deemed level 3 for IFRS fair value hierarchy purposes.

Note that the fair value of the Group's investment properties at year-end 2018 was an estimated 58 million euros (year-end 2017: 58 million euros).

12. FINANCIAL INSTRUMENTS: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 FINANCIAL ASSETS

The breakdown of the Group's financial assets (other than its liquid assets, detailed in note 13), in thousands of euros, is provided below:

	12-31-2018			12-31-2017		
	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT
Classification for statement of financial position purposes						
Financial assets	**28,566**	24,371	4,195	**40,888**	32,252	8,636
Trade and other receivables	**401,923**	0	401,923	**378,069**	0	378,069
Derivatives	**498**	0	498	**146**	0	146
TOTAL FINANCIAL ASSETS	**430,987**	**24,371**	**406,616**	**419,103**	**32,252**	**386,851**
Classification for measurement purposes						
Financial assets at amortized cost:						
Trade and other receivables	**401,923**	0	401,923	**378,069**	0	378,069
Loans to third parties	**24,122**	20,844	3,278	**35,602**	28,088	7,514
Deposits and guarantees	**3,368**	2,451	917	4,191	3,069	1,122
Financial assets at fair value through profit or loss						
Shares in non-Group companies	**1,076**	1,076	0	**1,095**	1,095	0
Derivatives	**498**	0	498	**146**	0	146
TOTAL FINANCIAL ASSETS	**430,987**	**24,371**	**406,616**	**419,103**	**32,252**	**386,851**

As indicated in note 3.u, adoption of the IFRS 9 impairment recognition requirements from January 1, 2018 has had the effect of increasing the credit loss allowances recognized by the Group for its financial assets that are debt instruments. The increase in credit impairment losses gave rise to the following accounting entries: trade and other receivables were decreased by 2,783 thousand euros; non-current financial assets (loans to third parties) were decreased by 9,031 thousand euros; and reserves were decreased by 11,814 thousand euros (8,848 thousand euros net of the related tax effect).

Loans to third parties

Besides the adjustment referred to in the paragraph above, the additional year-on-year decrease in the balance of loans to third parties between December 31, 2017 and December 31, 2018 is the result of payments collected in accordance with the corresponding loan schedules. The outstanding balance relates primarily to:

- The deferred portion of the purchase price for the Nomen brands under the agreement reached in 2012. That agreement was renegotiated in September 2014 to extend the collection term by a further two years and reduce the interest rate from 4.2% to 3.4% and then again in 2017, extending the term a further two years and leaving the interest rate intact at 3.4%. The non-current portion of this vendor loan (net of impairment allowances) is 12,952 thousand euros and the current portion, 1,352 thousand euros. This loan accrues interest at a rate of 3.4% and the last instalment is due in September 2029. The Nomen trademarks have been pledged as collateral to guarantee repayment of this loan.
- The deferred portion of the purchase price for the assets of the German pasta business under the terms of the agreement reached in December 2013, as amended in July 2014; the non-current portion of this vendor loan is 3,258 thousand euros and the current portion, 1,925 thousand euros. This loan accrues interest (between explicit and implicit interest) at a rate of 2.80%. The first instalment of the long-term tranche is due on March 30, 2020; it will be repaid in quarterly instalments from then until June 30, 2021. The trademarks sold have been pledged as collateral against the vendor loan and would be returned to the seller in the event of non-payment.
- The deferred portion of MXP100 million (3,590 thousand euros) of the purchase price for the SOS brand in Mexico and other neighboring countries under the payment terms agreed in January 2018 (non-current asset). This loan earns interest at an implicit rate of 8%. It falls due in two instalments, the first on February 21, 2020 and the other on the same date in 2022.
- The balance of current loans at December 31, 2017 also included 4,500 thousand euros corresponding to a portion of the price at which one of the Portuguese properties was sold. That balance was collected in full in early January 2018.

Of this heading: (i) 19,506 thousand euros (year-end 2017: 34,640 thousand euros) is denominated in euros; (ii) 1,019 thousand euros (962 thousand euros) is denominated in US dollars; and (iii) 3,597 thousand euros (0 euros) is denominated in Mexican pesos.

The maturity schedule for these non-current loans is: (i) 4,681 thousand euros in 2020; (ii) 2,864 thousand euros in 2021; (iii) 3,644 thousand euros in 2022; (iv) 1,547 thousand euros in 2023; and (v) the remaining 8,108 thousand euros in 2024 and beyond.

Trade and other receivables

The breakdown of this heading at year-end 2018 and 2017 (in thousands of euros):

ITEM	12-31-18	12-31-17
Due from customers	402,501	375,141
Due from associates	642	1,399
Sundry receivables	8,952	9,683
Provisions	(10,172)	(8,154)
TOTAL	**401,923**	**378,069**

For terms and conditions relating to related-party receivables, refer to note 23. Trade receivables are non-interest bearing and are generally on terms of 30 to 85 days. As at December 31, 2018, the ageing analysis of trade receivables is as follows (thousands of euros):

AGEING ANALYSIS	GROSS	PROVISION FOR IMPAIRMENT	NET
Past due by less than 3 months	389,732	(2,611)	387,121
Past due by between 3 and 6 months	7,438	(1,350)	6,088
Past due by between 6 and 12 months	1,519	(1,519)	0
Past due by between 12 and 18 months	452	(452)	0
Past due by between 18 and 24 months	498	(498)	0
Past due by > 24 months	2,862	(2,862)	0
	402,501	**(9,292)**	**393,209**

No material amounts of trade and other receivables were past due but not impaired at either year-end.

The movements recognized by the Group under the provision for the impairment of trade and other accounts receivable in 2018 (2017): (i) an increase of 2,783 thousand euros due to the impact of IFRS 9 (note 2.b) (ii) net new provisions of 1,503 thousand euros (243 thousand euros); (iii) the utilization of 2,447 thousand euros (912 thousand euros); (iv) the addition of 198 thousand euros (813 thousand euros) due to business combinations; and (v) translation losses of 19 thousand euros (143 thousand euros).

There have been no other significant movements in any other financial assets since December 31, 2017.

12.2 FINANCIAL LIABILITIES

The breakdown of the Group's financial liabilities is provided below (in thousands of euros):

	12-31-2018			12-31-2017		
	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT
Classification for statement of financial position purposes						
Financial liabilities	**876,306**	533,612	342,694	**782,547**	472,353	310,194
Trade and other payables	**424,458**	0	424,458	**425,161**	0	425,161
Derivatives	**360**	0	360	**4,293**	0	4,293
TOTAL FINANCIAL LIABILITIES	**1,301,124**	**533,612**	**767,512**	**1,212,001**	**472,353**	**739,648**
Classification for measurement purposes						
Financial liabilities at amortized cost:						
Trade and other payables	**424,458**	0	424,458	**425,161**	0	425,161
Bank borrowingss	**705,243**	364,362	340,881	**673,379**	365,163	308,216
Borrowings from other entities	**5,876**	4,420	1,456	**6,734**	5,345	1,389
Lease obligations	**401**	82	319	**644**	94	550
Deposits and guarantees	**97**	59	38	**98**	59	39
Financial assets at fair value through profit or loss						
Contingent financial liabilities	**4,250**	4,250	0	**4,500**	4,500	0
Financial liabilities structured as share options	**160,439**	160,439	0	**97,192**	97,192	0
Derivatives	**360**	0	360	**4,293**	0	4,293
TOTAL FINANCIAL LIABILITIES	**1,301,124**	**533,612**	**767,512**	**1,212,001**	**472,353**	**739,648**

Trade and other payables

Set out below are the movements in this heading (thousands of euros):

ITEM	12-31-18	12-31-17
Trade accounts payable	343,656	336,266
Other liabilities	38,698	44,023
Employee benefits payable	41,743	44,660
Payable to associates	361	212
TOTAL	**424,458**	**425,161**

Trade payables are non-interest bearing and are normally settled on 60-80 day terms. Other payables are also non-interest bearing and have an average term of three months; they mainly correspond to payables related to the purchase of items of property, plant and equipment, the grant of trade discounts and rebates, and advertising and marketing initiatives.

Bank borrowings

There were certain movements in the Group's non-current bank borrowings in 2018 with respect to year-end 2017.

In November 2018, Ebro Foods, S.A. prepaid the bilateral loan agreement entered into in November 2006 and amended for the last time in May 2015, in the amount of 171 million US dollars. The loan was originally repayable in four six-monthly instalments of 42.75 million US dollars starting in May 2020.

In 2018, Ebro Foods, S.A. arranged four new bilateral loans in an amount totaling 155 million euros (one of which - in the amount of 35 million euros - is still pending drawdown), repayable in a single instalment in 2021 and carrying an average rate of interest of 0.52%.

The Group's French subsidiary, the Panzani Group, increased its bank borrowings by 80 million euros to fund the Bertagni acquisition (note 5), as did its Italian subsidiary, Garofalo, in this instance by 11 million euros. To this end, the Panzani Group entered into a loan agreement with two French banks for up to 80 million euros, due March 19, 2023, payable in quarterly instalments; the loan accrues interest at an average after-tax rate of 0.42%.

As for current borrowings, the most significant developments in 2018 were the following:

- The renewal of certain short-term credit facilities of amounts that are not material on aggregate with respect to total borrowings.
- In general, the terms of credit were very similar compared to those in force at year- end 2017, and the same can be said of the collateral and covenant requirements. The spreads applied to benchmark rates were virtually the same as in 2017.
- The average rate of interest accrued on current loans in 2018 was 0.70% (2017: 0.75%).

The breakdown of the Group's bank borrowings by business segment or company and the corresponding maturities (in thousands of euros):

BREAKDOWN OF BANK BORROWINGS BY SEGMENT OR COMPANY

	12-31-17	12-31-18	2020	2021	2022	2023	ROW
Of Ebro Foods, S.A	341,963	269,585	150,000	119,585			
Of Herba Group	8,464	5,686	1,097	1,067	687	714	2,121
Of Panzani Group (France)	2,372	69,255	18,282	17,573	16,702	16,277	421
Of Garofalo Group (Italy)	12,228	19,748	8,504	3,709	1,464	650	5,421
Of Arotz Foods, S.A.	185	136	48	48	40		
NON-CURRENT BANK BORROWINGS	365,163	364,362	177,931	141,974	18,853	17,641	7,963
Of Ebro Foods, S.A	50,131	88,143					
Of Herba Group	150,552	141,779					
Of Panzani Group (France)	95,320	93,245					
Of Garofalo Group (Italy)	12,165	17,666					
Of other companies	48	48					
CURRENT BANK BORROWINGS	308,216	340,881					
TOTAL BANK BORROWINGS	**673,379**	**705,243**					

The breakdown of the above borrowings by currency of denomination is as follows (thousands of euros):

CURRENCY	12-31-17	12-31-18
Euro	461,392	637,346
USD (US dollar)	173,967	17,745
INR (Indian rupee)	28,827	35,068
Argentine peso	0	359
EGP (Egyptian pound)	1,455	1,817
THB (Thai baht)	7,738	12,908
TOTAL	**673,379**	**705,243**

As for the rest of the Group's bank borrowings, at year-end 2018 the various companies had arranged unsecured credit facilities with an aggregate limit of 435 million euros (year- end 2017: 413 million euros), of which 261 million euros (308 million euros) had been drawn down. Some of the Garofalo Group's credit facilities are secured by a mortgage over its factory and site in Italy for up to 49 million euros.

The Group also had the following reverse factoring, receivable discounting, and trade finance lines and had issued the following sureties and other bank guarantees at year-end (thousands of euros):

CREDIT FACILITIES ARRANGED

AT YEAR-END 2018	AMOUNT DRAWN DOWN	AMOUNT UNDRAWN	LIMIT LIMIT
Reverse factoring, receivable discounting and trade finance	19,679	27,571	47,250
Bank guarantee lines (note 20)	41,262	77,116	118,378
CONSOLIDATED GROUP TOTAL	**60,941**	**104,687**	**165,628**

CREDIT FACILITIES ARRANGED

AT YEAR-END 2017	AMOUNT DRAWN DOWN	AMOUNT UNDRAWN	LIMIT LIMIT
Reverse factoring, receivable discounting and trade finance	9,414	20,026	29,440
Bank guarantee lines	34,512	63,387	97,899
CONSOLIDATED GROUP TOTAL	**43,926**	**83,413**	**127,339**

The bank loans require compliance with a series of covenants, specifically a series of ratios calculated on the basis of the consolidated financial statements of the Ebro Foods Group, throughout the term of the loans. Any breach of the covenants would increase the related borrowing costs and in some cases would trigger an early repayment requirement. The Group was in compliance with these covenants at both year-ends.

Financial liabilities structured as options over shares

At December 31, 2018, the Group recognized 160,439 thousand euros of financial liabilities structured as options over shares (year-end 2017: 97,192 thousand euros) broken down as follows.

- Ingredients Group: put option granted to seller over 20%
- Garofalo: put option granted to seller over 48%
- Santa Rita Harinas: put option granted to seller over 48%
- Garofalo: put option granted to seller over 48%
- Transimpex: put option granted to seller over 45%
- Bertagni: put option granted to seller over 30%

Refer to note 22 for the commitments assumed under these options. When acquiring the above-listed companies, in addition to the investments made in exchange for the shareholdings acquired in each, the Group has granted the other shareholder(s) put or similar options over the percentage not originally acquired (exercisable from a specific date and for a specific period of time). The acquisition price in the event these options are exercised will be determined as a function of the targets' average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature.

There have been no other significant movements in any other financial liabilities since December 31, 2017.

Financial flows

Below is the information needed to enable financial statement users to evaluate the changes in liabilities arising from financing activities, distinguishing between changes that involve cash flows and those that do not (such as foreign exchange gains or losses) (thousands of euros).

FINANCIAL LIABILITIES RECONCILIATION OF FLOWS - 2018

	12-31-17	CASH FLOWS	MOVEMENTS IN FOR. CURRENCY	CHANGES IN FAIR VALUE	BUSINESS COMBINATIONS	TRANSFERS	12-31-18
Short-term loans	308,216	(45,111)	4,811		13,965	59,000	340,881
Long-term loans	365,163	49,398	8,801			(59,000)	364,362
Finance leases	644	(243)					401
Derivatives	4,293	(284)		(3,649)			360
Other financial liabilities	108,426	(1,295)		422	63,012		170,565
Guarantees and deposits received	98	(1)					97
TOTAL LIABILITIES ARISING FROM FINANCING ACTIVITIES	**786,840**	**2,464**	**13,612**	**(3,227)**	**76,977**	**0**	**876,666**

FINANCIAL LIABILITIES RECONCILIATION OF FLOWS - 2017

	12-31-16	CASH FLOWS	MOVEMENTS IN FOR. CURRENCY	CHANGES IN FAIR VALUE	BUSINESS COMBINATIONS	TRANSFERS	12-31-17
Short-term loans	239,984	65,713	(3,175)	0	5,694		308,216
Long-term loans	406,607	(19,750)	(27,719)	0	6,025		365,163
Derivatives	1,104	(498)	0	3,687	0		4,293
Other financial liabilities	90,760	0	0	3,372	14,938		109,070
Guarantees and deposits received	99	0	(1)	0	0		98
TOTAL LIABILITIES ARISING FROM FINANCING ACTIVITIES	**738,554**	**45,465**	**(30,895)**	**7,059**	**26,657**	**0**	**786,840**

12.3 RISK MANAGEMENT TARGETS AND POLICIES AND USE OF FINANCIAL INSTRUMENTS

The primary objective of the Group's risk management policy is to safeguard the value of its assets and facilitate its sustainable growth by configuring an optimal capital structure tailored to the legislation in force in the countries in which it operates. In addition, its capital management policy is designed to preserve its credit metrics and maximize shareholder value.

Its risk management strategy encompasses key business performance indicators such as earnings, leverage, capital expenditure and business strategy with a view to enabling the Group to take substantiated decisions in order to deliver the above-mentioned objectives. The attached Group Management Report and Corporate Governance Report provide additional information on the key business risks.

Capital management

The overriding objective of the Group's capital management is to safeguard the business's sustainability and maximize shareholder value. To this end it contemplates:

- The cost of capital, in keeping with industry calculation standards, with a view to combining debt and equity to optimize this cost.
- A leverage ratio that makes it possible to obtain and maintain the targeted credit ratings and ensure short- and long-term financing for the Group's projects.

The right combination of debt and equity, in order to optimize the cost of capital, enable adequate shareholder remuneration, business continuity and growth of the Ebro Food Group's business model.

Note that the Group is subject to capital requirements under certain long-term loan agreements and that it is in compliance with these covenants.

In recent years, the Group has been concentrating its activities in its key businesses by means of strategic acquisitions, while keeping leverage low.

NET DEBT

	2016	2017	*2017-2016*	2018	*2018-2017*
Equity	2,079,326	2,074,637	*(0.2%)*	2,162,334	*4.2%*
Net debt	443,206	517,185	*16.7%*	704,621	*36.2%*
Average net debt	404,137	426,042	*5.4%*	627,350	*47.3%*
Leverage	21.3%	24.9%	*17.0%*	32.6%	*30.7%*
Leverage (average net debt) **(1)**	19.4%	20.5%	*5.7%*	29.0%	*41.3%*
EBITDA	344,141	359,000	*4.3%*	310,763	*(13.4%)*
Coverage	1.29	1.44		2.27	

(000€)

(1) Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

The accompanying Group Management Report provides the definition and reconciliation of the alternative performance measures shown in this table (net debt, average net debt and EBITDA).

Leverage (net debt over equity attributable to equity holders of the parent) declined in 2016, when borrowings were virtually stable, and increased in 2017 as a result of: (i) an increase in net debt to fund business acquisitions and working capital requirements; (ii) a reduction in equity due to translations differences on the Group's US-denominated investments as a result of movements that currency (mainly). Leverage increased further in 2018 as a result of business acquisitions, significant commitments to invest in productive assets and a higher working capital requirement as a result of the higher cost of certain raw and auxiliary materials. Leverage remained, however, at reasonable levels.

Financial risk management and use of financial instruments

The main financial instruments used by the Group are bank loans, bank overdraft facilities, equity instruments, derivative financial instruments, cash and short-term deposits. In addition, the Group has other financial assets and liabilities such as trade accounts receivable and payable.

These financial instruments expose the Group to market risks via variability in interest rates, exchange rates and in the fair value of certain financial instruments. They also expose it to liquidity and credit risk.

The overriding objective of exchange rate risk management is to offset (at least partially) potential valuation losses on assets denominated in currencies other than the euro with savings, albeit smaller in magnitude, on liabilities denominated in the same currencies.

The financial instruments that are used to hedge this financial risk may or may not qualify for designation as accounting hedges (cash flow or fair value hedges, depending on the nature of the hedged item).

In order to manage the foreign currency and interest rate risks arising in the course of the Group's operations and, from time to time, potential movements in the prices of certain raw materials (gas), the Group uses derivative (mainly interest or exchange rate forward sale-purchase currency contracts and options over interest or exchange rates) and non-derivative (currency-denominated borrowings, forward currency contracts) financial instruments in order to minimize or ring-fence them.

These hedges are arranged as a function of:

- Prevailing market conditions;
- Evolving management objectives; and
- The specific characteristics of the transactions giving rise to the financial risk being hedged.

The accounting policies used to measure these financial instruments are described in note 3 above.

The Board of Directors and senior management team review and establish the risk management policies applying to each and every one of these risks. The Board has delegated the development and oversight of the enterprise risk management system in its Audit Committee and the Risk Committee.

Cash flow interest rate risk

This risk arises from borrowings, loans extended and cash and cash equivalent balances denominated in euros and/or foreign currencies and arranged at floating rates of interest due to the risk that the cash flows associated with interest payments/receipts will fluctuate because of changes in market interest rates.

The Group manages this risk by having a balanced portfolio of fixed and variable rate borrowings. The Group's policy is to minimize exposure to this risk, to which end it continually monitors market conditions with the support of external experts in order to arrange new instruments or change the terms of existing instruments in order to minimize exposure to variability in the cash flows or fair value of its financial instruments.

Management has performed sensitivity analysis with respect to the impact of 50 basis point fluctuations in interest rates on the Group's rate-sensitive financial assets and liabilities with an impact on earnings: the estimated impact on profit in 2018 of such a change would be 2.9 million euros (1.9 million euros in 2017).

The main assumptions used to perform this sensitivity analysis are as follows:

- The analysis only models the impact on financial instruments susceptible to significant changes in the event of upward or downward movements in interest rates.
- The only input varied is the rate of interest, with all other variables held constant in the model.

EFFECT OF CHANGES IN INTEREST RATES

	2018				2017			
Income/(expense)	(0.50%)	(0.25%)	0.25%	0.50%	(0.50%)	(0.25%)	0.25%	0.50%
Profit before tax	2,861	1,431	(1,431)	(2,861)	1,938	964	(964)	(1,938)

Foreign currency risk

This risk arises from exposure to the impact of movements in exchange rates on assets, liabilities, net investments in foreign operations and transactions conducted in currencies other than the euro. As a result of the Group's investments in the US, the carrying amounts of the Group's assets and liabilities are significantly exposed to changes in the USD / EUR exchange rate.

Britain's withdrawal from the European Union ('Brexit') has sparked significant uncertainty regarding the future of relations between the UK and the European Union, including in relation to the laws and regulations that will apply going forward. The course of the negotiations has had and will foreseeably continue to have an adverse effect on global economic conditions and global financial market stability. The Group believes that Brexit will not have a material impact on its financial statements as its total productive assets in that market amounted to 12,655 thousand euros at year-end and the revenue it generated in Britain in 2018 amounted to 121,256 thousand euros (approximately 1% and 5.1% of the Group total, respectively) (its most significant activity being the sale of rice and rice derivatives locally).

The Group is also exposed to foreign exchange rate risk on account of its transactions. This risk arises from the purchases and sales made by the business units in currencies other than the functional currency. In the case of significant transactions, the Group's policy is to use foreign exchange forward contracts to eliminate or minimize the related exchange rate risk.

Certain Group companies in the rice (Herba Spain, S&B Herba, Herba Ingredients and Herba Bangkok) and pasta segments (Panzani, Bertagni and Garofalo) write foreign currency future contracts and/or options in order to mitigate their transaction-related exposures. These transactions are arranged to minimize currency risk but have not been designated as hedges for accounting purposes. The contracts outstanding at year-end:

CURRENCY

	NOTIONAL AMOUNT (THOUSANDS)	
	2017	2018
USD	91,063	106,230
EUR	8,616	17,342
GBP	578	0
THB	418,600	156,000
AUD	0	300

The Group is long on US dollars; these contracts basically hedge raw material contracts benchmarked against the dollar entered into by Group subsidiaries that operate in a different local currency. The euro positions are held by Group companies with functional currencies other than the euro and which trade in euros, mainly UK companies.

Below is a sensitivity analysis, measured in terms of the impact on profit and loss, with respect to the Group's key exposures to exchange rate risk by currency and type of instrument. The instruments grouped under "Other financial instruments" are loans or cash positions denominated in the currency referenced that do not qualify as accounting hedges.

The sensitivity analysis provided below should be understood as the Group's maximum exposure at a given point in time; in reality, the Group always hedges business transactions denominated in a currency to which management wants to mitigate exposure; however, those transactions do not quality for hedge accounting on account of the complexity of matching flow timing.

The following assumptions were used to model the sensitivity of the Group's assets and liabilities to changes in exchange rates:

- The analysis only models the impact on financial instruments susceptible to significant changes in the event of fluctuations in exchange rates.
- Borrowings designated as effective hedges of net investments are excluded from this analysis.
- The only input varied is the rate of exchange, with all other variables held constant in the model.

EFFECT OF CHANGES IN THE THAI BAHT RELATIVE TO THE EURO

	2018				2017			
Due to derivatives:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(381)	(199)	220	465	(1,006)	(527)	580	1,221

EFFECT OF CHANGES IN THE STERLING RELATIVE TO THE EURO

	2018				2017			
Due to derivatives:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	775	376	(376)	(775)	603	299	(302)	(612)
Due to other financial instruments:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(2,297)	(1,203)	1,203	2,297	(1,695)	(888)	888	1,695

EFFECT OF CHANGES IN THE DOLLAR RELATIVE TO THE EURO, STERLING AND BAHT

	2018				2017			
Due to derivatives:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(714)	(154)	(389)	(972)	(4,768)	(2,187)	2,209	2,518
Due to other financial instruments:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	943	494	(494)	(943)	1,444	757	(757)	(1,444)

In addition to the exposure measured in terms of the impact on profit or loss, the next table illustrates the impact of movements in the EUR/USD exchange rate on the Group's borrowings, an analysis deemed relevant as a significant portion of the Group's debt and cash is denominated in dollars. The year-on-year movement in the impact reflects the trend in the Group's cash position in US dollars as a result of its business operations in the US: at year-end 2018 and 2017 the dollar cash position exceeded the amount of borrowings denominated in dollars.

Impact on borrowings

CHANGES IN THE USD

	2018				2017			
+ Borrowings / (– Borrowings)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Recognized borrowings	5,261	2,756	(2,756)	(5,261)	3,760	1,969	(1,969)	(3,760)

Price risk in respect of other financial assets and liabilities

Certain of the Group's financial assets and liabilities expose it to price risk. The most significant exposure derives from the valuation of the put-call options over the shares of a series of companies (see below).

Liquidity risk

The Group's objective is to match its cash flow generation capabilities with its debt servicing and refinancing requirements. The Group aims to maintain a balance between continuity of funding and flexibility through the use of renewable credit facilities, bank loans with scope for grace periods to align them with the returns on the underlying assets and forward purchase contracts.

The Group's borrowings at year-end 2018 are analyzed by maturity above.

Credit (counterparty) risk

This is the risk that a counterparty will not meet its contractual obligations, generating a financial loss for the Group.

This risk is mitigated by means of (i) careful selection of transactions and counterparty banks based on credit ratings and (ii) the negotiation of sufficient guarantees to mitigate this risk.

The Group has always taken a conservative approach to business transactions; it has risk committees that continually review limits, open positions and automated system alerts. As a result, the Group's trade credit non-performance ratio has been historically low. In addition, the sales and collections management departments work in a coordinated manner. Counterparties are selected on the basis of the credit ratings awarded by the credit insurance providers with which the Group works, these policies ultimately serving as guarantees. The Group's high level of geographic diversification results in a low level of customer credit risk concentration.

12.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below breaks down the Group's financial assets and liabilities at December 31, 2018 (in thousands of euros) other than its accounts payable and receivable and its cash and cash equivalents, whose carrying amounts are deemed a reasonable approximation of their fair value.

FINANCIAL ASSETS

	12-31-2018		12-31-2017	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans to third parties	24,122	24,122	35,602	35,602
Deposits and guarantees	3,368	3,368	4,191	4,191
Shares in non-Group companies	1,076	1,076	1,095	1,095
Derivatives	498	498	146	146
	29,064	**29,064**	**41,034**	**41,034**

FINANCIAL LIABILITIES

	12-31-2018		12-31-2017	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Borrowings	711,119	711,119	680,113	680,113
Lease obligations	401	401	644	644
Deposits and guarantees	97	97	98	98
Contingent financial liabilities	4,250	4,250	4,500	4,500
Financial liabilities structured as share options	160,439	160,439	97,192	97,192
Derivatives	360	360	4,293	4,293
	876,666	**876,666**	**786,840**	**786,840**

Financial assets and liabilities measured at fair value: fair value hierarchy

All of the financial instruments measured at fair value are classified into one of the following levels depending on the inputs used to value them:

- Level 1. Use of quoted prices in active markets of identical assets and liabilities (without any adjustment)
- Level 2. Use of directly or indirectly observable inputs (other than level 1 quoted prices)
- Level 3. Use of unobservable inputs

	12-31-2018	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Equity instruments	1,076	–	1,076	–
Derivatives	498	–	498	–
Financial liabilities				
Other financial liabilities	164,689	–	–	164,689
Derivatives	360	–	360	–

(000€)

The Group does not hold any financial instruments whose fair value cannot be reliably measured. No instruments were transferred between the various fair value hierarchy levels in the course of the reporting period.

13. LIQUID ASSETS: CASH AND SHORT-TERM DEPOSITS

The breakdown of this heading at year-end 2018 and 2017 (in thousands of euros):

ITEM	12-31-18	12-31-17
Cash on hand and at banks	144,982	268,439
Short-term deposits and cash equivalents	26,468	972
TOTAL	**171,450**	**269,411**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. The deposits earn interest at the applicable stipulated rates. The fair value of the Group's cash and cash equivalents was 171,450 thousand euros at December 31, 2018 (269,411 thousand euros at year-end 2017).

Throughout the year the Group companies invested their occasional cash surpluses in repos and equivalent securities in order to generate a return on these balances. Those investments are mainly denominated in euros, with a portion denominated in US dollars. The average annual return earned on those investments was around 0.50% in 2018 (2017: 0.45%).

14. INVESTMENTS IN ASSOCIATES

The movements under this heading in 2018 and 2017 (in thousands of euros) are shown below:

ASSOCIATE

	BALANCE AT 12-31-17	ADDITIONS DUE TO INVESTMENTS	DECREASES POR DUE TO DISPOSALS	DIVIDENDS PAID	PROFIT/ (LOSS) FOR THE YEAR	TRANSLATION DIFFERENCES	OTHER MOVEMENTS	BALANCE AT 12-31-18
Riso Scotti, S.p.a.	31,424			0	1,352	0	0	32,776
Associates of Riviana Foods Inc.	5,326			(2,117)	3,561	299	0	7,069
Other companies	5			0	104	0	13	122
	36,755	**0**	**0**	**(2,117)**	**5,017**	**299**	**13**	**39,967**

ASSOCIATE

	BALANCE AT 12-31-16	ADDITIONS DUE TO INVESTMENTS	DECREASES POR DUE TO DISPOSALS	DIVIDENDS PAID	PROFIT/ (LOSS) FOR THE YEAR	TRANSLATION DIFFERENCES	OTHER MOVEMENTS	BALANCE AT 12-31-17
Riso Scotti, S.p.a.	31,374			(750)	800			31,424
Associates of Riviana Foods Inc.	5,829			(3,275)	3,490	(718)	0	5,326
Other companies	96						(91)	5
	37,299	**0**	**0**	**(4,025)**	**4,290**	**(718)**	**(91)**	**36,755**

There were no significant movements under this heading in 2018 or 2017.

The associates of Riviana Foods, Inc. do not have material amounts of assets, income, borrowings or employees. The Ebro Foods Group has not extended guarantees of material amount to any of its associates.

The most significant figures for the Scotti Group, using estimated financial statements at December 31, 2018, are as follows (in thousands of euros):

	12-31-17	12-31-18
Trademarks, other intangible assets and goodwill	54,221	54,447
Property, plant and equipment	56,490	58,614
Other non-current assets	12,027	18,917
Current assets	69,124	68,281
Cash	25,311	25,310
Non-current, non-financial liabilities	(19,870)	(19,743)
Financial liabilities	(63,462)	(65,767)
Current, non-financial liabilities	(52,501)	(57,437)
Non-controlling interests	(2,779)	(682)
	78,561	**81,940**
Ownership interest acquired	40%	40%
	31,424	**32,776**
Revenue	207,770	212,200
Profit for the year	2,000	3,380
No. of employees	315	320

(000€)

15. GOODWILL

The movements under goodwill in 2018 and 2017 (in thousands of euros) are shown below:

SEGMENT	CGU OR GROUPS OF CGUS	12-31-17	ADDITIONS	DECREASES & OTHER	IMPAIRMENT LOSSES	TRANSLATION DIFFERENCES	12-31-18
Rice	Danrice (Denmark)	14,524					14,524
Rice	Vogan (UK)	1,272				(9)	1,263
Rice	Riceland (Hungary)	2,125					2,125
Rice	Steve & Brotherton (UK)	1,684				(10)	1,674
Rice	Mundiriz (Morocco)	589			(179)	9	419
Rice	Suntra Group (Belgium & UK)	11,152				5	11,157
Rice	SOS business (Spain)	28,390					28,390
Rice	KECK (Germany)	14,606					14,606
Rice	Geovita (Italy)	26,394					26,394
Rice	Transimpex (Germany)	14,767	227				14,994
Rice	Riviana Group (US)	328,678				14,771	343,449
Pasta	Riviana Group (Canada)	71,907				(2,877)	69,030
Pasta	Panzani Group (France)	449,110					449,110
Pasta	Garofalo (Italy)	57,049					57,049
Pasta	Bertagni (Italy)	0	116,242				116,242
RoW	Jiloca, S.A. (Spain)	129					129
RoW	Harinas Santa Rita (Spain)	9,225		(1,924)	(1,250)		6,051
		1,031,601	116,469	(1,924)	(1,429)	11,889	1,156,606
TOTAL GROSS CARRYING AMOUNT		1,048,919	116,469	(1,924)		11,889	1,175,353
ACCUMULATED IMPAIRMENT LOSSES		**(17,318)**			**(1,429)**		**(18,747)**

SEGMENT	CGU OR GROUPS OF CGUS	12-31-16	ADDITIONS	DECREASES & OTHER	IMPAIRMENT LOSSES	TRANSLATION DIFFERENCES	12-31-17
Rice	Danrice (Denmark)	14,524					14,524
Rice	Vogan (UK)	1,315				(43)	1,272
Rice	Riceland (Hungary)	2,125					2,125
Rice	Steve & Brotherton (UK)	1,726				(42)	1,684
Rice	Mundiriz (Morocco)	803			(181)	(33)	589
Rice	Suntra Group (Belgium & UK)	11,129				23	11,152
Rice	SOS business (Spain)	28,390					28,390
Rice	KECK (Germany)	14,606					14,606
Rice	Geovita (Italy)	0	26,394				26,394
Rice	Transimpex (Germany)	0	14,767				14,767
Rice	Riviana Group (US)	371,532				(42,854)	328,678
Pasta	Riviana Group (Canada)	76,354				(4,447)	71,907
Pasta	Panzani Group (France)	439,833	9,277				449,110
Pasta	Garofalo (Italy)	57,049					57,049
RoW	Jiloca, S.A. (Spain)	129					129
RoW	Harinas Santa Rita (Spain)	9,225					9,225
		1,028,740	50,438	0	(181)	(47,396)	1,031,601
TOTAL GROSS CARRYING AMOUNT		1,045,877	50,438			(47,396)	1,048,919
ACCUMULATED IMPAIRMENT LOSSES		**(17,137)**			**(181)**		**(17,318)**

The Group undertook several business combinations in 2018 and 2017. Note 5 outlines those transactions in detail. Other significant movements in both reporting periods include changes due to exchange differences on goodwill allocated mainly to the Group's US and Canadian subsidiaries.

The goodwill balances were generated by business combinations. Those assets were tested for impairment at year-end 2018 and 2017 (by an independent expert, Duff & Phelps); the resulting values were allocated to the cash-generating units or groups of cash-generating units indicated in the table above.

To test the assets for impairment, the Group calculated the value in use of each cash- generating unit (CGU) by discounting the associated cash flows, generally projected for a period of five years, and their terminal value, in turn calculated by projecting the last year's cash flows by a perpetuity growth rate. The cash flow projections were based on historical information and the best estimates of the managers of each CGU. The resulting CGU fair values were additionally cross-checked using comparable multiple methodology.

The growth rates used to extrapolate the cash flow projections beyond the projection horizon and the after-tax discount rates applied to the cash flow projections for the most important CGUs in 2018 (2017) were:

- In the European rice and pasta businesses, a discount rate of 6.5% on average (2017: 6.5%) and a perpetuity growth rate of between 1.6% and 1.9% (1.6% - 2.0%). In Spain, the discount rate used was 7.25% (7.8%) and the growth rate applied was 1.8% (1.8%). In Italy, the discount and growth rates were 8.5% (8.0%) and 1.8% (1.8%), respectively.
- In the US rice and pasta businesses, a discount rate of 7.0% on average (7.0%) and a perpetuity growth rate of 2.2% (2.4%).

The key assumptions used to value each CGU include: (i) the average rate of sales revenue growth modeled; (ii) the compound average annual rate of growth in EBITDA; (iii) the trend in working capital expressed as a number of days of sales; and (iv) average annual capital expenditure, modeled as a percentage of projected EBITDA.

The Group did not detect any indications of goodwill impairment in 2018. Moreover, the results of its impairment tests were satisfactory, other than a minor charge recognized against one of the "Other businesses" in 2018.

As for the assumptions used to calculate the recoverable amount of the various CGUs to which goodwill has been assigned, management believes that no reasonably-possible change in the key assumptions used would cause their carrying amounts to exceed their recoverable amounts. More specifically, neither a 10% increase in the discount rates nor a 20% variation in the growth rates used would trigger significant impairment charges.

16. INVENTORIES

The breakdown of inventories at year-end 2018 and 2017 (in thousands of euros):

ITEM	12-31-18	12-31-17
Goods held for resale	21,406	15,061
Raw materials	231,464	237,429
Consumables and replacement parts	10,021	8,755
Containers	38,726	29,775
Work in progress	31,703	22,447
Finished goods	212,418	196,400
By-products and waste	4,575	4,712
Prepayments to suppliers	50,187	48,505
TOTAL GROSS CARRYING AMOUNT OF INVENTORIES	600,500	563,084
Inventory impairment provision	(5,696)	(4,094)
TOTAL CARRYING AMOUNT OF INVENTORIES	**594,804**	**558,990**

At both reporting dates, the balance of prepayments to suppliers presented on the face of the consolidated statement of financial position mainly comprised payments made to rice growers and rice suppliers. In addition, the Group was contractually committed to the purchase of 70,762 thousand euros of rice from rice growers, cooperatives and exporters at year-end 2018 (96,522 thousand euros at year-end 2017). The Group was also contractually committed to raw material and packaging material purchases in the US, Canada, France and Italy totaling 94,485 thousand euros (year-end 2017: 87,779 thousand euros).

The net provision for inventory impairment recognized in 2018 was 2,230 thousand euros (2017: 1,847 thousand euros), while 734 thousand euros of previously recognized provisions were utilized (2017: 4,212 thousand euros); exchange losses on inventories amounted to 106 thousand euros (387 thousand euros in 2017).

17. SHARE CAPITAL, RESERVES, EARNINGS PER SHARE AND DIVIDENDS

17.1 CAPITAL AND RESERVES

Share capital

The Parent's issued capital consisted of 153,865,392 fully subscribed and paid bearer shares with a par value of 0.60 euros each at both year-ends. The Company's shares are traded on the Spanish stock exchanges.

The shareholders with direct or indirect interests of more than 3% in the capital of Ebro Foods, S.A. at December 31, 2018 (2017), based on information furnished by the said shareholders to Spain's securities market regulator, the CNMV, and to Ebro Foods, S.A., are as follows:

- Grupo Tradifín, S.L., which directly holds 12,248,809 (12,248,809) shares, representing a 7.961% interest (7.961%).
- Hercalianz Investing Group, S.L., which directly holds 12,248,809 (12,248,809) shares, representing a 7.961% interest (7.961%).
- Sociedad Anónima Damm: indirect holder, via Corporación Económica Damm, S.A., of 17,980,610 (17,705,610) shares, representing a 11.686% (11.507%) interest.
- Sociedad Estatal de Participaciones Industriales: indirect holder, via Alimentos y Aceites, S.A., of 15,940,377 (15,940,377) shares, representing a 10.36% (10.36%) interest.

- Corporación Financiera Alba, S.A., which directly holds 21,546,807 (18,467,963) shares, representing a 14.004% (12.003%) interest.
- Empresas Comerciales e Industriales Valencianas, S.L., which directly holds 12,042,637 (12,042,637) shares, representing a 7.827% (7.827%) interest.
- Mr. José Ignacio Comenge Sánchez-Real, who directly holds 3,030 shares (3,030), representing a 0.002% interest (0.002%), and indirectly holds, through Fuente Salada, S.L., 5,600,000 shares (4,600,000), representing a 3.640% interest (2.990%). Accordingly, this shareholder directly and indirectly holds 5,603,030 (4,603,030) shares in the Company, giving him a 3.642% (2.992%) interest.

Share premium

As for the share premium, the Consolidated Text of the Spanish Corporate Enterprises Act permits the use of the share premium account balance to increase share capital and provides no specific limitation with respect to its availability. Virtually all of the share premium account was distributed in 2009 by means of the distribution of an in-kind special dividend paid in own shares.

Restricted reserves

Spanish enterprises that generate a profit are required to earmark 10% of net profit for the year to a legal reserve until such reserve is equivalent to 20% of share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses insofar as other reserves are not available for this purpose, and to increase capital by the amount that exceeds 10% of capital after the increase. The Parent had fully endowed its legal reserve at both year-ends.

As for the restrictions on the reserves of the Group's subsidiaries, it is worth noting the existence of legal reserves at the Spanish subsidiaries and some of the international subsidiaries totaling approximately 24.5 million euros (23.3 million euros at year-end 2017) that are subject to the same legal reserve regime detailed above. The portion of such reserves arising on consolidation is included under retained earnings.

Consolidated retained earnings includes 38,531 thousand euros (year-end 2017: 38,531 thousand euros) corresponding to Herba Foods S.L. In addition, certain foreign subsidiaries have retained earnings which have not been distributed since consolidation within the Ebro Group. In both instances, the distribution of such retained earnings is contingent upon payment of the corresponding income tax or withholdings. Note that the taxable event - income tax or withholdings - would accrue whenever such distribution is ratified, something not expected to occur in the short or medium term.

Translation differences - foreign exchange translation differences reserve

The foreign exchange translation differences reserve is used to recognize the exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to recognize hedges of net investments in these entities.

The breakdown of translation differences at year-end by company (in thousands of euros) is provided below:

	12-31-18	12-31-17
Herba companies	(11,822)	(10,884)
RIVIANA Group (US)	60,368	19,309
Ebro Alimentación Mexico	(172)	(195)
Garofalo Group (Italy) - International business	(36)	(42)
Panzani Group (France) - International business	63	(10)
TOTAL	**48,401**	**8,178**

Own shares

In 2018, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (as duly notified to the CNMV in keeping with prevailing legislation). In 2018, under the scope of the employee share plan, it bought back 33,348 shares and delivered 33,348 own shares to employees. The Parent did not hold any own shares as treasury stock at December 31, 2018.

In 2017, the Parent similarly had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (as duly notified to the CNMV in keeping with prevailing legislation). In 2017, the Parent bought back 51,673 shares, sold 25,000 shares and delivered 26,673 own shares to employees. It did not hold any own shares as treasury stock at December 31, 2017.

17.2 EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for interest on non-cumulative redeemable and convertible preference shares, of which Ebro Foods, S.A. did not have any at either year-end) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (Ebro Foods, S.A. did not have any dilutive potential ordinary shares at either year-end).

The following table reflects the income (thousands of euros) and share data used in the basic and diluted EPS computations:

	12-31-18	12-31-17
Profit from continuing operations attributable to ordinary equity holders of the parent	141,589	220,600
Loss from discontinued operations attributable to ordinary equity holders of the parent	0	0
Profit attributable to ordinary equity holders of the parent	141,589	220,600
Interest on non-cumulative convertible and redeemable preference shares	0	0
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution (non-cumulative convertible and redeemable preference shares)	141,589	220,600

	2017	2016
	THOUSANDS	THOUSANDS
Weighted average number of ordinary shares for basic EPS **(*)**	153,865	153,865
Effects of dilution from:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	153,865	153,865

(*) Takes into account the weighted average effect of movements in own shares during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

17.3 DIVIDENDS

Distribution of the dividends approved at the Annual General Meeting of June 5, 2018 at which the Parent's shareholders ratified the motion to pay a cash dividend with a charge against 2017 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2018 for a total outlay of 87,703 thousand euros.

The dividend was paid out in three equal instalments of 0.19 euros per share on April 3, June 29 and October 1, 2018.

DIVIDENDS DECLARED, PAID AND PROPOSED	2018	2017
Dividends paid: Final dividend paid against 2017 profit: 0.57 euros (2016: 0.57 euros)	87,703	87,703
	87,703	**87,703**
Proposed dividend subject to approval at the Annual General Meeting (not recognized as a liability at year-end) Dividend payable against 2018 profit: 0.57 euros (2017: 0.57 euros)	87,703	87,703
	87,703	**87,703**

(000€)

18. DEFERRED INCOME

This heading essentially includes grants relating to assets, greenhouse gas emission allowances received (up until 2013) and other items of deferred income that are not individually material.

The movements under this heading in 2018 and 2017 (thousands of euros):

	GOVERNMENT GRANTS		EMISSION ALLOWANCES		OTHER DEFERRED INCOME		TOTAL	
	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
OPENING BALANCE	3,525	3,899	63	63	463	787	4,051	4,749
Additions due to business combinations	0	93	0	0	0	0	0	93
Decreases due to disposals	0	0	0	0	0	0	0	0
Grants received	131	10	0	0	0	0	131	10
Additions due to GHG allowances	0	0	0	0	0	0	0	0
Other increases/decreases	15	(113)	(62)	0	0	0	(47)	(113)
Translation differences	0	(2)	0	0	15	(81)	15	(83)
Reclassified to profit or loss from continuing operations	(325)	(362)	0	0	(232)	(243)	(557)	(605)
CLOSING BALANCE	**3,346**	**3,525**	**1**	**63**	**246**	**463**	**3,593**	**4,051**

The year-end balances mainly comprise grants relating to assets awarded to various Group companies in relation to certain fixed asset investment projects (to date these companies have satisfied all the conditions attached to their grant).

The breakdown of grants by maturity is as follows (thousands of euros):

GRANTS RELATING TO ASSETS

	PENDING RECLASSIFICATION TO PROFIT OR LOSS			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Breakdown of closing balance by maturity	308	1,059	1,979	3,346

19. PROVISIONS FOR PENSIONS (POST-EMPLOYMENT BENEFITS) AND SIMILAR OBLIGATIONS

The reconciliation of the opening and closing balances under this heading (in thousands of euros) is as follows:

	12-31-18	12-31-17
	TOTAL	TOTAL
OPENING BALANCE	**51,110**	**56,489**
Translation differences	714	(1,696)
Business combinations	367	2,255
Amounts utilized and benefits paid	(16,913)	(14,912)
Surplus provisions and employee departures	0	(65)
Amount provided for in the year for actuarial changes	(3,432)	(1,730)
Amount provided for in the year for unwind of discount	1,243	1,346
Amount provided for in the year for employee benefits expens	10,067	9,423
CLOSING BALANCE	**43,156**	**51,110**

The breakdown by type of post-employment commitment (in thousands of euros):

	12-31-18	12-31-17
Defined benefit obligations	17,708	23,672
Retirement bonuses and similar obligations	22,052	23,150
Senior management bonus schemes (note 23)	3,396	4,288
TOTAL	**43,156**	**51,110**

The types of commitments extended by company/CGU are summarized below:

	DEFINED CONTRIBUTION PENSION COMMITMENTS	DEFINED BENEFIT PENSION COMMITMENTS	OTHER DEFINED PENSION COMMITMENTS	RETIREMENT BONUSES	LONG-SERVICE BONUSES	TERMINATION OR RETIREMENT BENEFITS
Ebro Foods, S.A. (Spain)					Yes (a)	
Riviana Group (US & Canada)	Yes	Yes (b)	Yes (b)			
Panzani Group (France)				Yes (a)	Yes (a)	Yes (a)
Bertagni (Italy)						Yes (a)
Boost (Herba) (Belgium)	Yes (c) 2007	Yes (c) 2006				Yes (a)
Herba Bangkok and Ebro India						Yes (a)
Garofalo (Italy)						Yes (a)
Geovita (Herba) (Italy)						Yes (a)
Mundiriso (Herba) (Italy)						Yes (a)
S&B Group (Herba) (UK)	Yes (d)	Yes (d)				
Ebro Germany (Germany)		Yes (a)		Yes (a)		
Euryza (Herba) (Germany)		Yes (a)				
Transimpex (Herba) (Germany)		Yes (a)				
Lassie Group (Herba) (Netherlands)	Yes (e)	Yes (e)				
Herba Ricemills (Spain)				Yes (a)		

(a) Obligations not externalized. Managed and provided for in-house. Except for Garofalo (Italy), which has externalized a portion of its obligations.
(b) These obligations are managed externally. The administration, management and investment decision-making with respect to these assets is performed by a committee that is independent from the Company's management.
(c) These became defined contribution obligations in 2007.
(d) Obligations to current employees were switched to a defined contribution benefit arrangement in 2007, while former employees continue to receive a defined benefit scheme.
(e) These became defined contribution obligations in 2014.

The next section outlines the most significant obligations on the basis of their relative materiality with respect to the overall obligation and/or because their specific circumstances warrant their individual disclosure.

19.1 RETIREMENT BONUSES AND SIMILAR OBLIGATIONS

The breakdown by company or business is as follows (in thousands of euros):

	12-31-18	12-31-17
Panzani France Group (Panzani)	18,213	19,035
Herba Rice Group (Herba)	2,113	2,323
Garofalo (Italy)	473	539
Riviana American Group (Riviana)	900	894
Ebro Group Germany (Germany)	189	189
Ebro Foods, S.A.	164	160
Other minor obligations	0	10
SUBTOTAL	**22,052**	**23,150**

19.1.1 Ebro Foods, S.A.

The balance at year-end 2018 in respect of Ebro Foods, S.A. totals 164 thousand euros (year-end 2017: 160 thousand euros) and corresponds to the provision for the potential obligation to provide long-service bonuses to some of its employees. The Group is not legally required to externalize this obligation. The expense recognized in this respect was 4 thousand euros in 2018 (2017: 5 thousand euros).

19.1.2 Panzani Group companies

The Panzani Group companies have obligations to their employees, mainly in respect of: (i) retirement bonuses (provisions of 14,014 and 14,115 thousand euros at year-end 2018 and 2017, respectively) and long-service bonuses (provisions of 1,022 and 1,046 thousand euros at year-end 2018 and 2017, respectively) and; (ii) since 2016, provisions for termination benefits (3,177 and 3,874 thousand euros, respectively).

In 2016, France introduced a regulatory change to how companies must account for their termination commitments to employees, as a result of which the Ebro Group's French subsidiaries had to recognize a provision in the amount of 5,337 thousand euros in respect of past-service costs related to these commitments. The provision was recognized in the 2016 consolidated statement of profit or loss.

Those provisions were recognized based on actuarial calculations performed internally. The related net expenditure recognized in 2018 amounted to 1,024 thousands euros (2017: 133 thousand euros); note that 480 thousand euros was credited directly in equity as actuarial gains (2017: 805 thousand euros charged directly against equity as actuarial losses).

These provisions are funded in-house, albeit not by specific assets. The interest rate applied in 2018 was 1.5% (1.3% in 2017).

19.1.3 Herba Group companies

The collective bargaining agreements applicable at the subsidiaries in Italy, Belgium, Thailand and India include termination benefit obligations (voluntary or otherwise) for their employees. Those provisions were recognized based on actuarial calculations performed internally in some instances and externally in others. The related provision at year-end 2018 amounted to 2,017 thousand euros (1,984 thousand euros at year-end 2017). Expenditure in 2018 was 377 thousand euros (2017: 212 thousand euros).

In addition, some Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Danrice in Denmark, TBA Suntra UK and Ebro Group Netherlands from 2014) have defined contribution pension plans for some of their employees under which they make an annual contribution based on a percentage of qualifying employees' salaries. Expenditure in 2018 was 1,403 thousand euros (2017: 1,339 thousand euros).

Lastly, in keeping with the rice sector's collective bargaining agreement, Herba Ricemills, S.L.U. has retirement bonus obligations that have been externalized under an insurance policy; the related provision at year end 2018 stood at 103 thousand euros (339 thousand euros at year-end 2017). Net expenditure in 2018 was 74 thousand euros (2017: 81 thousand euros).

19.1.4 Garofalo (Italy)

The applicable collective bargaining agreement includes termination benefit obligations (voluntary or otherwise) for employees. That obligation was externalized in 2008; the provision for the obligation funded internally and accrued until the date of externalization continues to be recognized through settlement. The provision is updated annually on the basis of external actuarial calculations. The related provision at year-end 2018 amounted to 473 thousand euros (539 thousand euros at year-end 2017). The discounting of this provision implied a finance cost of 9 thousand euros in 2018 (2017: 10 thousand euros), actuarial gains credited directly to equity of 21 thousand euros (gains of 33 thousand euros in 2017) and payments totaling 56 thousand euros (2017: 9 thousand euros). The expense recognized in 2018 in respect of the obligation externalized since 2008 amounted to 425 thousand euros (2017: 395 thousand euros).

19.1.5 Ebro Group Germany

This company's business was sold to third parties at the end of 2013 and all its employees' contracts were transferred to the buyer. Accordingly the provisions were set up and recognized for accounting purposes for the services accrued by those employees until December 31, 2013.

In addition to the defined benefit obligations detailed below, those former employees accrued retirement bonus benefits until December 31, 2017 (giving rise to a provision of 189 thousand euros at both year-ends). That provision was recognized based on actuarial calculations performed in-house. The provision is funded in- house, albeit not by specific assets.

19.1.6 Riviana Foods, Inc.

In addition to the defined benefit obligations detailed below, the Riviana Group companies offer their US employees voluntary contribution plans. Those companies match their employees' contributions. Total expenditure in connection with those plans was 2,461 thousand euros in 2018 (2017: 2,293 thousand euros).

19.2 PENSION AND OTHER DEFINED BENEFIT OBLIGATIONS

The breakdown by company:

	12-31-18			12-31-17		
	PENSION COMMITMENTS	OTHER COMMITMENTS	TOTAL	PENSION COMMITMENTS	OTHER COMMITMENTS	TOTAL
Riviana Group (US & Canada)	7,600	(3,197)	4,403	11,891	(2,732)	9,159
Boost (Herba) (Belgium)	356		356	359		359
S&B Group (Herba) (UK)	5,170		5,170	5,873		5,873
Ebro Germany (Germany)	2,124		2,124	2,284		2,284
Euryza (Herba) (Germany)	4,500		4,500	4,547		4,547
Transimpex (Germany)	1,155		1,155	1,450		1,450
	20,905	**(3,197)**	**17,708**	**26,404**	**(2,732)**	**23,672**

(000€)

The reconciliation of the opening and closing balances included in the table above, broken down using geographic criteria, deemed the most appropriate and uniform criterion in terms of the underlying factors generating these obligations, in 2018 and 2017:

	TOTAL		EUROPE		US & CANADA	
	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Provisions for pensions - obligations						
Opening balance	77,701	81,705	26,735	27,254	50,966	54,451
Business combinations	0	1,216	0	1,216	0	0
Charge for the year	4,343	4,514	684	766	3,659	3,748
Actuarial changes	(6,234)	2,581	(1,323)	(953)	(4,911)	3,534
Benefits paid	(4,723)	(5,221)	(1,004)	(930)	(3,719)	(4,291)
Transfers between plans	0	0	0	0	0	0
Translation differences	2,170	(7,094)	(139)	(618)	2,309	(6,476)
CLOSING BALANCE	73,257	77,701	24,953	26,735	48,304	50,966
Provisions for pensions - plan assets						
Opening balance	(54,028)	(53,760)	(12,223)	(11,748)	(41,805)	(42,012)
Business combinations	0	0	0	0	0	0
Return on plan assets	(1,299)	(1,391)	(290)	(286)	(1,009)	(1,105)
Contributions by employer	(6,243)	(6,148)	(1,099)	(510)	(5,144)	(5,638)
Actuarial changes	3,274	(3,548)	867	(978)	2,407	(2,570)
Benefits paid	4,717	5,221	1,004	930	3,713	4,291
Transfers between plans	0	0	0	0	0	0
Translation differences	(1,970)	5,597	93	370	(2,063)	5,227
CLOSING BALANCE	(55,549)	(54,029)	(11,648)	(12,222)	(43,901)	(41,807)
NET ASSET RECOGNIZED ON THE BALANCE SHEET	**17,708**	**23,672**	**13,305**	**14,513**	**4,403**	**9,159**

(000€)

NET ANNUAL COST BY COMPONENT

	TOTAL		EUROPE		US & CANADA	
	12-31-18	12-31-17	12-31-18	12-31-17	12-31-18	12-31-17
Current service cost	2,029	1,992	100	164	1,929	1,828
Borrowing costs	2,035	2,522	305	602	1,730	1,920
Expected return on plan assets	(1,021)	(1,391)	(12)	(286)	(1,009)	(1,105)
	3,043	3,123	393	480	2,650	2,643
Actuarial changes recognized directly in consolidated equity: (gains)/losses	(2,960	(967)	(456)	(1,931)	(2,504)	964

ACTUARIAL ASSUMPTIONS

	12-31-18	12-31-17	12-31-18	12-31-17
Discount rate	1.15% - 2.9%	1.15% - 2.5%	4.02% - 4.35%	3.25% - 3.65%
Future salary increases	1.5% - 3.0%	1.5% - 3.0%	3.00%	3.00%
Expected return on plan assets	1.15% - 2.9%	1.15% - 2.5%	4.02% - 4.35%	3.25% - 3.65%

In general the obligations relate to pension plans for most of the employees of the Riviana Group in both the US and Canada and for certain employees of the European subsidiaries. At the S&B Group, these obligations now only correspond to former employees (the obligations in respect of current employees were transferred to defined contribution arrangements on January 1, 2006). The Riviana Group has not been adding new employees to this defined benefit scheme since February 2006; at the Canadian subsidiary (the dry pasta division), the pension plan was liquidated by settling the benefits accrued by employees with effect until December 31, 2009.

In the case of the Riviana Group, the other commitments relate to health insurance, prescription drug plans and life insurance provided to just some of their employees.

20. OTHER PROVISIONS

The movements under this heading in 2018 and 2017 (in thousands of euros) are shown below:

MOVEMENTS UNDER OTHER PROVISIONS

	12-31-18	12-31-17
	TOTAL	TOTAL
OPENING BALANCE	**20,579**	**18,498**
Translation differences	21	(78)
Business combinations	1,085	14
Transfers	(21)	1
Amounts utilized and payments	(3,890)	(4,424)
Additions with a charge to profit or loss	5,456	6,953
Unused amounts reversed with a credit to profit or loss	(530)	(385)
CLOSING BALANCE	**22,700**	**20,579**

An analysis by underlying concept and company/business (in thousands of euros):

BREAKDOWN OF OTHER PROVISIONS BY CONCEPT

	12-31-18	12-31-17
Lawsuits and disputes	21,450	18,718
Modernization and restructuring plan	237	581
Sundry other contingencies of insignificant amount	1,013	1,280
	22,700	**20,579**

	12-31-18	12-31-17
Ebro Foods, S.A.	16,019	15,448
Panzani Group	1,920	2,433
Herba Group	3,607	1,346
Riviana Group	233	462
Ebro Group Germany	572	569
Other	349	321
TOTAL NEGOCIOS CONTINUADOS	**22,700**	**20,579**

20.1 LAWSUITS AND DISPUTES: PROVISIONS COVERING THE OUTCOME OF LAWSUITS RELATED TO THE SALES OF THE SUGAR AND DAIRY BUSINESSES

One of the provisioned items is the provision recognized to cover the outcome of lawsuits related to the sales of the sugar business (sold in 2009) and the dairy business (sold in 2010), specifically related to the reps and warranties extended to the buyers of these businesses, as an unfavorable ruling in these lawsuits has the effect of reducing the sale- purchase prices for these business. Additions to this provision (or reversals thereof) imply an adjustment to the sale price and are accordingly recognized as a reduction (or increase) in profit in the year in which they are recognized.

These lawsuits had been substantially resolved by year-end 2013, so that the related provision stood at zero. However, in the course of 2014 a number of smaller-sized disputes came to light. Management determined it was necessary to recognize a provision in respect of certain of these cases in light of the possible outflow of resources in the future.

A new lawsuit was brought in August 2014 when Grupo Lactalis Iberia, S.A. passed the proposed ruling in respect of the disciplinary proceedings initiated by the investigative unit of Spain's anti-trust authority, the CNMC, against Spain's leading dairy transformation companies, including Puleva Food, S.L., in connection with alleged anti-competitive practices between 2003 and 2013, on to Ebro Foods, S.A. Ebro Foods, S.A. sold Puleva Food, S.L. to Grupo Lactalis Iberia, S.A. in 2010; the related share purchase agreement (the “SPA”) included a liability regime covering future contingencies. Under that regime, Ebro Foods, S.A., as seller, could be held liable for any fine imposed on Puleva Food, S.L. with respect to developments taking place prior to the sale.

The above-mentioned proposed ruling qualifies the conduct investigated as a very serious infraction of article 62.4.a) of Spain's Anti-Trust Act and recommends that the Board of the CNMC hand down the fine contemplated in article 63 of that same piece of legislation. Grupo Lactalis Iberia, S.A. and Puleva Food, S.L., in keeping with the procedure agreed upon in the SPA, duly presented statements outlining their pleas against the proposed ruling, categorically denying the conduct charged therein.

The ruling issued by the CNMC's Board on February 26, 2015 was received on March 3, 2015. It hands down a fine against Puleva Food, S.L. of 10,270 thousand euros (the Disciplinary Ruling). Although the Ebro Group believed it had solid arguments for defending its position in these lawsuits, and so stated in the appeal lodged before the Spanish High Court (*Audiencia Nacional*) in September 2015, the risk of an outflow of resources was deemed probable and a provision was accordingly recognized in the 2014 financial statements.

In a ruling issued on October 25, 2018, the High Court annulled the Disciplinary Ruling on the basis of formal defects, ordering the rewinding of the procedure corresponding to disciplinary investigation S/0425/12, which originally gave rise to the Disciplinary Ruling, to the moment immediately preceding the procedural infraction that gave rise the annulment. In keeping with the High Court's ruling, in November 2018, the CNMC agreed and notified Puleva Food, S.L. of the resumption of the disciplinary investigation, specifically the resumption of the pertinent proceedings rewound to immediately prior to April 24, 2014.

Following that retroactive resumption of the investigation, on December 21, 2018, the CNMC issued a new proposed ruling. In that ruling, the CNMC reiterated its original opinion of the underlying facts, which makes it more than likely that the ruling will culminate in a new disciplinary ruling implying a fine against Puleva Food, S.L.; note, however, that the proposed resolution does not quantify the penalty in any way, as that will take place when the disciplinary ruling is issued. Therefore, and notwithstanding the fact that the Group believes it has substantive arguments against such an outcome, the parent's directors believe that the provision recognized to cover this lawsuit should be maintained.

Elsewhere, in 2016, the Group recognized a provision of 2,500 thousand euros to cover the litigation risk associated with the tax assessments signed under protest in 2016 in the wake of an inspection of the Puleva Group in respect of the years during which it still belonged to Ebro's consolidated tax group.

Lawsuits and disputes: Tax assessments

The tax inspection of the Spanish tax group in respect of 2008 to 2011, both inclusive, concluded in May 2014. All of the assessments were paid (using financial criteria), including those signed under protest (albeit not the related fines). The assessments signed under protest have been appealed.

In addition, the Group signed assessments handed down in connection with the deduction accredited and applied as warranted in relation to the 2008 Volvo Ocean Race under protest. The amount contested, which applies from 2008 to 2010, totals 3,021 thousand euros. In that case, the liability was not initially provided for as the assessments had been appealed and the likelihood of winning the claim was deemed high due to the precedent set by National High Court rulings in favor of other taxpayers that had brought identical cases.

However, in July 2017, the Supreme Court ruled against a taxpayer in a very similar case. Therefore, the risk that the outcome of this process will not favor the tax group was reclassified from remote to probable as it is now expected to possibly entail an outflow of resources. As a result, in 2017, the Group recognized a provision of 3,928 thousand euros to cover this liability. The provision was recognized with a charge against corporate income tax expense in the 2017 statement of profit or loss.

There were no new developments in the lawsuits related with the tax assessments appealed in relation to the 2008-2011 inspection in 2018.

Elsewhere, as detailed in note 21 below, the inspection of the Spanish tax group for 2012 to 2015 finished in 2018; as a result, the Group has recognized 3,680 thousand euros of provisions in relation to assessments signed under protest (note 21).

As for the other matters provided for, there were no significant changes in the status of the lawsuits in 2018 with respect to year-end 2017.

20.2 STATUS OF OTHER LAWSUITS AND DISPUTES

In addition to the lawsuits outlined in section 20.1 above, at year-end 2018, the Group had recognized provisions for other lawsuits and disputes in the amount of 2,272 thousand euros (year-end 2017: 3,270 thousand euros).

The provisions relate to court proceedings underway and other claims; in the directors' opinion, after taking appropriate legal advice from its in-house and external counsel, the outcome of these legal claims will not give rise to any significant liabilities beyond the amounts provided at year-end.

The breakdown of the maximum liability under these legal claims (items 20.1 and 20.2 above) is shown below (in thousands of euros):

	12-31-18	12-31-17
Tax and customs assessments signed under protest	10,492	7,592
Judicial review contingencies	10,367	10,859
Other lawsuits	645	666
	21,504	**19,117**

21. TAX MATTERS

Year-end balances receivable from and payable to the tax authorities (in thousands of euros):

	RECEIVABLE		PAYABLE	
	12-31-18	12-31-17	12-31-18	12-31-17
VAT and personal income tax	34,784	31,999	(14,971)	(9,425)
Social security	159	149	(2,738)	(2,280)
Grants pending collection	0	0		
Other public authorities	40	277	(105)	(3,117)
TOTAL TAXES RECEIVABLE/PAYABLE	34,983	32,425	(17,814)	(14,822)
INCOME TAX - TAX PAYABLE/REFUNDABLE	**23,488**	**37,651**	**(11,691)**	**(14,013)**

Certain Group companies file consolidated tax returns in keeping with applicable tax and other legislation prevailing in each country. The companies that file under a consolidated tax regime are: most of the Spanish companies (Spanish tax group), the Riviana Group (USA) together with its Canadian subsidiary, the Panzani Group (France) and the Group companies resident in Germany and the Netherlands for tax purposes.

The statutory corporate income tax rates vary from one country to another, the most significant (on account of their relative materiality) being the rates prevailing in: Spain: 25%; France: 33.3% (set to fall on a staggered basis to 25% by 2022); the US: 24% (37% in 2017); Germany: 30%; the Netherlands: 25.5%; Italy: 24% (27.5% in 2017); and the UK: 19.25%. The table provided later on in this note presents the impact of the national rates other than 25% (benchmark Spanish rate) under the dedicated line item, 'Impact of differing tax rates (taxable income)'.

It is important to consider certain extraordinary developments arising in 2018 and 2017 in analyzing the year-on-year trend in the Group's tax expense. The major components of income tax expense for the years ended December 31, 2018 and 2017 are:

	2018	2017
Income tax expense for the year	61,283	86,816
a) Impacts of tax reforms in the US taking effect from Jan. 1, 2018	0	(50,631)
b) Impacts of change in income tax rates in France & Italy	0	(5,956)
c) Expenditure/provisions in respect of tax assessments	2,356	3,928
TOTAL	**63,639**	**34,157**

(000€)

a) Impact of the tax reforms in the US – at the end of December 2017, the US president passed a new tax law which introduced substantial changes. Among the reforms introduced it is worth highlighting the 14 point reduction in the federal corporate tax rate (from 35% to 21%) and the modification of the tax treatment of undistributed profits of subsidiaries outside of the US.

At year-end 2017, the Group recognized the impact of the reduction in the US federal corporate tax rate on its deferred tax assets and liabilities, along with the impact of the new tax treatment of the undistributed profits and earnings of foreign subsidiaries (outside of the US). Those impacts implied: (i) a 50,631 thousand euro reduction in income tax expense in the consolidated statement of profit or loss; (ii) an increase in income tax expense in the consolidated statement of other comprehensive income of 2,060 thousand euros; (iii) a charge against translation differences of 2,940 thousand euros; (iv) the recognition of an account payable to the US federal tax authorities of 1,190 thousand euros; (v) a 8,603 thousand euro decrease in deferred tax assets; and (vi) a 55,424 thousand euro decrease in deferred tax liabilities.

b) Impacts of the change in tax rates in France and Italy - the French government reduced the rate of corporate income tax in France at the end of 2016 and then again at the end of 2017, such that this rate has been set at 33.3% for 2016, 2017 and 2018, decreasing to 31% in 2019, to 28% in 2020, to 26.5% in 2021 and, finally, to 25% in 2022. The Group recognized the effects that the reduction in the income tax rate in France will have on its various deferred taxes at year-end 2017. Meanwhile, Italy's main corporate income tax rate was reduced from 27.5% to 24% from 2018. The Group similarly recognized the effects that the reduction in the income tax rate in Italy will have on its various deferred taxes at year-end 2017.

c) Expenditure/provisions in respect of tax assessments: The inspection of the tax group in respect of 2012 to 2015, both years inclusive, finalized in November 2018. The assessments handed down are summarized below:

	ASSESSMENTS UNCONTESTED	ASSESSMENTS CONTESTED	TOTAL
Tax	546	3,219	3,765
Interest	77	461	538
Fines	0	0	0
	623	3,680	4,303
Accounting treatment:			
Statement of profit or loss			
Income tax expense			2,356
Other operating expenses			1
Finance costs			464
Deferred income tax			1,482
TOTAL CHARGES			**4,303**
Other non-current provisions (note 14)			(3,680)
Inter-company balances receivable / payable within tax group			0
Taxes payable (payables)			(623)
TOTAL PAYMENTS			**(4,303)**

(000€)

All of the assessments in the table above were recognized in 2018 for accounting purposes either for payment (those not contested) or as provisions (those contested). The assessments signed under protest have been appealed.

In addition, assessments in the amount of 5,116 thousand euros have been signed under protest in relation to two specific concepts with which the Ebro Group is in total disagreement. In this instance, the balance has not been provided for as the assessments have been appealed and the likelihood of winning this claim is deemed very high due to the fact that there are solid arguments and precedent following prior inspections, prompting the directors to classify the probability of an outflow of resources as remote.

Income tax expense for the year ended December 31 2018 is quantified on the basis of the best estimate of the weighted average tax rate (effective rate) expected to apply in the current annual reporting period, adjusted for application of prevailing tax provisions. The effective tax rate used in 2018 was 28.78% (32.87% in 2017). The decrease in the estimated effective rate is mainly attributable to the reduction in the tax burden in the US.

The breakdown of the tax expense accrued by the consolidated Group in 2018 and 2017 (in thousands of euros) is provided below:

	2018		2017	
	ACCOUNTING	TAX	ACCOUNTING	TAX
ACCOUNTING PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	212,950	212,950	264,131	264,131
PROFIT/(LOSS) BEFORE TAX RECOGNIZED IN EQUITY	3,426	3,426	1,617	1,617
	216,376	216,376	265,748	265,748
Permanent differences	(8,507)	(8,507)	(10,220)	(10,220)
Tax losses generated during the year	10,751	10,751	4,889	4,889
Utilization of individual tax losses	(3,595)	(3,595)	(5,391)	(5,391)
ACCOUNTING PROFIT ADJUSTED FOR PERMANENT DIFFERENCES	215,025	215,025	255,026	255,026
Temporary differences		(66,272)		(53,993)
Tax losses generated during the year		7,583		10,976
Utilization of tax losses		(2,350)		(4,130)
ADJUSTED TAXABLE PROFIT	215,025	153,986	255,026	207,879
Impact of differing tax rates (taxable income)	7,283	14,130	70,305	61,468
TAXABLE INCOME OF THE GROUP	222,308	168,116	325,331	269,347
Tax calculated at statutory rate of 25%	55,577	42,029	81,333	67,337
Tax credits utilized	0	0	0	0
TAX PAYABLE	55,577	42,029	81,333	67,337
Adjustments in respect of prior-year's income tax	803		(1,803)	
Restatement of net deferred taxes due to changes in tax rates	(1,571)		(56,587)	
Restatement of net deferred taxes	(244)		1,003	
Inspection assessments and fines (note 21.c)	2,356	2,918	3,928	0
Equivalent tax charges	7,700	6,745	8,918	8,777
Adjustment in respect of prior year's tax payable		3,076		(3,762)
TOTAL TAX EXPENSE	64,621	54,768	36,792	72,352
Tax expense, continuing operations	63,639		34,157	
Tax expense, recognized directly in equity	982		2,635	
	64,621		**36,792**	

STATEMENT OF PROFIT OR LOSS - INCOME TAX

	2018	2017
Current tax expense, continuing operations	42,029	67,337
Current tax expense, sale of discontinued operations	0	0
Total deferred tax expense	12,759	13,540
Tax expense deferred in equity	789	456
Restatement of prior-year's income tax	803	(1,803)
Restatement of net deferred taxes	(1,815)	(55,584)
Equivalent tax charges	7,700	8,918
Inspection assessments and fines	2,356	3,928
	64,621	**36,792**

TAX EXPENSE, RECOGNIZED DIRECTLY IN EQUITY

	2018	2017
Expense related to changes in subsidiaries' capital	0	(30)
Change in fair value of financial assets	(2)	2
Change due to actuarial gains/(losses)	984	603
Restatement of net deferred taxes due to changes in tax rates	0	2,060
	982	**2,635**

Total expense for tax purposes less the withholdings and payments on account made during the year yields the amount of tax payable to / refundable by the tax authorities in respect of current income tax.

The most significant temporary differences in 2018 and 2017:

- A decrease of 3,358 thousand euros (2017: decrease of 1,901 thousand euros) due to the tax effect of actuarial losses/gains on pension commitments, recognized directly in equity.
- A decrease of 20,227 thousand euros (20,227 thousand in 2017) due to the amortization for tax purposes of the goodwill arising on the acquisition of foreign companies.
- A decrease of 35,839 thousand euros (22,245 thousand euros in 2017) in relation to temporary differences at the Riviana Group (US), mainly due to the amortization for tax purposes of trademarks and other assets, the recognition in different periods for accounting versus tax purposes of items in provision and accrual accounts and the impairment of certain trademarks.
- A decrease of 8,295 thousand euros (10,289 thousand euros in 2017) in relation to temporary differences at the Herba Group, mainly due to the amortization for tax purposes of trademarks and other assets, accelerated depreciation regimes in Spain and the US and the recognition in different periods for accounting versus tax purposes of items in provision accounts.
- An increase of 2,427 thousand euros (a 3,776 thousand euro decrease in 2017) in relation to temporary differences at the Panzani Group, due mainly to movements under provisions, offset by property, plant and equipment depreciation charges.
- A decrease of 3,971 thousand euros (increase of 1,624 thousand euros in 2017) in consolidation adjustments due to different accounting criteria applied in preparing the separate versus the consolidated annual financial statements.
- A net decrease of 2,991 thousand euros (2017: net increase of 2,821 thousand euros), mainly in relation to other companies, due to the origination and/or utilization for tax purposes of provisions recognized and/or reversed during the year, the recognition and/or reversal of impairment losses on non-financial assets and other contingencies canceled and financial assets that were or were not eligible for deduction during the year.

The Group companies' permanent differences relate basically to amounts equivalent to tax that do not compute for income tax calculation purposes, the effect of expenses that are not deductible in determining tax profit, the deductibility for tax purposes of losses on non-current financial assets and the reversal of certain provisions that were not deductible for tax purposes when they were recognized in prior years.

The Group did not apply unused tax assets in 2018 or 2017 due to the lack of sufficient taxable income. Its tax credits mainly derive from new product development efforts, charitable donation deductions, deductions under double taxation treaties and tax relief on the reinvestment of gains generated by asset sales (still-unused credits generated prior to 2014).

Until and including 2014 it was possible in Spain to certify deductions in respect of reinvestments; these deductions were eliminated in 2015. Between 2013 and 2006, both inclusive, the Spanish tax group reinvested qualifying proceeds totaling 33.1, 5.0, 115.3, 57.3, 1.5, 16.2, 11.2 and 76.3 million euros, respectively. These reinvestments satisfied all of the requirements for qualifying for the related tax relief.

The reconciliation of the opening and closing deferred tax balances (in thousands of euros) is provided below:

	12-31-18			12-31-17		
	ASSETS	LIABILITIES	NET	ASSETS	LIABILITIES	NET
OPENING BALANCE	49,757	(221,683)	(171,926)	83,068	(299,500)	(216,432)
Transfers	2,311	(2,311)	0	6,740	(6,740)	0
Translation differences	1,362	(4,500)	(3,138)	(24,111)	35,307	11,196
Business combinations	674	(2,790)	(2,116)	256	(4,968)	(4,712)
Disposals / derecognitions	0	0	0	0	0	0
Charged / credited in statement of profit or loss	(1,036)	(11,723)	(12,759)	(1,875)	(11,667)	(13,542)
Charged / credited to equity	1,131	(342)	789	(410)	(45)	(455)
Restatements	(1,315)	6,407	5,092	(13,911)	65,930	52,019
CLOSING BALANCE	**52,884**	**(236,942)**	**(184,058)**	**49,757**	**(221,683)**	**(171,926)**

The breakdown of deferred taxes into their most significant components at year-end is provided in the next table:

	12-31-18		12-31-17	
	DEFERRED TAX		DEFERRED TAX	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Property, plant and equipment	5,518	(72,101)	4,776	(67,846)
Investment properties	5,793	0	2,797	0
Goodwill	2,107	(87,488)	2,609	(79,167)
Other intangible assets	2,967	(71,604)	1,814	(67,618)
Inventories	3,004	(643)	3,542	(607)
Receivables and accruals (assets)	3,683	(865)	884	(687)
Pensions and similar obligations	10,709	(30)	11,809	38
Other non-current provisions	1,218	(775)	898	(738)
Payables and accruals (liabilities)	6,581	1,707	9,396	1,361
Unused tax credits and tax losses	11,099	0	11,216	0
Accrual of tax credits	205	(5,143)	16	(6,419)
TOTAL	**52,884**	**(236,942)**	**49,757**	**(221,683)**

At year-end 2018, the Group companies had around 48 million euros of unused tax losses (50 million euros at year-end 2017) that it can offset against taxable profit over the next 15 years.

The Spanish tax group has its books open to inspection from 2016 in respect of all applicable taxes. The other Group companies have their books open to inspection in respect of the taxes and years applicable under local tax legislation insofar as not already inspected, in most instances from 2013 or 2014. The directors believe there is no need to provide for potential additional tax liabilities that could arise from differing interpretations of tax regulations.

22. COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS - GROUP AS LESSEE

The Group has entered into operating leases on certain vehicles, items of machinery, warehouses and offices. These leases have terms of between three and five years on average, except for the lease on the site of one of the factories in the US, which has a term of 20 years, the lease on one of the factories in Canada (10 years), and the lease over the sites of two factories in Italy (8 years). These leases do not impose significant restrictions on the lessees.

Future minimum rentals payable under non-cancelable operating leases at December 31 (in thousands of euros) are as follows:

	12-31-18	12-31-17
Within 1 year	13,412	10,793
After one year but not more than five y	29,146	28,012
More than five years	20,953	14,716
TOTAL	**63,511**	**53,521**

OPERATING LEASE COMMITMENTS - GROUP AS LESSOR

The Group has leased several properties within its investment property portfolio. These non-cancelable leases have remaining terms of between three and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancelable operating leases at December 31 (in thousands of euros) are as follows:

	12-31-18	12-31-17
Within 1 year	612	1,033
After one year but not more than five y	249	2,511
More than five years	0	0
TOTAL	**861**	**3,544**

CAPITAL COMMITMENTS

Capital expenditure contracted for (machinery purchases and upgrades) at the end of the reporting period but not yet incurred totaled 38,600 thousand euros (12,600 thousand euros at year-end 2017).

INVESTMENT COMMITMENTS

- In 2011 the Ebro Group acquired 50% of Grupo TBA Suntra B.V. and 75% of TBA Suntra UK from one of their two shareholders. In parallel, it signed an agreement with the other shareholder for the future acquisition of the remaining 50% of Grupo Suntra B.V. and the remaining 25% of TBA Suntra UK. The agreement was structured as a put option written by the shareholder such that the latter can oblige the Ebro Group to acquire the remaining interests in these companies. The parties also signed a shareholder agreement that gives control of the Suntra Group to the Ebro Group. This other shareholder exercised its call option in January 2015 so that the Ebro Group took outright ownership of both these companies.

  In 2016, having completed the restructuring of the Ingredients subgroup, which included the Group's European companies devoted to this line of business, among which the companies itemized above (among others), the Ebro Group sold the above shareholder 20% of the Ingredients business and 25% of TBA Suntra UK. In parallel, it entered into an agreement with the other shareholder for the future acquisition of the said 20% interest in the Ingredients business and 25% interest in TBA Suntra UK. The agreement was structured as a put option written by the shareholder such that the latter can oblige the Ebro Group to acquire these interests. In addition, the Ebro Group has a right of first refusal such that third parties cannot acquire these interests.

Lastly, the Ebro Group has an irrevocable call option over these investments in the event that the other shareholder dies or becomes incapacitated. As a result, the Ingredients business and TBA Suntra UK have been fully consolidated in light of the control arrangement; in parallel, the Group has recognized the estimated cost of the option over the remaining 20% and 25% interests as a non-current financial liability (note 12).

- The Ebro Group acquired 52% of Italy's Pasta Garofalo on June 18, 2014. The Group acquired a 52% interest for 63,455 thousand euros, of which it paid 58,255 thousand euros in 2014 and the remaining 5,200 thousand euros in 2015. The Group took effective control of the Garofalo Group on June 30, 2014, which was also the date of its first-time consolidation.

  In addition, the Group has arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable until May 2024) and the Ebro Group a call option (exercisable from June 2024 to May 2026). The acquisition price in the event these options are exercised will be determined as a function of the targets' average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. The Garofalo Group has been fully consolidated in light of this control arrangement; in parallel the Ebro Group has recognized the estimated cost of the option over the remaining 48% as a non-current financial liability (note 12).

- The Ebro Group acquired 52% of Santa Rita Harinas, S.L. for 4,778 thousand euros in July 2016. The Group took effective control of Santa Rita Harinas, S.L. on July 13, 2016, which was also the date of its first-time consolidation.

  In addition, the Group has arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable from August 2019 with no expiry date) and the Ebro Group a call option (exercisable from August 2026 with no expiry date). The acquisition price in the event these options are exercised will be determined as a function of the targets' average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. Santa Rita Harinas, S.L. has been fully consolidated in light of this control arrangement; in parallel the Ebro Group has recognized the estimated cost of the option over the remaining 48% as a non-current financial liability (note 12).

- In July 2017, the Ebro Group acquired a 52% interest in the Geovita Group of Italy, whose parent company is Geovita Funtional Ingredients, S.r.l., also undertaking to acquire the remaining 48%. The Group paid 16,500 thousand euros for its 52% interest in 2017 and is scheduled to pay a further 3,500 thousand euros subject to delivery of certain targets between 2017 and 2019. The Group took effective control of the Geovita Group on August 1, 2017, which was also the date of its first-time consolidation.

  In addition, it has arranged a call option over the remaining 48% (exercisable by the other shareholder over a 10-year period from July 2021). The price of this option will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. The Geovita Group has been fully consolidated in light of this control arrangement; in parallel the Ebro Group has recognized the estimated cost of the option over the remaining 48% as a non-current financial liability (note 12).

- In September 2017, through its wholly-owned Germany subsidiary, Ebro Foods Germany, Gmbh., the Group acquired 55% of Germany's Transimpex, mbH., also committing to acquire the outstanding 45%. The total investment for 100% of Transimpex amounted to 23,622 thousand euros, of which 9,361 thousand euros was paid in 2017. The Group has committed to pay the outstanding 14,261 thousand euros three years from the close, by September 30, 2020 (note 12), from which date the sellers are free to exercise their put option at the amount of the agreed deferred consideration plus 45% of retained earnings since January 1, 2018. The Group took effective control of this business on October 1, 2017, which was also the date of its first-time consolidation.

- On March 29, 2018, through the Panzani Group and Pastificio Lucio Garofalo, S.p.A., the Group acquired 70% of Italy's Bertagni 1882, S.p.A ("Bertagni"). The Group's investment totaled 96.5 million euros. The date on which the Group took effective control of this business - and the date of its first-time consolidation - was April 1, 2018.

In addition, there is a put option over the remaining 30% (exercisable by the other shareholders over a 10-year period from April 2022). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. Bertagni has been fully consolidated in light of this control arrangement; in parallel the Ebro Group has recognized the estimated cost of the option over the remaining 30% as a non-current financial liability (note 12).

- In May 2013, the Group entered into an agreement with the shareholders of Germany's Keck Spezialitaten, Gmbh (Keck) for its acquisition. In order to structure the acquisition, the Group incorporated a new, wholly-owned German company called Ebro Frost, Gmbh, to which 100% of the shares of Keck and 100% of the shares of Danrice, A.S. (Danrice was a wholly-owned Group subsidiary at the time) were contributed. In the wake of these contributions, Ebro Frost, Gmbh. was held 55% by the Ebro Group and 45% by the shareholders of Keck.

  From January 1, 2019, the shareholders of Keck have the option of having the Ebro Group acquire their 45% interest in Ebro Frost, Gmbh at a variable price that will be set as a function of its earnings performance during the prior three years and delivery of a series of requirements.

INVENTORY COMMITMENTS

Refer to the disclosures provided in note 15.

LEGAL CLAIMS AND DISPUTE GUARANTEES

Refer to the disclosures provided in note 20.

GUARANTEES

The guarantees provided in the form of bank guarantees at the end of each reporting period (in thousands of euros):

	12-31-18	12-31-17
Bank guarantees: Provided to courts and other bodies in relation to claims and tax deferrals (note 20)	14,061	14,112
Bank guarantees: provided to Spain's Agricultural Guarantee Fund (FEGA), customs authorities and third parties to guarantee fulfilment of obligations arising in the ordinary course of business	26,264	19,674
Other bank guarantees:	937	726
TOTAL	**41,262**	**34,512**

Lastly, the Garofalo Group's credit facilities, with a drawdown limit of 49 million euros, are secured by a mortgage over its factory and site in Italy (note 12).

23. RELATED-PARTY TRANSACTIONS

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Group has not extended or received other guarantees in respect of accounts receivable from or payable to its related parties.

The Group did not record any impairment of receivables relating to amounts owed by related parties in either reporting period. This assessment is undertaken each financial year by examining the financial situation of the related party and the market in which it operates.

23.1 TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS (OR PARTIES RELATED THERETO) OF EBRO FOODS, S.A. (EXCLUDING DIRECTORS)

Note 17 itemizes the shareholders with significant interests in Ebro Foods, S.A. (parent of the Ebro Foods Group) in 2018.

A summary of the transactions, excluding dividends, between any Ebro Foods Group company and these significant shareholders (unless they are directors, whose transactions are disclosed separately in note 23.2) is provided below (in thousands of euros):

SIGNIFICANT SHAREHOLDER	EBRO FOODS GROUP COMPANY	NATURE OF THE RELATIONSHIP	TYPE OF TRANSACTION	2018 AMOUNT	2017 AMOUNT
Sociedad Anónima DAMM (Estrella de Levante, SA)	Herba Ricemills, SLU	Contractual	Sale of goods (finished and in- progress)	1,246	707
Sociedad Anónima DAMM (Cía Cervecera Damm, SA)	Herba Ricemills, SLU	Contractual	Sale of goods (finished and in- progress)	3,944	4,445

23.2 TRANSACTIONS WITH DIRECTORS AND EXECUTIVES (OR PARTIES RELATED THERETO) OF EBRO FOODS, S.A.

A summary of the transactions performed, other than dividends and remuneration, with the directors and executives of Ebro Foods, S.A. and/or their related parties is provided below (in thousands of euros):

NAME OR COMPANY NAME OF DIRECTOR	RELATIONSHIP	NAME OR COMPANY NAME OF THE RELATED PARTY	EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2018 AMOUNT	2017 AMOUNT
Antonio Hernández Callejas	Relative	Luis Hernández González	Ebro Foods, SA	Lease (expense)	41	41
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Dehesa Norte, S.L.	Ebro Foods, SA	Lease (expense)	19	0
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Lease (expense)	425	340
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	1,320	773
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	0	94
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	20	17
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Arrozeiras Mundiarroz, SA	Purchase of goods (finished and in-progress)	320	323
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	67	82
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Rendering of services	1	1
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Purchase of services	0	51
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Arrozeiras Mundiarroz, SA	Purchase of services	22	13
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Sale of PP&E, intangible and other assets	0	2
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	450	292

NAME OR COMPANY NAME OF DIRECTOR	RELATIONSHIP	NAME OR COMPANY NAME OF THE RELATED PARTY	EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2018 AMOUNT	2017 AMOUNT
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Boost Nutrition, CV	Sale of goods (finished and in-progress)	0	94
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Jiloca, SA	Sale of goods (finished and in-progress)	1	2
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	129	942
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	0	101
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	20	17
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ingredients BV	Purchase of goods (finished and in-progress)	72	81
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	290	204
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	0	101
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	215	56
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	24	88
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	20	61
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Herba Ingredients BV	Purchase of goods (finished and in-progress)	81	82
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	314	153
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	23	87
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	0	44

NAME OR COMPANY NAME OF DIRECTOR	RELATIONSHIP	NAME OR COMPANY NAME OF THE RELATED PARTY	EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2018 AMOUNT	2017 AMOUNT
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	5,550	7,208
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ricemills, SLU	Purchase of services	24	51
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	0	94
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	20	17
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ingredients BV	Purchase of goods (finished and in-progress)	67	81
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	274	193
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ricemills, SLU	Rendering of services	0	11
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	0	94
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Jiloca, SA	Sale of goods (finished and in-progress)	0	2
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	295	8
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	0	42
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	20	123
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Herba Ingredients BV	Purchase of goods (finished and in-progress)	80	81
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	388	97
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	0	42

NAME OR COMPANY NAME OF DIRECTOR	RELATIONSHIP	NAME OR COMPANY NAME OF THE RELATED PARTY	EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2018 AMOUNT	2017 AMOUNT
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	0	106
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Arotz Foods, S.A.	Purchase of goods (finished and in-progress)	0	2
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	129	116
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	24	85
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	20	17
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Herba Ingredients BVC	Purchase of goods (finished and in-progress)	81	81
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	228	213
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	23	85
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Agropecuaria Isla Mayor, SL)	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	1	1
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Fitoplacton Marino, SL)	Arotz Foods, SA	Purchase of goods (finished and in-progress)	0	(32)
Grupo Tradifín, SL Hercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Fitoplacton Marino, SL)	Arotz Foods, SA	Sale of goods (finished and in-progress)	14	16
Grupo Tradifín, S.L.	Company	Cabher 96, SL	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	91	113
Grupo Tradifín, S.L.	Company	Real Club de Golf de Sevilla, SL	Herba Ricemills, SLU	Purchase of services	9	0
Hercalianz Investing Group, SL	Company	Agrícola Mauriñas, SL	Jiloca Industrial, SA	Sale of goods (finished and in-progress)	1	0
Hercalianz Investing Group, SL	Company	Llanos Rice, SL	Jiloca Industrial, SA	Sale of goods (finished and in-progress)	1	0

23.3 OTHER TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS AND DIRECTORS/EXECUTIVES: DIVIDENDS RECEIVED FROM EBRO FOODS, S.A.

Against the backdrop of the general dividend policy of Ebro Foods, S.A., the following amounts were paid in 2018 (2017) (in thousands of euros):

- Dividends paid to significant shareholders: 10,092 (12,700)
- Dividends paid to directors (and persons related thereto) and executives: 44,567 (40,637)

23.4 TRANSACTIONS UNDERTAKEN WITH OTHER EBRO GROUP COMPANIES THAT ARE NOT ELIMINATED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND WHOSE PURPOSE OR TERMS FALL OUTSIDE THE GROUP'S ORDINARY COURSE OF BUSINESS OR OTHER THAN ON AN ARM'S LENGTH BASIS

There were no related-party transactions of this type in either reporting period.

23.5 TRANSACTIONS WITH OTHER RELATED PARTIES

The note summarizes the transactions performed in 2018 and 2017 between the Ebro Group and "Other related parties" (in thousands of euros):

NAME OR COMPANY NAME OF DIRECTOR	RELATIONSHIP	NAME OR COMPANY NAME OF THE RELATED PARTY	EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAPERFORMED	TYPE OF TRANSACTION	2018 AMOUNT	2017 AMOUNT
Félix Hernández Callejas	Company	Hernández Barrera Servicios, S,A,	Herba Ricemills, SLU	Rendering of services	4	2
Félix Hernández Callejas	Company	Hernández Barrera Servicios, S,A,	Herba Ricemills, SLU	Purchase of services	293	291

Note that one of the directors of Hernández Barrera Servicios, S.A. is Félix Hernández Callejas, the natural person representing Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.

23.6 OTHER DISCLOSURES

Ebro Foods, S.A. holds a 40% shareholding in Riso Scotti S.p.A. The investment in this associate is accounted for using the equity method.

Riso Scotti S.p.A. is an Italian company whose corporate purpose is analogous to that of Ebro Foods, S.A.

Mr. Antonio Hernández Callejas, Chairman of Ebro Foods, S.A., is a director of Riso Scotti, S.p.A.

The next table itemizes the transactions entered into between Ebro Group companies and Riso Scotti (an associate that is not fully consolidated by the Ebro Group) in 2018 and 2017 (in thousands of euros):

EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	AMOUNT 2018	AMOUNT 2017
Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	212	176
Herba Ricemills, SLU	Sale of goods (finished and in-progress)	0	103
Herba Ricemills, SLU	R&D transfers and license agreements	0	9
Herba Ricemills, SLU	Other income	0	5
Mundiriso, SRL	Purchase of goods (finished and in-progress)	391	185
Mundiriso, SRL	Sale of goods (finished and in-progress)	3,236	2,807
Arrozeiras Mundiarroz, SA	Purchase of goods (finished and in-progress)	76	51
Herba Ingredients BV	Purchase of goods (finished and in-progress)	0	59
Geovita	Purchase of goods (finished and in-progress)	48	0
Geovita	Sale of goods (finished and in-progress)	409	0
Riceland Magyarorszag, KFT	Purchase of goods (finished and in-progress)	651	129
Arotz Foods, S.A.	Purchase of goods (finished and in-progress)	48	37
Ebro Foods, S.A.	Dividends received	0	750
Ebro Foods, S.A.	Services rendered (income)	8	6

23.7 FIDUCIARY DUTIES: CONFLICTS OF INTEREST AND NON-COMPETE DUTY

In keeping with article 229 of Spain's Corporate Enterprises Act, this section of this note replicates the information provided to the Parent by its directors, or by their natural person representatives as warranted, in keeping with their fiduciary duties, regarding their interests and positions held in/at companies with the same, analogous or complementary core business as that of Ebro Foods, S.A., irrespective of whether the former are part of the Ebro Foods Group.

Grupo Tradifín, S.L.:

- Direct 50% interest in Instituto Hispánico del Arroz, S.A. Also the CEO.
- Direct shareholding of 100% in Cabher 96, S.L. Sole director.

Ms. Blanca Hernández Rodríguez (the natural person who represents Grupo Tradifín, S.L. on the Board of Directors of Ebro Foods, S.A.):

- Indirect interest in Instituto Hispánico del Arroz, S.A. of 16.625% through the 33.25% interest held directly in Grupo Tradifín, S.L. She does not hold a position at this company.
- Indirect interest in Cabher 96, S.L. of 33.25% through the 33.25% interest held directly in Grupo Tradifín, S.L. She does not hold any position at this company.

Hercalianz Investing Group, S.L.:

- Direct 50% interest in Instituto Hispánico del Arroz, S.A. Also the CEO.

Mr. Félix Hernández Callejas (the natural person who represents Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.):

- Indirect interest of 16.666% in Instituto Hispánico del Arroz, S.A. through the 33.333% interest held directly in Hercalianz Investing Group, S.L. Also the CEO.

Mr. Antonio Hernández Callejas:

- Indirect interest of 16.666% in Instituto Hispánico del Arroz, S.A. through the 33.333% interest held directly in Hercalianz Investing Group, S.L. He does not hold a position at this company.

The directors of Ebro Foods, S.A. (or their natural person representatives, as warranted) did not perform any transactions with the Company outside of its ordinary course of business or other than on an arm's length basis in either reporting period.

The directors have not informed the Company of any direct or indirect potential conflicts of interest between them or their related parties and the Company other than those disclosed in this note.

23.8 DIRECTOR AND EXECUTIVE REMUNERATION

Director remuneration:

The remuneration accrued by the members of the Board of Directors of Ebro Foods, S.A. totaled 5,054 thousand euros in 2018 (2017: 5,533 thousand euros), broken down as follows (in thousands of euros):

DIRECTOR REMUNERATION AND OTHER BENEFITS	2018	2017
Type of remuneration		
Meeting attendance fees	308	277
Bylaw-stipulated profit-sharing	2,728	2,728
TOTAL DIRECTOR REMUNERATION	3,036	3,005
Wages, salaries and professional fees	2,018	2,528
Termination and other benefits	0	0
TOTAL EXECUTIVE DIRECTOR REMUNERATION	2,018	2,528
TOTAL REMUNERATION	5,054	5,533
Other benefits		
Life insurance and post-employment benefits	0	0

The Company's bylaws stipulate remuneration of up to 2.5% of consolidated net profit for the year provided that the required appropriations to the legal reserve have been made and the minimum shareholder dividend established in prevailing legislation has been declared (currently 4% of the par value of the shares).

At a meeting held on February 28, 2019, the Board of Directors resolved, at the recommendation of its Nomination and Remuneration Committee:

(i) To leave the bylaw-stipulated remuneration unchanged year-on-year, specifically implying submission at the Annual General Meeting of a motion to pay a sum of 2,728 thousand euros, which is equivalent to 1.927% of consolidated profit attributable to equity holders of the parent in 2018 (compared to 1.236% of 2017 profit); and

(ii) To leave attendance fees at 1,600 euros per Board meeting and 800 euros per meeting of its various committees.

The individual breakdown of director remuneration earned in 2018 (in thousands of euros) is provided below:

DIRECTOR	BYLAW-STIPULATED PROFIT-SHARING	ATTENDANCE FEES	FIXED REMUNERATION FOR PERFORMANCE OF EXECUTIVE DUTIES	VARIABLE REMUNERATION FOR PERFORMANCE OF EXECUTIVE DUTIES	TOTAL
Hernández Callejas, Antonio	435	30	1,041	977	2,483
Carceller Arce, Demetrio	410	34	0	0	444
Alimentos y Aceites, S.A.	135	17	0	0	152
Barreiro Pérez-Pardo, Belén	171	24	0	0	195
Carceller Arce, María (director since March 21, 2018)	112	14	0	0	126
Castelló Clemente, Fernando	220	33	0	0	253
Comenge Sánchez-Real, José Ignacio	177	23	0	0	200
Corporación Financiera Alba, S.A (director since January 31, 2018)	301	24	0	0	325
Corporación Económica Delta, S.A (director until March 21, 2018)	22	3	0	0	25
Costa García, Mercedes	211	33	0		244
Empresas Comerciales e Industriales Valencianas, S.L	135	17	0	0	152
Fernández Alonso, Javier (director until January 31, 2018)	0	1	0	0	1
Grupo Tradifin, S.L.	211	33	0	0	244
Hercalaiz Investing Group, S.L **(*)**	166	20	0	0	186
Zorrero Camas, Pedro Antonio (director since December 13, 2018)	22	2	0	0	24
TOTAL	**2,728**	**308**	**1041**	**977**	**5,054**

(*) Hercalianz Investing Group, S.L. has never performed either executive or management duties at Ebro Foods, S.A. or at any subsidiary and therefore has not received any remuneration in this respect. It is categorized as an executive director based on the fact that the natural person representing this entity on the Board of Directors of Ebro Foods, S.A. is an executive at a Group subsidiary.

The director remuneration itemized in the table above includes the amounts received by the following directors since they became members of the Board of Directors on the dates indicated below:

- Attendance fees for Javier Fernández Alonso until January 31, 2018, which is when he stepped down as director. Mr. Fernández Alonso collected attendance fees of 800 euros, which have been rounded in the table above to 1 thousand euros.
- Attendance fees and remuneration for Corporación Financiera Alba, S.A. since becoming a director on January 1, 2018.
- Attendance fees for Corporación Económica Delta, S.A. until March 21, 2018, which is when this entity stepped down as director.
- Attendance fees for Ms. María Carceller Arce since becoming a director on March 21, 2018.
- Attendance fees for Mr. Pedro Antonio Zorrero Camas since becoming a director on December 13, 2018.

It is hereby noted that the director remuneration itemized in this note includes the attendance fees received by the Chairman of the Board of Directors of Ebro Foods, S.A., Mr. Antonio Hernández Callejas, in his capacity as director of Pastificio Lucio Garofalo, S.p.A. (a Group subsidiary), in the amount of 5,000 euros in both reporting periods.

It is further noted that in both reporting periods, the Chairman of the Board of Directors received the sum of 5,200 euros in the form of attendance fees for performance of his duties as director of Riso Scotti, S.p.A. (an associate).

Of the total variable remuneration earned by the Chairman of the Board of Directors for performance of executive duties in 2018, 805 thousand euros correspond to the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Business Plan in respect of 2016. That sum represented up to 25% of the deferred bonus entitlement accrued over the term of the three-year scheme, which was provided for in the 2016 financial statements and settled in 2018.

Elsewhere, in relation to the total remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2018, the 2018 financial statements recognize a provision of 596 thousand euros in respect of the provisional estimate of the amount corresponding to 2018 (last year of the plan) under the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Plan, which represents up to 50% of the deferred bonus entitlement expected to be accrued during the three-year period. That figure will be paid in 2020.

These bonus schemes are not tied to Ebro Foods' share price performance nor do they entitle their beneficiaries to the receipt of shares or any rights over such shares.

Elsewhere, none of the members of the Board of Directors benefits from complementary life insurance or pension cover. Moreover, the Company has neither extended any form of credit or advances to the members of its Board of Directors nor assumed any obligations on their behalf under guarantees.

Officer remuneration.-

A total of 10 people were considered officers of Ebro Foods, S.A. at both year-ends; in 2018 these executives accrued aggregate remuneration (fixed wages and salaries and annual bonuses) of 2,050 thousand euros (2,219 thousand euros in 2017).

"Officers" refers to the Chief Operating Officer of the Ebro Group, who is the most senior executive after the Executive Chairman, and the professionals in charge of the main departments of Ebro Foods, S.A., irrespective of whether they have a special senior management employment agreement with the Company.

Elsewhere, the professionals in charge of the Ebro Group's main business units (other than the Chairman of the Board and COO of the Group) numbered five at year-end 2018 and 2017. Their total aggregate remuneration in 2018 was 1,597 thousand euros, 630 thousand US dollars and 472 thousand Canadian dollars (1,705 thousand euros, 841 thousand US dollars and 457 thousand Canadian dollars in 2017), corresponding to fixed wages and salaries and annual bonuses.

Ten Ebro Group employees (other than the Chairman of the Board of Directors) were covered by the Deferred Annual Bonus Scheme at December 31, 2018 (11 at year-end 2017). Total aggregate remuneration effectively collected under that scheme in 2018 (corresponding to that accrued in 2016) amounted to 818 thousand euros and 480 thousand US dollars, a figure representing up to 25% of the bonuses earned during the three-year term of the 2016-2018 Scheme and which had been provided for in the 2016 financial statements.

In addition, the Group provisioned 812 thousand euros and 305 thousand US dollars in its 2018 financial statements for the remuneration accrued by these same Group professionals under the Deferred Annual Bonus Scheme corresponding to that year, a figure representing up to 50% of the bonuses to be accrued under the 2016-2018 Scheme. This sum is payable, under the rules of the Scheme, in 2020.

Although two executives' employment contracts include golden parachute clauses in the event of dismissal or change of control, those clauses are not applicable under the very terms governing those same contracts.

Note lastly for the record that Ebro Foods, S.A. has taken out civil liability insurance cover for its directors and officers; those policies cover all of its subsidiaries up to an annual claims cap of 45 million euros. The policies cost 61 thousand euros in 2018 (65 thousand euros in 2017), are effective until April 30, 2019 and are currently in the process of being renewed.

24. ENVIRONMENTAL DISCLOSURES

The productive processes used at the Group's various factories, in both the rice and the pasta divisions, are relatively simple agricultural food processes that do not have a major impact on the environment and entail minimum risk of accidental contamination. The most significant environmental aspects pertaining to the Group can be categorized as follows:

Air emissions: essentially the emission of particles related to the manipulation of cereals (rice and wheat) and gases produced in the combustion processes used to produce vapor and dry raw materials. The fuel most widely used is natural gas.

Greenhouse gas emissions (GHGs): the Group's GHG emissions derive from its energy consumption, use of fossil fuels and electricity usage.

Productive processes: essentially mechanic and hydrothermal, these processes require the use of very few chemical products, and in very small amounts. Most of these products are used to clean equipment and sanitize raw materials and are relatively safe for the environment.

Water consumption: the Group uses relatively little water in its manufacturing processes (most of its products are dry products), so that the volume of wastewater produced is also small. Moreover, the wastewater generated is relatively uncontaminated as the water consumed is used basically to produce vapor, as a refrigerant or as an ingredient in finished products.

Waste generation and management: the Group generates minimum amounts of waste, including both non-hazardous (mainly ingredient and auxiliary material packaging) and hazardous (maintenance operations) waste.

To minimize its environmental footprint, the Group builds environmental protection into its business development and deploys the tools, measures and resources needed to guarantee protection at its subsidiaries. More specifically, the Group's environmental policy is articulated around three lines of initiative:

- Ensuring that its companies comply with applicable environmental legislation in carrying out their business activities by means of the rollout of in-house management systems and monitoring of prevailing legislation in this arena.
- Minimizing the environmental impact of its business operations by searching for eco-efficient solutions and continually rolling out initiatives designed to reduce its emissions and waste generation and to optimize consumption of water, energy and packaging materials.
- Suitably and safely managing all its waste, fostering recycling and reuse. Using recycled and/or environmentally-friendly raw materials whenever possible.
- Rolling out environmental training and awareness programs for Group employees.

All of the Group companies have arranged civil liability insurance that covers third-party damage caused by a sudden and unintentional spill. Management believes that this policy adequately covers any potential risk in this respect. To date the Group has not been party to any material environmental-related claims; moreover, it can claim a positive record on the basis of the results of audits and inspections and the lack of any pleas in respect of its integrated environmental permit processes, etc.

In terms of compliance with the packaging and packaging waste reduction, recycling and recovery objectives laid down in Spanish Law 11/97, of April 24, 1997, the Group's Spanish subsidiary Herba is a member of Ecoembalajes España, S.A. (Ecoembes), whose mission is to design and develop systems oriented towards collecting, sorting and recovering used packaging and packaging waste. Ecoembes uses the concept known as the Green Dot (the symbol featured on the packaging) to certify that the product's packager has paid a certain amount of money for each item of packaging it places on the market.

In tandem, both the European rice subsidiaries and Ebro Foods' head offices have entered into agreements with entities akin to Ecoembes for the destruction of paper and other materials. These agreements allow them not only to comply with data protection legislation but also to guarantee the sustainable management of this documentation through recycling commitments.

The Group is also working actively on researching and promoting environmentally- sustainable farming practices for use in the production of its main agricultural raw materials: rice, durum wheat and tomatoes. This work is taking the form of in-house initiatives and ad-hoc collaborations with stakeholders and sector associations.

Specifically in relation to the work underway with sustainable durum wheat and tomato farming, the Group's French subsidiary Panzani is implementing a program called Nature which aims to transform the farming practices of the suppliers comprising its supply chain with the aim ensuring its raw materials are free of traces of pesticides by 2025.

As for rice, the Group continued to engage with other stakeholders on the execution of projects designed to enhance environmental sustainability and preserve biodiversity in the various producer regions. The flagship projects in this effort:

- the Sustainable Hom Mali Rice program: Group company Herba Bangkok, Mars Food, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Thai Rice Department have jointly rolled out a pioneering program for improving the economic viability of 1,200 Thai rice growers and developing premium quality and sustainable Hom Mali (jasmine) rice by means of a smart climate system designed to mitigate climate change in the province of Roi Et. This program will run for two-and-a-half years, from 2018 until 2020.
- Biodiversity in the Ebro River Delta region: thanks to the collaboration between Ebro Foods and Kellogg with IRTA (acronym in Spanish for the food technology research institute), the Group has been able to study management of biodiversity in the context of sustainable rice growing in the Ebro River Delta region.

  The IRTA researchers conducted their analysis in active collaboration with farmers, sector specialists and environmental experts in order to identify best practices for the protection of biodiversity in rice paddies while helping rice growers to embrace agricultural, environmental, economic and social criteria. The study concluded that the measures most valued by the agricultural community that are most effective in terms of fostering biodiversity in this region are: (i) the plantation of yellow irises to keep the drainage channels stable and (ii) reinforcement of the bat population (by introducing nests) for pest control purposes.
- Oryzonte Program: carried out in the marshlands of the Guadalquivir River in Seville together with Mars Food and Danone, this project is articulated around three key lines of initiative:
  1. Good farming practices: training rice growers on environmentally-friendly practices such as better use of fertilizers and chemical products.
  2. Reduced water consumption and GHG emissions.
  3. Biodiversity: by means of demonstration fields and training activities, this project will foster the implementation of actions to improve biodiversity at Seville's rice farms.

Elsewhere, under the scope of the undertakings assumed with respect to the rest of the value chain, in 2016, the Group embarked on a program to control the environmental performance (along ESG dimensions) of its industrial suppliers by means of ethics audits, helping them to enhance their environmental management practices as appropriate, using the SEDEX platform as its management tool. In 2018, it continued to work on the engagement phase with the aim of explaining the initiative to the Group's suppliers and asking them to register in SEDEX in order to permit evaluation of their performance along ESG criteria. Once the process of reaching out to suppliers is complete, the Group will undertake a risk analysis to define priorities for the ethics audit plan to be conducted (final phase).

25. FEES PAID TO AUDITORS

External services in the consolidated statement of profit or loss include the fees paid to the auditors of the consolidated financial statements.

The fees paid for account auditing and other services to the Company's auditor, Ernst & Young, S.L., and entities related to the latter by means of control, joint ownership or joint management, in 2018 and 2017 were as follows (in thousands of euros):

- The fees corresponding to auditing services provided in 2018 amounted to 1,937 (2017: 1,662) thousand euros; those corresponding to other assurance services amounted to 153 (2017: 115) thousand euros.
- The fees for tax advisory and and/other services totaled 330 (2017: 502) thousand euros.

26. OTHER DISCLOSURES

DISCLOSURES REQUIRED UNDER ARTICLE 42 BIS OF REGULATION 1065/2007 OF JULY 27, 2017

For the purposes of compliance with the obligation stipulated in article 42 bis of Regulation 1065/2007, of July 27, 2007, enacting the general regulations governing tax management and inspections and establishing common procedural rules in respect of tax matters, and in keeping with the terms of article 4.b of the said article, there follows a list of the accounts with foreign financial institutions held by non-resident subsidiaries:

Respecto a Ebro Foods, S,A,:

COMPANY	SEMOLA, S.R.L.	EBRO MÉXICO, S.A.
Account particulars	IBAN	SWIFT CODE BCMRMXMM
Account code	IT39D0350003205000000037267	187408390
Credit institution	Ubi Banco di Brescia SpA	BBVA BANCOMER, S.A.
Branch	Rome	Mexico City
Country in which account is held	Italy	Mexico
Date opened	April 2013	Aug 7, 2011
Balance at Dec. 31 (euros)	87,714.38	17,248.83
Average balance last quarter (euros)	107,289.02	203,123.60
% interest	100%	100%
Currency	EUR	MXP

COMPANY	EBRO MÉXICO, S.A.	BEIRA, LTD (PORTUGAL)
Account particulars	SWIFT CODE BCMRMXMM	IBAN
Account code	187409842	PT50001802310020003728217
Credit institution	BBVA BANCOMER, S.A.	SANTANDER TOTTA
Branch	Mexico City	Lisbon
Country in which account is held	Mexico	Portugal
Date opened	Aug 7, 2011	June 23, 2005
Balance at Dec. 31 (euros)	40,901.09	2,115.11
Average balance last quarter (euros)	41,752.46	4,529.30
% interest	100%	100%
Currency	USD	EUR

Disclosures for other Group companies

Refer to the Appendix following note 27.

AVERAGE PAYMENT PERIOD

As required under the Spanish Corporate Enterprises Act, it is hereby noted that the average payment period of the companies domiciled in Spain was 30 days in 2018 and 29 days in 2017. Calculations made in accordance with the ICAC (Spanish Accounting and Audit Institute) Resolution.

	2018	2017
Days		
Average supplier payment term	30.1	28.6
Paid transactions ratio	30.2	29.5
Outstanding transactions ratio	28.7	23.7
Amount		
Total payments made	304,145	275,546
Total payments outstanding	13,933	8,755

(000€)

27. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue.

APPENDIX: DISCLOSURES REQUIRED UNDER ARTICLE 42 BIS OF REGULATION 1065/2007 OF JULY 27, 2017 (Continuation of note 26)

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OFBANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Herba Ricemills	IBAN	CITIGB2L	GB42 CITI 1850 0811 2932 65	CITIBANK NA	London	UK	12-05-2006	0	0	100%	GBP
	IBAN	CITIGB2L	GB20 CITI 1850 0811 2932 73	CITIBANK NA	London	UK	12-05-2006	0	0	100%	USD
Herba Foods	IBAN	CITIGB2L	GB26 CITI 1850 0811 2301 15	CITIBANK NA	London	UK	18-05-2006	25,186,123.50	22,425,394.63	100%	GBP
	IBAN	CITIGB2L	GB04 CITI 1850 0811 2301 23	CITIBANK NA	London	UK	18-05-2006	3,413,476.38	(11,228,477.18)	100%	USD
	IBAN	CITIGB2L	GB48 CITI 1850 0811 2301 07	CITIBANK NA	London	UK	18-05-2006	(26,896,030.15)	(10,191,554.49)	100%	EUR
Agromeruan	IBAN	BMCEMAMC	0117350000012100006819.79	BMCE	Larache	Morocco	2007	909.60	848.50	100%	MAD
Anglo Australian Rice LTD	IBAN	BARCGB22	GB93BARC20510130115193	BARCLAYS BANK	Liverpool	UK	01-11-1986	14,297.00	14,297.00	100%	GBP
	IBAN	BARCGB22	GB54BARC20510159121999	BARCLAYS BANK	Liverpool	UK	01-08-2001	0.00	0.00	100%	EUR
Arrozeiras Mundiarroz, S.A.	IBAN	CITIPTPX	PT50016900010003181600936	CITIBANK Internacional, plc	Lisbon	Portugal	24-07-2006	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB88CITI18500811257226	CITIBANK NA	London	UK	26-07-2006	0.00	0.00	100%	USD
	IBAN	CITIGB2L	GB40CITI18500811247905	CITIBANK NA	London	UK	26-07-2006	0.00	0.00	100%	EUR
	IBAN	BESCPTPL	PT50000702450011754000839	NovoBanco (ex-Banco Espírito Santo)	Coruche	Portugal	14-02-1994	34,866.73	82,726.10	100%	EUR
	IBAN	BESCPTPL	PT50000702450011754110158	NovoBanco (ex-Banco Espírito Santo)	Coruche	Portugal	15-12-1997	0.00	0.00	100%	USD
	IBAN	BBVAPTPL	PT50001900000020004690004	Banco Bilbao Vizcaya Argentaria (Portugal)	Lisbon	Portugal	18-02-1992	410.00	436.00	100%	EUR
	IBAN	BBVAPTPL	PT50001900000024000185188	Banco Bilbao Vizcaya Argentaria (Portugal)	Lisbon	Portugal	08-02-1994	0.00	0.00	100%	USD
Bertolini Import und Export, GMBH	IBAN	COBADEFF	DE63 2004 0000 0623 7036 00	Commerzbank AG	Hamburg	Germany	01-01-2013	3,231.96	5,793.82	100%	EUR
Boost Nutrition, C.V.	IBAN	CITIBEBX	BE53570128815553	CITIBANK NA	Brussels	Belgium	15-06-2006	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB72CITI18500811229966	CITIBANK NA	London	UK	14-06-2006	0.00	0.00	100%	USD
	IBAN	GKCCBEBB	BE73552273580060	Belfius bank	Antwerp	Belgium	02-05-1996	423,520.37	235,635.93	100%	EUR
	IBAN	GKCCBEBB	BE73552273580060 USD	Belfius bank	Antwerp	Belgium	02-05-1996	0.00	0.00	100%	USD
Bosto Panzani Belgium	IBAN	CITIBEBX	BE75570130425551	CITIBANK NA	Brussels	Belgium	14-04-2008	0.00	0.00	100%	EUR

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OFBANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Danrice A/S	IBAN	CITIGB2L	GB79CITI18500811230034	CITIBANK NA	London	UK	26-07-2006	1,603,960.00	1,676,000.00	100%	EUR
	IBAN	CITIGB2L	GB79CITI18500813428915	CITIBANK NA	London	UK	23-04-2013	6,068.00	6,243.00	100%	USD
	IBAN	JYBADKKK	DK5650600001063204	Jyske Bank A/S	Odense	Denmark	01-01-2014	21,088.39	535,333.00	100%	DKK
	IBAN	JYBADKKK	DK3450600001063212	Jyske Bank A/S	Odense	Denmark	01-01-2014	53,098.77	412,662.00	100%	EUR
Ebro Foods GMBH	IBAN	COBADEFF	DE05200400000623709300	Commerzbank	Hamburg	Germany	01-07-2011	61,339.76	95,448.21	100%	EUR
Eurorice Flour, B.V.	IBAN	ABNANL2A	NL15ABNA0240369394	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	17,401.67	14,046.89	100%	EUR
Herba Ingredients Belgium C BVBA	IBAN	KREDBEBB	BE11 7380 1830 6548	KBC Bank NV	Brussels	Belgium	30-06-2006	535,353.55	96,043.41	100%	EUR
	IBAN	KREDBEBB	726-4201983-23	KBC Bank NV	Brussels	Belgium	13-07-2006	(56,442.26)	(63,356.38)	100%	EUR
	IBAN	KREDBEBB	726-4529576-47	KBC Bank NV	Brussels	Belgium	29-03-2007	(3,074.21)	(3,513.40)	100%	EUR
Euryza GMBH	IBAN	COBADEHHXXX	DE04200400000621702000	Commerzbank AG	Hamburg	Germany	2000	7,473.02	3,249.81	100%	EUR
	IBAN	COBADEHHXXX	DE74 2004 0000 0621 7020 01	Commerzbank AG	Hamburg	Germany	May 2016	337.05	394.86	100%	EUR
	IBAN	CITIDEFFXXX	DE83502109000214587009	Citigroup	Frankfurt	Germany	01-02-2007	0.00	0.00	100%	EUR
Joseph Heap Property	IBAN	BARCGB22	GB52BARC20510170619930	BARCLAYS BANK	Liverpool	UK	01-02-2004	0.00	0.00	100%	GBP
Joseph Heap&Sons, LTD	IBAN	BARCGB22	GB41BARC20510170416428	BARCLAYS BANK	Liverpool	UK	01-11-1986	0.00	0.00	100%	GBP
	IBAN	BARCGB22	GB70BARC20510187433877	BARCLAYS BANK	Liverpool	UK	01-05-2000	0.00	0.00	100%	EUR
Herba Bangkok, S.L.	Other	CITITHBX	5-126385-015	CITIBANK NA	Bangkok	Thailand	11-06-2008	255,555.83	304,204.53	100%	THB
	Other	CITITHBX	0-126385-005	CITIBANK NA	Bangkok	Thailand	11-06-2008	0.00	0.00	100%	THB
	Other	CITITHBX	5-126385-104	CITIBANK NA	Bangkok	Thailand	25-09-2015	2,082,436.35	2,156,397.22	100%	USD
	Other	CITITHBX	N/A	CITIBANK NA	Bangkok	Thailand	11-06-2008	0.00	2,775,378.75	100%	THB
	Other	BNPATHBK	00010 000632 040 83	BNP Paribas Bank	Bangkok	Thailand	02-10-2006	8,545.17	20,440.79	100%	THB
	Other	BNPATHBK	00010 000632 000 09	BNP Paribas Bank	Bangkok	Thailand	02-10-2006	1,349.45	1,349.45	100%	THB
	Other	BNPATHBK	00010 000632 040 83 USD	BNP Paribas Bank	Bangkok	Thailand	25-06-2013	0.00	0.00	100%	USD
	Other	BNPATHBK	N/A	BNP Paribas Bank	Bangkok	Thailand	02-10-2006	5,775,666.63	4,210,299.04	100%	THB
	Other	BOFATH2X	33243 017	Bank of America	Bangkok	Thailand	03-08-2016	30,884.06	14,738.33	100%	THB
	Other	BOFATH2X	33243 025 USD	Bank of America	Bangkok	Thailand	03-08-2016	349,089.37	311,680.34	100%	USD
	Other	BOFATH2X	N/A	Bank of America	Bangkok	Thailand	03-08-2016	7,125,121.45	5,541,761.13	100%	THB
	Other	KRTHTHBK	092-0-03203-6	Krungthai Bank PCL.	MEA Ploenchit	Thailand	25-08-2006	133,828.23	77,600.97	100%	THB

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OFBANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Herba (Cambodia) Co., Ltd.	Other	ABAAKHPP	000206556	Advanced Bank Of Asia Ltd	Phnom Penh	Cambodia	11-07-2016	8,739.01	177,738.66	100%	USD
	Other	ABAAKHPP	000373587	Advanced Bank Of Asia Ltd	Phnom Penh	Cambodia	02-02-2018	442.92	442.20	100%	KMR
Herba Egypt Ricemills, LTD	IBAN	CITIEGCX	101445127	CITIBANK	Cairo	Egypt	02-10-2012	(56,521.92)	(32,909.97)	100%	EGP
	IBAN	CITIEGCX	101445119	CITIBANK	Cairo	Egypt	02-10-2012	0.00	0.00	100%	EUR
	IBAN	CITIEGCX	101445003	CITIBANK	Cairo	Egypt	02-10-2012	0.00	0.00	100%	USD
	IBAN	CITIGB2L	13619060	CITIBANK	London	UK	05-09-2013	(522.03)	(497.48)	100%	USD
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	18-05-2006	3,480.52	1,750.69	100%	EGP
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	25-12-2018	(8.68)	-2.89	100%	EUR
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	29-12-2016	0.00	0.00	100%	USD
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	29-12-2016	0.00	0.00	100%	GBP
	IBAN	BCBIEGCX	19017175050	Barclays Bank-Egypt S.A.E	Cairo	Egypt	29-12-2016	0.00	0.00	100%	EUR
	IBAN	BCBIEGCX	19017171820	Barclays Bank-Egypt S.A.E	Cairo	Egypt	03-12-2014	0.00	0.00	100%	USD
	IBAN	BCBIEGCX	19017171820	Barclays Bank-Egypt S.A.E	Cairo	Egypt	27-03-2018	(31,250.15)	(42,263.67)	100%	EGP
	IBAN	BCBIEGCX	19017171820	Barclays Bank-Egypt S.A.E	Cairo	Egypt	07-03-2007	0.00	0.00	100%	EUR
Herba Germany GMBH	IBAN	COBADEHHXXX	DE96200400000622005700	Commerzbank AG	Hamburg	Germany	2005	(26.29)	100.53	100%	EUR
	IBAN	CITIDEFFXXX	DE60502109000214588005	Citigroup	Frankfurt	Germany	14-06-2006	0.00	0.00	100%	EUR
Herba Ingredients, B.V.	IBAN	CITINL2X	NL08CITI0266059171	CITIBANK NA	Amsterdam,	Netherlands	10-01-2013	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB84CITI18500813594416	CITIBANK NA	London	UK	10-01-2013	0.00	0.00	100%	USD
	IBAN	CITIGB2L	GB82CITI18500810232335	CITIBANK NA	London	UK	13-12-2018	0.00	0.00	100%	GBP
	IBAN	KREDBEBB	BE19731041645812	KBC Bank NV	Brussels	Belgium	22-01-2016	4,024.61	11,641.71	100%	EUR

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OFBANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Herba Ricemills Rom, SRL	IBAN	CITIROBU	RO63CITI0000000724691005	CITIBANK Citibank Europe plc, Dublin - Romania Branch	Bucharest	Ireland, Romanian Branch	17-07-2007	45,859.85	484,597.19	100%	RON
	IBAN	CITIROBU	RO41CITI0000000724691013	CITIBANK Citibank Europe plc, Dublin - Romania Branch	Bucharest	Ireland, Romanian Branch	17-07-2007	163,231.64	130,827.08	100%	EUR
Katania Magrheb, SARL	IBAN	CNCAMAMR	011 735000001210001356226	BMCE	Larache	Morocco	10-02-2017	80,953.68	74,016.79	100%	MAD
Lassie Nederland, BV	IBAN	CITINL2X	NL37CITI0266064566	Citibank	Amsterdam,	Netherlands	18-01-2012	0.00	(1,905.24)	100%	EUR
	IBAN	CITIGB2L	GB83CITI18500814059840	Citibank	London	UK	31-12-2014	0.00	0.00	100%	USD
	IBAN	RABONL2U	NL25RABO0310990335	Rabobank	Utrecht	Netherlands	11-07-2016	428.40	1,113.05	200%	USD
Herba Ingredients Netherlands BV	IBAN	CITINL2X	NL45CITI0266065295	Citibank	Amsterdam,	Netherlands	14-02-2012	0.00	0.00	100%	EUR
Mediterranean Food Label, BV	IBAN	CITINL2X	NL59CITI0266064558	Citibank	Amsterdam,	Netherlands	17-01-2012	0.00	0.00	100%	EUR
Mundi Riso, S.R.L.	IBAN	CITIITMX	IT12D0356601600000122474011	CITIBANK NA	Milan	Italy	27-06-2006	(1,134.75)	(378.25)	100%	EUR
	IBAN	CITIGB2L	GB22CITI18500811257250	CITIBANK NA	London	UK	14-06-2006	56,262.99	53,173.14	100%	USD
	IBAN	BAPPIT21I87	IT32Q0503410000000000005783	BANCA POPOLAE DI NOVARA	Vercelli	Italy	27-03-1996	342,076.81	170,329.87	100%	EUR
Mundi Riz, S.A.	IBAN	BMCEMAMC	0117350000012100060709.11	BMCE	Larache	Morocco	2001	3,109,594.40	1,742,456.61	100%	MAD
	IBAN	BCMAMAMC	007.735.0004359000000131.93	AWB	Larache	Morocco	2002	148,890.51	259,161.64	100%	MAD
	IBAN	BMCEMAMC	011 735 0000 01 66600 60709 27	BMCE	Larache	Morocco	2009	2,455.46	2,455.46	100%	MAD
	IBAN	BMCEMAMC	011 735 000 501 66500 12519 30	BMCE	Larache	Morocco	2015	282758.92	281 064,92	100%	Euro
	IBAN	CAIXMAMC	003.780.7800000000018949.82	La Caixa	Casablanca	Morocco	15-12-2009	139,266.47	177,211.20	100%	MAD
Reiskontor Handels, GMBH	IBAN	COBADEHHXXX	DE04200400000621701200	Commerzbank AG	Hamburg	Germany	2001	22,885.48	24,377.23	100%	EUR

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OFBANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Riceland Magyarorszag	IBAN	CITIHUHX	HU96 10800007 54873009 00000000	Citibank	Budapest	Hungary	13-04-2006	150,516.96	65,975.01	100%	HUF
	IBAN	CITIHUHX	HU19 10800007 74873025 00000000	Citibank	Budapest	Hungary	26-04-2006	1,555.16	1,555.16	100%	HUF
	IBAN	CITIHUHX	HU09 10800007 64873017 00000000	Citibank	Budapest	Hungary	13-04-2006	0.00	0.00	100%	EUR
Risella OY	IBAN	CITIFIHX	FI9571307001700049	Citibank Int. Plc Finland Branch	Helsinki	Finland	23-05-2006	0.00	0.00	100%	EUR
Rivera del Arroz, S.A.	IBAN	BMCEMAMC	011735000001210006072851	BMCE	Larache	Morocco	2002	153737.82	242,301.68	100%	MAD
SBS Commodities, BV	IBAN	ABNANL2A	NL34ABNA0240369440	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	29,870.74	28,254.64	100%	EUR
Herba Ingredients BVBA	IBAN	ABNANL2A	NL03ABNA0240369416	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	819.47	819.47	100%	EUR
	IBAN	KREDBEBB	BE56 7380 0432 3188	KBC Bank NV	Brussels	Belgium	19-10-2001	230,328.60	98,570.89	100%	EUR
Herba Ingredients Belgium B BVBA	IBAN	KREDBEBB	BE29735042745864	KBC Bank NV	Brussels	Belgium	06-04-2016	3,113,555.92	278,705.07	100%	EUR
S&B Herba Foods, Lted.	IBAN	CITIGB2L	GB04CITI18500811230026	CITIBANK NA	London	UK	06-02-2006	0.00	0.00	100%	GBP
	IBAN	CITIGB2L	GB06CITI18500811229990	CITIBANK NA	London	UK	06-06-2012	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB18CITI18500811247913	CITIBANK NA	London	UK	06-02-2006	0.00	0.00	100%	USD
	IBAN	BARCGB22	GB66BARC20000020118044	BARCLAYS BANK	London	UK	01-04-1992	70,830.00	80,175.00	100%	GBP
	IBAN	BARCGB22	GB42BARC20000085332255	BARCLAYS BANK	London	UK	01-10-1998	0.00	13,280.00	100%	EUR
	IBAN	BARCGB22	GB85BARC20000055842899	BARCLAYS BANK	London	UK	01-12-1992	0.00	0.00	100%	USD
	IBAN	BARCGB22	GB19BARC20000086447199	BARCLAYS BANK	London	UK	01-04-1992	0.00	0.00	100%	USD
TAG, GMBH	IBAN	COBADEFFXXX	DE12200400000623705100	Commerzbank	Hamburg	Germany	01-08-2011	6,148.39	7,687.02	100%	EUR
TBA Suntra Beheer B.V.	IBAN	ABNANL2A	NL25ABNA0240369408	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	38,232.03	58,825.31	100%	EUR
International pulse Ingredient	s IBAN	ABNANL2A	NL37ABNA0240369386	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	54,658.66	55,235.70	100%	EUR

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TBA Suntra BV	IBAN	ABNANL2A	NL59ABNA0240369378	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	108,685.06	44,065.99	100%	EUR
	IBAN	ABNANL2A	NL11ABNA0242125360	ABN AMRO Bank NV	Amsterdam,	Netherlands	01-04-2011	5,749.84	5,749.84	100%	USD
	IBAN	CITINL2X	NL62CITI0266064698	CITIBANK NA	Amsterdam,	Netherlands	21-02-2012	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB88CITI18500813090817	CITIBANK NA	London	UK	21-02-2012	0.00	0.00	100%	USD
	IBAN	KREDBEBB	BE09 7381 0728 5557	KBC Bank NV	Brussels	Belgium	11-10-1999	2,921.30	3,081.34	100%	EUR
TBA Suntra UK Ltd.	IBAN	BARCGB22	GB56BARC20000023853209	Barclays	London	UK	05-09-2017	3,547.13	1,192.95	100%	GBP
	IBAN	CITIGB2L	GB80CITI18500813089894	CITIBANK NA	London	UK	03-06-2012	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB90CITI18500813089908	CITIBANK NA	London	UK	03-06-2012	0.00	0.00	100%	GBP
	IBAN	CITIGB2L	GB68CITI18500813089916	CITIBANK NA	London	UK	03-06-2012	0.00	0.00	100%	USD
	IBAN	ABNANL2A	NL78ABNA0240369424	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	5,035.02	5,043.77	100%	EUR
Vogan, LTD	IBAN	BARCGB22	GB23BARC20748190929786	BARCLAYS BANK	Sandy	UK	01-06-1987	0.00	0.00	100%	GBP
	IBAN	BARCGB22	GB87BARC20748172495433	BARCLAYS BANK	St Neots	UK	01-01-2001	0.00	0.00	100%	EUR
Ebrofrost North America Inc.	IBAN	BYLADEM1GZK	DE82720518400040471138	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	31-10-2016	364,244.72	371,952.47	100%	EUR
	Swift	BOFAUS3N	488038516188	Bank of America	Houston, Texas	USA	21-12-2016	1,057,242.79	1,093,292.58	100%	USD
Ebrofrost Holding GmbH	IBAN	BYLADEM1GZK	DE49720518400040319345	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	01-06-2013	1,331,556.82	890,350.14	100%	EUR
Ebrofrost Germany GmbH	IBAN	BYLADEM1GZK	DE83720518400000161315	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	01.06.2013	829,503.49	800,495.72	100%	EUR
Fentus 61. GmbH	IBAN	COBADEFFXXX	DE63 2004 0000 0623 7036 00	Commerzbank AG	Hamburg	Germany	01-02-2017	18,265.80	21,482.94	100%	EUR
N&C Boost	IBAN	GKCCBEBB	BE49552273940071	Belfius bank	Antwerp	Belgium	02-05-1996	1,299,107.71	1,304,200.92	100%	EUR
	IBAN	GKCCBEBB	BE12055950094292	Belfius Bank	Antwerp	Belgium	02-05-1996	0.00	0.00	100%	EUR

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Ebro India Private Limited	IBAN	HDFCINBB	50200001041939	HDFC Bank LTd	TARAORI	India	24-05-2013	461,563.00	1,729,062.94	100%	INR
	IBAN	BARCINBBMUM	00004059881	Barclay bank	New Delhi	India	03-07-2013	2,600.42	6,163.00	100%	INR
	IBAN	CITIINBX	521059001	Citi bank	New Delhi	India	18-09-2013	145,783.63	256,201.64	100%	INR
	IBAN	CITIINBX	521059028	Citi bank	New Delhi	India	18-09-2013	0.00	0.00	100%	USD
	Other	CITIINBX	Loan	Citi bank	New Delhi	India	18-09-2013	(8,403,361.34)	(2,801,120.45)	100%	INR
	Other	CITIINBX	Loan	Citi bank	New Delhi	India	18-09-2013	0.00	0.00	100%	USD
	IBAN	BOFA0ND6216	24871013	Bank of America	New Delhi	India	24-08-2014	588,887.03	887,416.01	100%	INR
	IBAN	BOFA0ND6216	24871089	Bank of America	New Delhi	India	24-08-2014	0.00	0.00	100%	USD
	Other	BOFA0ND6216	Loan	Bank of America	New Delhi	India	24-08-2014	(17,531,258.99)	(3,185,947.39)	100%	USD
	Other	BOFA0ND6216	Loan	Bank of America	New Delhi	India	24-08-2014	(5,016,932.15)	(1,672,310.72)	100%	INR
	IBAN	BNPAINBBDEL	0906511493200162	BNP PARIBAS	New Delhi	India	28-10-2015	45,477.39	211,082.04	100%	INR
	Other	BARCINBBMUM	Loan	BNP PARIBAS	New Delhi	India	28-10-2015	(14,123,378.33)	(4,707,792.78)	100%	INR
	Other	BNPAINBBDEL	Loan	BNP PARIBAS	New Delhi	India	28-10-2015	0.00	0.00	100%	USD
	IBAN	INDB0000073	259996544504	IndusInd Bank	Karnal	India	14-03-2017	2,550.01	6,043.20	100%	INR
	IBAN	UCBA0002323	23230210001110	UCO Bank	Karnal	India	06-05-2017	3,174.23	7,522.93	100%	INR
	IBAN	HSBC0110005	054708284001	HSBC	New Delhi	India	20-11-2018	173,834.98	57,944.99	100%	INR
	IBAN	HSBC0110005	054708284511	HSBC	New Delhi	India	20-11-2018	0.00	0.00	100%	USD
	Other	HSBC0110005	Loan	HSBC	New Delhi	India	20-11-2018	(7,525,398.22)	(2,508,466.07)	100%	INR
	Other	HSBC0110005	Loan	HSBC	New Delhi	India	20-11-2018	(5,054,697.65)	2,583,200.59	100%	USD
Global Trade	IBAN	CITIEGCX	101575519	CITIBANK	Cairo	Egypt	05-10-2015	20.38	20.38	100%	EGP
	IBAN	CITIEGCX	101575012	CITIBANK	Cairo	Egypt	05-10-2015	0.00	0.00	100%	USD
Middle East	IBAN	CITIEGCX	101576019	CITIBANK	Cairo	Egypt	05-10-2015	0.00	0.00	100%	USD
	IBAN	CITIEGCX	101576507	CITIBANK	Cairo	Egypt	05-10-2015	34.57	34.57	100%	EGP
Ebrofrost UK Ltd	IBAN	BYLADEM1GZK	DE28720518400005600028	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	17-06-2015	184,52 GBP	184.52	100%	GBP
	IBAN	BYLADEM1GZK	DE27720518400040428187	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	16-10-2015	159,523.00	120,136.00	100%	EUR
Suntra Rice BV	IBAN	ABNANL2A	NL56ABNA0240369432	ABN AMRO Bank NV	Amsterdam,	Netherlands	11-03-2010	27,917.31	31,872.20	100%	EUR

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EF Alimentación,S de R.L de	CLABE	BCMRMXMM	187408390	BBVA BANCOMER, S.A.	Mexico City	Mexico	Aug 7, 2011	17,248.83	203,123.60	100%	MXP
	CLABE	BCMRMXMM	187409842	BBVA BANCOMER, S.A.	Mexico City	Mexico	Aug 7, 2011	40,901.09	41,752.46	100%	USD
Ebro Sur	CBU	BSCHARBA	034753/2	Banco Santander Rio SA	Buenos Aires	Argentina	15-06-2016	5,848.37	3,265.81	100%	ARG
	CBU	BSCHARBA	034754/9	Banco Santander Rio SA	Buenos Aires	Argentina	15-06-2016	972.09	219.70	100%	USD
Transimpex	IBAN	COBADEFFXXX	DE70 5454 0033 0703 0075 00	Commerzbank AG	Ludwigshafen	Germany	01-10-2017	625,628.13	1,389,617.67	100%	EUR
	IBAN	COBADEFFXXX	DE70 5454 0033 0703 0075 00	Commerzbank AG	Ludwigshafen	Germany	01-12-2017	13,499.83	38,790.20	100%	GBP
	IBAN	SOLDAES1HDB	DE47 6725 0020 0009 1217 22	Sparkasse	Heidelberg	Germany	01-07-2008	223,575.99	207,657.49	100%	EUR
	IBAN	COBADEFF545	DE14 5454 0033 0209 9901 00	Comerzbank AG	Ludwigshafen	Germany	01-03-2006	756,220.31	543,152.56	100%	EUR
	IBAN	GENODE61MA2	DE11 6709 0000 0015 1800 05	VR Bank Rhein-Neckar eG	Mannheim	Germany	01-03-1996	194,839.65	122,296.38	100%	EUR
	IBAN	HYVEDEMM489	DE40 6702 0190 0007 0683 28	Hypo Vereinsbank	Mannheim	Germany	01-06-1999	1,429,719.10	2,404,644.34	100%	EUR
	IBAN	HYVEDEMMXXX	DE03 7002 0270 0874 3304 42	Hypo Vereinsbank	Mannheim	Germany	01-10-1999	48,977.22	154,448.23	100%	USD
	IBAN	HYVEDEMM489	DE05 6702 0190 0023 0897 69	Hypo Vereinsbank	Mannheim	Germany	01-10-2014	276,919.81	188,491.99	100%	USD
La Loma Alimentos SA	CBU	SCBLUS33XXX	000 - 000336637	Banco Santander Rio SA	Buenos Aires	Argentina	23-07-2013	49,042.04	25,301.00	100%	ARG
	CBU	BSCHARBA	000-00035161/0	Banco Santander Rio SA	Buenos Aires	Argentina	20-01-2017	31,186.37	15,606.44	100%	ARG
	CBU	BSCHARBA	000-036430/6	Banco Santander Rio SA	Buenos Aires	Argentina	03-05-2018	165,826.56	186,776.52	100%	USD
	CBU	BSCHARBA	000-036429/0	Banco Santander Rio SA	Buenos Aires	Argentina	03-05-2018	94,545.19	39,770.76	100%	USD
	CBU	BERAARBAXXX	42006614643	Nuevo Banco de Entre Ríos	Entre Rios	Argentina	22-05-2002	47,423.60	15,807.87	100%	ARG
	CBU	BFRPARBAXXX	068-000848/6	BBVA Banco Francés S. A.	Buenos Aires	Argentina	24-10-2018	38,666.85	19,333.42	100%	USD
	CBU	BFRPARBAXXX	068/0314544/9	BBVA Banco Francés S. A.	Buenos Aires	Argentina	24-10-2018	327.06	163.04	100%	ARG

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Neofarms BIO S.A.	CBU	BFRPARBAXXX	0170068826000000084796	BBVA Banco Francés S. A.	Concordia	Argentina	24-10-2018	238.92	9,511.04	100%	USD
	CBU	BFRPARBAXXX	0170068820000031454182	BBVA Banco Francés S. A.	Concordia	Argentina	24-10-2018	5,100.24	13,445.59	100%	ARG
	CBU	BFRPARBAXXX	0170068820000031454250	BBVA Banco Francés S. A.	Concordia	Argentina	24-10-2018	0.00	0.00	100%	ARG
	CBU	BFRPARBAXXX	0170068821000000000296	BBVA Banco Francés S. A.	Concordia	Argentina	14-01-2019	0.00	0.00	100%	EUROS

1. COMPANY SITUATION

ORGANIZATIONAL STRUCTURE AND BUSINESS MODEL

The Ebro Foods Group (**"Ebro Foods"** or the **"Group"**) is Spain's largest food group, the world's largest rice producer and the second-biggest producer of dry and fresh pasta globally. Through its 25 most important subsidiaries, it commands a presence in the main rice and pasta markets in Europe, North America and Southeast Asia, as well as a growing presence in other countries.

The Ebro Group's core mission is to research, create, produce and market value-adding food products that, in addition to satisfying its customers' nutritional needs, enhance their well-being and health, all of which framed by a transparent, efficient and sustainable business model.

Ebro Foods has embedded environmental, social and ethical criteria into its decision- making processes, in addition to economic variables, so that sustainable development vertebrates all of the Group subsidiaries' activities. To this end it embraces a business model that, framed by business ethics and integrity, is articulated around the generation of value for its professionals, shareholders, investors, customers, consumers, suppliers, surroundings and business communities, in a nutshell, value for all of the stakeholders with which it engages in the course of doing business.

The policies and principles enshrined in the Group's Code of Conduct, its Code of Conduct for Suppliers, its Corporate Social Responsibility Policy and the rest of its body of corporate governance rules and regulations accordingly address these stakeholders' expectations and concerns (note that the full text of these documents can be retrieved from www.ebrofoods.es).

The Group has decentralized certain areas of management with a view to focusing on the business while maintaining a lean and dynamic structure that prioritizes performance, cohesion and market knowledge.

The Ebro Foods Group structures its management around business areas that combine business activities and their geographic location. The core business areas are:

- **The rice business:** the production and distribution of rice and its culinary derivatives and accompaniments. It consists of industrial and branding activities; the Group pursues a multi-brand model. Its geographic footprint extends to Europe, the Mediterranean Basin, India, Thailand and Argentina (via the Herba Group companies) and North and Central America, the Caribbean and Middle East (via the Riviana Group).
- **Pasta business:** the production and marketing of dry and fresh pasta, sauces, semolina products, their culinary derivatives and accompaniments, carried out by the Riviana Group (in the US), the Panzani Group (France) and Bertagni and Garofalo (both of which based in Italy but with meaningful global footprints).

- **Health and organic food:** this is the Group's newest business. It is being consolidated in the wake the recent acquisitions of Celnat, Vegetalia and Geovita and the activities performed by all its subsidiaries in the bio and organic health food areas. At the heart of this business lies the Group company Alimentation Santé. It is presented primarily within the Pasta business.

Decision-making is spearheaded by the Board of Directors of the Group's parent (Ebro Foods, S.A.), which is ultimately responsible for defining the Group's general strategy and management guidelines. The Board of Directors delegates certain tasks in its Executive Committee, including, notably, monitoring and oversight of delivery of the strategic and corporate development guidelines. The Management Committee (on which the heads of the various business areas sit) is tasked with monitoring and preparing the decisions taken at the management level. The Annual Corporate Governance Report contains detailed information about the Group's governance structure.

Production of the products sold by the Group relies heavily on the use of rice and durum wheat, although new grains such as pulses, quinoa and other 'ancient grains' are gradually being added to the mix.

Rice is the most widely-consumed grain in the world; however, as some of the world's largest producers consume more of this grain than they produce (China, Philippines and Indonesia), the global rice trade is smaller than that of other grains and cereals. The sources of the rice sold by Ebro vary depending on the type of grain and quality/abundance of rice harvests. Supply sources can be grouped into three major regions which produce different varieties of rice: the US, southern Europe and South East Asia; these sources have been boosted by the addition to the Group of La Loma Alimentos, S.A. in Argentina, an acquisition expected to reduce seasonality in the procurement of certain varieties and generate a significant source of organic rice.

Pasta is produced from a type of wheat that is high in protein called durum wheat. Durum wheat is produced in a far smaller geographic expanse and has a much smaller market than other varieties of wheat, essentially those used to make flour. Ebro mainly sources its durum wheat in the US, Canada and southern Europe (France, Spain and Italy).

It purchases this raw material from farmers, cooperatives and milling companies. Then at the Group's facilities it is milled and/or transformed as necessary. The productive processes differ depending on the product's end use and range from cleaning, milling, polishing and basic extrusion to more complex processes such as pre-cooking, cooking and freezing.

The Group's main direct customers are: (i) the leading food retailers; (ii) the major food multinationals (which use our products as the basis of their prepared products); and (iii) a plethora of hospitality businesses. Despite the fact that they are not usually direct customers, consumers nevertheless play a prominent role in how the Group positions its business.

Note 6 to the consolidated financial statements (Segment reporting) overviews the key activities, brands and market shares of each business area.

STRATEGY AND VALUE CREATION

The Group's strategic objective is to be a benchmark player in the rice, pasta and healthy grains markets and in other cross-cutting segments of relevance to all areas defined as 'meal solutions'. Framed by this strategy, the Group's strategic objectives include:

- Achieving a meaningful overall position so as to permit the introduction of related products (e.g., value-added pulses).
- Consolidating the Group as a benchmark enterprise in its various business areas.
- Spearheading innovation in the geographies in which it is present.
- Positioning the Group as a responsible firm committed to social well-being, environmental equilibrium and economic progress.

In order to execute and fine-tune its strategy, the Group is pursuing a series of general lines of initiative and leveraging growth drivers in order to add value to the business and further the organization's commitment to sustainable development:

Lines of initiative

- Fostering ethical management based on good governance practices and fair play.
- Complying with prevailing legislation, at all times taking a preventative approach. We strive to minimize risks, not only economic risks but also social and environmental risks, including tax risks.
- Attaining returns on our investments while guaranteeing the operational and financial solidity of our business activities. Nurturing our profitability as one of the bases for the ongoing sustainability of the organization and the multiple stakeholders that engage directly and indirectly with it.
- Generating a labor relations framework that is propitious to learning and personal and professional development, respects the equal opportunities principle and promotes diversity and a safe and healthy workplace.
- Rejecting any form of abuse or violation of the fundamental and universal rights, in keeping with international law and practices.
- Promoting a mutually beneficial relationship with the communities in which the Group is present, which means being sensitive to their culture, context and needs.
- Satisfying and anticipating the needs of our customers and of our end consumers by offering a broad portfolio of products under the premise of healthy and differentiated food options.
- Articulating the organization's processes, activities and decisions not only around profit generation but also environmental and community protection, responsible use of our natural resources and the preservation of biodiversity.
- Communicating responsibly, accurately and transparently with our stakeholders by establishing perfectly well-identified and permanent communication channels and providing them with thorough, accurate and relevant information about the Group's activities in a timely and transparent manner.

Growth drivers

- Search for organic and M&A-led growth in large and established markets and, in parallel, opportunities in high-potential developing markets.
    - Penetration of new markets and product categories with a strategic focus on new fresh products (aperitifs, omelets, sandwiches, prepared dishes) and new and more value-added ingredient ranges.
    - Development of products that offer a fuller culinary experience by adding new formats (maxi cups, compact cups, etc.), flavors (dry pasta with the quality of fresh pasta, cups and premium fresh sauce ranges) and meal solutions (pan- fried rice and pasta dishes, Banzai noodle cups, etc.)
    - Leadership in mature markets by focusing strategically on product quality- based differentiation. Expansion and leadership of the premium products category. Exploitation of the huge potential offered by the Garofalo brand and leveraging the new opportunities opened up by the acquisition of Bertagni.
    - Expanded geographic footprint and rounding out of the product/country matrix:
        - Search for business opportunities in mature markets with business profiles similar to that of Spain and in niche markets that enable the Group take a qualitative step forward in its strategy of shifting away from its generalist positioning to positioning as a multi-specialist (individual solutions).
        - Expanded presence in new business segments in existing markets, broadening the product range in the Middle East, Eastern Europe and India.

- Significant positioning in the health and organic food segments by leveraging new concepts based on ancient grains, organic foods, gluten-free foods, quinoa, etc.
- Product differentiation and innovation (leadership). The Group's product development strategy is structured around two articulating lines of initiative:
  - Research and development (R&D): it has four proprietary R&D centers. The organization's investment policy is designed to foster the crystallization of new ideas and consumer needs into tangible solutions for its customers and end consumers.
  - The Group aims to have the leading brands in their respective segments, underpinned by the required advertising budgets.
- Low risk exposure. The Ebro Group's attitude towards shifts in its consumer and financial markets is marked by a strong commitment to continuous adaptation and long-term sustainability. To this end it seeks: (i) balanced sources of recurring income (markets, currencies); (ii) moderate financial leverage in order to facilitate growth without exposure to financial turbulence; (iii) new sources of supply/supply channels; and (iv) the establishment of long-term relationships with its stakeholders (customers, suppliers, governments, employees, society).
- It does this by embedding sustainability criteria throughout its entire supply chain ('from the fields to the table') with the ultimate goal of: (i) boosting and safeguarding the competitiveness and financial, environmental and social sustainability of its operations; and (ii) offering healthy and differentiated food solutions that foster the preservation of natural resources and the wellbeing of society for future generations.

2. BUSINESS PERFORMANCE AND RESULTS

GENERAL BACKDROP

In 2018, the global economy extended the growth trajectory of prior years, specifically registering GDP growth of 3.7%. Nevertheless, as the year unfolded, the number of indicators suggesting that the cycle may have peaked began to multiply. Confidence readings diminished in many of the world's largest economies as a result of heightened instability related with trade tensions, monetary tightening in the US, the ongoing Brexit negotiations and the direction being taken by fiscal policy in Italy.

In the eurozone, GDP growth averaged 1.8% in 2018, compared to 2.4% in 2017. The economy proved incapable of maintaining the healthy pace of growth of 2017, dragged down by the downturn in exports. The unemployment rate declined to 8%, a positive trend despite the fact that political tension has been weighing on business and consumer sentiment since the summer. Lastly, inflation, having spiked due to energy prices, dropped back down at the end of the year (to 1.8%), while the European Central Bank stuck with its expansionary monetary policy.

In the US, GDP growth accelerated in 2018 to 2.9%, fueled by domestic demand. The job market was dynamic: unemployment ended the year at 3.7% and was accompanied by wage growth. Inflationary pressure enabled the Federal Reserve to raise its benchmark rate, in keeping with its monetary policy targets.

CONSUMER TRENDS

2018 was marked by similar consumer trends as those outlined in prior-year reports, specifically:

Personalization of the customer experience

Consumer decision-making power has increased. Consumers have more information at their fingertips, more comparison tools and they are willing to pay to feel identified with products that satisfy their desires. This is translating into:

- Demand for quality products, ease of preparation and immediate satisfaction of their desires.
- Preference for natural, healthy and organic foods. Closely related to this sentiment is the growth in the consumption of fresh products and the importance being given to small producers and start-ups that make the consumer feel closer to nature.
- Search for products that form part of the circular economy, are seen as sustainable and involve stakeholders in their design, production and sale.
- Consumers want a wider range of choices. The higher-quality private-label brands have been making inroads in virtually every social strata and segment of the population.

Social changes

- Population ageing, older people with more say. The ‘baby boomers’ have transformed this segment of the population, which currently has greater purchasing power and aspirations and needs (exercise and health) that are different from those traditionally associated with this age group.
- Reduction in the number of household members and constant growth in single- person households; new formats and product and service personalization.
- The new generations are paying more attention to their surroundings and the environment.
- Increased mobility and migration in many developed countries, which is introducing new tastes and ways of cooking.

Connectivity

The unstoppable growth in internet access on the go (over 4 billion people had access to internet at the end of 2018, a very significant percentage of which via their mobiles or tablets) is fostering immediacy as a purchasing factor and universalizing the act of shopping. This paradigm, coupled with the advent of new automated systems (driverless cars, drones, etc.) and networking platforms which put consumers in contact with the producers of goods and services, foreshadows a shift in shopping and food consumption habits (personalized promotions, access to all manner of at-home food services, assault on the last-mile distribution barrier).

New channels and services

- Growth in the use of neighborhood supermarkets, where consumers shop more frequently, and specifically the use of convenience stores (24-7, alliances with petrol stations and other places of transit).
- Consolidation of new players (online players such as Amazon) in the retail market driven by emerging trends in the use of new technology.
- New ways of cooking and eating (ordering in, vending machines, snacking instead of sitting down to eat, etc.).

All of these changes imply challenges for the food retailer and producers who need to deploy marketing techniques that have little or nothing to do with the rules of play that reined until a decade ago in order to reach and retain their customers. Against this backdrop, the use of big data and the speed with which they roll out promotions, and the level to which they personalize them, will grow in importance.

COMMODITY MARKETS

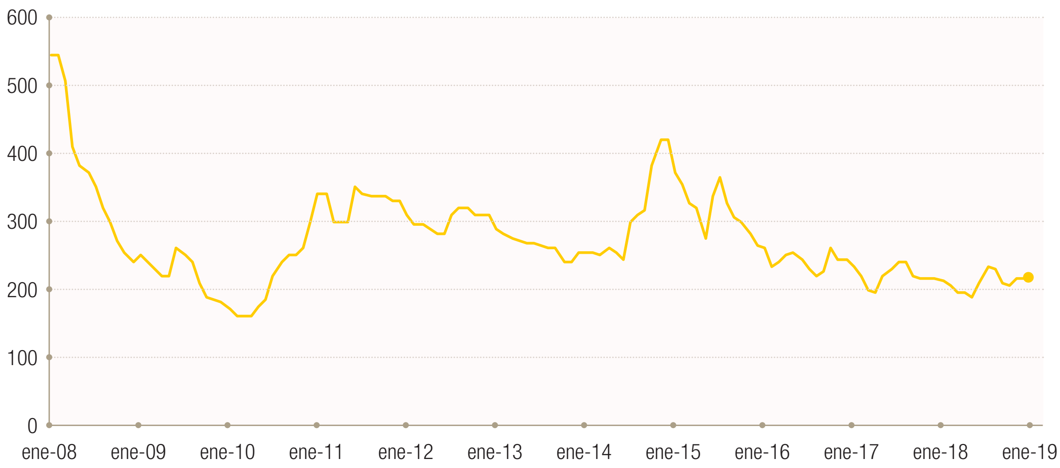
The commodity prices reflected in the World Bank's Commodity Price Index clearly evidenced the impact of the trend in oil prices, which varied widely between $60 and $80 per barrel of Brent, pushing up the cost of oil derivatives and transportation.

Trade tensions also took a toll and culminated in the imposition of tariffs on certain products, including a range of metals, soy and some processed grains.

Grain prices (corn, wheat, barley and rice) were less volatile, increasing moderately in general, while common wheat registered a more pronounced price increase as a result of adverse weather conditions in Europe which saw harvests fall. The grain price index published by the International Grain Council reveals initial months of inflation which tapered off as the harvests came in, with the exception of common wheat, where yields were flat year-on-year.

Durum wheat prices extended the stability of recent seasons, rising slightly ahead of the harvest but without the swings observed in prior years:

DURUM WHEAT PRICES €/MT

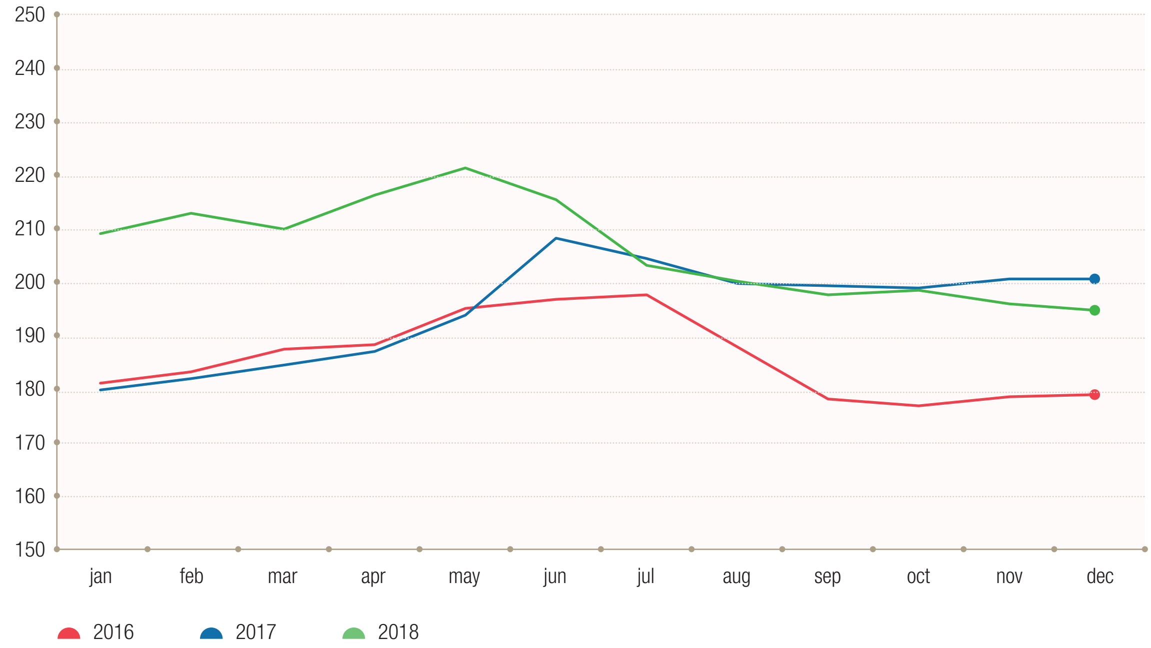


Source: Terre.net and Ebro data

The 17/18 rice season and the forecast for 18/19 point to continued record harvests. According to data published by the Food and Agriculture Organization (FAO), 2018 production is estimated at 513 million metric tonnes of white rice equivalent, up 1.3% from the last harvest, shaped by significant growth in India, thanks to abundant rain and increases in minimum prices, and the new harvest in the US, which relieved tight carryover stock levels in the wake of the poor 16/17 harvest.

The chart below depicts the trend in the IPO international rice price index for the last three years, showing an average for the most popular varieties of this grain.

IPO RICE PRICE INDEX



International prices started the year higher as a result of low stock levels in the US (a benchmark for quality long-grain varieties) despite the strength of the previous harvest in the rest of the world. Once it became clear that the 18/19 season would also be abundant and plantation in the US was recovering, prices started to trend lower.

Reflecting their particular condition as products grown locally with designations of origin, prices for the aromatic varieties remained at the high levels witnessed since mid-2017, albeit not uniformly so: Basmati prices trended in line with the broader rice market, while the fragrant varieties remained at record highs.

GROUP EARNINGS PERFORMANCE

The Group's key financial indicators are presented below:

PROFIT AND LOSS

	2016	2017	*2017/2016*	2018	*2018/2017*	CAGR 18-16
Revenue	2,459,246	2,506,969	*1.9%*	2,646,523	*5.6%*	*3.7%*
Advertising	(100,401)	(93,134)	*(7.2%)*	(89,694)	*(3.7%)*	*(5.5%)*
As a % of revenue	*(4.1%)*	*(3.7%)*	*(9.0%)*	*(3.4%)*		
EBITDA	344,141	359,000	*4.3%*	310,763	*(13.4%)*	*(5.0%)*
As a % of revenue	*14.0%*	*14.3%*		*11.7%*		
EBIT	267,308	279,314	*4.5%*	221,951	*(20.5%)*	*(8.9%)*
As a % of revenue	*10.9%*	*11.1%*		*8.4%*		
Profit before tax	259,410	264,131	*1.8%*	212,950	*(19.4%)*	*(9.4%)*
As a % of revenue	*10.5%*	*10.5%*		*8.0%*		
Tax expense	(83,591)	(34,157)	*(59.1%)*	(63,639)	*86.3%*	*(12.7%)*
As a % of revenue	*(3.4%)*	*(1.4%)*		*(2.4%)*		
Profit for the year from continuing operations	175,819	229,974	*30.8%*	149,311	*(35.1%)*	*(7.8%)*
As a % of revenue	*7.1%*	*9.2%*		*5.6%*		
Net profit	169,724	220,600	*30.0%*	141,589	*(35.8%)*	*(8.7%)*
As a % of revenue	*6.9%*	*8.8%*		*5.4%*		

FINANCIAL POSITION

	12-31-16	12-31-17	2017/2016	12-31-18	2018/2017
Equity	2,079,326	2,074,637	*(0.2%)*	2,162,334	*4.2%*
Net debt	443,206	517,185	*16.7%*	704,621	*36.2%*
Average net debt	404,137	426,042	*5.4%*	627,350	*47.3%*
Leverage **(3)**	19.4%	20.5%		29.0%	
TOTAL ASSETS	**3,645,478**	**3,663,133**	***0.5%***	**3,832,425**	***4.6%***

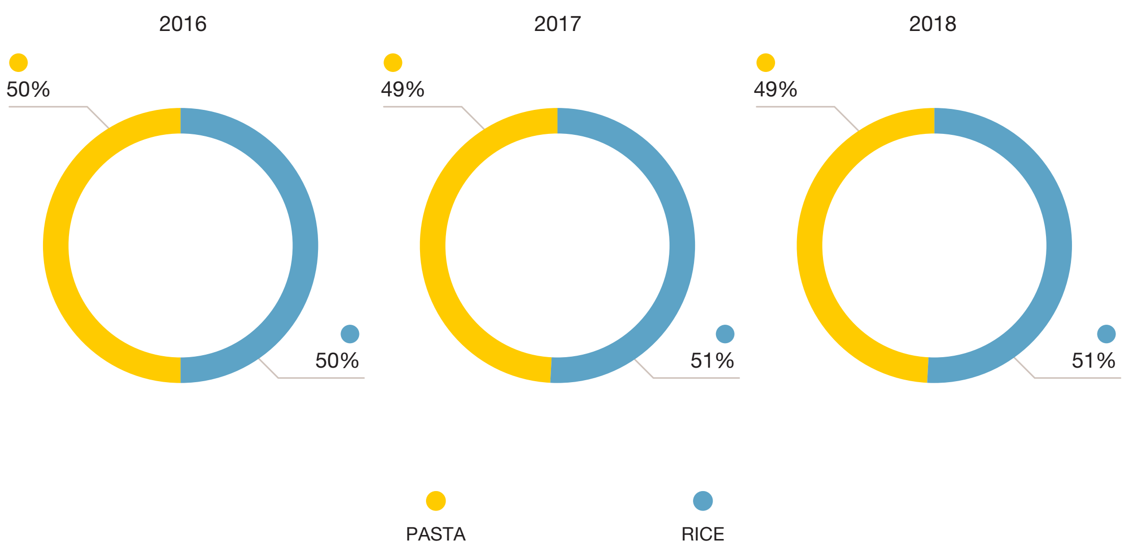
	12-31-16	12-31-17	2017/2016	12-31-18	2018/2017
Average working capital requirement	461,991	506,803	*9.7%*	588,403	*16.1%*
Capital employed	1,611,272	1,678,670	*4.,2%*	1,805,986	*7.6%*
ROCE **(1)**	16.6	16.6		12.3	
Capex **(2)**	107,725	120,671	*12.0%*	138,930	*15.1%*
Average workforce	6,195	6,520	*5.2%*	7,153	*9.7%*

(1) ROCE = trailing twelve month EBIT / (intangible assets - PP&E - working capital)
(2) Capex: cash outflows for investment purposes
(3) Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

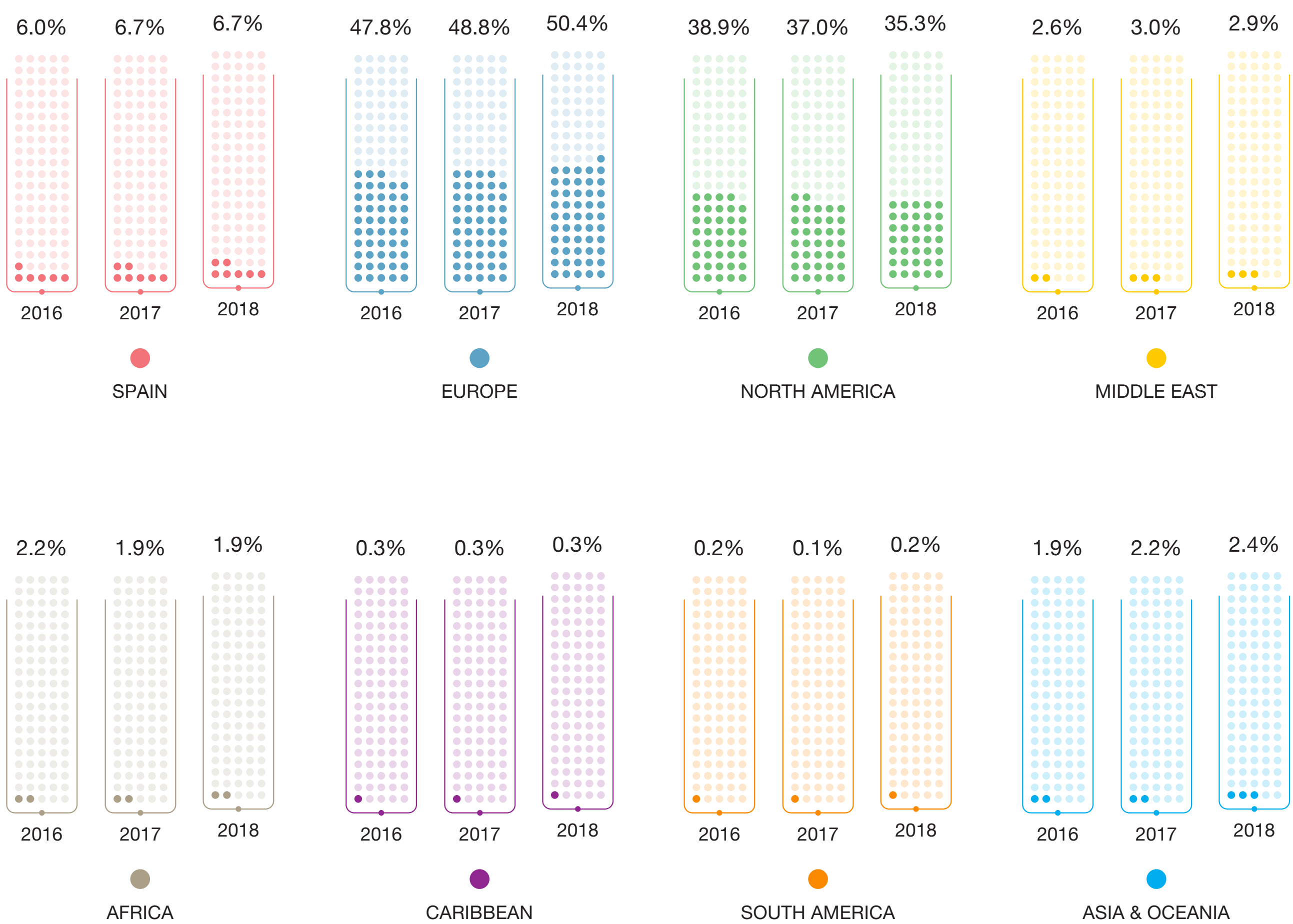
Group **revenue** was 5.6% higher year-on-year. The addition to the Group of Bertagni contributed revenue of 61 million euros. Like-for-like revenue growth (stripping out exchange rate effects and acquisitions) was 2%.

The breakdown of revenue and the year-on-year trend by business line and geographic market is as follows:

BUSINESS SEGMENTS



GEOGRAPHIC MARKET



Although the contribution by the European businesses to Group revenue increased slightly as a result of recent acquisitions (Geovita, Bertagni), the breakdown by business remains very balanced.

2018 was a very challenging year in terms of profit generation: **EBITDA** declined by 13.4% despite the first-time consolidation of Bertagni, acquired at the end of the first quarter, which contributed 9.5 million euros. The like-for-like comparison is somewhat stronger due to the adverse impact on EBITDA of currency movements in the amount of 4.4 million euros. The main reasons for the decline in profitability were the pressure on certain costs the increases in which could not be fully passed through until the last third of the year and disruption in production in the US where the economy's dynamism triggered temporary tightness in production and the allocation of resources.

On the plus side: (i) the continued growth in the rice segment in Europe; (ii) the steps taken to diversify sources in a bid to inject quality and price stability via organic growth (new investments in India, Thailand and Cambodia) and acquisitions (La Loma, Argentina); and (iii) the contribution by Garofalo, which continued the international expansion of its premium dry pasta brand and embarked on the development of a fresh pasta category, an area where the Bertagni acquisition will help with the expansion of the premium international brand concept. Garofalo's growth was underpinned by a strong investment in advertising (+55% year-on-year); stripping that cost out, this business repeated its exceptional 2017 performance on like-for-like terms.

The **EBITDA margin** dipped to 11.7% penalized in particular by weak profitability in the US, where this margin contracted by seven percentage points.

Profit before tax declined slightly year-on-year due to growth in depreciation charges as a result of the acquisitions closed and the heavy capital expenditure incurred in the past two years. Some of those investments, like the frozen products facility in the US, were partially commissioned in 2018. The Group recorded a net non-recurring loss of 4 million euros (a net loss of 8 million in 2017 and 3 million in 2016); this heading includes the impact of the sale of the SOS brand in Mexico, a series of expenses related with the most significant investments and restructuring charges.

Tax expense increased significantly despite the reduction in rates in several countries in 2017; that is because the expense recognized in 2017 included the impact of those tax reforms on the Group's deferred tax liabilities.

Profit for the year decreased by 35.8%, in line with the decline in business profitability and the impact of the above-mentioned tax reforms on the 2017 figures.

ROCE decreased to 12.3%, driven by the reduction in profits and the increase in average capital employed, shaped notably by a higher working capital requirement on the back of the higher cost of certain varieties of rice.

STATEMENT OF FINANCIAL POSITION METRICS

Highlights:

- The first-time consolidation of Bertagni and La Loma (which affected property, plant and equipment, intangible assets, goodwill, net current assets and borrowings): 143 million euros.
- A significant increase in capex in the last two years (139 million euros in 2018 and 121 million euros in 2017).
- The impact of the trend in the dollar rate on the dollar balances of the subsidiaries exposed to this currency (the exchange rate went from €/$1.05 at year-end 2016 to 1.20 in 2017 and 1.14 at year-end 2018).
- A decrease in dollar-denominated liabilities as the Group paid off the loans taken on in that currency to fund the acquisition of US businesses and replaced them with euro-denominated borrowings in November 2018.
- Growth in working capital as a result of a slight increase in overall rice prices and a substantial increase in the price of the aromatic varieties.

Other assets and other liabilities mainly comprise deferred taxes, provisions for pension obligations and provisions for charges (notes 19, 20 and 22 of the consolidated financial statements).

STATEMENT OF FINANICIAL POSITION

	2016	2017	CHG.	2018	CHG.
Intangible assets	462,928	428,248	(34,680)	436,601	8,353
Property, plant and equipment	737,452	758,739	21,287	857,450	98,711
Investment properties	25,882	23,780	(2,102)	23,439	(341)
PP&E AND INTANGIBLE ASSETS	1,226,262	1,210,767	(15,495)	1,317,490	106,723
Financial assets	71,399	69,007	(2,392)	64,338	(4,669)
Goodwill	1,029,715	1,037,889	8,174	1,156,606	118,717
Other assets	83,068	49,757	(33,311)	52,884	3,127
Inventories	488,821	558,990	70,169	594,804	35,814
Trade receivables, Group companies	0	0	0	0	0
Trade receivables	369,808	375,141	5,333	402,501	27,360
Other accounts receivable	81,156	89,592	8,436	71,854	(17,738)
Trade payables, Group companies	0	0	0	0	0
Trade payables	(302,147)	(336,478)	(34,331)	(344,017)	(7,539)
Other accounts payable	(119,465)	(120,467)	(1,002)	(115,149)	5,318
NET CURRENT ASSETS (WORKING CAPITAL)	518,173	566,778	48,605	609,993	43,215
NET INVESTMENT	2,928,617	2,934,198	5,581	3,201,311	267,113
Capital	92,319	92,319	0	92,319	0
Reserves	1,817,283	1,761,718	(55,565)	1,928,426	166,708
Profit attributable to owners of the parent	169,724	220,600	50,876	141,589	(79,011)
Less: Interim dividend	0	0	0	0	0
Less: Own shares	0	0	0	0	0
CAPITAL AND RESERVES	2,079,326	2,074,637	(4,689)	2,162,334	87,697
Non-controlling interests	27,075	47,288	20,213	27,868	(19,420)
Other funds	379,010	295,088	(83,922)	306,488	11,400
Loans with Group companies and associates: received	0	0	0	0	0
Less: Loans with Group companies and associates: granted	0	0	0	0	0
Bank borrowings	643,786	677,526	33,740	705,105	27,579
Special financing	90,760	109,070	18,310	170,966	61,896
Less: Cash on hand and at banks	(291,030)	(268,439)	22,591	(144,982)	123,457
Less: Short-term investments	(310)	(972)	(662)	(26,468)	(25,496)
NET BORROWINGS	443,206	517,185	73,979	704,621	187,436
TOTAL FUNDS	2,928,617	2,934,198	5,581	3,201,311	267,113

In order to properly understand the Group's working capital requirement and how it is funded, it is important to analyze the factor with the biggest impact on these headings: the volume and measurement of Group inventories. Inventory volumes are sharply cyclical, moving in tandem with rice and wheat harvests (particularly the rice harvest for which the inventory cycle is longest). More specifically, inventory volumes are at their lowest at the end of the rice season (end of summer) and at their highest at the end of each year and start of the next, after the various purchase contracts have been arranged for the new season.

That cyclicality makes it advisable to use 13-month moving averages to calculate certain performance indicators.

RICE BUSINESS

PROFIT AND LOSS

	2016	2017	*2017/2016*	2018	*2018/2017*	CAGR 2018-2016
Revenue	1,283,853	1,345,026	*4.8%*	1,412,702	*5.0%*	***4.9%***
Advertising	(30,135)	(28,088)	*(6.8%)*	(26,969)	*(4.0%)*	***(5.4%)***
EBITDA	196,264	205,988	*5.0%*	162,065	*(21.3%)*	***(9.1%)***
EBIT	163,561	172,522	*5.5%*	123,989	*(28.1%)*	***(12.9%)***
Operating profit	169,240	174,027	*2.8%*	125,392	*(27.9%)*	***(13.9%)***
Capex	47,391	65,807	*38.9%*	64,583	*(1.9%)*	***16.7%***

(000€)

In terms of rice purchases and prices, the year was divided into two clearly differentiated periods marked by the new harvests: during the first part of the year prices extended the upward trend initiated at the end of 2017; during the second half of the year prices trended lower.

By geographic region, prices in the European Union started the year higher due to the fear of drought in Spain, which subsequently dissipated in the wake of a particularly rainy spring (but drove an increase in the price of carryover stock purchase prices). After a few months of relative calm, the imposition of tariffs on imports of long-grain rice from Cambodia and Myanmar announced by the European Union at the end of the year injected fresh tension into the markets for these varieties.

In the US, the 17/18 was significantly lower than in previous years due to a reduction in the planted area, driving carryover stock levels to a five-year low. That translated into higher prices at the end of 2017, a trend that continued until reports started to come in about sowing and yields for the 18/19 season (growth of an estimated 23% from the previous season), alleviating supply tightness and driving a reduction in prices in the last third of 2018. Nevertheless, the forecast for a very small medium-grain rice harvest in Australia has kept pressure on the prices of these varieties, which are primarily grown in California.

US HARVEST PRICES

	17/18 (*)	17/18	16/17	15/16	14/15
Average price	11.6-12.6	12.7	10.4	12.2	13.4
Long grain	10.2-11.2	11.5	9.64	11.2	11.9
Medium grain	16-17	16.2	12.9	15.3	18.3

$/cwt

(*) Estimated range
August-July
(Source: USDA)

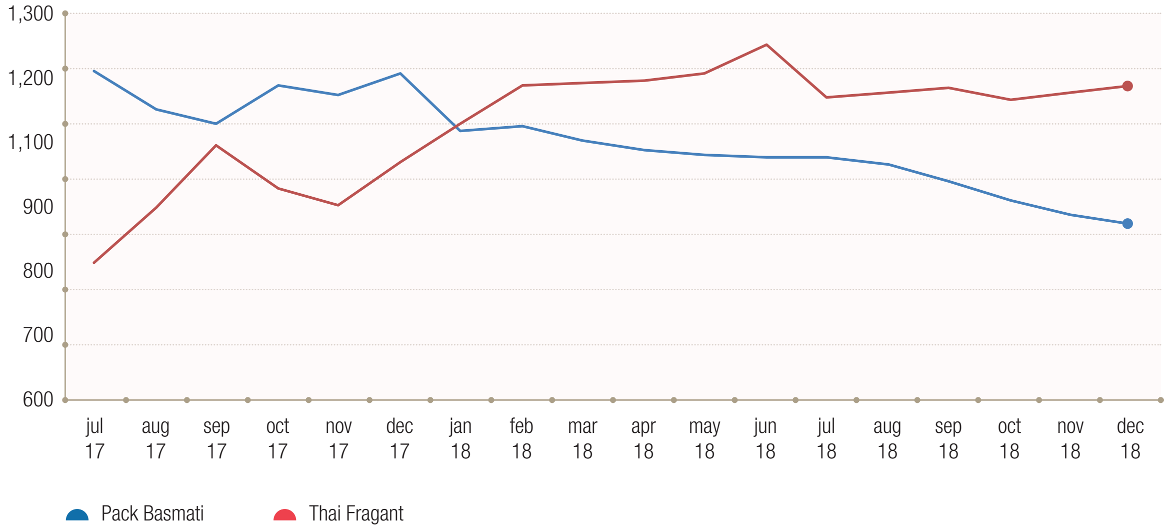
The price trend in other rice-growing regions in Southeast Asia of great significance for the production of long-grain or Indica varieties (the leading global exporters: India, Thailand, Vietnam, Cambodia, Pakistan and Myanmar) was similar to that of the overall market: slight increases at the start of the year and price decreases after the summer, once the abundance of the harvests became evident.

As for the aromatic varieties (basmati and jasmine), whose price trend had a significant impact on the Group's earnings, the sharp increase in prices observed in 2017 continued and even accelerated (with jasmine prices peaking at $1,200/MT in June 2018), shaped by growing demand in contrast with stable plantation acreage.

Basmati prices eased from the highs marked at the start of the year but the restrictions imposed by the European Union on pesticides and fungicides kept the costs of purchase, analysis and traceability high on the supply side.

The situation is clearly evident in the following chart mapping export prices in US dollars:

EXPORT PRICES AROMATIC RICE VARIETIES (US$/MT)



Sales increased sharply in value terms due, mainly, to price increases as a result of the growth in raw material prices at the end of 2017 and early part of 2018, despite the adverse impact of exchange rate effects, quantified at 25 million euros (average rate of 1.18 vs. 1.13 in 2017).

By geography, sales in the US accounted for 40% of the rice area's revenue. A large number of countries, mostly within the European Union, accounted for the remainder.

Sales volumes were flat year-on-year (growth in aromatic varieties and cups and stagnation in instant rice formats due to the reduction of promotional activity). The trend in revenue in the US (growth of 14 million US dollars) was closely correlated to: (i) the increase in local long-grain rice prices at the end of 2017 (which increased by 10% on average, tapering off from August when the new harvest numbers were released) and in imported fragrant varieties; and (ii) higher transportation and auxiliary material costs as a result of oil prices and economic buoyancy (GDP and domestic demand).

To tackle this inflationary environment, the Group implemented several price increases: (i) focused on the aromatic varieties at the start of the year (planned since the end of 2017); and (ii) tied to the increases in logistics and auxiliary material costs in the latter third of the year, as the main food sector players took stock of the need to pass those cost increases on.

Despite the price tensions, which gave the private label brands a boost, the Group's market share remained at 23.5% by volume and 24.3% by value. The only category in which sales contracted by value was exports, curtailed by the lower competitiveness of American rice compared to rice from other places.

In Europe, the Group registered growth across most brands in a market that was flat or shrinking in volume terms but expanded slightly in value terms. The success of the microwaveable formats, which registered double-digit growth, prompted to the Group to undertake a sizeable investment (70 million euros) in a major precooked products plant in the former sugar factory in La Rinconada, Spain, which is due to be commissioned at the end of 2020.

EBITDA declined by 21.0% year-on-year, including the adverse impact of exchange rate effects of 3.5 million euros. All of that decline originated in the US market, which experienced a particularly challenging year in terms of costs and supplies.

The main causes for the poor earnings performance in the US:

1. Widespread increases in rice prices, particularly the aromatic varieties, in the final third of 2017. Price increases in 2017 and 2018 resulted in additional costs, year- on-year, of approximately 20 million dollars. Despite the price increases planned in February, the fact that farm gate prices continued to climb until June meant that they could not be fully passed on to end customers until the end of the year.
2. Higher auxiliary material and logistics costs. An increase in logistics costs quantified at 10 million US dollars, derived from fuel price increases and growth in demand for carriers that put the transport cost index at record highs in March and April. Price inflation in auxiliary packaging materials (paper, board, plastics, etc.), driven by similar factors, with an estimated impact of 6 million US dollars.
3. The production disruption derived from (i) the damage caused to the Freeport factory by Hurricane Harvey; and (ii) a shortfall of staff and tremendously high staff turnover as a result of full employment in the US and competition from the petrochemical industry in attracting skilled employees.

To counteract these cost increases, in addition to a series of sales price measures, as outlined above (select prices increases and reduction of sales channel marketing and promotions), the Group activated a comprehensive supply chain and factory productivity enhancement program tied to initiatives already underway in packaging line automation and the fine-tuning of production allocation between the various facilities. The results began to show in the final months of the year in the form of wider margins which are expected to continue into this year.

The EBITDA contribution by the non-US rice business was as follows:

	2016	%	2017	%	2018	%
Spain	27,903	35.8%	28,382	32.6%	30,858	35.3%
Europe	40,261	51.6%	48,577	55.7%	46,302	53.0%
Other	9,845	12.6%	10,210	11.7%	10,142	11.6%
TOTAL EBITDA	**78,009**	**100.0%**	**87,169**	**100.0%**	**87,302**	**100.0%**

The strongest performance compared to 2017 was recorded in Spain, shaped by growth in industrial and retail channel sales volumes and a reduction in private label sales. In the retail channel, the trend was particularly positive volume-wise in traditional microwave cups and the Benefit range. Despite that, problems deriving from the saturation triggered by burgeoning demand and the need to cover orders from the US had a negative impact on margins.

In the rest of Europe, the business also suffered the impact of the higher price of the aromatic varieties, although the fact that these markets consume more basmati than fragrant varieties meant that the bulk of the impact had been absorbed in 2017.

Lastly, it is worth highlighting the acquisition of La Loma Alimentos, S.A., a company based in Argentina devoted to the production and sale of rice. Its contribution in 2018 was minimal as it was only consolidated from the last quarter. However, it is expected to play a meaningful role in the Group's strategy of diversifying its rice sources and specializing in organic varieties in 2019.

The pattern in **operating profit** was similar to that in EBITDA, expect for a slight increase in depreciation charges on the back of the sizeable investments made in the past two years. Operating profit includes the gain on the sale of the SOS trademark for use in Mexico and other neighboring countries (7 million euros), which is roughly the same as the gain recognized in 2017 on the sale of a site in Houston; other charges related with fixed assets were also similar in both years.

Capital expenditure remained high, evidencing the Group's strategic commitment to the high-growth business lines. The most important investments undertaken in the rice business corresponded to: (i) work to upgrade the new frozen products factory; (ii) modernization of freezing systems; (iii) new pasta facilities; (v) completion of the new warehousing facilities; (vi) expansion of one of the logistics centers; (vii) expansion of instant rice production capacity; and (viii) automation of packaging lines for products for export.

PASTA BUSINESS

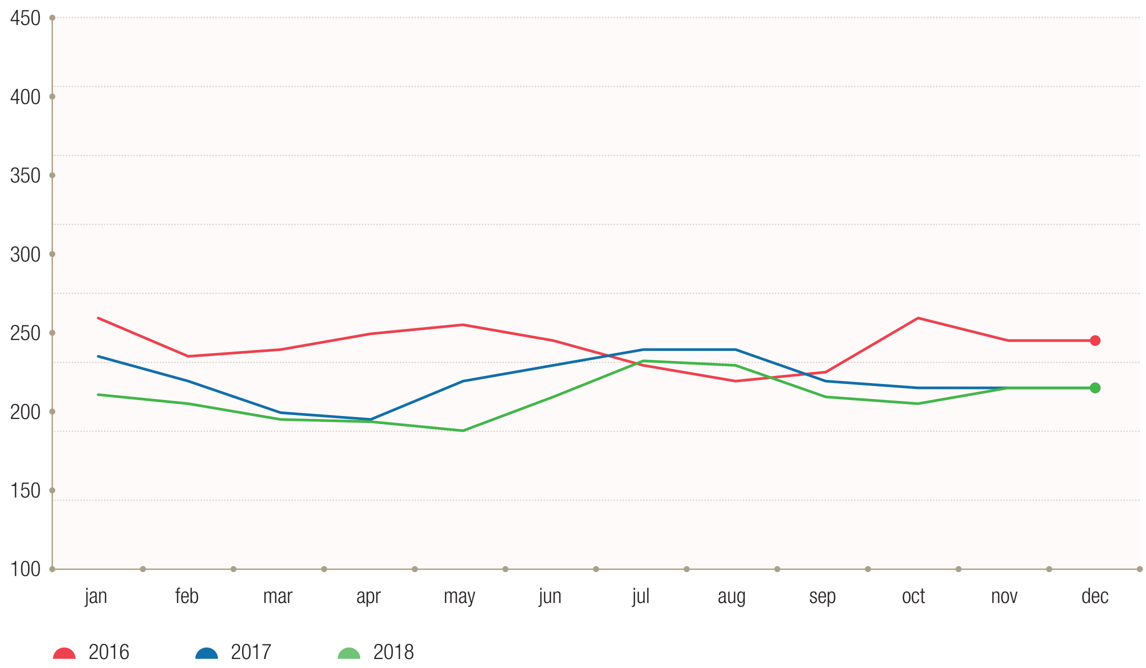
PROFIT AND LOSS

	2016	2017	*2017/2016*	2018	*2018/2017*	CAGR 2018-2016
Revenue	1,236,227	1,218,285	*(1.5%)*	1,298,546	*6.6%*	*2.5%*
Advertising	(70,840)	(66,154)	*(6.6%)*	(63,368)	*(4.2%)*	*(5.4%)*
EBITDA	157,089	162,977	*3.7%*	156,451	*(4.0%)*	*(0.2%)*
EBIT	113,544	117,420	*3.4%*	106,352	*(9.4%)*	*(3.2%)*
Operating profit	93,294	102,032	*9.4%*	99,401	*(2.6%)*	*3.2%*
Capex	59,701	52,855	*(11.5%)*	73,946	*39.9%*	*11.3%*

(000€)

In general, durum wheat prices delivered the stability foreshadowed in 2017 throughout 2018; in fact, prices even trended slightly lower. The 18/19 harvest is expected to be slightly larger than the 17/18 harvest, shaped by significant growth in the planted acreage in the US and Canada, the world's largest producer. In contrast, production in Europe contracted as a result of a poorer yield, hurt by surplus rain during the spring. Nevertheless, stocks remain high, boding for price resilience through next summer at least.

DURUM WHEAT PRICES, €/MT



Source: Terre.net

Sales revenue increased by 6.6% in 2018; the positive contribution of the first-time consolidation of Bertagni (61 million euros) was partially offset by the adverse impact of exchange rates on the US business (-11 million euros).

By market:

- In France, growth was strong in the brand segments in which the Group is present (dry pasta, fresh pasta, sauces, cereals and pulses), with the exception of the couscous and pulse segments, where sales contracted by 3.4% and 0.8%, respectively.

  In terms of sales volumes, Panzani sustained widespread growth, particularly in dry and fresh pasta products, despite the fact that the particularly warm summer hurt sales in these products. The growth in dry pasta product sales volumes put the Group's share of the retail sector at 37.9%. In fresh pasta, where the performance was excellent, the Group's share increased to 43.4%. Overall, like-for-like revenue was higher, despite intense price competition, which required stepping up promotional activity (-11 million euros), partially mitigated by growth in the volume of branded products (+8 million euros) and other lower value-added products sold.

  As for the key trends on the innovation front, it is worth highlighting: (i) the launch of new line of top quality traditional pasta products produced in bronze molds or plates; (ii) expansion of the range of dry pasta products 'with the quality of fresh pasta' and of bio pastas; (iii) the addition of new sauces 'with the quality of fresh sauces' and a new tomato puree line. In the fresh pasta segment, growth in sales of pan-fry gnocchi products, where the range was expanded further, remained in the double digits (+11.9%), while the microwaveable fresh products (the Lunch Box range, which includes an entire category of snacks and full meals with special products for gourmets), registered growth of 14.1%.

- Sales revenue at Garofalo continued - up 1% year-on-year - driven by volume growth in its core brand of over 4%, offset by contraction in other secondary brands which are positioned more on prices. Its share of the premium dry pasta segment in Italy increased to 5.3% by volume and remained at 7.6% by value. In 2018, the distribution of its dry pasta products and the new premium fresh pasta range continued to grow throughout Europe.
- One of the milestones of 2018 was the acquisition of Bertagni 1882 Spa., a specialist with a legacy of over 100 years in the production and sale of top quality fresh pasta products. This acquisition was undertaken by Panzani and Garofalo and marks a crucial step in consolidating the Group's position in the international fresh pasta segment and, most importantly, at the premium end, where Garofalo is the already the leader in the dry pasta segment.

  Bertagni's contribution to revenue since its consolidation for the first time on April 1, 2018 amounted to 61 million euros (full year: 82 million euros). This company has two factories in Italy and sells its products in 42 countries. Over 90% of its sales are exports to markets of strategic importance to the Group.
- United States. The trend observed in prior years continued: the market contracted by 0.6% by volume and by 0.3% by value, evidencing a pattern of somewhat reduced penetration/purchase volumes of this product by American households.

  The downtrend in the health and wellbeing segment also continued, mitigated by better product segmentation in the category with value-added products and the resilience displayed by gluten-free and organic products, which registered growth, albeit low. Riviana's market share eased to 19.1% by volume, affected by the contraction in sales of its health segment products and despite the strong take-up for the newly launched Thick&Hearty (special pasta for sauces) and Homestyle (dry pasta 'with the quality of fresh past') ranges.
- Canada. The trend in the dry pasta segment was unchanged: the market contracted by 3% in value terms, which is exactly the contraction suffered in 2017. An important factor in this trend, unrelated to durum wheat prices, was the importation of products from Turkey, targeted particularly at the private-label segment, a phenomenon that only began to tail off when the Canadian customs authorities levied a 27.4% tariff on those imports (which is currently being appealed before Canada's Federal Court). Nevertheless, Catelli Foods continued to lead the market with a share of 28.8% by volume.

  The fresh pasta segment registered growth by volume and value of 8.4% and 5.7%, respectively, and Olivieri defended its leadership, with a market share of 45.8%, underpinned by innovation and, especially, the gnocchi segment, in which it is spearheading the category's growth.

EBITDA decreased by 4%, driven by the smaller contribution by Panzani and Garofalo, which more than offset the contribution by Bertagni (9.5 million euros). Exchange rate trends had a negative impact of 1 million euros.

France's contribution declined to 101.2 million euros (down 7 million euros year-on-year on a like-for-like basis). The main reasons for its reduced contribution were: (i) a less favorable sales mix in the branded segment where sales volumes increased but net prices fell significantly on the back of promotional activity (impact: -2.5 million euros); (ii) a weaker contribution by the Roland Monterrat range as a result of steeper price competition in the sandwich niche (-2 million euros); and (iii) cost inflation in raw materials and auxiliary materials, most notably in fragrant rice varieties and transportations costs, more than offsetting the favorable trend in durum wheat prices (-4.5 million euros in total). Those impacts were partially offset by productivity gains and a slight paring back of the advertising spend.

Garofalo made a 20.5 million euro contribution, down 5 million euros year-on-year due to a similar increase in advertising and the expenses incurred to expand the brand in new markets and introduce the recently-launched fresh pasta range; in short, this business repeated its magnificent performance on like-for-like terms.

As already noted, Bertagni was consolidated for the first time on April 1 and contributed 9.5 million euros to Group EBITDA (full year: 11.4 million euros). This addition has met expectations from the outset. Bertagni recorded sales and margin growth year-on-year, despite the fact that one of its two factories was commissioned in April 2019 and was not fully operational until October of that year.

The contribution by the North American pasta business was slightly lower year-on-year (-2.4 million euros eliminating exchange rate impacts) due basically to cost inflation in the US (as outlined in the overview of the rice business's performance). Wheat prices were stable in this market but the impact of higher logistics and auxiliary material costs and egg prices (estimated at -14 million US dollars) could not be fully offset by the reduction in promotional and marketing activity and increases in the price of products containing egg protein (noodles). This situation affected the US in particular due to a less profitable product mix, whereas profitability in Canada was similar year-on-year and actually higher in the fresh products segment thanks to momentum in the new gnocchi product line.

The trend in **operating profit** was largely similar to that in EBITDA, albeit boosted by the absence of non-recurring charges this year (in 2017, the Group recognized impairment losses on certain North American brands).

Capital expenditure was concentrated on: (i) the acquisition of new head offices for the French pasta business; (ii) a new warehouse for fresh products; (iii) new dry pasta lines; (iv) new gnocchi lines; (v) a new fresh pasta line; (vi) a new couscous line, (vii) the upgrade of the long pasta and lasagna lines; and (viii) the substitution of one of the pasta packaging lines.

3. LIQUIDITY AND FINANCING

The Group's finance department attempts to configure a capital structure that permits credit ratio stability while providing business flexibility in the short and long term.

The finance structure is articulated around long-term borrowings that fund the major investments. The rest of the Group's financing is arranged on a short-term basis and takes the form of credit facilities that cover shifting working capital requirements. All this financing is arranged in accordance with the Group's short- and long-term growth plans, which are crystallized in its annual budgets, budget revisions and multi-year business plans.

The breakdown of the Group's financial liabilities and the capital requirements embedded in certain long-term loan agreements are detailed in note 12 of the consolidated financial statements.

INVESTMENTS / DISPOSALS

Acquisition-led growth (asset and business acquisitions)

The main investments closed in 2018 were the acquisitions of Bertagni 1882 Spa. and La Loma Alimentos, S.A. The acquisition of Bertagni implied the outlay of 96.5 million euros and the grant of a put option to other shareholders over the 30% not initially acquired whose exercise price will be determined on the basis of average earnings over a series of years; that option has been recognized as a financial liability at fair value for accounting purposes. Elsewhere, the Group acquired 100% of La Loma Alimentos, S.A. for 4,882 thousand euros.

The most significant disposal concluded in 2018 was the sale of the SOS trademark in Mexico and other neighboring countries for a total of 330 million Mexican pesos, of which the equivalent of 10 million euros has been collected to date.

Organic growth

The Group underpins its pursuit of growth and innovation with a capex policy that in recent years has entailed the overhaul of its instant rice and fresh pasta productive capacity and a significant effort to expand the market for its frozen cereal and rice products. Capex (cash outflows) during the past three years:

YEAR	AMOUNT
2016	107,724
2017	120,671
2018	138,930

(000€)

FINANCIAL POSITION

The Group's borrowing position remains satisfactory. Leverage has increased in recent years as a result of the Group's growth and its consolidation as a leader in its business segments.

NET DEBT

	2016	2017	*2017-2016*	2018	*2018-2017*
Equity	2,079,326	2,074,637	*(0.2%)*	2,162,334	*4.2%*
Net debt	443,206	517,185	*16.7%*	704,621	*36.2%*
Average net debt	404,137	426,042	*5.4%*	627,350	*47.3%*
Leverage	21.3%	24.9%	*17.0%*	32.6%	*30.7%*
Leverage (average net debt) **(1)**	19.4%	20.5%	*5.7%*	29.0%	*41.3%*
EBITDA	344,141	359,000	*4.3%*	310,763	*(13.4%)*
Coverage	1.29	1.44		2.27	

(000€)

(1) Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

Despite a number of acquisitions and a significant capital expenditure effort, the Group's coverage and leverage ratios have remained within reasonable levels. Note that 161 million euros of borrowings relate to the recognition for accounting purposes of the put options over the outstanding interests in the Bertagni Group, Garofalo, Geovita, Santa Rita Harinas, Transimpex and Herba Ingredients. For accounting purposes, those unexercised options are recognized as an increase in Group borrowings. The changes in borrowings (without factoring in the net debt assumed pursuant to acquisitions, that recognized in the process of accounting for the above put options, changes in the fair value of certain financial assets/liabilities and the impact of exchange rate movements) were shaped by the following sources and uses of cash:

FREE CASH FLOW

	2016	2017	*2017/2016*	2018	*2018/2017*
Cash from operating activities	185,661	196,719	6.0%	211,708	7.6%
Cash used in investing activities	(104,725)	(145,254)	38.7%	(216,872)	49.3%
Cash used in share-based transactions	(86,181)	(94,308)	9.4%	(96,165)	2.0%
FREE CASH FLOW	**(5,245)**	**(42,843)**		**(101,329)**	

(000€)

Cash flow from operations increased slightly in 2018 despite the decline in EBITDA and the continued long position in the rice business (mainly due to strategic needs in the procurement of rice sourced from Southeast Asia, inflation in aromatic rice prices and as a precautionary measure ahead of Brexit), which has been undermining cash flow generation since 2016. A significant portion of the improvement in cash flow generation compared to 2017 is related to the reduction in tax payments deriving from a number of tax reforms enacted last year.

The other major movements correspond to:

- Investing activities. Movements deriving from capex (as detailed above) and the sale and purchase of businesses and non-core assets (properties). In 2018, this heading included the payment of 96.5 million euros to acquire Bertagni.
- Share-based transactions. Distribution of dividends, including that paid to minority shareholders.

4. RISK MANAGEMENT TARGETS AND POLICIES AND USE OF FINANCIAL INSTRUMENTS

The Risk Control and Management Policy is a core component of the corporate policies approved by the Board of Directors. It establishes the basic principles and general framework governing control and management of the business risks, including tax-related risks and the framework for internal control over financial reporting, faced by the Company and its Group companies.

This general framework is crystalized in a standardized enterprise risk control and management system which is inspired by the conceptual framework embodied in the Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"); it is, accordingly, based on a business risk mapping process designed to identify, assess and score the Group's ability to manage its various risks, prioritizing them in terms of impact and probability of occurrence. The universe of risks is categorized into four main groups: compliance, operational, strategic and financial/reporting.

The risk categorization process assesses, dynamically, both inherent risks and residual risk after application of the internal controls and protocols put in place to mitigate them. Within these controls, it is worth highlighting the existence of preventative measures, the adequate segregation of duties, well-defined clearance limits and specific policies and procedures.

The enterprise risk model is qualitative and quantitative: the impact of the identified risks on the Group's results can be measured, based on defined risk tolerance thresholds at the corporate level. A description of the risk management model and the risks that materialized during the reporting period can be found in the Annual Corporate Governance Report which is an integral part of this Management Report.

The main risks addressed in the model are:

OPERATIONAL RISKS:

- **Food safety.** Given the nature of its business, food safety matters are a critical issue to which the Group pays the utmost attention; these issues are governed by a host of regulations and laws in the numerous countries in which its products are made and sold.

The Group's policy is underpinned by compliance with prevailing legislation and a pledge to uphold stringent food quality and safety standards.

The food safety programs are based on oversight of protocols designed to ensure identification of certain critical points (called Hazard Analysis and Critical Control Points or HACCP) in order to minimize residual risk.

The main control points are grouped as follows:

- Physical points: controls to detect alien materials or the presence of metals.
- Chemical points: detection of chemical substances or the presence of allergens.
- Biological points: detection of the presence of salmonella and other pathogens.

Most of our food handling processes have obtained certification under either the IFS (International Food Safety), SQF (Safe Quality Food) or the BRC (British Retail Consortium) food safety standards recognized by the Global Food Safety Initiative, as well as other local or product-specific standards (e.g., Kosher, Halal or gluten- free food).

The Group companies have also defined, developed and implemented a quality, environmental and food safety model which has been certified in accordance with the UNE-EN-ISO 9001 (food safety management systems), UNE-EN-ISO 14001 (environmental management) and ISO 22000 (food safety management).

- **Raw material supply risk.** The availability of raw materials in sufficient quantities and of the quality needed to satisfy the Group's commitments to its customers and continue to underpin brand positioning is a key business success factor.

  To mitigate this risk, the Group has opted to strategically diversify and lock in supply sources by means of: (i) agreements from season to season with some of the leading raw material suppliers (of rice and wheat durum); and (ii) the opening of branches in some of the main rice exporting nations (e.g. India, Thailand and Cambodia) and countercyclical markets (Argentina).

- **Risk associated with commodity price volatility.** Unexpected changes in raw material supply prices can have a material adverse impact on the profitability of the Group's business via its manufacturing operations and it brand retailing efforts. This risk is concentrated in the prices of the various varieties of rice and durum wheat, although the Group is also exposed to variability in the prices of packaging materials and oil derivatives.

  This risk is managed via:

  a) Early identification of potential supply problems or gluts in certain grains or varieties which could expose stocks to price variability. The buyer departments track the markets continually and issue alerts to the managers of the various businesses to enable them to manage the related risks.

  b) The Group locks in volumes at fixed medium-term prices when the market is propitious to these kinds of agreements and sales transactions can be negotiated that will generate stable margins throughout the corresponding periods.

  c) It also attempts to reduce the number of intermediaries in the markets for local or exotic varieties, compressing the value chain.

  d) Lastly, the Group strategically differentiates its finished products and this helps it pass volatility in raw material costs efficiently on to the end consumer.

- **Customer concentration risk.** This risk factor affects the industrial and retail segments alike (although in the latter instance the end consumer of the products made by the Group are the individuals who eat its foods, the retailers are concentrating - boosting their purchase bargaining power - year after year).

  This concentration phenomenon can result in less favorable sales terms and conditions, heightened credit risk and even the loss of certain sales.

The Group's geographic diversification helps to mitigate this risk factor as its customers vary by country and for now the retailers' attempts at international expansion have met with limited success.

In parallel, each subgroup has a sales risk committee which allocates risk tolerance thresholds and a strategy for enforcing these thresholds. These levels in turn reflect overall business strategy.

- **The risk of falling behind on technology development.** One of the Group's most important tools when it comes to tackling the competition is to differentiate and update its products, a strategy underpinned by constant technological innovation and an unwavering effort to adapt its range to consumer demands and wishes. As described further on in this report, the Group's R&D strategy is a cornerstone of its business strategy. Its R&D departments work in close collaboration with the sales & marketing departments to mitigate this risk.

  This category also includes risks related with cybersecurity. The exponential growth in internet access exposes enterprises and users to attacks of different kinds: identify theft, malware, website attacks, zero-day attacks etc. Faced with this situation, the Group has conducted a security audit and prepared a resulting action plan which consists of: (i) the provision of continuous staff training on these threats; (ii) definition of appropriate network infrastructure (firewalls, WiFi access controls, network electronics, browsing permissions and the design of connected industrial networks); (iii) correct definition of user points (anti-virus, mobile device management systems, permissions, updates); and (iv) data management and safekeeping programs (back-ups, use of the cloud, shared information, etc.).

RISKS RELATED TO THE ENVIRONMENT AND STRATEGY:

- **Environmental and natural risks.** The effects of droughts and floods in the rice- and wheat-growing countries from which the Group sources its raw materials can cause availability issues and price volatility. These natural risks can also affect consumers in affected areas and could even affect the Group's assets in these markets.

  Once again the key to mitigating these risks is to diversify raw material sourcing, as well as the markets the Group's products are targeted at. In addition, the Group has articulated a flexible manufacturing structure with facilities on four continents, minimizing the impact of potential local problems. In addition, the Group has current insurance policies covering all its factories and facilities which would mitigate the damages arising from any such incident.

- **Climate change.** The effects of climate change pose a grave threat to the food industry. The rise in greenhouse gas emissions is impairing the environment and with it, its natural resources and biodiversity.

  The industry has a key role to play in tackling climate change on account of its direct dependence and impact on natural resources like land and water and its contribution to economic activity and society at large. In particular, the effects of droughts, floods and adverse meteorological phenomena in the countries from which the Group sources its raw materials can cause availability issues and price volatility.

  It is therefore duty-bound to commit to sustainable production and consumption, efficient use of resources, energy sustainability, the reduction of food waste, eco- design and sustainable and efficient logistics operations. In short, it is a matter of helping deliver the international commitments assumed in the COP 21 Summit in Paris in 2016.

  Against this backdrop, in December 2018, the Group approved a sustainability plan (dubbed Heading for 2030) in which it sets down a series of actions and challenges related with the environment and supply chain, including initiatives designed to rationalize the use of water and energy, enhance waste management, streamline and reuse packaging materials, measure (carbon footprint) and reduce emissions, assess suppliers using sustainability criteria and provide support for sustainable farming.

- **Competition risk.** The Group does most of its business in developed and mature markets in which it competes with other multinational enterprises and a good number of local players. In addition, in these markets the retailers have developed their own private label brands which exert extra pressure on the Group's products.

  This risk is managed by means of:

  a) Comprehensive analysis of competitor moves and the fine-tuning of pricing and promotional policy in response to the prevailing market situation.

b) Product differentiation by innovating on formats, range and quality, all with a clear-cut customer focus.

c) Repositioning in potential high growth potential categories by means of organic business development or acquisitions that meet the criteria stipulated in the Group's investment policy.

- **Reputation risk.** The risk associated with a potential shift in opinion crystalizing in a negative perception of the Group, its brands or its products by customers, shareholders, suppliers, market analysts or other stakeholders with a potential adverse effect on the Group's ability to maintain its customary relations (commercial, financial, labor, etc.) with these stakeholders.

  To tackle this risk, the Group has established an internal Code of Conduct designed to guarantee ethical and responsible conduct throughout the organization by all its staff and the professionals or institutions it engages with in the course of its business activities.

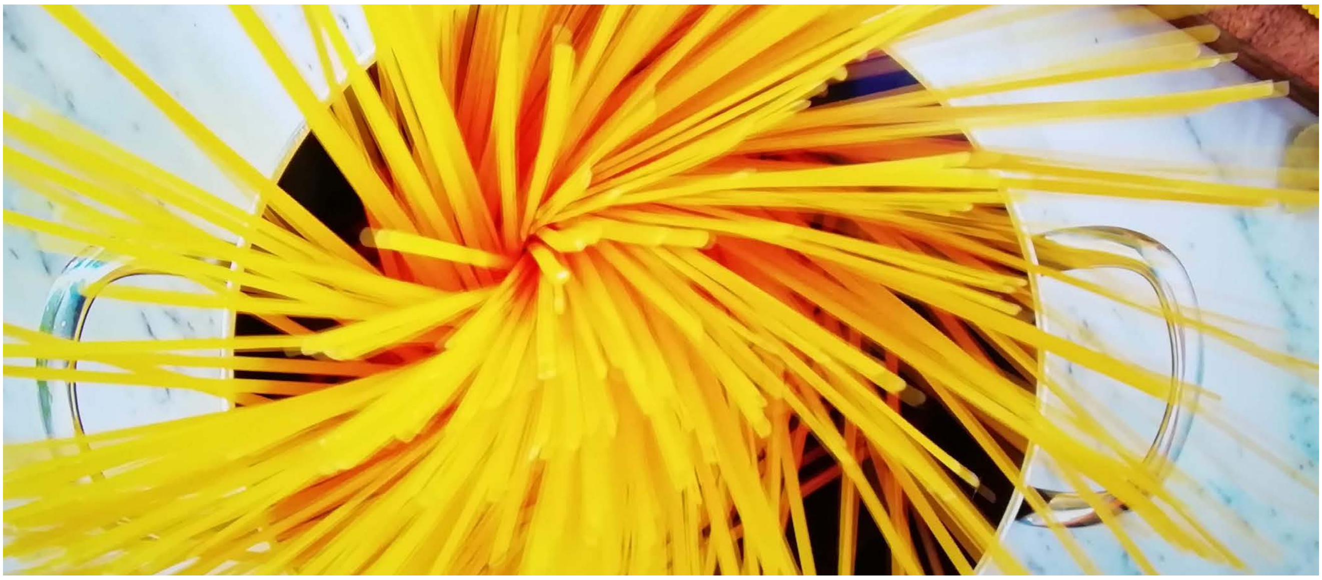
  Its brands, along with its people, constitute the Group's most valuable intangible asset, and are accordingly subjected to constant assessment in which different management, marketing, food health and safety, compliance and IP protection considerations converge.

- **Shifting lifestyles.** New diets such as low-carb diets and other food habits could change how consumers perceive our products.

  The initiatives pursued to mitigate these risks entail assessment of consumer patterns, fine-tuning of the Group's product range in response to market trends, as well as active participation in forums propitious to disseminating the health virtues of its products.

- **Country or market risk.** The international nature of the Group's activities exposes its business operations to the political and economic circumstances prevailing in the various territories in which it does business, as well as other market variables, such as exchange rates, interest rates, production costs, etc. The fallout from the UK's withdrawal from the European Union (Brexit) falls under this category. Brexit has been included as one of the risks materializing in Section E of the Annual Corporate Governance Report which forms part of this Management Report; this issue is also referred to within the financial risks described in note 12 of the consolidated financial statements.

- **Strategic planning and the assessment of strategic investment/divestment opportunities.** This is the risk of making a mistake when selecting among alternatives and/or allocating resources to projects aimed at delivering the Group's strategic objectives. In the short term, this risk includes the need to align budgets with the medium- and long-term objectives set by the Group. This risk is mitigated by requiring that transactions above certain thresholds be approved at the Board level in addition to the customary due diligence performed when the Group makes significant acquisitions, all of which involving the coordinated intervention of senior executives and risk officers.



COMPLIANCE RISK

- **Sector regulations.** The food manufacturing industry is subject to multiple regulations, which affect export and import quotas and tariffs, intervention prices, etc., all framed by the European Common Agricultural Policy (CAP). In addition, the Group's activities could be affected by regulatory changes in the countries from which it sources its raw materials or to which it sells its products.

  To address this risk, the Group is represented in, voices its views in and follows a number of legal and regulatory forums via a team of prestigious professionals who work to ensure enforcement and compliance.

  Within this category an area of growing relevance, and one that is related with other operational risks such as supply and food safety, relates to the increasingly stringent rules on the use of fungicides and pesticides on crops which lie at the heart of the food industry. These rules are of particular importance to rice growing activities.

  To mitigate this risk, the Group has stepped up its quality and product detection controls, worked on selecting trustworthy suppliers that will be asked to embrace sustainability criteria and championed educational drives to encourage farmers to search for natural alternatives to these chemical products.

- **General regulations.** This category encompasses compliance risk with respect to civil law, company law, criminal law and good governance regulations and recommendations. In terms of the risk of white collar crime, the Group has a crime prevention model which is monitored and controlled by the Compliance Department.

  An important aspect within this category is the need to observe, uphold and enforce human rights and suitable standards of ethics, as is enshrined in the Group's Sustainability Plan and its Code of Conduct.

- **Tax risk.** Potential changes in tax legislation or its interpretation or application by the competent authorities across the Group's business markets could have an adverse effect on its performance.

  To mitigate this risk, the Group, through its tax managers, monitors regulatory developments and potential interpretations thereof, asking tax experts for reports in support of the positions it takes, at all times framed by the principle of prudence.

FINANCIAL RISK

In the course of its ordinary business operations, the Group is exposed to certain financial risks associated with its financial assets and liabilities, particularly its bank loans, overdrafts, equity instruments, cash and cash equivalents. In addition, the Group has other financial assets and liabilities such as trade accounts receivable and payable.

These financial instruments expose the Group to market risk as a result of movements in interest rates (instruments carrying floating rates), exchange rates (those denominated in currencies other than the euro), changes in their fair value, liquidity risk (the inability to monetize assets within reasonable timeframes or at reasonable amounts) and credit risk (counterparty risk).

A description of these risks and the mitigating measures taken is provided in note 12 of the consolidated financial statements.

5. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing this Management Report for issue.

6. GROUP OUTLOOK

Despite the clouds hanging over the outlook for the global economy (Brexit, trade conflicts, tension within the European Union), the leading international organizations maintain that the cycle of growth observed in recent years has not run its course, notwithstanding a clearcut slowdown in the leading global economies, more pronounced in Europe, China and Japan and less so in the United States. The slowdown in growth in a climate of still- low or even negative interest rates is one of the factors that has driven oil prices towards US$60/barrel; current forecasts are for prices to stabilize at around that threshold.

The tension resulting from political uncertainty eased at the start of 2019 with the exception of the situation in the United Kingdom (Brexit) and its possible consequences, particularly in terms of business development for the European companies with a business presence there (in the case of the Ebro Group of limited impact: total productive assets in that market amounted to 12,655 thousand euros at year-end and the revenue generated in Britain was 121,256 thousand euros in 2018 - approximately 1% and 4.6% of the Group total, respectively - its most significant activity being the sale of rice and rice derivatives locally). The Group, via its management teams and risk committee, watches developments with respect to these risks closely, taking action insofar as possible to mitigate their consequences in the short term and weighing up possible scenarios over the medium and long term.

As for the harvests that provide benchmarks for the Group's activities, it is worth highlighting the fact that at the end of 2018 the European Union imposed tariffs on the import of long-grain white rice from Myanmar and Cambodia, sources that had been exempt in recent years under the scope of the Everything But Arms agreement. That measure, which is likely to exert pressure on prices in the short term, is also an opportunity for boosting the productive structure in Europe and Argentina.

As for the other source markets, no issues are foreseen until at least the next harvest as carryover stocks are considered sufficient. Although aromatic variety prices remain high, they have gradually moved away from their record highs.

The situation in durum wheat is similarly tranquil in light of the abundance of the last North American harvest (particularly that of Canada), the world's largest producer of this strain of wheat. The general outlook for production in 2019 is positive, notwithstanding the prospect of a potential drought in northern Africa and Spain, with a possible impact on prices after the summer. Prices remained slightly above the €200/MT mark at the start of March 2019, which is relatively low and could stimulate a paring back of the harvest in 2019 which would affect prices during the second half of the year.

The Group continues to tackle its digitalization challenge, to which end it has been investing strongly in the reorientation of its communication effort via digital platforms, social media and SEO and SEM tools since 2017. Although the purchase of food via digital platforms is still relatively reduced, it is growing constantly. The Ebro Group has rolled out a plan for increasing its penetration of online purchasing by adding content related with its brands.

From an analytical perspective, the new lease accounting standard - IFRS 16 - will be applied for the first time in 2019. Although the impact on the Group is expected to be limited, its first-time application will have an impact on the statement of profit and loss, specifically an estimated decrease in lease expenses (other operating expenses) of around 12 million euros; an increase in depreciation charges of around 11.5 million euros; and an increase in finance costs of 1 million euros. In addition, it is estimated that the Group's property, plant and equipment and borrowings will increase by approximately 55 million euros.

RICE BUSINESS

In Europe, the outlook is for continued growth for the high value-added products such as the cup range, particularly the products focused on the provision of health benefits and convenience (Benefit), the organic and ecological rice products (Vidasania) and the new easy-to-prepare side dishes and grains. Indeed, to cater to the anticipated growth in demand for these products, the Group recently approved an investment in a new microwaveable rice factory, which will complement the expansion work underway at the plant in the United States. In the traditional rice product segment, the above-mentioned introduction of tariffs on imports from Myamar and Cambodia has already begun to affect long-grain prices in Italy and Spain, so that the year looks likely to be complex, marked by intense competition. In response to the increase in raw material prices, the Group will be able to tap the contribution of La Loma as an important alternative supply source (and a specialist in organic varieties of rice).

Initiatives have been rolled out in the US to tackle the difficulties that affected the Group's earnings in that market last year. Although the issues in retaining and attracting factory employees (particularly at Freeport) as a result of the full employment prevailing in the US persist, the Group has comprehensively reviewed its prices and adjusted its promotional activity for the price scenario, downsized the Freeport plant and pared back its production and eked out productivity gains by expanding the microwaveable product facility.

These initiatives, coupled with the expectation that logistics and packaging costs will normalize, bode for an improvement in margins. They will also translate into the loss of low-margin volumes which should be partially offset by growth in other market segments, particularly in the microwaveable cup segment now that the supply problems have been resolved by eliminating the underlying production bottleneck.

PASTA BUSINESS

The key objectives in the European pasta business are:

- **Improved profitability.** Having absorbed the costs that affected earnings in 2018, coupled with the outlook for stable costs, the goal is to improve the product mix and unlock new volumes (pasta cast in bronze molds) and markets (exports) in order to lift margins.
- **Development of fresh products.** 2019 will be the first full year for Bertagni, whose mission is to grow organically and generate products for the expansion of the Garofalo brand in the fresh pasta segment. Growth is expected to come from new customers in the Netherlands, US and Italy, as well as new product lines.

In the US, the market is expected to be stable or contract slightly in the traditional product categories and to contract further in the healthy products category, except for the products positioned at the premium end. Elsewhere, costs are expected to be stable, enabling the Group to focus on the development of the Thick&Hearty (pasta for sauces) and Homestyle (dry pasta 'with the quality of fresh pasta) ranges, which experienced growth in the retail channel in 2018, and on a new range of premium healthy products.

Lastly, in Canada, the biggest opportunities for growth lie in the fresh pasta segment, particularly the gnocchi niche, which is registering double-digit growth.

7. HEADCOUNT AND ENVIRONMENTAL DISCLOSURES

This information is provided in the Non-Financial Statement, which is part of this Management Report, and in notes 8.4 and 24 of the consolidated financial statements.

8. R&D ACTIVITY

The Ebro Foods Group has always been a front-runner in terms of new consumer trends and an international benchmark in the research and development of products applied to the food sector. Aware that R&D is essential to the Group's quality and differentiation strategy, it remained unwaveringly committed to innovation in 2018.

In total, R&D expenditure totaled 5.0 million euros in 2018 (2.8 million euros of which funded internally and 2.2 million euros, externally).

Investment in R&D totaled 13.2 million in 2018 and mostly corresponded to payments made during the year for the new IQF rice and pasta product facilities in the US, a fully automated complex fitted with cutting-edge technology.

The Group has articulated its R&D engine around research centers located in France, the US, the Netherlands and Spain. These centers and their main projects in 2018 were:

1. CEREC, located in St. Genis Laval (France), which focuses on the fresh pasta, potato, ready-cooked fresh meals and sauce segments of the pasta business. In 2018, it concentrated on: (i) extension of the fresh pasta range with a premium and bio products line; (ii) development of new snack ranges and fresh dishes such as microwaveable chips; and (iii) an additive-free product range.
2. The Panzani Group's R&D Center, which is located in Marseille. This center focuses its research effort on developments in the durum wheat category: dry pasta, couscous, pulses, other grains and new food transformation technology applied to cereals. In 2018, it made progress on: (i) a new range of pasta products made from other cereals (ancient grains); (ii) organic pasta products made without using any pesticides; and (iii) research into durum wheat treatment and fracturing processes.
3. The US center, focused on developing new products, processes and technologies or adapting existing ones for the US rice and pasta divisions. Its work in 2018 focused on the development of: (i) vegetable based pasta; (ii) couscous-based food packs; and (iii) fast-cooking products with a mix of pulses and grains.
4. Centers associated with the Herba Group in Moncada (Valencia), the San Juan de Aznalfarache plant, the ingredients facility in Wormer (Netherlands) and the Bruno plant, devoted to the development of new and/or improved product and technologies and to the provision of technical assistance with rice technology for the fast food and catering hospitality channels. The most important projects these centers are working on include: (i) R&D into new product formulations using pulses, cereals, ancient grains and seeds; (ii) the development of new industrial ingredients based on rice, pulses, quinoa and cereals; (iii) the search for allergen-free ingredients for application in the food industry; and (iv) research into the replacement of animal protein with healthier vegetable-based proteins.

9. OWN SHARE TRANSACTIONS

In 2018, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (as duly notified to the CNMV in keeping with prevailing legislation). In 2018, under the scope of the employee share plan, it bought back 33,348 shares and delivered 33,348 own shares to employees. The Parent did not hold any own shares as treasury stock at December 31, 2018.

10. OTHER RELEVANT DISCLOSURES

AVERAGE PAYMENT PERIOD

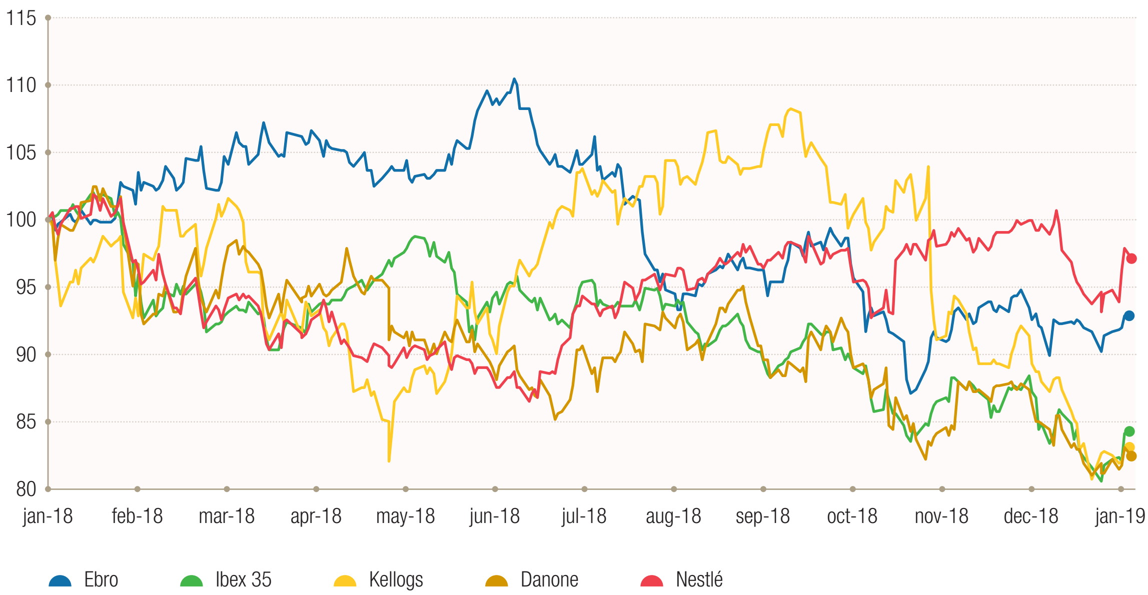
As required under the Spanish Corporate Enterprises Act, it is hereby noted that the average payment period of the companies domiciled in Spain was 30 days in 2018 and 29 days in 2017. Calculations made in accordance with the ICAC (Spanish Accounting and Audit Institute) Resolution.

	2018	2017
Days		
Average supplier payment term	30.1	28.6
Paid transactions ratio	30.2	29.5
Outstanding transactions ratio	28.7	23.7
Amount		
Total payments made	304,145	275,546
Total payments outstanding	13,933	8,755

(000€)

SHARE PRICE PERFORMANCE

LTM RELATIVE SHARE PRICE PERFORMANCE



The share price performed in line with the broader Spanish stock market in 2018, getting off to a strong start to the year followed by a considerable loss of confidence after the summer as the international context became increasingly uncertain. The stock's volatility was below that of the overall market, however.

DISTRIBUTION OF DIVIDENDS

Distribution of the dividends approved at the Annual General Meeting of June 5, 2018 at which the Parent's shareholders ratified the motion to pay a cash dividend with a charge against 2017 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2018 for a total outlay of 87,703 thousand euros.

ALTERNATIVE PERFORMANCE MEASURES

In keeping with the guidelines provided by the European Securities and Markets Authority (ESMA), there follows a description of the main alternative performance measures used in this report. These measures are used frequently and consistently by the Group to explain its business performance and their definitions have not changed.

EBITDA. Earnings before interest, tax, depreciation and amortization and before earnings considered extraordinary or non-recurring (essentially gains or losses deriving from transactions involving the Group's fixed assets, industrial restructuring charges, provisions for or settlements from lawsuits, etc.).

The reconciliation of EBITDA and operating profit is provided below:

	12-31-2018	12-31-2017	12-31-2016	CHANGE 2018-2017
EBITDA	310,763	359,000	344,141	(48,237)
Depreciation and amortization	(88,812)	(79,686)	(76,833)	(9,126)
Non-recurring income	8,973	11,144	25,598	(2,171)
Non-recurring expenses	(12,796)	(19,379)	(28,298)	6,583
OPERATING PROFIT	**218,128**	**271,079**	**264,608**	**(52,951)**

Net debt. Interest-bearing financial liabilities, financial derivatives at fair value, the amount of shareholdings subject to put/call options qualifying as financial liabilities and dividends accrued and pending payment, if any, less cash and cash equivalents.

Capex. Payments for investments in productive fixed assets. Refer to the cash flow statement.

ROCE. A measure of the return on assets calculated as average earnings before interest, tax and non-recurring earnings for a given period divided by average capital employed during that period, that average in turn defined as the moving average for the prior 13 months.

Capital employed. The sum of intangible assets, property, plant and equipment and working capital (understood as current assets less current liabilities, excluding those of a financial nature).

Leverage. A measure of creditworthiness calculated as the ratio of average net debt to equity.

Debt coverage ratio. A measure of the Group's ability to service its net debt from earnings measured as the ratio of net debt to EBITDA.

NON-FINANCIAL
Statements

About this Report

This Report contains the Non-Financial Statements of Ebro Foods, S.A. and are part of the company's Management Report in the Consolidated Annual Accounts.

Reporting Period
2018

Reporting Framework
In this statement we report on the social, environmental and/or economic aspects that are important for the Ebro Group, based on the Global Reporting Initiative (GRI) reporting framework in its GRI Standards.

Scope and Coverage of the Reporting
This reporting presents consolidated information on the economic, environmental and social performance of the companies and industrial sites operating the core businesses of the Ebro Group.

The following subsidiaries are included:

COMPANY	COUNTRY	BUSINESS AREA
Arrozeiras Mundiarroz, S.A.	Portugal	Rice
Arotz Foods, S.A.	Spain	Others
Bertagni 1882, S.p.A.	Italy	Pasta
Boost Nutrition, C.V.	Belgium	Rice
Catelli Foods Corporation	Canada	Pasta
Celnat, S.A.S	France	Organic food
Ebro Foods, S.A.	Spain	Parent (Holding)
Ebrofrost Holding, GmbH	Germany, Denmark & UK	Rice, pasta & frozen foods
Ebro India, Private Ltd.	India	Rice
Euryza GmbH	Germany	Rice
Geovita Functional Ingredients, S.R.L.	Italy	Ingredients
Herba Bangkok, S.L.	Thailand	Rice
Herba Cambodia Co. Ltd	Cambodia	Rice
Herba Egypt Ricemills, Ltd	Egypt	Rice
Herba Ingredients, B.V.	Netherlands & Belgium	Ingredients
Herba Ricemills, S.L.U.	Spain	Rice
Herba Ricemills Rom, S.R.L.	Romania	Rice
Jiloca Industrial, S.A.	Spain	Others
Lassie, B.V.	Netherlands	Rice
Lustucru Frais, S.A.S.	France	Rice & pasta
Mundi Riso, S.R.L.	Italy	Rice
Mundi Riz, S.A.	Morocco	Rice
Panzani, S.A.S.	France	Pasta
Pastificio Lucio Garofalo, Spa	Italy	Pasta
Riceland Magyarorzag, KFT	Hungary	Rice
Riviana Foods, Inc.	USA	Rice & pasta
Roland Monterrat, S.A.S	France	Ready-to-serve fresh meals
Santa Rita Harinas, S.L.U.	Spain	Others
Stevens&Brotherton Herba Foods, Ltd.	UK	Rice
Vegetalia, S.L.	Spain	Organic food

NB: *The information on Transimpex (a company in which the Group has a 55% interest) has not been included in this report. This company accounts for 1.43% of consolidated Sales and 1.77% of the consolidated EBITDA.*

The following industrial sites (production plants and warehouses) are included in the environmental reporting:

COMPANY	COUNTRY	NAME OF WORKPLACE
Arrozeiras Mundiarroz	Portugal	Coruche
Arotz	Spain	Navaleno
Bertagni	Italy	Avio Vicenza
Boost Nutrition	Belgium	Merksem
Catelli Foods Corporation	Canada	Montreal Delta Hamilton
Celnat	France	Saint Germain Laprade
Ebro India	India	Taraori
Ebrofrost Denmark	Denmark	Orbaek
Ebrofrost Germany	Germany	Offingen
Ebrofrost North America	USA	Delaware
Ebrofrost Uk	UK	Beckley
Fallera Nutrición	Spain	Silla
Geovita	Italy	Bruno Nizza Monferrato Verona Villanova Monferrato
Herba Bangkok	Thailand	Saraburi
Herba Cambodia	Cambodia	Phnom Penh
Herba Egypt	Egypt	Mansoura
Herba Ingredients	Belgium Netherlands	Schoten Wormer
Herba Ricemills	Spain	Coria del Río San Juan de Aznalfarache Jerez de la Frontera Silla Algemesí La Rinconada Los Palacios
Jiloca	Spain	Santa Eulalia
Lassie	Netherlands	Wormer
Lustucru	France	Saint Genis Laval Lorette Communay
Mundi Riz	Morocco	Larache
Mundiriso	Italy	Vercelli
Panzani	France	La Montre Gennevilliers Nanterre Littoral Saint Just Vitrolles
Pastificio Lucio Garofalo	Italy	Gragnano
Riviana	USA	Memphis Brinkley Clearbrook Alvin Carlisle Freeport Saint Louis Winchester Hazen Fresno

COMPANY	COUNTRY	NAME OF WORKPLACE
Roland Monterrat	France	Feillens
S&B Herba Foods	UK	Cambridge Liverpool Orpington
Santa Rita Harinas	Spain	Loranca de Tajuña
Transimpex	Germany	Lambsheim
Vegetalia	Spain	Castellcir Jerez de la Frontera

Changes in the reporting perimeter in respect of 2017

The main changes in the perimeter for consolidated reporting are the inclusion of the environmental and social performance of Geovita Functional Ingredients, S.r.L. (acquisition of 52% in September 2017) and Bertagni 1882, S.p.A. (acquisition of 70% in January 2018).

Contact point for issues regarding the report or its contents

For general issues regarding this report, contact the Communications and Corporate Social Responsibility Department at:

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Dirección de Comunicación y Responsabilidad Social Corporativa
Paseo de la Castellana, 20 – 3ª planta
28045 Madrid
Spain
E-mail: comunicacion@ebrofoods.es

Business model

The Ebro Foods Group ("Ebro Foods", the "Group" or the "Ebro Group") is the leading food group in Spain, global leader in the rice sector and the second fresh and dry pasta producer worldwide. Through a network of 30 subsidiaries, it operates in the principal rice and pasta markets in Europe, North America and South-East Asia, with a growing presence in other countries.

The main mission of the Ebro Group is to research, create, produce and put on the market high value-added foods that satisfy people's nutritional needs while improving their health and well-being, endeavouring at the same time to secure a transparent, efficient, sustainable business model.

The Ebro Foods Group is managed by business areas that combine the type of activity they perform and their geographical location. Our core business areas are:

- **Rice:** This covers the production and distribution of different rice varieties and their by-products and culinary supplements. The industrial and brand business follows a multi-brand model. It is present throughout Europe, the Mediterranean Arc, India and Thailand through companies in the Herba Group, and in North and Central America, the Caribbean and the Middle East through the Riviana Group.
- **Pasta:** This includes the production and marketing of dry and fresh pasta, sauces, semolina and their by-products and culinary supplements, through the Riviana Group (North America), the Panzani Group (France) and Garofalo (rest of world).
- **Healthy and organic food:** The last business area to be incorporated in the Group is being developed around the latest acquisitions (Celnat, Vegetalia and Geovita) and the activities related with health and organic products in all our subsidiaries. The area is structured under the umbrella of Alimentation Santé and presented within the Pasta Business.

The Group has a decentralised culture in certain management areas, with a business approach and a light, dynamic structure, in which priority is given to practicality, coherence and knowledge of the market.

Decision-making is driven by the board of directors of the parent company (Ebro Foods, S.A.), which is responsible for defining the Group's general strategy and management guidelines.

STRATEGY

Group strategy is intended to make the Group a major player in the rice, pasta and healthy grains markets, and in other cross categories defined as "meal solutions". Within that strategy, the Group has the following goals:

- Reach a global position open to the incorporation of related products (such as value-added pulses).
- Consolidate our status as a benchmark business group in our different business areas.
- Lead innovation in the geographical areas in which we are present.

- And establish ourselves as a responsible enterprise, committed to social well- being, environmental balance and economic progress.

To refine its strategy, the Group is underpinned by general principles of conduct and growth levers that are considered vital to raise the value of our business and our firm commitment to sustainable development:

PRINCIPLES OF CONDUCT

- Foster ethical management based on good governance practices and fair competition.
- Comply with the laws in place, acting at all times with a view to preventing and minimising risks, not only economic, but also social and environmental risks, including tax risks.
- Seek a return on investment while guaranteeing the operational and financial soundness of its business activities. Uphold business profit as one of the bases for the future sustainability of the company and the large groups of agents directly and indirectly related with it.
- Generate a framework of labour relations that favours training and personal and professional development, respects the principle of equal opportunities and diversity and promotes a safe, healthy working environment.
- Reject any form of abuse or violation of the fundamental and universal rights, in accordance with international law and practice.
- Promote a relationship of mutual benefit with the communities in which the Group is present, proving ourselves sensitive to their cultures, contexts and needs.
- Satisfy and anticipate the needs of our customers and end consumers, offering a broad array of products and healthy, differentiated food.
- Steer the company's processes, activities and decisions not only to generate profits, but also to protect the environment, prevent and minimise environmental impact, optimise the use of natural resources and preserve biodiversity.
- Develop a framework of responsible, true, transparent dialogue and communication with stakeholders, establishing stable and clearly defined communication channels and providing stakeholders regularly and transparently with rigorous, true, important information on the Group's activities.

GROWTH LEVERS

- Organic and inorganic growth in high-consumption countries and expansion of business in developing countries with high growth potential.
    - Move into new territories or categories, paying special attention to new fresh products (snacks, crisps, omelettes, sandwiches, pizzas, ready-to- serve meals) and new ranges of ingredients with greater value added.
    - Develop products that offer a complete culinary experience, extending our catalogue with new formats (maxi cup, compact, etc.), flavours (dry pasta with the quality of fresh pasta, range of in-a-cup products, fresh-quality sauces) and ready-to-serve meals (rice and pastas in the pan, "Banzai" cups, etc.).
    - Achieve leadership in mature markets, opting for differentiation based on product quality. Expand and lead the premium category. Develop the enormous potential of the Garofalo brand and incorporate the new opportunities arising from the purchase of Bertagni.

- Broaden our geographical presence and complete our product/country matrix:
  – Seek business opportunities in mature markets with a business profile similar to ours and in specialist market niches that allow us to shift our strategy from a generalist position to that of a multi-specialist (individual solutions).
  – Expand into new business segments within markets in which we are already present: pasta in India, broaden the range of products in the Middle East or Eastern Europe, and develop the skillet gnocchi range in Canada.
- Significant positioning in the healthy and organic foods segment through new concepts based on ancient grains, organic, gluten free, quinoa, etc.
- Differentiation and innovation. Ebro Foods invests in two aspects to enhance its product range:
  - Research, development (R&D) and innovation through its five research, development and innovation centres and an investment policy that enables us to convert new ideas and needs into reality for our customers and end consumers.
  - Focus on leading brands in their respective segments, together with a commitment to invest in advertising to promote their development.
- Low risk exposure. The Ebro Group deals with change in the consumer and financial markets and social change with a firm vocation to adaptation and permanence. To achieve this it endeavours to secure: (i) balanced sources of recurring income (markets, currencies), (ii) low leverage so that it can grow without exposure to "financial turmoil", (iii) new supply channels and (iv) long- term relations with its stakeholders (customers, suppliers, authorities, employees and society).
- Implementation of sustainability throughout the entire value chain ("from the field to the table") with the ultimate aim of: (i) increasing and securing competitiveness, financial, environmental and social sustainability of operations and (ii) offering healthy, differentiated food solutions that foster and seek the preservation of natural resources and well being of society, guaranteeing it for future generations.

GLOBAL PRESENCE

The Ebro Group operates worldwide in 85 countries, with industrial and commercial establishments in 16 of them. In the remaining 69 countries, we only engage in commercial activity. Our industrial park comprises some 63 sites, between production plants and warehouses.

COUNTRIES WITH COMMERCIAL AND INDUSTRIAL PRESENCE

Germany	Denmark	France	Morocco
Belgium	Egypt	Netherlands	Portugal
Cambodia	Spain	India	United Kingdom
Canada	United States	Italy	Thailand

COUNTRIES WITH ONLY COMMERCIAL PRESENCE

Angola	Slovakia	Kuwait	Czech Republic
Saudi Arabia	Estonia	Lebanon	Romania
Algeria	Finland	Libya	Russia
Austria	Gabon	Lithuania	Saint Martin
Bahamas	Ghana	Madagascar	Saint Lucia
Bahrein	Greece	Mauritius	Senegal
Barbados	Guinea	Mauritania	South Africa
Belize	Haiti	Mexico	Sweden
Benin	Hungary	Mozambique	Switzerland
Brazil	Indonesia	Niger	Taiwan
Chile	Reunion Island	Oman	Trinidad & Tobago
Colombia	Iceland	Panama	Tunisia
South Korea	Israel	Peru	Turkey
Ivory Coast	Jamaica	Poland	Ukraine
Curaçao	Japan	Qatar	Yemen
United Arab Emirates	Jordan	Republic of the Congo	Djibouti

Corporate Social Responsibility Model

The Ebro Group considers sustainable growth one of the basic pillars of its management strategy, to secure its consolidation as a benchmark business group in its areas of activity and position itself as a global, sound, innovative, responsible enterprise committed to social well-being, environmental balance and economic progress. Accordingly, it has incorporated environmental, social and ethical criteria in its decision- making processes, alongside the typical economic variables.

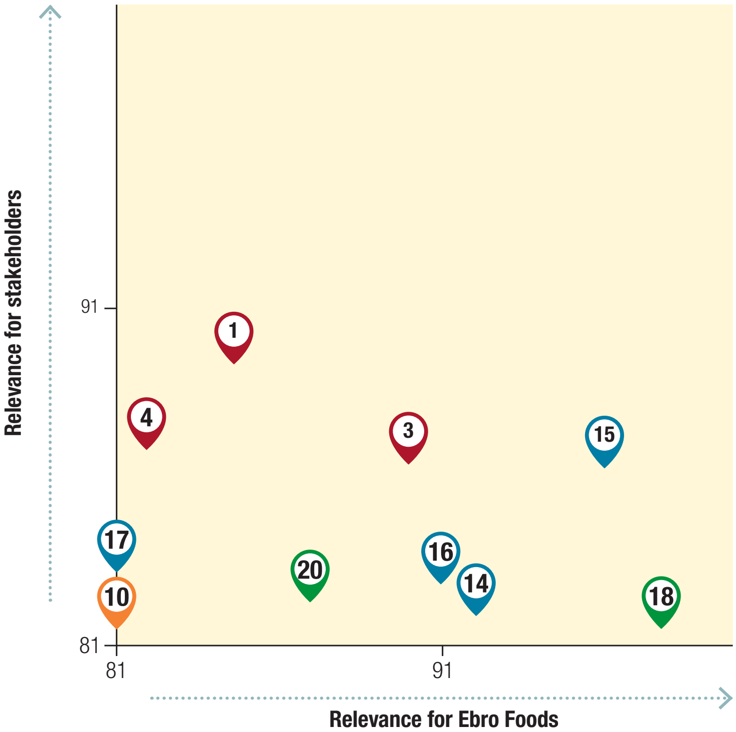
In this context, the Ebro Group views Corporate Social Responsibility (CSR) as the creation of a sustainable business model, which, as well as contributing value, profitability and competitiveness, contributes towards the progress of society, generates trust among our stakeholders and leads to the creation of shared value for all those who interact with us in our business activities.

The Group has followed a four-stage procedure to define and design this CSR model:

1. Diagnosis of the sustainability measures taken by the different companies in the Group.
2. Detailed analysis of our value chain with a view to identifying the potential risks and impacts, both positive and negative, of our operations. Within this process we have identified three key areas, in which we can make the most valuable contributions to society, as they are inherent in our core business and present throughout the entire chain: (i) nutrition and health, (ii) agricultural development, by promoting and implementing sustainable agricultural practices, and (iii) environmental management.
3. Constant dialogue with our internal and external stakeholders, which has enabled us to identify their main concerns and incorporate their suggestions in the design and implementation of the Group's action plans.
4. Materiality analysis: In 2017 we updated our materiality analysis, assisted by Forética. That analysis collected the expectations of our stakeholders (authorities, customers, employees, investors, media, NGOs and suppliers) in Spain, North America, France, Italy, Netherlands, India and Morocco, and from our own corporate administration, represented by the Audit and Compliance Committee.

After identifying the principal challenges and opportunities of the Group in respect of sustainability and benchmarking the positioning of other companies in the food sector, we established 23 important topics for consultation, classified into 8 different areas: (i) health and safety of direct and indirect workers, (ii) job quality, (iii) positive social and economic impact on society, (iv) driving force for innovation, (v) promotion of healthy food, (vi) maximising food safety and quality, (vii) implementation of environmental policies and (viii) good governance, integrity and transparency.

GLOBAL MATERIALITY MATRIX



Three aspects stand out for their relevance for the organization and its stakeholders:

Maximizing sustainability, quality and food safety all along the value chain

Preventing accidents and damage by enhancing workplace safety (direct and indirect production and distribution employees)

Implementing environmental policies (particularly those related with climate change and responsible water management)

HEALTH AND SAFETY OF WORKERS (DIRECT AND INDIRECT)

1 Prevent and avoid accidents and damage by improving the safety of direct and indirect jobs
3 Promote compliance with human rights throughout the supply chain

JOB QUALITY

4 Manage human resources responsibly (equality, work-life balance, diversity)

DRIVING FORCE FOR INNOVATION

10 Invest in developing better food solutions for society

PROMOTE HEALTHY, SUSTAINABLE FOOD

14 Use raw materials based on environmental and social sustainable principles as ingredients for ready-to-serve dishes
15 Promote sustainable growing and production of the principal raw materials used
16 Foster sustainable good practices throughout the supply chain

MAXIMISE FOOD QUALITY AND SAFETY

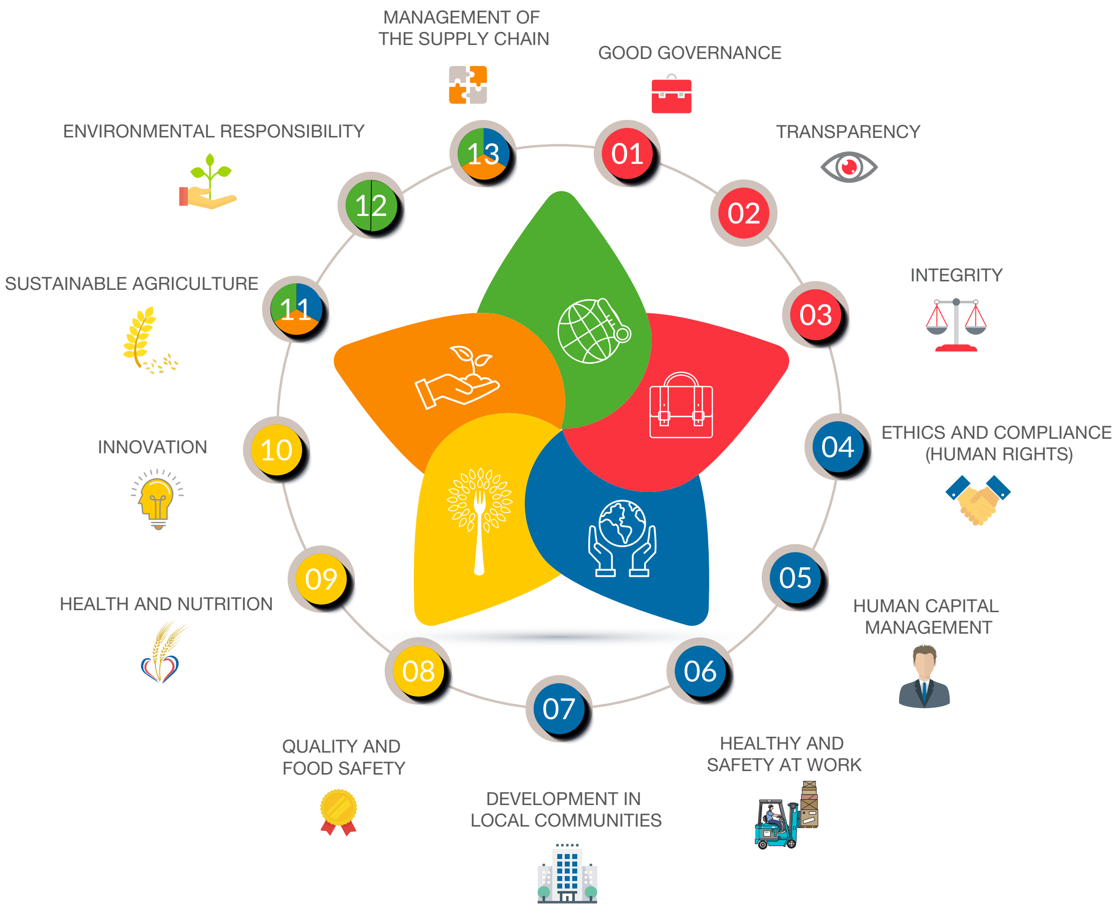
17 Promote the implementation of management systems and tools to maximise quality and information for consumers

IMPLEMENT ENVIRONMENTAL POLICIES

18 Make the fight against climate change one of the organisation’s focal points
20 Develop policies and make investments to reduce and optimise water consumption

Five strategic focal points have been identified through this procedure: **Our Team, Our Community, Our Public, Our Shareholders and Our Environment**, and five areas for action organised around the economic, environmental, social and governance pillars, namely: **Corporate Governance, In&Out Social Well Being, Food and Nutrition, Sustainable Procurement and Climate Change**.

Thirteen principal working priorities are established around these focal points and areas for action to guarantee sustainability in each aspect of our business.



To secure effective development of these 13 priorities, last December the board of directors of Ebro Foods approved the Global Sustainability Plan "Heading for 2030", with the slogan "Caring for You, Caring for the Earth, Caring for Food". The Plan lays out the guidelines and action plans to be followed by the Ebro Group from 2019 to 2030 to: (i) implement and guarantee sustainability throughout its value chain, (ii) satisfy the demands and expectations of its stakeholders and (iii) contribute towards achievement of the Agenda 2030.

ALLIANCES WITH ENVIRONMENTAL AND SOCIAL ENTITIES AND INITIATIVES

The Ebro Group and its Foundation belong to or have established alliances with different organisations or multi-stakeholder platforms that encourage and channel companies' commitment to society and the environment. Through these alliances they can give greater scope to the actions developed within their CSR strategy. Some of the important organisations are:

THE GLOBAL COMPACT WE SUPPORT	Signatory of the United Nations Global Compact www.pactomundial.org
La alimentación aprovéchala no tiene desperdicio	Member of the Redistribution Committee of the Spanish Commercial Coding Association (AECOC) project against food waste "Don't waste food, use it" http://www.alimentacionsindesperdicio.com/
seres fundación sociedad y empresa responsable	Member of the SERES Foundation http://www.fundacionseres.org/Paginas/Inicio.aspx
Miembro de Forética	Member of Forética http://www.foretica.org/
FUNDACIÓN LEALTAD	Member of Fundación Lealtad http://www.fundacionlealtad.org/
Secot	Protector member of Fundación Secot http://www.secot.org/
SAI PLATFORM	Sustainable Agriculture Initiative (SAI) Platform http://www.saiplatform.org/
SRP Sustainable Rice Platform	Sustainable Rice Platform (SRP) http://www.sustainablerice.org/
CFA COOL FARM ALLIANCE	Cool Farm Alliance (CFA) https://coolfarmtool.org/cool-farm-alliance/
ecovadis	Ecovadis https://www.ecovadis.com/es/

EXTERNAL ASSESSMENTS

Since 2015, Ebro Foods has been part of the FTSE4Good Index Series, an international sustainability index that includes companies that prove their commitment and leadership in environmental, social and corporate governance aspects. Inclusion in this index confirms our condition as a socially responsible investment vehicle.

REGULATORY FRAMEWORK

In order to define the general guidelines of the Group and its associates, the Ebro Foods board approved in 2015 the following policies and principles of conduct:

1. Code of Conduct of the Ebro Group
2. Supplier Code of Conduct
3. Corporate Social Responsibility Policy
4. Social Policy
5. Risk Control and Management Policy
6. Corporate Governance Policy
7. Internal Code of Market Conduct
8. Policy for Selecting Candidates to be Director
9. Senior Executive Remuneration Policy
10. Dividend Policy
11. Investment and Financing Policy
12. Treasury Stock Policy
13. Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors

As one of the corporate policies approved by the board of directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of our business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in the Group are exposed.

Within this general framework, the integral, homogenous Risk Control and Management System is based on the preparation of a business risk map, where risks are identified and assessed and risk management capacity is graded to obtain a ranking of risks from greater to lesser impact for the Group and their probability of occurrence. The risk map also identifies the measures to mitigate or neutralise the risks identified. The risk universe is grouped into four main groups: compliance, operational, strategic and financial. The first three groups also include the principal non-financial risks related with the company's business:

OPERATIONAL RISKS

1. FOOD SAFETY

Given the nature of the business, aspects regarding food safety are a critical point to which the Group pays special attention, being bound by a large number of laws and standards in each of the countries in which our products are produced and sold.

The Group's policy is based on the principles of compliance with the laws in force from time to time and guaranteeing food safety and quality.

The food safety programmes are based on following protocols to identify and control certain critical points (Hazard Analysis and Critical Control Points – HACCP-), so that the residual risk is minimal.

The main control points are grouped into:

- Physical points: controls to detect foreign bodies or the presence of metals
- Chemical points: detection of chemical elements or the presence of allergens
- Biological points: presence of elements such as salmonella or any other kind of pathogens

Most of our handling processes have obtained IFS (International Food Safety), SQF (Safe Quality Food) and/or BRC (British Retail Consortium) certificates, recognised by the Global Food Safety Initiative (GFSI) as food product certification standards, as well as local and special product certificates (Kosher, gluten-free or Halal foods).

The Group has also defined, developed and implemented a quality, environment and food safety management system compliant with the requirements of the standards UNE-EN-ISO 9001 (Quality management), UNE-EN-ISO 14001 (Environmental management) and ISO 22000 (Food safety management).

2. TECHNOLOGICAL (TRAILING BEHIND) RISK

One of the most important tools for standing up to competition is differentiation and product alignment, which is based on constant technological innovation and the endeavour to adapt to consumer desires. The R&D and innovation strategy is a fundamental part of the Group's general strategy. The R&D and innovation departments, in close collaboration with the Commercial and Marketing departments, work on reducing this risk.

This area also includes cyber security risks. The exponential growth of internet access exposes companies and users to different types of attack: identity theft, malware, attacks on websites, zero-day attacks, etc. Accordingly, the company has made an audit of its security and drawn up an action plan that contemplated: (i) on-going training of personnel on these threats, (ii) definition of an adequate network infrastructure (firewalls, Wi-Fi access, network electronics, browsing possibilities and design of connected industrial networks), (iii) correct definition of user points (antivirus, mobile device management systems, permissions, updates) and (iv) programme for data preservation and management (back-ups, use of the cloud, shared information).

ENVIRONMENTAL AND STRATEGICAL RISKS:

1. ENVIRONMENT AND NATURAL RISKS

Drought and flooding in the commodity-producing countries can cause problems of availability and price instability. These natural risks can also affect consumers in the affected regions or even the Group's assets in those locations.

The best way of mitigating this type of risks is to diversify both the sourcing of raw materials and the countries in which our products are sold. The Group also makes sure it has flexible production capacity with plants in four continents, which minimises possible local problems. In addition, the Group has taken out insurance policies covering all its plants and sites, which would mitigate any disaster that could jeopardise their value.

2. CLIMATE CHANGE

The effects of climate change are a serious threat to the agri- food sector. As a result of the increase in greenhouse gas emissions, the environment is deteriorating and, consequently, natural resources and biodiversity.

Our industry has a vital role in action against climate change, owing to its direct dependence and impact on natural resources such as soil or water, and its importance for economic activity and society as a whole. In particular, the effects of drought, flooding and adverse meteorological events in the commodity- producing countries can generate problems of availability and price instability of raw materials. Therefore, the Group must support and invest in sustainable production and consumption, efficient use of resources, sustainability of energy, reduction of food waste, ecodesign and sustainable, efficient logistics. In short, we must comply with the international commitments undertaken at the Paris Climate Summit 2016.

In this regard, in December 2018 the Group approved its Sustainability Plan called Heading for 2030 ("Rumbo a 2030"), setting out a number of actions and goals in respect of the environment and supply chain. Those actions include optimisation of water and energy consumption, enhancing waste management, optimising of packaging material and reuse, measurement (carbon footprint) and reduction of emissions, assessment of suppliers against sustainability criteria, and support for sustainable agriculture.

3. REPUTATIONAL RISK

This risk is associated with possible changes of opinion, giving rise to a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, etc., which could have an adverse effect on the Group's ability to maintain relations (commercial, financial, labour, etc.) with its environment.

To deal with this risk, the Group has approved a Code of Conduct to guarantee ethical, responsible conduct by the organisation, its employees and all persons and institutions with which it interacts in the course of its business activities.

The Group's brands and employees are our most valuable intangible assets, so they are submitted to continuous assessment, considering different aspects, such as management, marketing, health and food safety, compliance and legal defence of intellectual property.

4. CHANGES IN LIFESTYLE

The proliferation of low carbohydrate diets and other food trends can have a bearing on consumers' perception of our products.

These risks can be mitigated by assessing consumption patterns and adapting the offer of products to the alternatives on the market, while participating actively in social forums to encourage healthy habits that are compatible with our products.

COMPLIANCE RISKS

1. SECTOR REGULATION

The agro-industrial sector is subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the guidelines set down by the Common Agricultural Policy (CAP). The Group's activity may also be affected by changes in legislation in the countries where the Group sources raw material or sells its products.

The Group deals with this risk by participating in or echoing the different legal and/or regulatory forums through a number of prestigious professionals who endeavour to secure adequacy and compliance.

Within this group, the increasingly strict laws on the use of fungicides and pesticides on the basic crops for this industry, especially rice, are becoming more and more important and linked to other operational risks such as supply and food safety.

To mitigate this risk, the Group has stepped up its quality controls and checks to detect this type of products, working on a selection of protection providers, who are going to be asked to incorporate sustainability criteria in their policies, and providing more education for growers to seek natural alternatives for these products.

2. GENERAL REGULATION

This includes compliance risks concerning civil, mercantile, criminal and governance laws and regulations. To help deal with criminal risks, the Group has a Crime Prevention Model, which is monitored and controlled by the Compliance Unit.

One specific part concerns respect for and compliance with human rights and maintaining appropriate ethical standards, as contemplated in the Group's Sustainability Plan and Code of Conduct.

3. TAX LAWS

Any change in the tax laws or their interpretation or application by the competent authorities in the countries in which the Group operates could affect our earnings.

To mitigate this risk, the Group, directed by those responsible for taxation, monitors the tax laws and possible interpretations thereof, requesting specific reports from specialists to support its stand, guided at all times by a principle of prudence in this matter.

In the process of classifying risks, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures together with adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures. These controls can in turn be grouped into manual and automatic, the latter being implemented by computer applications.

This model is both qualitative and quantitative and can be measured in the Group's earnings, so the risk level is considered acceptable or tolerable on a corporate level.

The Risk Control and Management System is dynamic, so the risks to be considered vary with the circumstances in which the Group operates.

The Risk Control and Management System, including tax risks and control of financial reporting, is based on the following structure:

- **The Board of Directors,** as the body ultimately responsible, determines the risk control and management policy, including tax risks and control of financial reporting.
- **The Audit and Compliance Committee,** through the Risks Committee, supervises and monitors the financial reporting and risk control systems, regularly informing the Board of any material aspects occurring in these areas. It is also responsible for supervising and overseeing internal control of the Group and the risk management systems, and for proposing to the Board the risk control and management policy and any measures for enhancing these areas.
- **The Risks Committee,** based on the policy established by the Board and supervised by and answering to the Audit Committee, is specifically responsible for coordinating and monitoring the risk control and management system, including the Group's financial reporting and tax risks. The analysis and assessment of risks associated with new investors also falls within the remit of the Risks Committee.
- **The Management Committees of the different units,** on which the Chairman of the Board and the Chief Operating Officer (COO) sit, assess the risks and determine the measures to be implemented.
- **Risk officers in the different units.** The Risks Committee appoints officers in the major subsidiaries to monitor the risk control and management system, including tax risks and financial information, and reporting to the Committee.
- **Internal Audit Department.** Within the internal audits made of the different subsidiaries, the company's Internal Audit Department checks that the financial reporting and risk management testing and control have been conducted adequately, complying with the indications of the Risks Committee.

NB: *A full description of the risks and the measures implemented to reduce them can be found in the Management Report of the Consolidated Annual Accounts.*

Human Rights

Ensuring respect for Human Rights throughout our supply chain is one of the Group's priorities in Social Responsibility. We base our criteria in this respect on the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the Fundamental Principles and Rights at Work of the International Labour Organization (ILO).

This commitment is set out in: (i) our Code of Conduct, which establishes the principles and values that must underlie the actions of all persons and companies in the Ebro Foods Group, and (ii) our Supplier Code of Conduct, which establishes the principles, standards and business practices to be met by our suppliers and service providers in their relations with the Group and its professionals.

The Group's commitment to Human Rights is set out in Section IV, point 9 of our Code of Conduct. Points 9.1, 9.3, 9.4, 9.5 and 9.6 lay down the Company's guidelines for eliminating discrimination in employment and occupation, eliminating forced or compulsory labour, effectively abolishing child labour and exercising the rights of freedom of association, to join unions and collective bargaining, in accordance with the laws currently in place. The same commitments are set out in points 3.2, 3.3, 3.4 and 3.7 of the Supplier Code of Conduct. Both Codes can be consulted on the Ebro Foods corporate website (https://www.ebrofoods.es/en/csr-in-ebro/codes-and-policy/).

The Global Sustainability Plan "Heading for 2030" contemplates a specific working area on Human Rights for the coming years, when the principal landmarks on which we will work will be: (i) the due diligence process, to identify the possible impacts of our organisation on Human Rights; and (ii) the establishment of awareness and training programmes.

GRIEVANCE AND FOLLOW-UP MECHANISMS

The main grievance mechanism is the reporting channel of the Code of Conduct (canaldedenuncias@ebrofoods.es), through which any persons bound by the Code may report any breach of the principles set out therein, under a guarantee of absolute confidentiality. Only the Chairman of the Audit and Compliance Commission of the Group parent has access to that e-mail account, which is protected with IT security systems to prevent any unauthorised access. The Committee Chairman is responsible for prioritising, processing, investigating and solving grievances according to their importance and nature, assisted by the Compliance Unit.

In addition to the confidential reporting channel, the Human Resources Departments of the different companies in the Group can also process, investigate and solve any incidents that may arise within their respective companies.

Five incidents of discrimination were reported in Riviana Foods (USA) during 2018. One incident has already been investigated and solved by Riviana Foods and the other four are pending solution.

COMPANY	MEN	WOMEN	ADDRESSED	SOLVED	TOTAL GRIEVANCES
RIVIANA FOODS	3	2	5	1	5

External audits are conducted regularly in companies both within and outside the scope of consolidation of the Group as an additional tool for monitoring and control of human rights.

AUDITS MADE AT EBRO GROUP WORKPLACES IN 2017-2018

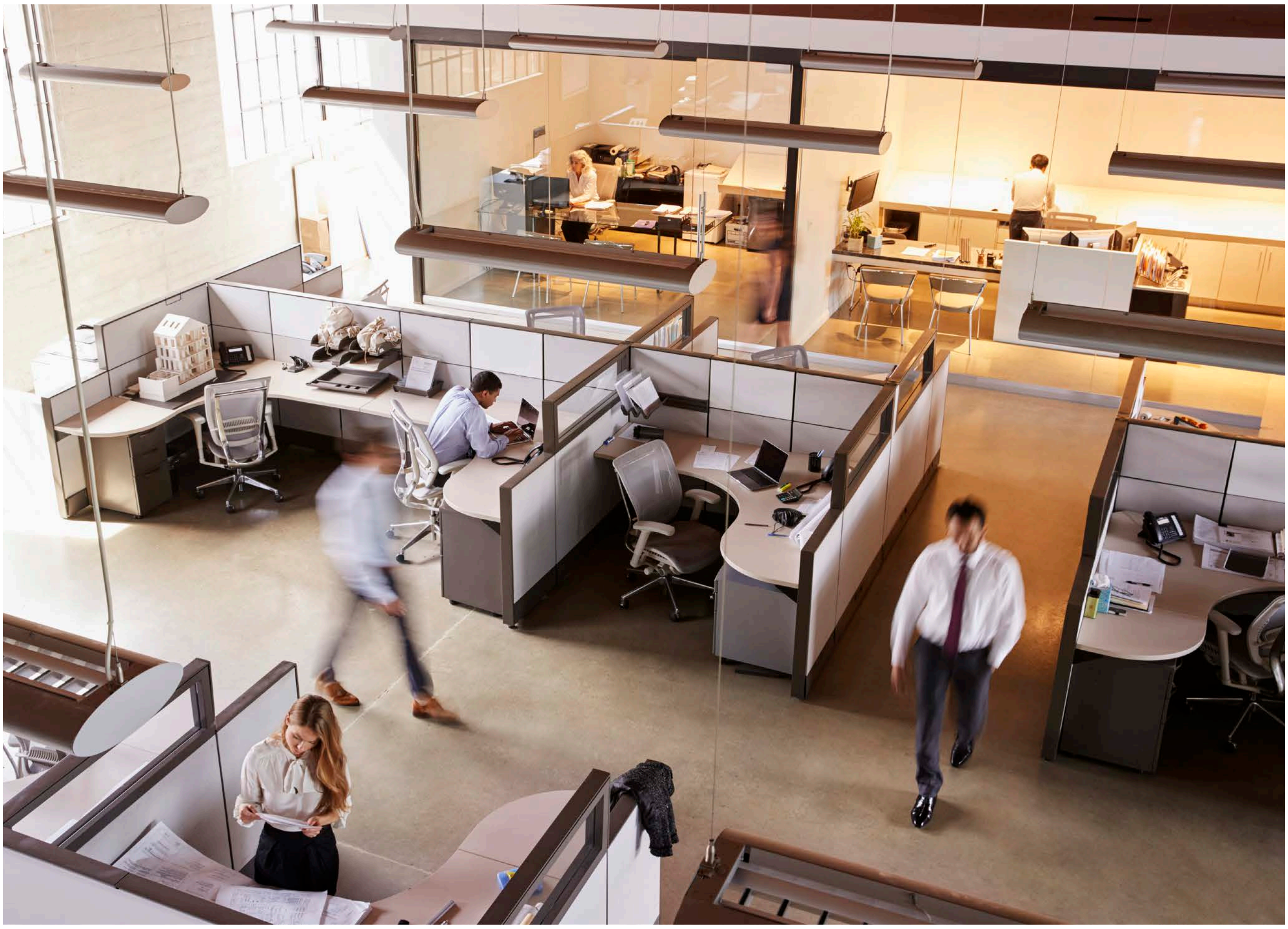
COMPANY	COMPANY CODE	SITE NAME	SITE COUNTRY	AUDIT DATE	SMETA AUDIT	AUDIT COMPANY	AUDIT SCOPE
Herba Ricemills SLU	ZC1000102	SAN JUAN	SPAIN	08/05/2018	No	Intertek	1. Labor, 2. Wages & hours, 3. Health & safety 4. Management systems 5. Environment
Herba Bangkok S.L.	ZC1047564	Herba Bangkok NK Plant	THAILAND	14/02/2018	Yes	TÜV SÜD (Thailand) Limited	1. Labour Standards
Mundi Riso srl	ZC1069772	Mundi Riso	ITALY	18/12/2017	Yes	SGS CBE	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Ebro Foods Nederland BV	ZC1004462	Lassie	NETHERLANDS	10/11/2017	Yes	Intertek UK	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Ebro Foods Nederland BV	ZC1004462	Lassie	NETHERLANDS	01/02/2017	Yes	Intertek UK	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Herba Ingredients BV	ZC1049496	Herba Ingredients Belgium B	BELGIUM	23/01/2017	Yes	Intertek France	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Herba Ingredients BV	ZC1049496	Herba Ingredients Belgium C	BELGIUM	23/01/2017	Yes	Intertek France	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics

TRAINING ON HUMAN RIGHTS POLICIES AND PROCEDURES GIVEN DURING THE YEAR

Specific training on human rights has been given in the following Group companies during the year:

COMPANY	NO. EMPLOYEES RECEIVING TRAINING	NO. HOURS	TOTAL EMPLOYEES	% TOTAL EMPLOYEES
EBRO INDIA	123	2	123	100.00%
GAROFALO	134	1	193	69.43%
HERBA BANGKOK	188	1	188	100.00%
HERBA CAMBODIA	6	3	6	100.00%
S&B HERBA FOODS	8	2	104	7.69%

The Ebro Group did not have any security personnel on its payroll during 2018.



CORRUPTION AND BRIBERY

The Ebro Group has a global Code of Conduct, known to and binding on not only its workers and professionals, but also its customers, suppliers, shareholders and other stakeholders.

The Code of Conduct establishes the principal values that must underlie the Group's conduct, including those of transparency, honesty and strict compliance with the laws and regulations in place.

The Code of Conduct dedicates a specific section (29) to anti-corruption, bribery, illegal commissions, influence peddling and money laundering. It establishes the following general principles: (i) the obligation undertaken by the Group to eradicate any form of corruption and (ii) the absolute prohibition of any form of corruption or bribery. These principles are accompanied by specific rules of conduct designed to guarantee compliance with them.

All the Group's workers and professionals are informed of and accept the Code of Conduct as mandatory. They receive a copy of it when they join the Group (or after any amendment) and formally acknowledge receipt, knowledge thereof and their obligation to comply. This is backed up with a reporting channel through which any interested person may confidentially inform the parent company of any potential infringement of the Code.

The global regulation of the Code of Conduct is backed up locally in the different regions in which the Group operates.

- In the principal Spanish companies, the Ebro Group also has a crime prevention model that identifies the potential criminal risks deriving from its activities and the mitigation measures established to try to eliminate (or minimise as far as possible) the risk of comxmitting criminal offences, which include corruption and bribery. The crime prevention model identifies the measures implemented to mitigate the risk of committing offences of corruption, bribery, influence peddling and money laundering. Its effectiveness and application are monitored and checked regularly by the Compliance Unit, within the reporting system of the current crime prevention model. The Compliance Unit is also working on the definition and implementation of training plans for the workers and professionals of the Spanish companies in the Group on the crime prevention model. The plans are to include specific training in matters concerning corruption and are expected to be put into operation during 2019. Apart from this global training, some Spanish subsidiaries have provided their employees with training in the prevention of criminal risks.
- In pursuance of local legislation (Legislative Decree of 8 June 2001) on companies' liability for certain types of offence (including corruption), the Italian companies in the Group have established organisation and management models that include measures to preclude the risk of committing those offences.
- In the Group's North American subsidiaries, which account for a very large proportion of the Group's business, there are specific policies and measures to control and mitigate the risk of committing this type of offence. In particular, and in pursuance of the special requirements under local laws, the North American companies have the Anti-corruption, Bribery and Compliance Policy, adapted to US (FCPA) and Canadian (CFPOA) laws on corruption. That policy establishes an Anti-Bribery Compliance Officer, who is responsible for ensuring compliance with the policy and making sure that all workers and executives are aware of and comply with it. Training and refresher courses are provided regularly for this purpose.

- The Group's Indian subsidiary has a Vigil Mechanism/Whistleblower Policy, adapted to the applicable local laws (section 177(9) of the Companies Act and Rule 7 of the Companies Rules), through which a communication channel is made available to all employees to report to the company any conduct that infringes the Code of Conduct (in addition to the Group's reporting channel). Through that channel, any possible indication of unlawful conduct (including, therefore, any that may be considered acts of corruption) must be reported to the Vigilance and Ethics Officer of the company for investigation and adoption of whatever measures may be necessary.

The board of directors of the parent is due to pass a specific policy on corruption during 2019, which will set out the general principles specifically and separately and develop the applicable regulation of the Code of Conduct on this issue.

Moreover, the Ebro Group companies Riviana Foods, Catelli Foods Corporation and Ebro India, Private Ltd. provided anti-corruption training in 2018 for all their employees.

No cases of corruption have been reported in any companies of the Ebro Group or any of their business partners.

MONEY LAUNDERING

The Ebro Group has established: (i) payment and collection processes and (ii) a structure of attorneys for bank transactions, through whom it guarantees adequate control and monitoring of money movements in all its transactions.

The Ebro Group uses bank transfers and nominative payment instruments for payments and collections as they guarantee full traceability of any money movement. It also has strict rules for cash management, which allow the different companies to hold only negligible amounts of cash and regulate in detail any drawings against the cash balances, requiring in all cases justification of cash requests and proof of use of those funds.

The reimbursement of expenses incurred by employees in the course of their work is also strictly controlled, requiring proof of the expense and the reason and justification for it prior to any reimbursement. Drawings made using a company bank card (by employees who have a card, by virtue of their category) are subject to the same requirements of proof and justification of use, such that if any use of the card is not justified and proved, the corresponding sums are withheld from payments to be made by the relevant company to the employee.

According to the Group's power of attorney structure, in order to draw funds from bank accounts, a prior decision by must be adopted by the competent corporate body and, as a rule, joint signatures are required, except for negligible amounts compared to the volume of transactions of the company in question.

Our Team

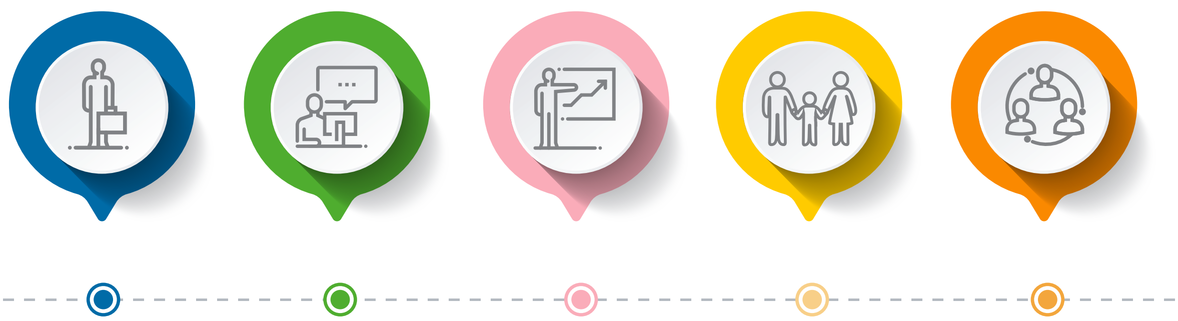
One of the main sources of value generation in the Ebro Group is our workforce of 7,189 professionals (6,041 direct employees of the company and 1,148 contracted through external agencies), a very close-knit team of professionals with enormous talent potential aligned with the organisation's strategy. Through the human resources departments of the different subsidiaries, the Ebro Group endeavours to motivate these professionals by offering a high quality job while at the same time strengthening their skills, powers and personal and professional leadership.

The Ebro Group's personnel management policy is designed to secure a high level of knowledge and contact with the workforce through a decentralised structure formed by the human resources managers in all the major companies of the Group and the implementation of bespoke policies in each one (in addition to the provisions of labour laws), taking account of the specific features of the countries in which they operate. These policies include not only general guidelines regulating the company/employee relationship, but also specific guidelines on Health & Safety in the Workplace, Training & Education, Diversity and Equal Opportunities and Equal Pay for Men and Women. Companies with a small personnel structure (essentially commercial companies with fewer than 10 employees) are governed exclusively by the labour laws in place in the countries in which they operate.

Above all of them and without prejudice to the provisions of the specific policies mentioned above, the Ebro Group has a Code of Conduct, which not only secures ethical, responsible conduct by the professionals in all the Group companies in the performance of their activities, but also serves as a reference to define the minimum objectives of the employment policy and guarantees, namely:

1. Health and safety in the workplace
2. Training and career development of all employees
3. Non-discrimination, diversity and equal opportunities in access to employment (including gender equality, the integration of people with different abilities and promotion of a multi-cultural workforce)
4. Right to form and join unions
5. Compliance with collective rights

In view of the contents of the different programmes launched by the most important business units in the Ebro Group, the management of Human Resources of the Ebro Group can be grouped into five pillars, indicating the different working areas within each one, for each company of the Ebro Group.



DEVELOPMENT
- Training
- Mobility
- Promotion
- Performance management

WORK ENVIRONMENT
- Work-life balance
- Internal communications

REMUNERATION
- Fixed remuneration
- Variable remuneration
- Flexible remuneration system
- Mobility bonus

BENEFITS
- Study grants for employees' children
- Pension schemes
- Life assurance
- Medical insurance
- Advances against pay
- Payment in kind
- Medical grants

DIVERSITY
- Gender equality plans
- Programmes for the integration of people with different capacities

At present, the Ebro Group has no specific policies on disconnection from work.

A. EMPLOYMENT

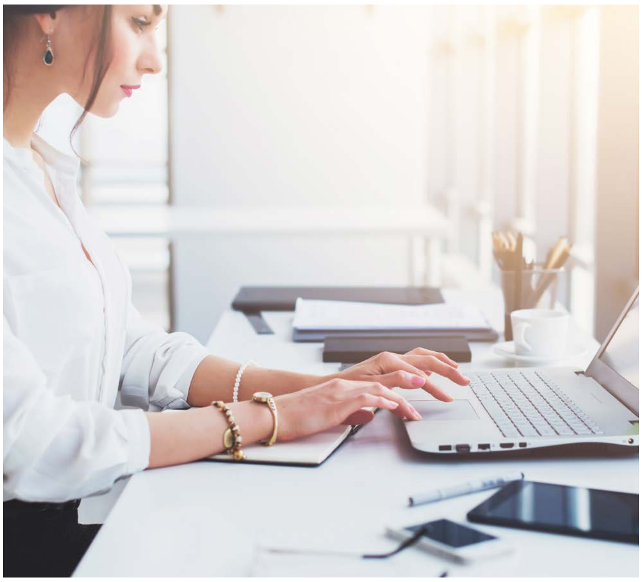
Total number and breakdown of employees by gender

	2018		2017	
TOTAL EMPLOYEES	TOTAL	% TOTAL EMPLOYEES GROUP	TOTAL	% TOTAL EMPLOYEES GROUP
Men	4,323	71.56%	3,849	70.49%
Women	1,718	28.44%	1,611	29.51%
TOTAL EMPLOYEES	**6,041**		**5,460**	

NB: *The large gap between men and women is largely due to the nature of the Group, which is predominantly factory-based. Generally speaking, factory work has traditionally been done mainly by men. In this context, over 70% of the personnel employed at the production plants of the Ebro Group are men. The men employed in factories represent 51% of the total male headcount in the Group. The gender balance in office jobs is much more even and in certain categories there are more women than men, such as in administration, where the number of women practically doubles that of men. Gender diversity is one of the commitments established in the Group's human resources guidelines.*

Breakdown of employees by age group

	2018		2017	
AGE GROUP	TOTAL	% TOTAL EMPLOYEES GROUP	TOTAL	% TOTAL EMPLOYEES GROUP
<=30	953	15.78%	815	14.93%
30 - 50	3,192	52.84%	2,931	53.68%
>= 50	1,896	31.39%	1,714	31.39%
TOTAL EMPLOYEES	**6,041**		**5,460**	



Breakdown of employees by country

	2018		2017	
COUNTRY	TOTAL EMPLOYEES	%TOTAL EMPLOYEES COUNTRY	TOTAL EMPLOYEES	%TOTAL EMPLOYEES COUNTRY
Belgium	96	1.59%	93	1.70%
Cambodia	6	0.10%	0	0.00%
Canada	368	6.09%	359	6.58%
Denmark	47	0.78%	0	0.00%
Egypt	53	0.88%	53	0.97%
France	1,647	27.26%	1,651	30.24%
Germany	88	1.46%	84	1.54%
Hungary	5	0.08%	6	0.11%
India	123	2.04%	104	1.90%
Italy	580	9.60%	205	3.75%
Morocco	266	4.40%	291	5.33%
Netherlands	127	2.10%	115	2.11%
Portugal	67	1.11%	64	1.17%
Romania	9	0.15%	10	0.18%
Spain	978	16.19%	943	17.27%
Thailand	188	3.11%	128	2.34%
United Kingdom	119	1.97%	101	1.85%
USA	1,274	21.09%	1,253	22.95%
AVERAGE WORKFORCE	**6,041**		**5,460**	

Breakdown of employees by professional category

	2018		2017	
PROFESSIONAL CATEGORY	NO. EMPLOYEES	% TOTAL EMPLOYEES GROUP	NO. EMPLOYEES	% TOTAL EMPLOYEES GROUP
Executives	168	2.78%	141	2.58%
Middle management	843	13.95%	792	14.51%
Administrative staff	737	12.20%	680	12.45%
Auxiliary staff	1,256	20.79%	1,214	22.23%
Sales representatives	263	4.35%	253	4.63%
Others	2,774	45.92%	2,380	43.59%
TOTAL EMPLOYEES	**6,041**		**5,460**	

Breakdown of employees by type of contract

TYPE OF CONTRACT	2018 TOTAL	2018 % TOTAL EMPLOYEES GROUP	2017 TOTAL	2017 % TOTAL EMPLOYEES GROUP
No. indefinite or permanent	3,840	63.57%	3,339	61.15%
No. fixed term or temporary	559	9.25%	509	9.32%
At-Will	1,642	27.18%	1,612	29.52%
TOTAL EMPLOYEES	**6,041**		**5,460**	

FORM OF CONTRACT	2018 TOTAL	2018 % TOTAL EMPLOYEES	2017 TOTAL	2017 % TOTAL EMPLOYEES
Written contracts	4,159	68.85%	3,575	65.48%
Oral contracts	240	3.97%	273	5.00%
At-will contracts	1,642	27.18%	1,612	29.52%
TOTAL EMPLOYEES	**6,041**		**5,460**	

Breakdown of permanent employees by gender and age group

2018

	MEN			WOMEN			TOTAL		
	< 30	>30 - <50	> 50	< 30	>30 - <50	> 50	< 30	>30 - <50	> 50
Indefinite or Permanent	344	1,593	844	165	604	290	509	**2,197**	**1,134**
At-Will	138	508	512	45	233	206	183	**741**	**718**
TOTAL PERMANENT EMPLOYEES	**482**	**2,101**	**1,356**	**210**	**837**	**496**	**692**	**2,938**	**1,852**

Breakdown of temporary employees by gender and age group

2018

	MEN			WOMEN			TOTAL		
	< 30	>30 - <50	> 50	< 30	>30 - <50	> 50	< 30	>30 - <50	> 50
Fixed term or temporary	162	188	34	99	65	11	**261**	**253**	**45**

Breakdown of part-time employees by gender

	MEN	WOMEN	TOTAL
Total employees	80	109	189

Number of dismissals by gender, age and professional category

CATEGORY	MEN			WOMEN			TOTAL
	< 30	>30 - <50	> 50	< 30	>30 - <50	> 50	
Executives		1	1				2
Middle management	1	3	7	2	3	3	19
Administrative staff	1	4	1	1	6	2	15
Auxiliary staff	43	52	27	10	16	4	152
Sales representatives		3			1	2	6
Others	10	7	8		1		26
TOTAL	**55**	**70**	**44**	**13**	**27**	**11**	**220**

NB: *It has not been possible to publish the following breakdowns this year as we had not received the relevant information from our companies by the date of issuing this report: annual average permanent contracts by professional category, annual average of temporary contracts by professional category, annual average of part-time contracts by age and professional category. These details will be included in 2019.*

B. ORGANISATION OF WORK

Organisation of working time

Organisation of the working time varies in the different countries in which the Group's subsidiaries operate. Working hours may thus vary between 35 and 48 hours a week, distributed over 5 or 6 days a week. The total weeks worked a year ranges between 47 (offices) and 52 (some production plants).

Absenteeism

The total number of days of absenteeism in all the Group companies was 49,118 days.

Benefits for employees

The following table shows, by company, the benefits provided for employees in six of the subsidiaries with the greatest weight in the Group (these six companies jointly account for almost 70% of the Group turnover and over 81% of its EBITDA):

	COMPANY					
BENEFITS	HERBA RICEMILLS	RIVIANA	PANZANI	LUSTUCRU	BERTAGNI	GAROFALO
Stock ownership	All employees	---	---	---	---	
Parental leave	All employees	Full-time employees	All employees	All employees	All employees	All employees
Disability/invalidity benefit	All employees	Full-time employees	All employees	All employees	---	All employees
Pension fund	---	All employees	All employees	All employees	---	All employees
Life assurance	All employees	Full-time employees	All employees	All employees	---	All employees
Medical insurance	All employees	Full-time employees	All employees	All employees	All employees	All employees

NB: *"All employees" includes both full-time and part-time employees*

The Group is working on the measures that would help enhance the work-life balance of its employees, such as teleworking.

We comply with the prevailing laws on parental leave and gestation periods and facilitate the application of those laws according to employees' needs.

	2018			2017		
	% MEN	% WOMEN	%TOTAL	% MEN	% WOMEN	%TOTAL
% Employees who took leave / employees entitled to leave	96.08%	100.00%	**97.63%**	96.10%	100.00%	**97.64%**

C. HEALTH AND SAFETY

All the Group companies and their respective plants have an occupational hazard prevention and management system in place. This system is implemented using both internal means and external firms. In addition, approximately 90% of the workforce is represented on the Health and Safety Committees in the different companies.

Health and safety topics covered in formal agreements with unions

The health and safety topics covered by formal agreements with unions are:

- Global agreements: in accordance with the principles established by the ILO, organisational structures for problem-solving, commitments regarding target performance or the level of practice to apply.
- Local agreements: personal protection equipment, mixed health and safety committees, participation of workers' representatives in health and safety audits, inspections and investigations, training and education and right to refuse unsafe work.

Number, frequency and severity of injuries, number of employees with occupational diseases and number of work-related fatalities

The following tables show the information corresponding to the companies with the greatest weight in the business: Herba Ricemills, Lustucru, Panzani, Riviana Foods, Pastificio Lucio Garofalo and Bertagni.

NUMBER OF INJURIES

	2018	
	MEN	WOMEN
No. lost time injuries	98	22

FREQUENCY RATE

	2018	
	MEN	WOMEN
Frequency rate	20	12

SEVERITY RATE

	2018	
	MEN	WOMEN
Severity rate	0.53	0.51

There was one work-related fatality in 2018 in one of the Group's subsidiaries.

NB: *The rates were calculated with the following formulas:*
Frequency rate = (total no. lost time injuries / total hours worked) x1000000
Severity rate = (no. lost days due to lost time injury in working hours / total hours worked) x1000

OCCUPATIONAL DISEASE

	2018	
	MEN	WOMEN
No. employees with occupational disease	3	1

D. LABOUR RELATIONS

Employees covered by collective bargaining agreements
65% of the employees of the Ebro Group are covered by the collective bargaining agreements of their respective business areas or another kind of collective agreement.

The remaining 35% are top executives of the Ebro Group, the professionals of the North American companies (since these agreements have not been used there for over 20 years) and those of Herba Egypt, Mundiriz, Herba Bangkok and Herba Ingredients, where they are not used either. In those cases, all the professionals are protected by the national labour laws in place in their respective countries, their respective personnel policies and the guidelines of the Ebro Group's Code of Conduct. External ethical audits are conducted regularly in all of them.

E. TRAINING

In its Code of Conduct, the Ebro Group undertakes to promote the personal and professional development of its workers, encouraging them to improve their skills and abilities. In this context, 63% of the Group's employees participated in the training schemes organised in the different Group companies during 2018, completing a total of 72,759 hours training.

Total hours training

	2018	
CATEGORY	MEN	WOMEN
Executives	1,029	826
Middle management	8,571	3,996
Administrative staff	4,430	6,915
Auxiliary staff	19,376	6,698
Sales representatives	1,219	593
Others	16,778	2,328
TOTAL	**51,403**	**21,356**

F. EQUALITY

The Ebro Foods Code of Conduct specifies in section IV, point 9.5 that the Group promotes and upholds the principle of equal treatment and equal opportunities for all Professionals, regardless of their race, colour, nationality, ethnic origin, religion, sex, political or sexual inclination, civil status, age, disability or family responsibilities, as a principle behind all human resources policies and applicable in the recruitment of Professionals, training, career opportunities, pay levels and all other aspects of relationships with Professionals.

In addition and even though some of the companies in the Group have their own equality plans or guidelines, one of the goals of the Sustainability Plan "Heading for 2030" is to draft the Corporate Equality Plan during 2019.

Diversity in governing bodies and employees

	2018		2017	
TOTAL EMPLOYEES	TOTAL	% TOTAL EMPLOYEES GROUP	TOTAL	% TOTAL EMPLOYEES GROUP
Men	4,323	71.56%	3,849	70.49%
Women	1,718	28.44%	1,611	29.51%
TOTAL EMPLOYEES	**6,041**		**5,460**	

BOARD OF DIRECTORS

2018			
NO. MEN	NO. WOMEN	MEN / TOTAL (%)	WOMEN / TOTAL (%)
8	5	61.54%	38.46%

EMPLOYEES WITH DIFFERENT ABILITIES

2018		2017	
MEN	WOMEN	MEN	WOMEN
78	33	77	23

The Ebro Group has promoted several actions in Spain related with the socio- occupational integration of persons with different abilities, through the contracting of certain services with special employment centres (CEE).

The value of those collaborations in 2017 was €76,137.18:

ENTITY	CONCEPT	AMOUNT
C.E.E. CADEMADRID	Printing work	1,901.07 €
FUNDACIÓN PRODIS	Sundry printing work	540.87 €
C.E.E. INSERCIÓN PERSONAL DISCAPACITADOS " IPD"	Cleaning head offices in Madrid	73,695.24 €
	TOTAL	**76,137.18 €**

Remuneration for equal jobs or average remuneration in the company

Since the company's subsidiaries embrace a wide variety of professional categories and countries, it is impossible to give a consolidated average that accurately reflects the Group's remuneration policy. Therefore, as in other indicators, we offer the details corresponding to six of the principal companies in the Group: Herba Ricemills, Lustucru, Panzani, Riviana Foods, Pastificio Lucio Garofalo and Bertagni.

Ratio of the basic salary and average remuneration of women to men

The basic salary is identical for men and women in all the companies of the Ebro Group.

Men-women ratio of average remuneration

The following tables set out the women-men ratios in average remuneration, showing only those employee categories in which there are both genders and, therefore, that ratio can be established.

We calculated this average remuneration based on the average gross annual salary of the employees (men and women) in each category. This gross salary includes the sum of basic salary plus supplements, such as seniority, cash bonuses and equity (e.g. shares) bonuses, overtime and any other welfare benefit (transport, accommodation expenses, aids for children, etc.).

COMPANY	CATEGORY	AVERAGE REMUNERATION MEN	AVERAGE REMUNERATION WOMEN	WOMEN - MEN RATIO
BERTAGNI	Office staff	31,648	29,583	0.93
	Factory staff	24,727	22,728	0.92
GAROFALO	Contractual Administrative Level 2	43,085	39,752	0.92
	Contractual Administrative Level 3	24,769	27,589	1.11
	Contractual Administrative Level 3A	37,264	31,923	0.86
	Contractual Administrative Level 4	22,845	26,919	1.18
HERBA RICEMILLS	a) Technical, Administrative and Commercial Staff			
	Level I	42,103	38,796	0.92
	Level II	35,317	30,845	0.87
	Level III	28,813	23,913	0.83
	Level V	18,628	18,628	1.00
	b) Production Staff			
	Level I	35,593	32,405	0.91
	Level II	33,410	27,090	0.81
	Level IV	29,158	28,760	0.99
	Level VI	26,679	21,619	0.81
	Level VIII	21,094	21,094	1.00
	c) Maintenance Staff			
	Level III	19,500	19,500	1.00
	d) Management			
	Level II	87,012	73,509	0.84
LUSTUCRU	Executives	59,541	54,167	0.91
	Technical staff & supervisors	39,609	39,841	1.01
	Office staff	37,959	30,656	0.81
	Factory staff	29,883	26,760	0.90

COMPANY	CATEGORY	AVERAGE REMUNERATION MEN	AVERAGE REMUNERATION WOMEN	WOMEN - MEN RATIO
PANZANI	Executives	82,865	57,917	0.70
	Technical staff & supervisors	44,542	37,970	0.85
	Office staff	36,587	32,716	0.89
	Factory staff	35,393	31,914	0.90
RIVIANA	Executives	436,293	312,971	0.72
	Middle management	110,546	102,221	0.92
	Professionals	74,531	66,781	0.90
	Technical staff	44,871	39,024	0.87
	Administrative staff	42,046	43,913	1.04
	Unskilled workers & assistants	35,966	36,738	1.02
	Factory staff	43,754	43,328	0.99

NB: *The employees of these companies represent 62% of the total Group employees. The formula used to calculate the average was to divide the average remuneration of women by the average remuneration for men.*

Average remuneration of directors by gender

	MEN	WOMEN
Average remuneration [(1)]	€256 thousand	€197 thousand

(1) The directors' remuneration in 2018 for their duties as such was taken, excluding the remuneration received by the Executive Chairman for his executive duties. The Chairman is the only executive director who performs executive duties and receives remuneration for them. The directors' remuneration for their duties as such is stated individually for each one in the Annual Report on Directors' Remuneration 2018, published on the website of the CNMV (www.cnmv.es) and the corporate website (www.ebrofoods.es). Certain differences may exist due to rounding off.

Average remuneration of executives by gender

	MEN	WOMEN
Average remuneration [(2)]	85,503 €	66,525 €

(2) This average remuneration was calculated based on the average gross annual salaries of all the executives in the Ebro Group. That gross salary includes the sum of basic salary plus supplements, such as seniority, cash bonuses and equity (e.g. shares) bonuses, and any other welfare benefit (transport, accommodation expenses, aids for children, etc.). The formula used was the sum of average remuneration by gender divided by the number of different categories of executives by gender.

The Ebro Group makes a significant contribution to the social and economic development of the communities in which it operates. Its business activities generate wealth through the creation of jobs, payment of salaries, tax contribution, purchase of goods and services from suppliers, distribution of dividends, implementation of welfare programmes, development of environmental initiatives, commitment to the value chain and investment in R&D and innovation.

SOCIAL CASH FLOW
(000€

	2018	2019
ECONOMIC VALUE GENERATED		
Net turnover	2,646,523	2,506,969
Other income	39,332	44,808
Interest income	22,862	35,505
Share of profits of associates	5,017	4,290
	2,713,734	**2,591,572**
ECONOMIC VALUE DISTRIBUTED		
Consumption & other external expenses	(1,462,269)	(1,331,011)
Employee benefits	(360,496)	(338,975)
Other operating expenses	(553,870)	(528,711)
Interest expense	(31,628)	(46,562)
Corporate income tax	(63,639)	(34,157)
Net income from discontinued operations	0	0
Contribution to not-for-profit entities	(2,280)	(2,315)
Dividends (*)	(95,566)	(93,771)
	(2,569,748)	**(2,281,731)**
ECONOMIC VALUE RETAINED	**143,986**	**309,841**

(*) Dividends paid in the corresponding year

TAX INFORMATION (000€)

	2018
Capital grants received	131
Operating grants received	537
Corporate income tax paid	31,490
Other taxes paid:	12,219

BREAKDOWN

	C.INC.TAX 2018	OTHER TAXES
Spain	(17,323)	1,039
Rest Europe	30,876	6,185
America	16,445	4,837
Asia	1,065	47
Africa	427	111
	31,490	**12,219**

THE MOST SIGNIFICANT COUNTRIES ARE

	C.INC.TAX 2018	OTHER TAXES
Spain	(17,323)	1,039
France	19,380	5,290
Italy	8,778	215
USA	14,913	3,451
Africa	427	111

PROFIT BEFORE TAX BY COUNTRIES

	PBT 2018
Spain	16,388
Rest Europe	105,237
America	87,459
Asia	4,115
Africa	(249)
	212,950

THE MOST SIGNIFICANT COUNTRIES ARE

	PBT 2018
Spain	16,388
France	54,528
Italy	25,167
USA	79,690

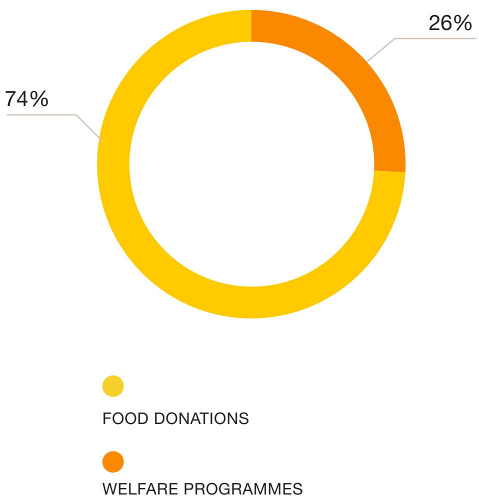
COMMITMENT TO THE DEVELOPMENT OF LOCAL COMMUNITIES

One of the main pillars of social responsibility action within the Ebro Group is ensuring the well-being and socio-economic development of the local communities directly related with our business activities.

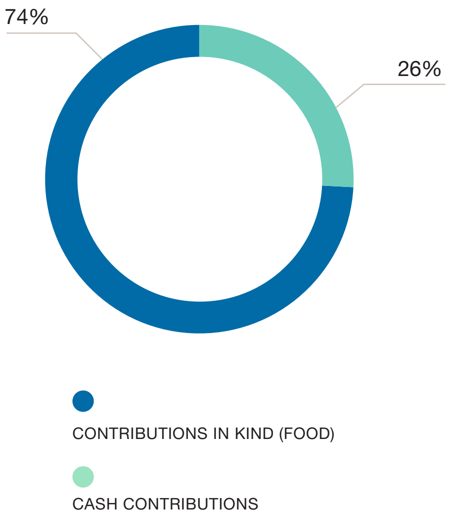
Through the Ebro Foundation and its different companies, the company allocated over €2,280,000 to implementing this commitment in 2018. The Ebro Group and the Ebro Foundation have participated in projects created by different not-for-profit organisations and promoted and developed motu proprio initiatives of social and environmental interest.

The Ebro Group has not received any grievances or claims regarding possible negative impacts on the local communities in which it operates.

SOCIAL CONTRIBUTIONS
IN 2018



TYPE OF CONTRIBUTIONS
IN 2018



DONATIONS OF FOOD

One of the Ebro Group's main lines of social action is the donation of food, either to the food banks in the principal countries in which it operates or to different welfare organisations and associations, mainly in Spain.

DONATIONS TO FOOD BANKS

Total donations to food banks by Group companies in Spain, France, USA and Canada amounted to over €1,650,000 in 2018.

COUNTRY	COMPANY	AMOUNT (€)
Spain	Herba Ricemills	89,915.00
USA	Riviana Foods	982,712.00
Canada	Catelli Foods	106,021.00
France	Panzani	511,021.00
	TOTAL	**1,689,669.00 €**

In Spain, as well as food deliveries to different food banks by Herba Ricemills, the Ebro Foundation also contributed €100,000 in cash to the Spanish Federation of Food Banks (FESBAL) to buy the boxes used for the massive food collection organised at the end of November 2018.

WELFARE PROGRAMMES

In its determination to contribute to sustainable development of the communities in which it operates, the commitment to society of the Ebro Group and the Foundation is also developed through social initiatives set up in the following areas:

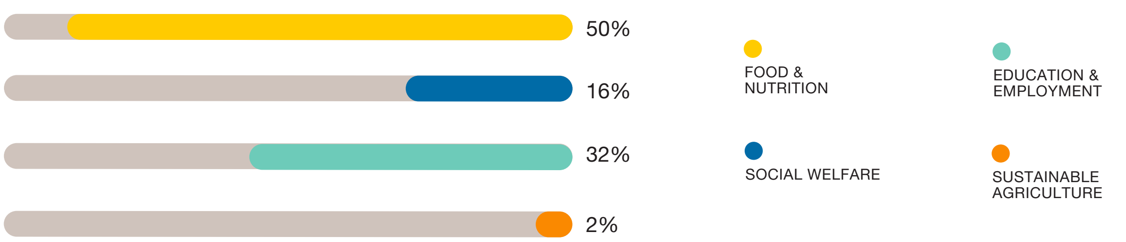
- Food and nutrition
- Education and employment
- Sustainable agriculture
- Social welfare in regions of interest

A very large proportion of these actions are carried out by the Ebro Foundation.

PRINCIPAL ACTIVITIES OF THE EBRO FOUNDATION IN 2018

INVESTMENT	ENTITIES SUPPORTED	PROJECTS	COUNTRIES	BENEFICIARIES
590,000€	58	67	4	17.537

TYPES OF WELFARE PROGRAMMES



1. WELFARE PROGRAMMES IN FOOD AND NUTRITION

Social assistance and school meal grants
Our collaboration in this area has focused not only on monetary contributions to soup kitchens and social assistance organisations to buy food, but also on paying school meal grants for children at risk of social exclusion.

Food and nutrition programmes
Participation in programmes that combine food and health, food and social development, and food and environmental sustainability.

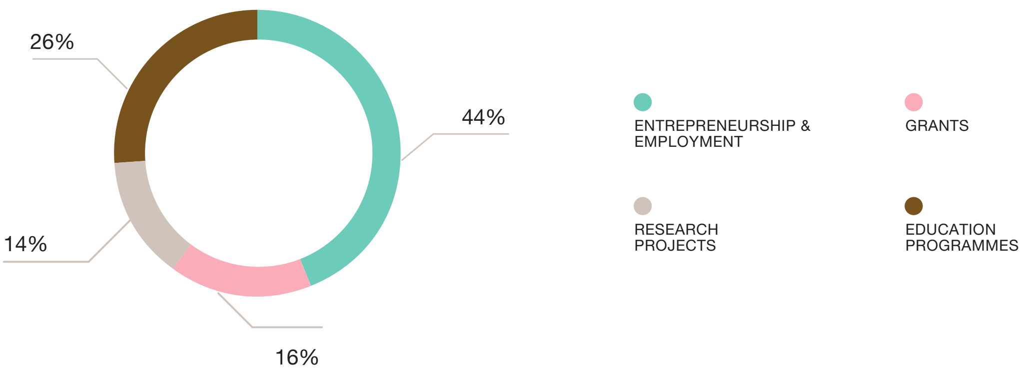
The global investment made in this area in 2018 was €293,862.

2. EDUCATION AND EMPLOYMENT

This part of the Foundation's work comprises four activities: scholarships, research projects, educational programmes, and entrepreneurship and job promotion initiatives.

The overall investment in this area was €183,592, distributed as follows:

TYPES OF ACTIVITIES



3. SUSTAINABLE AGRICULTURE

The Foundation also plays an important role in the sustainable agriculture strategy put into practice by the Ebro Group. It develops and promotes programmes for implementing crop standards that are sustainable from a social and environmental point of view in our principal raw material sourcing regions. The investment in this area was €12,135.

4. WELFARE ACTION IN REGIONS OF INTEREST

Contributing towards the socio-economic development of the communities in which the Group operates is another important goal within Ebro's commitment to society. Therefore, the Foundation endeavours specially to support projects that are designed to improve the quality of life and equal opportunities of groups at risk of social exclusion who live around its plants.

This welfare action is implemented mainly through the financing of projects organised by local entities, which have a first-hand knowledge of the needs of each area and use all their resources to start up those initiatives.

During 2018, the Foundation allocated €90,893.72 to collaborating with different entities in Seville, Madrid, Jerez, India, Morocco and Egypt.

OUTSOURCING AND SUPPLIERS

Since the Group has decentralised certain management areas, such as the Procurements Area, to its respective companies, we have not yet fully developed a global, integral, corporate management of our suppliers.

There is no group-wide procurements policy; each subsidiary has its own policies complying with the laws and circumstances of the countries in which they operate.

So at present we have three main corporate tools for controlling our suppliers: 1) visits and meetings by the Procurement Departments of the different subsidiaries; 2) the Sedex Platform, with which some suppliers of certain Group companies have gradually been registering, and have in turn been audited by an independent third party; and 3) the Supplier Code of Conduct of Ebro Foods, which lays down the rules on social and environmental conduct of the Group's suppliers and service providers. So far, 100% of the suppliers of Herba Bangkok, 99% of those of Herba Cambodia, and 80% of those of Ebro India have subscribed to it. It is not a simple process and is time-consuming.

With a view to addressing the integral management of the supply chain, we are starting to draw up a work plan, according to which we will classify all the company's suppliers into three groups as from 2019: agricultural raw materials, auxiliary raw materials and service providers. Our idea is to map our subsidiaries and then work out with them a roadmap to achieve the goal set in our Global Sustainability Plan, that 100% of our suppliers and service providers will have signed the Group's Supplier Code of Conduct by 2030 or incorporated ESG criteria in their policies. Within this plan we will also assess the convenience of continuing to use Sedex as our control tool, or using alternative tools that enable us to address this matter more thoroughly.

List of supplier audits in 2017-2018

SUPPLIER NAME	SITE NAME	SITE COUNTRY	AUDIT DATE	AUDIT COMPANY
RISO SCOTTI S.P.A.	RISO SCOTTI S.P.A.	ITALY	28-09-2018	BVCERT 4 Pillar Audits
MONDI BÉKÉSCSABA LTD	MONDI BÉKÉSCSABA KFT	HUNGARY	28-09-2018	BVCERT 4 Pillar Audits
GRAPHIC PACKAGING INTERNATIONAL LLC	GRAPHIC PACKAGING IGUALADA	SPAIN	26-09-2018	BVCERT 4 Pillar Audits
VENUS GROWERS	ALEXANDRIA	GREECE	14-06-2018	Intertek Bulgaria
VENUS GROWERS	VERIA	GREECE	13-06-2018	Intertek Bulgaria
GREAT GIANT PINEAPPLE COMPANY	GREAT GIANT PINEAPPLE CO CANNERY AND PLANTATION	INDONESIA	07-06-2018	BVCERT 4 Pillar Audits
ENGRO EXIMP AGRIPRODUCTS (PVT) LIMITED	INTEGRATED RICE PROCESSING COMPLEX (IRPC)	PAKISTAN	04-05-2018	Elevate Limited
GEOVITA SRL	GEOVITA SRL	ITALY	19-02-2018	SGS CBE
MONDI CONSUMER PACKAGING GMBH	MONDI KORNEUBURG GMBH	AUSTRIA	23-01-2018	BVCERT 4 Pillar Audits
MUNDI RISO SRL	MUNDI RISO	ITALY	18-12-2017	SGS CBE
EBRO FOODS NETHERLAND BV	LASSIE	NETHERLANDS	10-11-2017	Intertek UK
GALAXY RICE MILL	GALAXY RICE MILL	PAKISTAN	03-08-2017	Elevate Limited
CASARONE AGROINDUSTRIAL S.A.	ARROZUR S,A,	URUGUAY	28-06-2017	SGS
CASARONE AGROINDUSTRIAL S.A.	PLANTA JOSÉ P. VARELA	URUGUAY	27-06-2017	SGS

Customers and consumers are two of the driving forces for development, evolution and growth of the company. The Ebro Group uses a wide variety of tools to:

1. Offer them a broad portfolio of healthy, differentiated products.
2. Anticipate and meet their needs for consumption.
3. Guarantee top quality in its products and services, meeting not only the quality standards and requirements stipulated in law, but also any stricter standards to guarantee that top quality.
4. Watch out for their health and safety, meeting the strictest food safety standards.

OUR MAIN TOOLS

1. R&D AND INNOVATION

This is what distinguishes us from our rivals, enabling us to develop unique products and technologies to meet the needs of our customers and consumers and provide them with a differentiated range of products delivering value added.

The Ebro Group is a pioneer in the development of new concepts and innovation in the segments in which it operates. This can be seen in the new products put on the market over the past three years, such as Brillante Sabroz, Lustucru Selection, Quick Pasta, Ancient Grains, SOS Para, SOS Vidasania, Brillante a la Sartén, SOS Platos, Squeez Sauces, gluten free, brown/wholewheat rice and pastas, high-fibre and high-calcium products, quinoa, Brillante Benefit, etc.

Approximately one-third of the Ebro Group's total investment budget is set aside each year for innovation.

2. QUALITY CONTROL AND FOOD SAFETY SYSTEMS

i. **Good Manufacturing Practices (GMP):** contemplating good practices for the handling, packaging, storage and carriage of fresh products.

ii. **Hazard Analysis and Critical Control Point (HACCP):** a system for identification and control of any problems that may come to light during the design and production processes.

iii. **Quality Assurance Standards,** such as:
- The standards established by the International Organisation for Standardization (ISO 9001:2000, ISO 9001:2008 and ISO 22000).
- The International Food Standards (IFS), which, structured in line with ISO 9001:2000, are among the highest distinctions in Food Safety in all distribution sectors in Europe.
- The BRC (British Retail Consortium) certification, one of the internationally most widespread models for distributors and large retail outlets to rate their brand product suppliers.
- The Danish DS standards (Danish HACCP Code), for developing a HACCP system in the food industry and in the manufacturing of packing and packaging for food products.

In this context, all the Ebro Group plants have been certified for quality and food safety, having a total of 135 certifications between them. The companies also make regular assessments of their products to promote their safety and improvement. During 2018, the subsidiaries Arrozeiras Mundiarroz (Portugal), Catelli Foods (Canada), Geovita (Italy), Lassie (Netherlands), Riviana Foods (USA) and Vegetalia (Spain) made such assessments.

Product and Service Labelling

All our companies comply with the national laws and regulations applicable in each country.

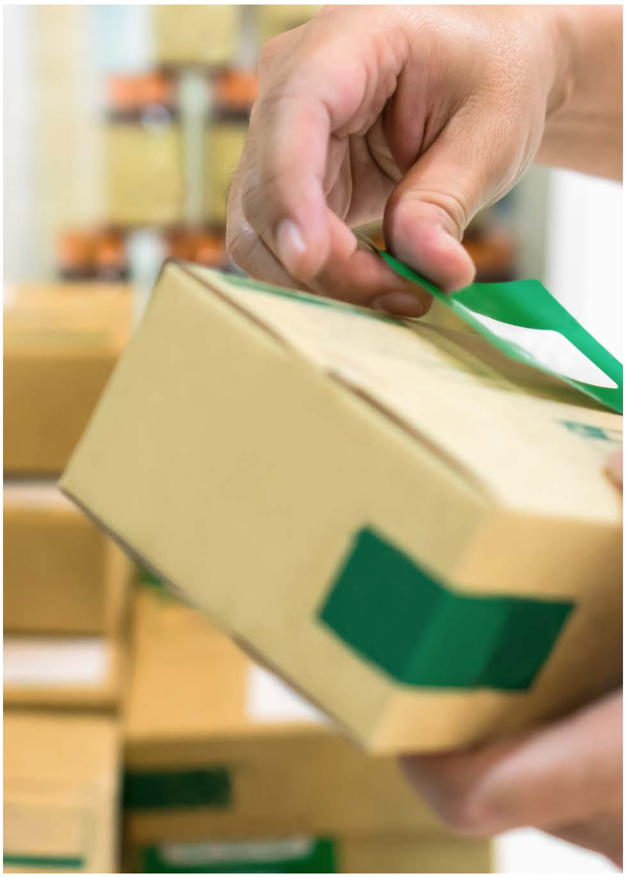
Customer and consumer services

Information on the nutritional properties of all Ebro Group products is provided on the packaging, along with the physical address of the company and, where appropriate, its website, e-mail and telephone number.

The different customer services departments collect data and generate information for the quality system. Grievances are answered by telephone or e-mail, according to the details given by the customer. A case file is opened for each incident and reported internally to the Quality Department, which checks and monitors the relevant quality system in case of error and takes the necessary measures to offer a solution.

As a rule, the companies follow up all grievances by telephone to check consumer satisfaction.

Statistical monitoring is regularly conducted of all incidents and proposals for improvement made by consumers, which are discussed at the different Management Committee meetings held every month within each company.



The communication channels used with consumers in the different companies are indicated below:

COMPANY	COUNTRY	COMMUNICATION CHANNELS USED WITH CUSTOMERS
ARROZEIRAS MUNDIARROZ	Portugal	Telephone, e-mail, post and social media
BERTAGNI	Italy	Telephone, e-mail, website and social media
BOOST NUTRITION	Belgium	Telephone, e-mail, website and social media
CATELLI - OLIVIERI	Canada	Telephone, e-mail, website and social media
EURYZA	Germany	Telephone, e-mail, website and social media
GAROFALO	Italy	Telephone, e-mail, website and social media
HERBA RICEMILLS	Spain	Telephone and e-mail
LASSIE	Netherlands	Telephone, e-mail, Website and social media
LUSTUCRU	France	Telephone and post
PANZANI	France	Telephone, e-mail, post and social media
RICELAND	Hungary	Telephone, e-mail and website
RISELLA	Finland	Telephone
RIVIANA	USA	Telephone, e-mail, Website and social media

INCIDENTS DURING THE YEAR

Incidents registered with large customers

Overall, 9 incidents were registered in 2018, 5 of which corresponded to a voluntary product recall in France and 4 to product name and labelling issues.

Claims from end consumers

The following table shows the number of claims (packaging defects, requests for information, sensory properties, etc.) handled during 2018, by company.

COMPANY	COUNTRY	NUMBER OF INCIDENTS
ARROZEIRAS MUNDIARROZ	Portugal	104
BERTAGNI	Italy	270
BOOST NUTRITION	Belgium	164
CATELLI - OLIVIERI	Canada	2,239
EURYZA	Germany	408
GAROFALO	Italy	518
HERBA RICEMILLS	Spain	1,091
LASSIE	Netherlands	328
LUSTUCRU	France	1,448
PANZANI	France	6,709
RICELAND	Hungary	75
RISELLA	Finland	123
RIVIANA	USA	12,826 (rice) 17,508 (pasta)

None of the companies in the Ebro Group received any notification from customers during 2018 of incidents regarding privacy or data breaches.

PROMOTION OF HEALTHY FOOD AND HEALTHY LIFESTYLES

The Ebro Group is investing heavily to complete all its brands on a global scale with a new category of products targeting health, putting new healthy products on the market based on concepts such as ancient grains, gluten free, quinoa, whole grain, high fibre, vitamins, minerals, etc., focusing increasingly on everything to do with organic and natural foods.

In addition, the Ebro Group has created the blog Sentirsebiensenota.com (.es) [lit.: 'when you feel good, it shows'], an informative space in which nutritionists, researchers and professionals of the sector post articles, recipes and advice for the public promoting healthy eating habits and maintaining an active lifestyle.

SCOPE OF REPORTING

The information set out below corresponds to the 63 production plants that the Ebro Group has through its different companies.

The comparison of 2018 and 2017 is distorted by the fact that the figures from the following six companies have been added to the consolidated figures in 2018:

- Herba Ricemills, with 1 new plant in Los Palacios
- Ebrofrost UK, with 1 plant in the UK
- Bertagni, with 2 plants in Italy
- Geovita, with 4 plants in Italy
- Ebrofrost North America, with 1 plant in USA (last year it was included in the Riviana questionnaire)
- Herba Cambodia (last year it was included in the Herba Thailand questionnaire).

REGION	NO. SITES REPORTING	COMPANIES
EUROPE	44	
Spain	12	Harinas Santa Rita (1), Herba Ricemills (9), Vegetalia (2)
Portugal	1	Mundiarroz
UK	4	Ebrofrost UK (1), S&B (3)
Italy	8	Bertagni (2), Garofalo (1), Mundiriso (1), Geovita (4)
France	11	Celnat (1), Lustucru (3), Panzani (6), Roland Monterrat (1)
Belgium	4	Boost (1), H.Ingredients (3)
Netherlands	2	Lassie, Herba Ingredients
Germany	1	Ebrofrost Germany
Denmark	1	Ebrofrost Denmark
NORTH AMERICA	14	
USA	11	Riviana (10), Ebrofrost NA (1)
Canada	3	Catelli
AFRICA	2	
Morocco	1	Mundiriz
Egypt	1	Herba Egypt
ASIA	3	
Tailandia	1	H.Bangkok
India	1	Ebro India
Camboya	1	H.Cambodia

ENVIRONMENTAL MANAGEMENT

The processes used at Ebro Group's production plants in both the rice and pasta divisions are relatively simple agri-food processes that do not generate any major environmental impacts and entail a minimal risk of accidental pollution. The most significant environmental risks relating to the Ebro Group can be classified as follows:

- Air emissions: Mainly emissions of particles during the handling of cereals (rice and wheat) and greenhouse gas (GHG) emissions related to energy consumption, fossil fuels and electricity. The most widely used fuel is natural gas.
- Production processes: Essentially mechanical and hydrothermal, requiring the use of very few chemical products and in very small quantities. Most of these products are used to clean the equipment and cleanse the raw materials and are relatively harmless for the environment.
- Water consumption: The amount of water used in our processes is very small (the vast majority of our products are dry) so the volume of effluent generated is also small. Moreover, the little effluent produced has a low level of contamination since the water consumed is basically used to produce steam, for cooling or as an ingredient in the finished products.
- Waste generation and management: The Ebro Group generates minimal amounts of waste, both non-hazardous (mainly packaging of ingredients and ancillary materials) and hazardous (maintenance operations).

To minimise these impacts, Ebro Foods upholds protection of the environment as one of the basic principles of our activities and implements the necessary tools, measures and means in its companies to guarantee that protection. The Ebro Group takes measures to:

- Ensure that its companies comply with the environmental laws applicable to their respective activities by implementing internal management systems and monitoring the applicable laws and regulations.
- Minimise the environmental impact of its activity by seeking eco-friendly solutions and continually embarking on initiatives to reduce its emissions and waste generation and optimise its consumption of water, energy and packaging material.
- Manage all its waste adequately and safely, encouraging recycling and reuse. Use recycled raw materials and/or those respectful of the environment, whenever possible.
- Organise environmental awareness and training programmes for employees.

RESOURCES DEDICATED TO ENVIRONMENTAL RISK PREVENTION

Fifteen of the 28 companies covered by this report have reported investments in measures to reduce / optimise energy consumption, water consumption and GHG emissions.

- Mundiarroz
- Boost
- Catelli
- Celnat
- Ebrofrost North America
- Garofalo
- Herba Ricemills
- Lassie
- Lustucru
- Mundi Riso
- Panzani
- Riviana Rice
- Riviana Pasta
- Roland Monterrat
- Vegetalia

	2017	2018
Expenditure in management and control	784,096 €	677,332 €
Investment to minimise impact	2,183,094 €	2,370,949 €
TOTAL:	**2,967,190 €**	**3,048,281 €**

The investments reported here include measures to improve heat insulation, the installation of equipment to recover, reduce and optimise energy and water consumption, the installation of LED luminaires, the measurement of noise, particles emissions, and measurement and analysis of effluent.

PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

All the Group companies have taken out third party liability insurance covering any damage caused by sudden, unintentional, accidental pollution; that insurance is considered to cover any possible risks of this nature. To date there have been no significant claims for environmental issues, favourable outcomes of audits and inspections, and no allegations in the processing of Integrated Environmental Authorisations, etc.

ENVIRONMENTAL CERTIFICATION OR ASSESSMENT PROCEDURES

Total compliance with the laws and regulations applicable to its activities is a basic principle and goal in the Ebro Group environmental management. All the production plants of the Ebro Group operate under the applicable certifications, specifications and authorisations in their respective geographical areas and internally manage their environmental aspects accordingly.

NON-COMPLIANCE, FINES AND SANCTIONS [307-1])

Only Arrozeiras Mundiarroz reported a small fine in 2018 for non-compliance with environmental laws and regulations.

YEAR	COMPANY	NON-COMPLIANCE	FINE/SANCTION
2018	Arrozeiras Mundiarroz	No certificate of technical inspection to detect gas leaks in cooling equipment (Granifrigor)	€6,075

The following production plants have an environmental management system certified under UNE-EN-ISO 14.001:

YEAR	COMPANY	COUNTRY	WORKPLACE	CERTIFICATE
2018	Garofalo	Italy	Gragnano	ISO 14001
2018	Panzani	France	Littoral	ISO 14001
2018	Panzani	France	Gennevilliers	ISO 14001
2018	Panzani	France	Saint Just	ISO 14001

PRECAUTIONARY PRINCIPLE

The guidelines on which the precautionary principle are set out in the Group's Code of Conduct and CSR Policy:

- The Group declares its firm commitment to respect and preserve the environment.
- It sees that its companies comply with the environmental laws applicable to their operations and any additional commitments assumed voluntarily.
- Environmental sustainability programmes will be applied in specific matters.

CIRCULAR ECONOMY AND WASTE MANAGEMENT AND PREVENTION

In Spain, to guarantee meeting the reduction, recycling and re-use targets defined in the Packaging and Packaging Waste Act 11/97 of 24 April, the Spanish subsidiary Herba has joined Ecoembalajes España, S.A. (Ecoembes), which has the mission of designing and developing systems for selective collection and recovery of used packaging and packaging waste. Ecoembes uses the "Green Dot" (symbol that appears on the packaging) to show that the packager of the product has paid a sum of money for each package put on the market.

Both the rice companies and the head offices of Ebro Foods have signed agreements with companies similar to Ecoembes for the destruction of paper and other data carriers. With these agreements, apart from complying with the Data Protection Act, they guarantee a sustainable management of the documentation through the undertaking by these companies to recycle the material.

We are analysing our contribution to CEFLEX, the collaborative initiative of a European consortium of companies and associations representing the entire value chain of flexible packaging. The CEFLEX Mission is to further enhance the performance of flexible packaging in the circular economy by designing and advancing better system solutions identified through the collaboration of companies representing the entire value chain.

ACTIONS TO COMBAT FOOD WASTE

The main internal policy for food surplus within the Group (defining surplus as products suitable for consumption but which, for different reasons -such as packaging defects, being close to their use-by date, etc.- are not suitable for sale to consumers) is donation to the closest food banks.

They Ebro Group also participates actively in the programme "Don't waste food", a collaborative initiative to reduce food waste, led by AECOC, the association of large consumer companies.

The three principal objectives of the project are to:

- Establish prevention and efficiency practices throughout the food chain to reduce waste
- Maximise use of the surplus produced in different stages of the value chain (redistribution, reuse and recycling)
- Make society aware of this problem and the need to reduce food waste.

The initiative is supported by over 350 manufacturers and distributors in the large consumer sector, logistics and haulage operators, business associations, consumer organisations and institutions and is coordinated by AECOC.

The programme aims to inform people about the efforts being made by companies to prevent food waste and promote enhanced collaboration to gradually reduce the problem. Every year some 7.7 million tonnes of food is wasted in Spain. Therefore, the *"Don't waste food"* programme aims to make consumers throughout the world aware of the problems of food waste and get them to participate in the initiative, encouraging them to collaborate in order to reduce the waste generated by each person.

MEASURES FOR WASTE PREVENTION, RECYCLING, REUSE AND OTHER FORMS OF RECOVERY AND ELIMINATION

All the companies in our Group have contracted the management of hazardous and non- hazardous waste to authorised waste disposal contractors.

Some of the Group's rice companies use the husk from their manufacturing processes as a source of renewable energy. In 2018, Ebro India, Mundi Riso, Herba Ricemills and Vegetalia reported husk consumption as a source for generating heat energy.

Moreover, in 2019 Herba Ricemills, in alliance with other companies, is going to present a project in the LIFE Programme aiming to reuse rice husk and straw within the concept of circular economy, using a technological solution to create a new fireproof material or compound, with heat and sound insulating properties, that can be sold and used.

WATER DISCHARGE [306-1]

WATER DISCHARGE (M^3)	2017	2018
Sewage	568,315	76,598
Process water	1,879,317	2,385,391
TOTAL WATER DISCHARGE	**2,447,632**	**2,461,989**

DESTINATION INDUSTRIAL EFFLUENT (M^3)	2017	2018
Sewerage system or treatment facility	1,242,789	2,311,010
Inland waters	107,512	15,889
Marine waters	0	58492
TOTAL	**1,350,301**	**2,385,391**

WASTE GENERATION [306-2]

All the hazardous waste is transferred to authorised waste disposal contractors for treatment according to the laws in place in each region.

Non-hazardous waste is separated by type and also handled by authorised waste disposal contractors, favouring recycling and reuse whenever possible.

WASTE (T)	2017	2018
Hazardous	40	7,238
Non-hazardous	31,891	37,240
TOTAL WASTE	**31,932**	**44,477**

NON-HAZARDOUS WASTE (T)	2017	2018
Recycling	9,743	11,650
Reuse	1,070	3,567
Landfill	9,509	9,953
Composting	1,607	1,954
Incineration	2,654	3,696
Other	5,660	3,318
TOTAL NON-HAZARDOUS WASTE	**30,243**	**34,137**

HAZARDOUS WASTE (T)	2017	2018
Recycling	0	7,035
Solidification & stabilization	0	5
Incineration	0	78
Pyrolysis	0	0
Landfill	0	1
Other	0	106
TOTAL HAZARDOUS WASTE	**0**	**7,225**

SIGNIFICANT SPILLS [306-3]

No spills occurred in 2018.

SUSTAINABLE USE OF RESOURCES

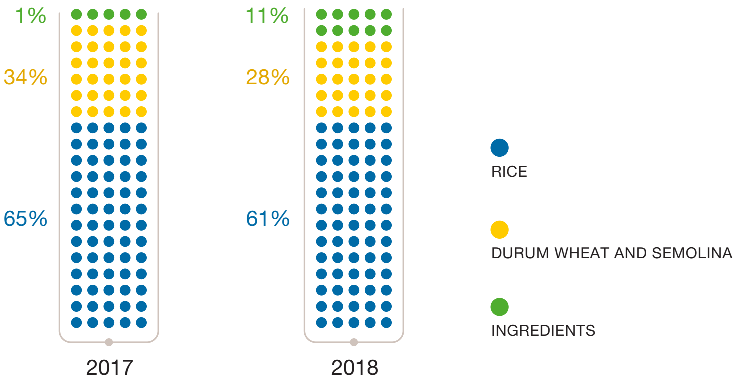
RAW MATERIALS [301-1]

The raw materials used are divided into two major categories, those used in the preparation of finished goods and the packaging materials

The raw materials used in finished goods are divided into two categories.

- Agricultural: rice, durum wheat and quinoa
- Processed: ingredients (ready-to-serve)

RAW MATERIALS FOR PRODUCT (T)	2017	2018
Rice	1,974,151	1,774,534
Durum wheat and semolina	1,026,675	799,946
Quinoa	3,091	4,164
Ingredients	44,414	325,108
TOTAL	**3,048,331**	**2,903,752**



The packaging materials for finished products are mainly paper, cardboard and plastic.

INPUT MATERIALS FOR PACKAGING (T)	2017	2018
Paper	16,197	17,825
Cardboard	42,761	44,661
Plastic	17,424	46,144
Others	1,246	2,321
TOTAL	**77,628**	**110,951**

RECYCLED PACKAGING MATERIALS [301-2]

The recycled input materials used for packaging set out below are partial, since this indicator has not been reported globally by all the European companies (the North American companies have provided this information).

RECYCLED INPUT MATERIALS IN PACKAGING (T)	2017	2018
Recycled paper	3,839	2,212
Recycled cardboard	17,055	16,820
Recycled plastic	715	216
TOTAL	**21,609**	**19,248**

ENERGY CONSUMPTION [302-1]

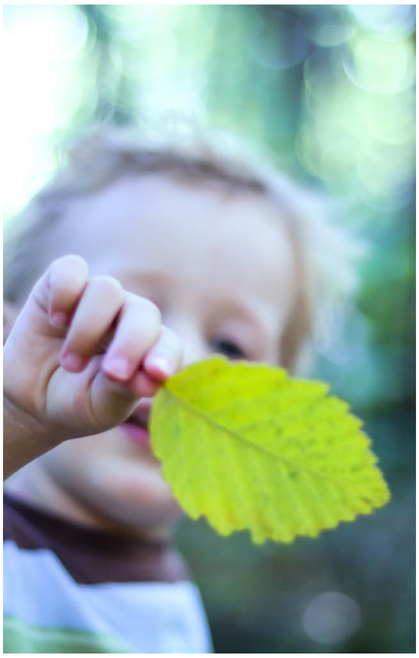
The total energy consumption for the Ebro Group is shown below:

DIRECT CONSUMPTION

CONSUMPTION NON-RENEWABLE ENERGY SOURCES (GJ)	2017	2018
Natural Gas	3,327,082	3,268,551
Others	65,935	53,460
TOTAL	**3,393,017**	**3,322,011**

CONSUMPTION RENEWABLE ENERGY SOURCES (GJ)	2017	2018
Biomass	118,424	93,146
Total	118,424	93,146
TOTAL DIRECT CONSUMPTION	**3,511,442**	**3,415,157**

Biomass: is exclusively rice husk, a by-product of our industrial processes.

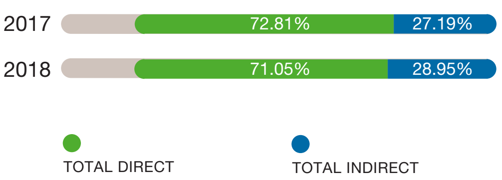


INDIRECT CONSUMPTION

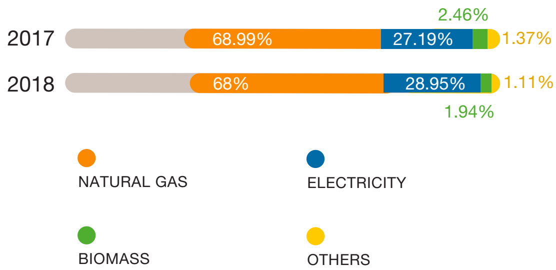
INTERMEDIATE ENERGY ACQUIRED AND CONSUMED (GJ)	2017	2018
Electricity	1,311,458	1,391,809
TOTAL INDIRECT CONSUMPTION	**1,311,458**	**1,391,809**

TOTAL ENERGY CONSUMPTION (GJ)	2017	2018
TOTAL	**4,822,900**	**4,806,966**

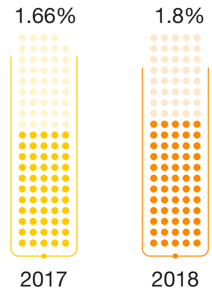
ENERGY CONSUMPTION / DIRECT & INDIRECT



ENERGY CONSUMPTION PER SOURCE



ENERGY INTENSITY [302-3]



RAW MATERIALS PRODUCT (T)	2017	2018
Total produced (t)	2,912,525	2,671,856
Total energy consumed (GJ)	4,822,900	4,806,966
ENERGY INTENSITY (GJ/T PRODUCT)	**1,66**	**1,80**

REDUCTION OF ENERGY CONSUMPTION [302-4]

Four group companies developed different initiatives in 2018 to reduce their energy consumption, by a total of €296,812.

COMPANY	INITIATIVE	COST (€)
BOOST NUTRITION	Luminaires	4,000 €
MUNDIRISO	Biomass boiler	52,380 €
PANZANI	Capacitor	30,000 €
PANZANI	Thermal insulation	125,346 €
PANZANI	Installation LED luminaires	44,000 €
RIVIANA PASTA	Installation LED luminaires (Fresno)	41,086 €
TOTAL		**296,812 €**

WATER CONSUMPTION [303-1]

TOTAL VOLUME OF WATER WITHDRAWN (M³)	2017	2018
Tap water	3,310,017	2,843,088
Groundwater	242,308	902,660
TOTAL INDUSTRIAL PROCESSES	**3,552,324**	**3,745,748**
Surface water	17,340,000	16,150,000
Total water withdrawn	20,892,324	19,895,748

The surface water was not withdrawn for our industrial activity but the agricultural activity performed by the subsidiary Rivera del Arroz in Morocco.

	2017	2018
Groundwater	1.2%	4.5%
Surface water	83.0%	81.2%
Tap water	15.8%	14.3%

TOTAL WATER CONSUMPTION

WATER RECYCLED AND REUSED [303-3]

TOTAL VOLUME OF WATER RECYCLED AND REUSED (M³)	2017	2018
Recycled water	455,417	400,054
Reused water	53,681	0
TOTAL	**509,098**	**400,054**

% WATER RECYCLED & REUSED / GLOBAL CONSUMPTION	2017	2018
Recycled water	2.18%	2.01%
Reused water	0.26%	0.00%
TOTAL	**2.44%**	**2.01%**

CLIMATE CHANGE AND PROTECTION OF BIODIVERSITY

The Ebro Group takes an active approach to the promotion and investigation of environmentally sustainable growing techniques for application in the production of its principal agricultural raw materials (rice, durum wheat and tomatoes) and to contribute towards greater preservation of the environment, biodiversity and mitigation of climate change by applying growing techniques to reduce crop emissions. This work is done through own initiatives and specific collaborations with stakeholders and sectoral associations, particularly the Sustainable Agriculture Initiative Platform (SAI Platform) and the Sustainable Rice Platform.

In this context, with regard to durum wheat and tomatoes, the French subsidiary Panzani is developing the programme "Nature" with a view to changing the growing practices of the suppliers in its supply chain so that their raw materials are free from pesticide residues by 2025.

With regard to rice, the Group has continued working in collaboration with other stakeholders on the development of projects to enhance environmental sustainability and preserve biodiversity in different production areas. The most representative examples of this work are:

- "Sustainable Hom Mali Rice programme": Our subsidiary Herba Bangkok, Mars Food, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Thai Rice Department have jointly created an innovative programme to improve the economic viability of 1,200 Thai rice growers and develop high quality, sustainable Hom Mali rice (Jazmine rice) using a Climate-Smart system to mitigate climate change in the province of Roi Et. This programme will be developed over a period of two and a half years, from 2018 to 2020.
- Biodiversity in the Ebro Delta: Through the collaboration of Ebro Foods and Kellogg with the Institute for Research and Technology in Food and Agriculture (IRTA), biodiversity management was studied for the benefit of the rice crop and its sustainability in the Ebro Delta. The IRTA researchers made this analysis with active collaboration from growers, along with sector and environmental experts, to identify the best measures to protect biodiversity in the paddy fields while assisting growers. They took into account agricultural, environmental, economic and social factors. The study concluded that the measures most highly valued by the agricultural community and most effective in in enhancing biodiversity in this region were to plant yellow flag to maintain the stability of the drainage channels and increase the bat population by installing artificial roosts (bat boxes) to improve pest control.
- "Oryzonte" Programme: This project, developed at the Guadalquivir Marshes (Seville) together with Mars Food and Danone, works on three core areas:

  1. Good growing practices: training of growers in eco-friendly growing practices, such as the enhanced use of fertilizers and chemical products
  2. Reduction of water consumption and GHG emissions
  3. Biodiversity: the project will foster the implementation of measures to enhance biodiversity at the Seville rice farms, with demonstration fields and training activities.

The Ebro Group is also a member of the Climate Change Cluster promoted by Forética (www.foretica.org). In that Cluster, a group of large companies work together to lead the strategic positioning addressing climate change in the business agenda, discuss and exchange views and good practices, be part of the global debate and become key players in the decisions made at the administrative level.

Moreover, within our commitment to the rest of our value chain, in 2016 we started using the Sedex platform as a management tool, a programme to monitor the environmental (social and governance) -ESG- performance of our industrial suppliers through ethics audits and collaboration with them where necessary to enhance their environmental practices. During 2018 we continued working on the engagement stage, explaining our initiative to suppliers and asking them to register with SEDEX to assess their CSR performance. When this stage is concluded, we will make a risk analysis to define priorities for the ethics audit plan to be developed (last stage).

OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS OR AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS [304-1]

Of our 63 production plants, only the Riviana rice plant in Freeport, Texas is adjacent to a wetland with protected area status, Brazos River.

SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY [304-2]

There have been no impacts in any areas considered of high biodiversity value.

HABITATS PROTECTED OR RESTORED [304-3]

No restoration measures have been implemented in protected habitats.

WATER SOURCES SIGNIFICANTLY AFFECTED BY WATER WITHDRAWAL [303-2]

There has been no impact on water bodies or habitats of high biodiversity value.

SIGNIFICANT SPILLS [306-3] AND WATER BODIES AFFECTED BY WATER DISCHARGES AND/OR RUNOFF [306-5]

There have been no significant spills or any impact on habitats of high biodiversity value.

POLLUTION

In 2016, Herba Ricemills obtained the Environmental Product Declaration (EPD) Certificate for its 1 kg packs of SOS short-grain and long-grain rice. This environmental declaration was prepared following the methodology of product Life Cycle Assessment (LCA), including the entire production chain from the rice growing, industrial phase and distribution of the packaged product, its use for human consumption and final disposal of the material.

The LCA study is based on the following ISO standards and product category rule indicated below:

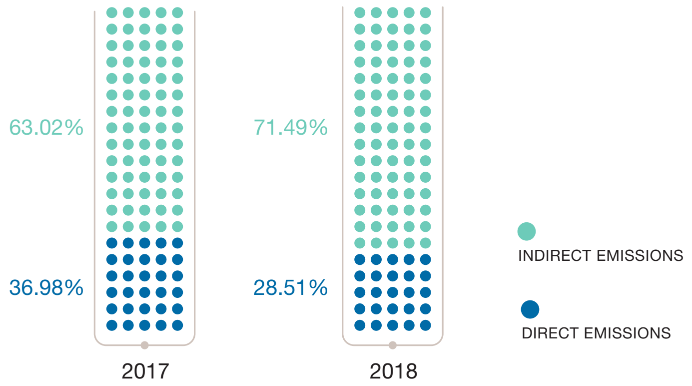
- ISO 14040:2006 - Environmental management - Life cycle assessment - Principles and framework
- ISO 14044:2006 - Environmental management - Life cycle assessment - Requirements and guidelines
- ISO 14025:2006 - Environmental labels and declarations - Type III environmental declarations - Principles and procedures
- PCR: 2013:04 v 1.02; UN CPC 231, GRAIN MILL PRODUCTS; version 1.02.

The LCA revealed that the stages with the greatest environmental impact as regards greenhouse gas emissions are the agricultural stage (45-54%) and the use and final disposal of the product (33-36%), the industrial stage being the one with the least environmental impact (10-17%).

DIRECT AND INDIRECT GHG EMISSIONS (SCOPES 1 AND 2) [305-1 / 305-2]

GHG EMISSIONS (T CO_2-EQ)	2017	2018
Direct emissions	191,256	186,993
Indirect emissions	325,979	468,782
TOTAL EMISSIONS	**517,234**	**655,775**

GHG EMISSIONS (T CO_2-eq)



OTHER INDIRECT GHG EMISSIONS (SCOPE 3) [305-3]

In 2015, the rice division of Ebro Foods contracted its main shipping service provider, EccoFreight, to calculate the carbon footprint of shipping our raw materials and products.

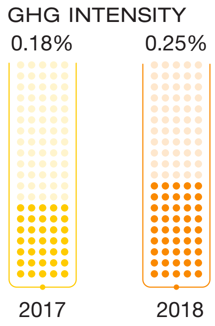
This calculation is made using the tool Eccoprint developed by EccoFreight and has a gate-to-gate scope, including the transport (by rail and/or road) from the source plant to the port of departure and from the port of arrival to our plants.

In 2018, EccoFreight handled 74% of the shipments managed by Herba Ricemills for the entire Group, with 202,790 tonnes shipped (11,218 TEUs) and the GHG emissions totalled 33.894 t of CO_2 eq. These emissions are not counted to calculate the indicator 305-3.

Moreover, in 2017 Ebro Foods started using the Cool Farm Tool predictive model of Cool Farm Alliance, of which it is a member, to estimate the GHG emissions generated in the production of its agricultural produce, which account for over 50% of the carbon footprint of its products in the case of rice.

GHG EMISSIONS INTENSITY [305-4]

	2017	2018
Total produced (t)	2,912,525	2,671,856
Total GHG emissions (t CO_2-eq)	517,234	655,775
GHG emissions intensity (t CO_2-eq/t product)	0,18	0,25



EMISSIONS OF OZONE-DEPLETING SUBSTANCES [305-6]

We are analysing the materiality of this indicator. So far, we only have partial data for some plants, so it will not be reported this year.

NOx, SOx AND OTHER SIGNIFICANT AIR EMISSIONS [305-7]

We are analysing the materiality of this indicator. So far, we only have partial data for some plants, so it will not be reported this year.

GREENHOUSE GAS REDUCTION GOALS

At the end of 2018, the Ebro Group drew up its Global Sustainability Plan 2030, defining three work packages, one of which corresponds to reduction of our environmental impact.

Based on this Global Sustainability Plan, the Group companies will work on their individual goals during the coming year.

WORK PACKAGES AND AREAS OF ACTION

ANNEX: Index of contents required by Act 11/2018 of 28 December amending the Commercial Code, the recast Corporate Enterprises Act approved by Legislative Royal Decree 1/2010 of 2 July, and the Audit Act 22/2015 of 20 July, regarding the disclosure of non- financial and diversity information

General areas

AREA		REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
Business model	**Description of the business model:** ◗ Business environment ◗ Organisation and structure ◗ Markets in which it operates ◗ Objectives and strategies ◗ Principal factors and trends that may affect its future evolution	102-2, 102-7, 102-3, 102-4, 102-6, 102-15	7-11 18-22	
General	Mention in the report of the national, European or international **reporting framework** used to select the key non- financial performance indicators included in each section. If the company complies with the non- financial reporting act by issuing a **separate report**, it must expressly state that said information forms part of the management report.	102-54	2	
Management focus	**Description of the policies** applied by the group in respect of these matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of material risks and impacts and those of verification and control, including the measures implemented.	103-1 103-2	12-17	
	The **results of those policies**, including the relevant key non-financial performance indicators enabling the monitoring and assessment of progress and favouring comparison between companies and sectors, according to the national, European or international frameworks used.	103-2 103-3	14-15	
	The main risks related with those issues linked to the group's activities, including, where necessary and proportional, its commercial relations, products or services that may have an adverse effect on those areas and how the company manages those risks, explaining the procedures followed to detect and assess them in accordance with the national, European or international frameworks for each area. This should include information on the impacts detected, giving a breakdown, particularly regarding the main risks in the short, medium and long term.	102-15	18-22	

Environmental aspects

AREA		REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
MANAGEMENT FOCUS				
Environmental management	**Existing and foreseeable effects** of the company's activities	Internal framework: internal procedures, Code of Conduct, GRI 307-1	53-54	
	Environmental **certification or assessment procedures**	ISO 14001	56	
	Resources employed for preventing environmental risks	Internal framework: Accounting	55	
	Application of the **precautionary principle**	GRI 102-11	56	
	Quantity of **provisions and guarantees** for environmental risks	Internal framework: Insurance policy for third-party liability and accidental pollution damage	55	
Pollution	**Measures** to prevent, reduce or remedy carbon emissions (including noise and light pollution)	GRI 305-1, 305-2, 305-3, 305-6, 305-7	67-69	
Circular economy and waste management and prevention	**Measures** for waste prevention, recycling, reuse and other forms of recovery and elimination	GRI 301-2, 301-3, 306-1, 306-2	57-59	
	Actions to combat food waste	Internal framework: donations to food banks	58	
Sustainable use of resources	**Water consumption** and water supply within local limits	GRI 303-1	64-65	
	Consumption of raw materials	GRI 301-1, 301-2	60-61	
	Measures taken to make the use of water more efficient	GRI 302-4	63	
	Direct and indirect energy **consumption**	GRI 302-1, 302-2, 302-3	61-63	
	Measures implemented to enhance energy efficiency	GRI 302-4	63	
	Use of renewable energies	GRI 302-1	61	
Climate change	Important **elements** of the GHG emissions generated	GRI 305-1, 305-2, 305-3	67-68	
	Measures taken to adapt to the consequences of climate change	Internal framework: sustainable agriculture projects	65-70	
	Reduction **goals** established voluntarily	GRI 305-5, 301-1	69-70	
Protection of biodiversity	**Measures** taken to preserve or restore biodiversity	GRI 304-3	65-67	
	Impacts caused by activities or operations in protected areas	GRI 303-2 ,304-2, 306-5	67	

Social and employee aspects

AREA		REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
MANAGEMENT FOCUS				
Employment	Total **number** and distribution of employees by gender, age, country and professional category	GRI 405-1	29-31	
	Total **number** and distribution of types of employment contract	GRI 401-1	31	
	Annual **average** of permanent, temporary and part-time contracts by gender, age and professional category	GRI 401-1, 405-1	31-32	The average contracts by professional category is not reported, as that detail is not characterised in the reporting tool. It will be included next year
	Number of dismissals by gender, age and professional category	GRI 401-1	32	
	Pay gap	GRI 405-2	37-40	
	Average **remuneration** by gender, age and professional category	GRI 405-2	38-39	The average by age is not reported, as that detail is not characterised in the reporting tool. It will be included next year
	Average **remuneration** of directors by gender	GRI 102-35	39-40	
	Average **remuneration** of executives by gender	GRI 102-35	40	
	Implementation of **policies** on disconnection from work		29	There are no policies on disconnection from work
	Employees with disability	GRI 405-1	37	
Organisation of work	**Organisation** of working time	GRI 401-2, 401-3	33	
	Number of hours absenteeism	GRI 403-2	33	
	Measures to facilitate work-life balance and responsible joint exercise of those measures by both parents	GRI 401-2, 401-3	33	

Social and employee aspects

AREA		REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
MANAGEMENT FOCUS				
Health and safety	**Conditions** of health and safety at work	GRI 403-1, 403-2, 403-3, 403-4	34	
	Number of occupational injuries and disease by gender, frequency rate and severity by gender	GRI 403-2, 403-3	34-35	
Labour relations	**Organisation** of social dialogue	GRI 402-1, 403-1, 403-4	34-35	
	Percentage of employees covered by collective agreements by country	GRI 102-41	35	
	Balance of collective agreements, particularly in the area of health and safety at work	GRI 102-41, 403-4	34	
Training	**Policies** implemented in the training area	GRI 404-2	35	
	Total **hours** training by professional category	GRI 404-1	36	
Universal accessibility by persons with disability		GRI 405-1	36-37	
Equality	**Measures** implemented to promote equal treatment and opportunities between women and men	GRI 401-3, 405-1, 405-2	36	
	Equality plans Measures taken to promote employment, protocols against sexual and gender-related harassment	GRI 103-2, 405-1	36	
	Integration and universal accessibility of persons with different abilities	GRI 405-1	36-37	
	Policy against all forms of discrimination and, where appropriate, diversity management	GRI 103-2, 406-1	23	

Information on respect for human rights

AREA	REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
MANAGEMENT FOCUS			
Application of due diligence procedures in respect of human rights	GRI 103-2, 412-2	23	
Prevention of the risks of violating human rights and, where necessary, **measures** to mitigate, manage and redress possible abuse committed	GRI 412-2	23-24	
Complaints of violation of human rights	GRI 406-1	23-24	
Promotion and compliance with the ILO fundamental conventions related with respect for the freedom of association and right to collective bargaining, elimination of discrimination in employment and occupation, elimination of forced or mandatory labour and effective abolition of child labour	GRI 405-1, 407-1 , 408-1, 409-1, 410-1	23	

Information on anti-corruption and bribery

AREA	REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
MANAGEMENT FOCUS			
Anti-corruption and bribery **measures**	GRI 205-1, 205-2, 419-1	25-26	
Anti-money laundering **measures**	GRI 205-2, 419-1	27	
Contributions to foundations and not-for-profit entities	GRI 201-1, 413-1	41, 43-46	

Information on the company

AREA		REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
MANAGEMENT FOCUS				
Company's commitments to sustainable development	**Impact** of the company's activities on local development and employment	GRI 102-42, 102-43	41, 43-46	
	Impact of the company's activities on local populations and region	GRI 411-1, 413-2	41, 43-46	
	Relations with local communities and forms of dialogue with them	GRI 102-43	43-46	
	Association or sponsorship **actions**	GRI 203-1, 102-12, 102-16, 102-13	43-46	
Outsourcing and suppliers	**Inclusion** in the procurement policy of social, gender equality and environmental issues	GRI 102-9, 308-1, 414-1	47	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9, 414-2	47	
	Supervision and audit **systems** and results	GRI 308-2, 407-1, 408-1, 409-1	47-48	
Consumers	**Measures** to guarantee consumer health and safety	GRI 416-1	49-50	
	Grievance **systems**	GRI 416-2, 418-1	50-51	
	Complaints received and solution provided	GRI 103-2, 416-2, 417-2	51-52	
Tax information	**Profit** obtained, country by country	GRI 201-1	42	
	Corporate income **tax** paid	Internal framework: Tax and Finance Departments	42	
	Government **grants** received	GRI 201-4	42	

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIALSTATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

To the Shareholders of EBRO FOODS, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2018, of EBRO Foods S.A. and subsidiaries (hereinafter, the Group), which is part of the Director's Report of the Group.

The content of the NFS includes information additional to that required by current mercantile regulations regarding non-financial information that has not been the object of our verification work. In this sense, our work has been limited exclusively to the verification of the information identified in the table "Index of contents required under Law 11/2018" included in the attached NSF.

Responsibility of the Directors

The Board of Directors of EBRO FOODS, S.A. is responsible for the approval and content of the NFS included in the Director's Report of EBRO FOODS, S.A. The NFS has been prepared in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in the section: "Table of contents required under Law 11/2018 of December 28 on disclosure of nonfinancial and diversity information", included in the aforementioned Statement.

The directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

EBRO FOODS, S.A. administrators are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control procedures

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, that refers exclusively to 2018. Information on prior years was not subject to the verification required by prevailing mercantile regulations. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guide for Non-Financial Statement verification engagements, issued by the Spanish Institute of Chartered accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analyzing the scope, relevance and integrity of the content included in the NFS based on the materiality analysis made by the Group and described in the section "The Organization of EBRO FOODS GROUP", considering the content required by prevailing mercantile regulations.
- Analyzing the processes for gathering and validating the data included in the 2018 Non-Financial Statement.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS.
- Checking, through tests, based on a selection of a sample, the information related to the content of the 2018 NFS and its correct compilation from the data provided.
- Obtaining a representation letter from the Directors and Management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter came to our attention that would lead us to believe that the 2018 NFS of the Group has not been prepared, in all material respects, in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in the section: "Table of contents required under Law 11/2018 of December 28 on disclosure of non-financial and diversity information", included in the aforementioned Statement.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

____
Alberto Castilla Vida

April 1, 2019

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

CNMV COMISIÓN NACIONAL DEL MERCADO DE VALORES

DETAILS OF ISSUER

Year Ended: [31/12/2018]

Tax Registration Number: [A47412333]

Name:

[**EBRO FOODS, S.A.**]

Registered Office:

[PASEO DE LA CASTELLANA 20 - 3rd AND 4th FLOORS - MADRID]

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

[ ] Yes
[√] No

A.2. Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Interest / total voting rights (%)
	Direct	Indirect	Direct	Indirect	
SOCIEDAD ANÓNIMA DAMM	0.00	11.69	0.00	0.00	11.69
CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	0.00	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0.00	10.36	0.00	0.00	10.36

Details of indirect holdings:

Name of indirect holder	Name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	Interest / total voting rights (%)
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	10.36	0.00	10.36

Indicate the principal movements in the shareholding structure during the year:

Principal movements
In October 2018 the interest held by José Ignacio Comenge Sánchez-Real exceeded the 3% threshold.

A.3. Complete the following tables on board members with voting rights in the company:

Name of director	% voting rights attributed to shares		% voting rights through financial instruments		% total voting rights	% voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
BELÉN BARREIRO PÉREZ- PARDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEMETRIO CARCELLER ARCE	0.00	0.10	0.00	0.00	0.10	0.00	0.00
ANTONIO HERNÁNDEZ CALLEJAS	0.00	0.11	0.00	0.00	0.11	0.00	0.00
PEDRO ANTONIO ZORRERO CAMAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FERNANDO CASTELLÓ CLEMENTE	1.50	0.00	0.00	0.00	1.50	0.00	0.00
MARÍA CARCELLER ARCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MERCEDES COSTA GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	0.00	3.64	0.00	0.00	3.64	0.00	0.00
CORPORACIÓN FINANCIERA ALBA, S.A.	14.00	0.00	0.00	0.00	14.00	0.00	0.00
ALIMENTOS Y ACEITES, S.A.	10.36	0.00	0.00	0.00	10.36	0.00	0.00
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7.83	0.00	0.00	0.00	7.83	0.00	0.00
GRUPO TRADIFÍN, S.L.	7.96	0.00	0.00	0.00	7.96	5.28	0.00
HERCALIANZ INVESTING GROUP, S.L.	7.96	0.00	0.00	0.00	7.96	3.02	0.00

Total % of voting rights held by board members	53.37

Details of indirect holdings:

Name of director	Name of direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights	% voting rights that may be transferred through financial instruments
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	0.05	0.00	0.05	0.00
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	0.06	0.00	0.06	0.00
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	3.64	0.00	3.64	0.00
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	0.10	0.00	0.10	0.00

A.4. Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, save any that are insignificant or deriving from ordinary commercial business, except those reported in A.6:

Name of related party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM, CORPORACIÓN ECONÓMICA DELTA, S.A.	Corporate	Sociedad Anónima Damm holds a direct interest of 99.99% in Corporación Económica Delta, S.A.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES, ALIMENTOS Y ACEITES, S.A.	Corporate	Sociedad Estatal de Participaciones Industriales holds a direct interest of 91.9625% in Alimentos y Aceites, S.A.

A.5. Describe the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Name of related party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM	Commercial	During 2018, Herba Ricemills, S.L.U. (a subsidiary of the Ebro Foods Group) sold rice and rice by-products on arm's length terms to Estrella de Levante, S.A. and Cía Cervecera Damm, S.A. (subsidiaries of the significant shareholder Sociedad Anónima Damm). See in this respect the information on related party transactions in section D.2 of this Report.

Name of related party	Type of relationship	Brief description
GRUPO TRADIFÍN, S.L.	Commercial	During 2018, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several commercial transactions (mainly purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
GRUPO TRADIFÍN, S.L.	Contractual	During 2018, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Commercial	During 2018, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several commercial transactions (mainly purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Contractual	During 2018, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.

A.6. Describe the relationships, save any that are insignificant for both parties, between the significant shareholders or those represented on the board and the directors, or their representatives in the case of corporate directors.

Explain how the significant shareholders are represented, where appropriate. Indicate specifically any directors appointed on behalf of significant shareholders, those whose appointments have been promoted by significant shareholders or who are related to significant shareholders and/or companies in their respective groups, specifying the nature of those relationships. In particular, indicate the existence, identity and office of board members or representatives of directors of the listed company, if any, who are also directors or representatives of directors in companies holding significant interests in the listed company or in companies of its group:

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	The Director Corporación Financiera Alba, S.A. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Javier Fernández Alonso, is also a Director of Inversiones de Corporación Financiera Alba, S.A.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	The Director Grupo Tradifín, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Blanca Hernández Rodríguez, is Managing Director of Grupo Tradifín, S.L.
HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	The Director Hercalianz Investing Group, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Félix Hernández Callejas, is Joint and Several Director of Hercalianz Investing Group, S.L.
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	The Director Empresas Comerciales e Industriales Valencianas, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Javier Gómez-Trenor Vergés, is Chairman of the Board of Directors of Empresas Comerciales e Industriales Valencianas, S.L.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
ALIMENTOS Y ACEITES, S.A.	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	The Director Alimentos y Aceites, S.A. is a significant shareholder of Ebro Foods, S.A. and Sociedad Estatal de Participaciones Industriales has a direct interest of 91.9625% in its capital. Its representative on the Board of Directors, Concepción Ordíz Fuertes, is Company Secretary, Secretary of the Board and Legal Counsel of Sociedad Estatal de Participaciones Industriales.
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The Director Demetrio Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. Demetrio Carceller Arce is Executive Chairman on the Board of Directors of Sociedad Anónima Damm and Corporación Económica Delta, S.A.
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The Director María Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. María Carceller Arce is the representative of the Director Seegrund BV on the Board of Directors of Sociedad Anónima Damm and Corporación Económica Delta, S.A.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	The Director José Ignacio Comenge Sánchez-Real is a significant shareholder of Ebro Foods, S.A., directly and indirectly through La Fuente Salada, S.L., of which he is the Sole Director. Mr Comenge Sánchez Real is the direct holder of 100% of the capital of Mendibea 2002, S.L. and Sole Director of that company, which in turn directly holds 100% of the capital of La Fuente Salada, S.L.

- Antonio Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Hercalianz Investing Group, S.L. holds in Ebro Foods, S.A. Antonio Hernández Callejas does not hold any office in that company.

- Félix Hernández Callejas, representative of Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.333% in Hercalianz Investing Group, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Hercalianz Investing Group, S.L. holds in Ebro Foods, S.A.

- Blanca Hernández Rodríguez, representative of Grupo Tradifín, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.25% in Grupo Tradifín, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Grupo Tradifín, S.L. holds in Ebro Foods, S.A.

- Javier Gómez-Trenor Vergés, representative of Empresas Comerciales e Industriales Valencianas, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 16.63% in Empresas Comerciales e Industriales Valencianas, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.83% that Empresas Comerciales e Industriales Valencianas, S.L. holds in Ebro Foods, S.A.

- Demetrio Carceller Arce has a 0.875% interest in Sociedad Anónima Damm and, consequently, an indirect interest in Ebro Foods, S.A. through the indirect interest of 11.69% held by that company, through Corporación Económica Delta, S.A., in Ebro Foods, S.A.

- María Carceller Arce has a 0.05% interest in Sociedad Anónima Damm and, consequently, an indirect interest in Ebro Foods, S.A. through the indirect interest of 11.69% held by that company, through Corporación Económica Delta, S.A., in Ebro Foods, S.A.

A.7. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to sections 530 and 531 of the Corporate Enterprises Act. If any, describe them briefly and list the shareholders bound by the agreement:

[ ] Yes
[√] No

Indicate and describe any concerted actions among company shareholders of which the company is aware:

[ ] Yes
[√] No

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year:

A.8. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 5 of the Securities Market Act and identify it/them if appropriate:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
		0.00

(*) Through:

Name of direct holder of the interest	Number of direct shares
No details	

A.10. Indicate the term and conditions of the authorisation granted by the general meeting to the board to issue, buy or sell own shares:

The Annual General Meeting of Shareholders held on second call on 3 June 2015 resolved, under item twelve on the agenda, to authorise the Board of Directors to buy back own shares and reduce the Company's capital and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in law.

a. Conditions of the authorisation

To authorise the Board of Directors, with the power to delegate, to buy back shares in Ebro Foods, S.A., directly or through its subsidiaries, by purchase, swap or under any other title and on one or several occasions, on the terms and conditions established in sections 146 et seq and sections 509 et seq of the Corporate Enterprises Act, and the following conditions:

- The par value of the shares purchased directly or indirectly, together with those already held by the Company or its subsidiaries, shall not exceed 10% of the subscribed capital.

- The buy-back, when added to the shares previously acquired by the Company, or any person acting in their own name but on behalf of the Company, and held as treasury stock, shall not have the effect of reducing equity to below the amount of the capital plus the legal or restricted statutory reserves. For this purpose, equity shall be the amount considered as such according to the principles for drawing up the annual accounts, less the amount of gains attributed directly thereto, plus the amount of uncalled subscribed capital and the par value and share premium of the subscribed capital recognised in liabilities.

- The shares thus acquired shall be fully paid up.

- The cap and floor values for buy-back shall be the market value of the shares on an official secondary market at the date of buy-back and a value equivalent to the par value of the own equity instruments acquired, respectively.

b. Contents of the authorisation

- To authorise the Board, by direct resolution or delegation to the Executive Committee, or by delegation to such person or persons as the Board of Directors may authorise for this purpose, to buy back own shares to hold them in its treasury stock, dispose of them or, as the case may be, put a motion to the General Meeting for their redemption, within the legal limits and complying with the conditions established in this resolution.

This authorisation is extended to the possibility of buying back own shares for delivery, on one or several occasions, to the Company or group employees, directly or following exercise of their option rights, pursuant to section 146.1(a), third paragraph, of the Corporate Enterprises Act.

It is also extended to acquisitions of shares in Ebro Foods, S.A. by its subsidiaries.

- To authorise the Board of Directors to reduce the capital in order to redeem the own equity instruments purchased by the Company or other companies in its group against the capital (for their par value) and unrestricted reserves (for the cost of the acquisition in excess of that par value), by such amounts as it may deem fit from time to time and up to the maximum own shares held at any time.

- To delegate to the Board of Directors to implement the aforesaid resolution to reduce the capital, which it may do on one or several occasions or declare it null and void, within a period not exceeding 5 years from the date of this General Meeting (3 June 2015), taking such actions for this purpose as may be necessary or required by law.

The Board of Directors is especially authorised so that it may, within the times and limits indicated in this resolution, proceed to: (i) make or declare void the reduction of capital, naming if appropriate the specific date(s) of the transactions, taking account of any internal or external factors that may influence this decision; (ii) specify in each case the amount by which the capital is reduced; (iii) determine the destination of the amount of the reduction of capital; (iv) in each case adjust Articles 6 ("Capital") and 7 ("Shares") of the Articles of Association to reflect each new amount of capital and new number of shares; (v) apply in each case for delisting of the redeemed shares; and (vi) in general adopt such resolutions as may be considered necessary for redemption and the consequent reduction of capital, designating who is to put it on record.

c. Term of the authorisation

The authorisation contemplated in this resolution is granted for a maximum of five years from the date of the General Meeting (3 June 2015) and covers all transactions in own equity instrument made hereunder, without requiring reiteration for each acquisition made. It also covers any provisions or earmarking of reserves made in accordance with the Corporate Enterprise Act.

A.11. Estimated free float:

	%
Estimated free float	34.94

A.12. Indicate any constraints (statutory, legal or other) on the transferability of shares and/or any restrictions on voting rights. In particular, indicate the existence of any constraint or limitation that may hamper takeover of the company through the acquisition of its shares on the market, and any authorisations or prior notifications of acquisitions or transfers of the company's financial instruments required by sector laws and regulations.

[ ] Yes
[√] No

A.13. Indicate whether the general meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007.

[ ] Yes
[√] No

If yes, explain the measures approved and the terms on which the restrictions will become ineffective:

A.14. State whether the company has issued any shares that are not traded on an EU regulated market:

[ ] Yes
[√] No

If appropriate, indicate the different classes of shares and the rights and obligations conferred for each class:

B. GENERAL MEETING

B.1. Indicate whether there are any differences between the quorums established for general meetings and the minimums stipulated in the Corporate Enterprises Act and, if any, explain:

[ ] Yes
[√] No

B.2. Indicate whether there are any differences in respect of the system stipulated in the Corporate Enterprises Act for adopting corporate resolutions and, if any, explain:

[ ] Yes
[√] No

B.3. Indicate the rules for alteration of the company's articles of association. In particular, indicate the majorities stipulated for altering the articles of association and the rules, if any, protecting shareholders' rights in any alteration of the articles.

Ebro Foods, S.A. has not established any requirements for altering the Articles of Association other than those stipulated in the Corporate Enterprises Act.

B.4. Give details of attendance of general meetings held during the year of this report and the two previous years:

	Details of attendance				
Date of general meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
01/06/2016	17.73	55.85	0.00	2.21	75.79
Of which free float	0.27	16.06	0.00	2.21	18.54
01/06/2017	20.68	44.90	0.00	11.87	77.45
Of which free float	0.27	15.56	0.00	1.51	17.34
05/06/2018	39.94	27.94	0.00	11.16	79.04
Of which free float	0.19	15.91	0.00	0.80	16.90

B.5. State whether there have been any items on the agenda for the general meetings held during the year that was not approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. Are any restrictions established in the articles of association requiring a minimum number of shares to attend general meetings or for distance voting?

[ ] Yes
[√] No

B.7. State whether certain decisions other than those established by law, involving an acquisition, disposal, transfer of essential assets to another company or other similar corporate operations must be laid before the general meeting of shareholders for approval:

[ ] Yes
[√] No

B.8. Indicate the address and access to the company's website and where to find information on corporate governance and other information on general meetings that must be made available to shareholders through the company's website:

The corporate website of Ebro Foods (http://www.ebrofoods.es) is set up as a vehicle of information, continuously and permanently updated for shareholders, investors and markets in general.

In this respect, the home page includes a specific section called "Information for shareholders and investors", which contains all the information required under the applicable legal provisions.

Pursuant to current legislation, this section includes the chapter on Corporate Governance at the following address:
http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/regulations-of-the- general-meeting/

That section includes all the information that the Company makes available to shareholders for general meetings, specifically at http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/general-meeting-of-shareholders-exercise-of-the-right-to-information/ and http://www.ebrofoods.es/en/information-for- shareholders-and-investors/corporate-governance/general-shareholders-meeting-2018/. There is also a direct link to the General Meeting of this year from the home page (http://www.ebrofoods.es).

The Corporate Governance section is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders: exercise of the right to information
- General Shareholders' Meeting
- Board of Directors
- Regulations of the Board
- Annual Corporate Governance Report
- Remuneration of Directors
- Board Committees
- Internal Code of Market Conduct
- Shareholders' Forum

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of easy access, aiming to enable fast location and download of the required information.

The corporate website offers all the information in this section in Spanish and English.

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 State the maximum and minimum numbers of directors stipulated in the articles of association and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	7
Number of directors set by general meeting	13

C.1.2 Give details of the board members:

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
ANTONIO HERNÁNDEZ CALLEJAS		Executive	CHAIRMAN	24/01/2002	05/06/2018	RESOLUTION PASSED AT AGM
DEMETRIO CARCELLER ARCE		Proprietary	VICE-CHAIRMAN	01/06/2010	05/06/2018	RESOLUTION PASSED AT AGM
ALIMENTOS Y ACEITES, S.A.	CONCEPCIÓN ORDIZ FUERTES	Proprietary	DIRECTOR	23/07/2004	05/06/2018	RESOLUTION PASSED AT AGM
BELÉN BARREIRO PÉREZ-PARDO		Independent	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
MARÍA CARCELLER ARCE		Proprietary	DIRECTOR	21/03/2018	05/06/2018	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		Independent	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
JOSE IGNACIO COMENGE SÁNCHEZ- REAL		Proprietary	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM
CORPORACIÓN FINANCIERA ALBA, S.A.	JAVIER FERNÁNDEZ ALONSO	Proprietary	DIRECTOR	31/01/2018	05/06/2018	RESOLUTION PASSED AT AGM
MERCEDES COSTA GARCÍA		Independent	LEAD INDEPENDENT DIRECTOR	27/07/2016	01/06/2017	RESOLUTION PASSED AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	JAVIER GÓMEZ-TRENOR VERGÉS	Proprietary	DIRECTOR	18/12/2013	05/06/2018	RESOLUTION PASSED AT AGM
GRUPO TRADIFÍN, S.L.	MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	Proprietary	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM
HERCALIANZ INVESTING GROUP, S.L.	FÉLIX HERNÁNDEZ CALLEJAS	Executive	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM
PEDRO ANTONIO ZORRERO CAMAS		Independent	DIRECTOR	13/12/2018	13/12/2018	RESOLUTION PASSED BY BOARD

Total number of directors	13

Indicate any retirements from the board during the reporting period, through resignation, removal or whatsoever other circumstance:

Name of director	Category of director at time of retirement	Date of last appointment	Date of retirement	Specialist committees of which the director was a member	State whether retirement occurred before end of term of office
JAVIER FERNÁNDEZ ALONSO	Proprietary	01/06/2017	31/01/2018	Executive Committee and Strategy and Investment Committee	Yes
CORPORACIÓN ECONÓMICA DELTA, S.A.	Proprietary	28/06/2017	21/03/2018	None	Yes

Cause of retirement and other comments
- Javier Fernández Alonso, Proprietary Director appointed at the proposal of the significant shareholder Corporación Financiera Alba, S.A., retired at the decision of the significant shareholder, which took office as Director represented by Mr Fernández Alonso. - Corporación Económica Delta, S.A., Proprietary Director in its capacity as significant shareholder, retired at its own decision, to be replaced in office by María Carceller Arce, who had theretofore represented this Director on the Board and took up the office in her own name.

C.1.3 Complete the following tables with the details and types of the board members:

EXECUTIVE DIRECTORS		
Name of director	Position in company's organisation	Profile
ANTONIO HERNÁNDEZ CALLEJAS	Chairman	Antonio Hernández Callejas was born in Tudela (Navarre). He has a degree in Economics from the University of Seville and a diploma in Law. He began his career in 1979 in Arrocerías Herba, a rice producer founded by the Hernández family. In 2002 he was appointed Director, Vice-Chairman and member of the Executive Committee of Ebro Foods, S.A. and since then he has been a key figure in Ebro's transformation and international expansion. In 2004 he was appointed CEO of the Company and in 2005 he became Executive Chairman of the Ebro Group. Under his leadership, the Ebro Group has become number one in the rice sector and second world producer of pasta, operating in more than 70 countries in Europe, America, Africa and Asia, with a portfolio of over 80 brands. Over the course of his professional career, he has received numerous prizes and awards, such as the "Dinero" Business Awards for the best business management, Knight of the National Order of Merit of the Republic of France, Prize awarded by the Social Council of the University of Seville and the Seville Business Confederation (CES) for his Outstanding Business Career and the Gold Medal of the city of Seville. He speaks English, French and Italian.
HERCALIANZ INVESTING GROUP, S.L.	Member	Félix Hernández Callejas (representative of the Director Hercalianz Investing Group, S.L.) was born in Tudela (Navarre). He has a Law degree and extensive experience in the rice and food industry in general. He has held several executive positions and directorships in different rice companies and is currently director of several companies in the Ebro Group.

Total number of executive directors	2
% of board	15.38

With regard to the classification of Hercalianz Investing Group, S.L. as Executive Director, this Director:

(i) does not perform executive or management duties in Ebro Foods, S.A. or in any Group subsidiary, so receives no remuneration as such;

(ii) has been classified as Executive Director on the grounds that its representative on the Board of Directors of Ebro Foods, S.A. is an executive of a Group subsidiary;

(iii) holds office as a Director because it is a significant shareholder of the Company, with an interest of 7.961%. Hercalianz Investing Group, S.L. would continue to be a Director of Ebro Foods, S.A. as long as it is a significant shareholder, regardless of who is its representative and the executive position that said representative may have within the Group.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	Demetrio Carceller Arce was born in Madrid. He has a degree in Business Studies from CUNEF and a Master's in Business Administration from the University of Duke (North Carolina). He is Executive Chairman of Sociedad Anónima Damm, Chairman of Corporación Económica Delta, S.A. and Fundación Damm, Chairman of DICSA Corporación Petrolífera and Vice-Chairman and member of the Executive Committee of Sacyr, S.A.
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	María Carceller Arce was born in Madrid. She has a degree in Business Studies from the European Business School, specialising in marketing and international business, and has a postgraduate degree from IESE (Management Development Programme PDD-C). She has over 20 years' experience in national and international companies in the food and drink sector. She has been on the Food and Drink Advisory Board of the IESE Business School since 2001 and Managing Director of Grupo Rodilla since 2012. Before joining the Grupo Rodilla, she held different management positions in Pepsico and McDonald's, receiving the President Award, among others. She had previously been Manager of the Commercial and Marketing areas in different prestigious companies in the sector, such as Yoplait and Bodegas y Bebidas, S.A. She is bilingual Spanish-German and also speaks English.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	JOSE IGNACIO COMENGE SÁNCHEZ-REAL	José Ignacio Comenge Sánchez-Real was born in San Sebastián. He is an Economist and graduate in International Banking. He has a lengthy track record in business management and administration, in companies operating in different areas of the Spanish economy, including the financial, insurance, beverages and renewable energy sectors. He has been an executive and director in different financial and insurance entities, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. He is Chairman of Ball Beverage Packaging Iberica S.L. and Arbitraje&Inversiones S.L. and Director of ENCE Energía y Celulosa, S.A., CVNE, S.A. (Compañía Vinícola Nacional de España), Olive Partners, S.A., Barbosa&Almeida, S.A. Grupo Apex (Aperitivos y Extrusionados, S.A.U.) and Coca-Cola European Partners.
CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Javier Fernández Alonso (representative of the Director Corporación Financiera Alba, S.A.) was born in Bilbao. He has a degree in Business Management and Administration from Deusto University (La Comercial), specialising in Finance and graduating Cum Laude. With extensive experience in business management and administration, he is Investment Manager in Corporación Financiera Alba, S.A. He is also on the Board of Directors of Euskaltel, S.A., Parques Reunidos Servicios Centrales, S.A., Rioja Bidco Shareholding S.L., Artá Capital S.G.E.I.C., S.A. y Deyá Capital IV S.C.R., S.A. and on the Investment Committee of Artá Capital, among other responsibilities. His teaching experience includes lecturing on Advance Valuation in the MBA Deusto, Bilbao; finance lecturer at Deusto Business School on the Bancomer Summer Course on Financial Development, Management and Innovation, in Madrid; and lecturer on Corporate Finance in the preparatory course for the Certified International Investment Analyst (CIIA) examination organised by the Foundation of Financial Studies (Bolsa de Bilbao). He speaks English.
ALIMENTOS Y ACEITES, S.A.	ALIMENTOS Y ACEITES, S.A.	Concepción Ordiz Fuertes (representative of the Director Alimentos y Aceites, S.A.) was born in Oviedo (Asturias). She has a Law degree from the University of Oviedo (Miguel Traviesas Prize for the best academic record in Private Law 1987-1992) and a Master of Advanced Studies (MAS) from the Complutense University of Madrid, Dept. of Financial and Tax Law (2005). She is a State Attorney with extensive professional experience in different legal, consultancy and litigation services of the State Administration and courts. Among other activities, she was formerly a member of the General Codification Commission for the Reform of Bankruptcy Law (July 2009) and was adviser to the Ministry of Justice in the reform of Regulation (EC) 1346/2000. She is a speaker and habitual collaborator for courses run by public institutions and has published several books on legal issues. In 2010, she was awarded the San Raimundo de Peñafort Cross of Honour. She is currently Company Secretary, Secretary of the Board and Legal Counsel in Sociedad Estatal de Participaciones Industriales (SEPI). She speaks English and French.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Javier Gómez-Trenor Vergés (representative of the Director Empresas Comerciales e Industriales Valencianas, S.L.) was born in Barcelona. He has a degree in Economics and Business Studies from the University of Valencia. With ample experience in the business sector, he has held executive and director positions in several companies in the beverages, agriculture, livestock and concentrated juice sectors. At present, he is Chairman of the Board of Empresas Comerciales e Industriales Valencianas, S.L., Director of Olive Partners S.A. and administrator of several companies engaged in financial investment, real estate and agriculture.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	Blanca Hernández Rodríguez (representative of the Director Grupo Tradifín, S.L.) was born in Seville. She has a degree in Economics and Business Studies from the University of Seville, a degree in Humanities from the European University of Madrid and a Master of Finance from CUNEF. She has extensive experience in the financial sector and currently chairs the Ebro Foods Foundation.

Total number of proprietary directors	7
% of board	53.85

José Ignacio Comenge Sánchez-Real was classified as an Independent Director until his interest in the capital of Ebro Foods, S.A. reached 3% in October 2018, whereupon he lost his status as Independent Director and was reclassified as a Proprietary Director.

See the change in classification of Mr Comenge Sánchez-Real indicated at the end of this section C.1.3.

NON-EXECUTIVE INDEPENDENT DIRECTORS	
Name of director	Profile
BELÉN BARREIRO PÉREZ- PARDO	Belén Barreiro Pérez-Pardo was born in Madrid. She has a PhD in Political Science, Sociology and Social Anthropology from the Autonomous University of Madrid and a Master in Social Science from the Juan March Institute of Studies and Research. With over 20 years' experience, she is dedicated to the scientific analysis of society and counselling on public opinion research. She has published several books and academic articles and is a visiting lecturer for different university courses. She is on the Advisory Board of the Spanish Association of Foundations and Founder and Director of MyWord.
PEDRO ANTONIO ZORRERO CAMAS	Pedro Antonio Zorrero Camas was born in Seville. He graduated as Agricultural Engineer from the University of Almería, and as Technical Agricultural Engineer from the University of Seville. Civil servant in the regional government of Andalusia, as a specialist Agricultural Engineer. He has a lengthy track record within the public sector in the fields of audit, control and management of European funds and regional aids to agricultural and fisheries in the Autonomous Community of Andalusia. In the private sector, he has extensive experience in agricultural engineering, having designed several technical projects in the agricultural sector and having worked as engineering consultant and adviser at different farms to promote intensive farming and extensive stockbreeding.
FERNANDO CASTELLÓ CLEMENTE	Fernando Castelló Clemente was born in Mollerusa (Lleida). He is an Industrial Engineer and has an MBA from IESE. He was formerly a lecturer in the School of Engineers and Architects of Fribourg (Switzerland). He has held several important executive and management positions in companies operating in the dairy sector and in distribution in the food sector. He is on the Board of Directors of several companies operating in the alternative energy and construction sectors. He is currently Vice-Chairman of Merchpensión, S.A. and Director of Merchbanc, S.A.
MERCEDES COSTA GARCÍA	Mercedes Costa García was born in Lérida. She has a Law degree from the Central University of Barcelona and LL.M. from IE Law School. She has extensive professional experience as a commercial lawyer in the law firm of José Mario Armero, and as a lecturer and researcher of the entire negotiation process. She is currently Manager of the Negotiation and Mediation Centre and negotiation lecturer in the Master Programmes, Advanced Courses and Executive Education Programmes at IE Business School in Madrid, both on-site and online, Manager of the Negotiate Forum and member of the Good Governance Centre at IE Business School.

Total number of independent directors	4
% of board	30.77

State whether any director qualified as independent receives from the company or any other company in its group any sum or gain other than directors' emoluments, or has or has had a business relationship with the company or any other company in its group during the past year, in their own name or as significant shareholder, director or senior executive of a company which has or has had such a relationship.

If appropriate, include a reasoned statement by the board explaining why it considers that the director in question can perform their duties as an independent director.

Name of director	Description of the relationship	Reasoned statement
No details		

OTHER NON-EXECUTIVE DIRECTORS			
Name any other non-executive directors and explain why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders:			
Name of director	Reasons	Company, executive or shareholder with which it is related	Profile
No details			

Total number of other non-executive directors	N/A
% of board	N/A

Indicate any variations during the year in the type of each director:

Name of director	Date of change	Previous category	Current category
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	26/10/2018	Independent	Proprietary

See the comment regarding Proprietary Directors in this section C.1.3 regarding the change of category of José Ignacio Comenge Sánchez-Real.

C.1.4 Complete the following table with details of the number of female directors over the past 4 years and the type of female directors:

	Number of female directors				Female directors / total directors of each type (%)			
	2018	2017	2016	2015	2018	2017	2016	2015
Executive					0.00	0.00	0.00	0.00
Proprietary	3	3	2	2	42.86	50.00	33.33	28.57
Independent	2	2	1		50.00	50.00	25.00	0.00
Other non-executive					0.00	0.00	0.00	0.00
Total	5	5	3	2	38.46	41.67	23.08	16.67

Although the number of women on the Board of Directors remained unchanged in 2018 in respect of 2017 (5 women), the percentage women Proprietary Directors out of the total Directors in that category fell from 50% in 2017 to 42.86% in 2018. This was because the number of Proprietary Directors rose from 6 to 7 following the change in category of a Director from independent to proprietary as explained in section C.1.3 of this Report.

C.1.5 Indicate whether the company has diversity policies for the board of directors of the company regarding issues such as age, gender, disability, training and professional experience. In accordance with the definition set out in the Auditing Act, small and medium-sized enterprises must inform at least on the policy they have established with regard to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

If yes, describe those diversity policies, their goals the measures established, how they have been implemented and the results obtained during the year. Describe also the specific measures taken by the board of directors and the nomination and remuneration committee to achieve a balanced, diverse composition of directors.

If the company does not apply a diversity policy, explain why not.

Description of the policies, goals, measures and implementation and the results obtained

Ebro Foods, S.A. has implemented a Policy for Selection of Directors and Diversity in the Composition of the Board of Directors, the scope of which is extended to the appointment, ratification and re-election of Directors by the General Meeting of Shareholders and the appointments made directly by the Board of Directors. For candidate Directors who are legal persons, the principles and criteria of the Policy must be observed in respect of the individuals who are to represent them on the Board.

According to that Policy, all proposals for candidates must be based on a prior analysis of the needs of the Board, the results of which will be set out in the corresponding report by the Nomination and Remuneration Committee, to be published when calling the General Meeting at which the ratification, appointment or re-election of each director is to be submitted for approval.

The goals established in the Policy are:

- Avoid any implicit bias in the processes for selecting Directors that may imply discrimination against any of the candidates on any grounds whatsoever.

- Under equal conditions, opt for the candidate whose gender is least represented on the Board at that time.

- Favour diversity of expertise, professional experience and gender within the composition of the Board.

- Achieve a composition where the least represented gender on the Board accounts for at least thirty per cent of the total Board members by 2020. This target has already been met.

To achieve these goals set in the Policy, the Company has established the following measures to be applied in each appointment of Directors:

- prior analysis of the composition of the Board of Directors in aspects regarding the categories of Directors, presence of the least-represented gender, profile and professional experience of the Directors and capital represented on the Board of Directors;

- analysis of the legal, statutory and regulatory requirements applicable to both the classification of Director of the candidate and the procedure for their appointment;

- analysis of the experience, qualification and vocational training of the candidate and their availability for adequate performance of their duties;

- verification that the appointment of the candidate complies with the requirements of diversity, non-discrimination and equal treatment established in the Code of Conduct and the Directors Selection Policy.

Through its implementation of the Policy for Selection of Directors and Diversity in the Composition of the Board and correct monitoring of the measures described above, Ebro Foods, S.A.: (i) has a pluralistic, diverse Board of Directors in terms of gender, expertise, experience and professional profiles of its members and (ii) has reached in advance the goal set for 2020, whereby the gender least represented on the Board (women, in the case of Ebro Foods) accounts for at least thirty per cent of the total members of the Board of Directors.

C.1.6 Explain any measures agreed by the nomination committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that a conscious effort is made to include women with the target profile among the candidates so that a balance may be struck between male and female directors:

Explanation of the measures

Although the Nomination and Remuneration Committee has not adopted specific measures in this regard, in accordance with the gender diversity measures and the principles of non-discrimination and equal treatment applied by the Company when selecting candidate Directors, the Company will: (i) seek at all times a diversity of expertise, experience and gender in the composition of the Board; and (ii) under equal conditions, it will opt for the candidate whose gender is least represented on the Board at that time.

The main principle followed by the Company in this regard is that the selection procedure must avoid any implicit bias that might imply discrimination against any of the candidates on any grounds.

Furthermore, the aforesaid Policy for Selection of Directors and Diversity in the Composition of the Board expressly includes the target that by 2020 the gender least represented on the Board of Directors of the Company must account for at least 30% of the total Board members.

The Company has already met this target, as female directors currently represent 38.46% of the total thirteen Board members.

See section C.1.5 of this Report.

If, despite the measures taken, if any, there are few or no female directors, explain the reasons that justify this situation:

Explanation of the measures

N/A

C.1.7 Explain the conclusions of the nomination committee on compliance with the policy for selecting directors and, in particular, on how that policy is promoting the target that by the year 2020 the number of female directors should represent at least 30% of all the board members.

The Nomination and Remuneration Committee considers that the appointments of new Directors resolved in 2017 and 2018 both increase the number of Independent Directors, in keeping with the good governance recommendations, and conform to the principles of diversity, non-discrimination and equal treatment established in the Policy for Selection of Directors and Diversity in the Composition of the Board. Those principles are intended to: (i) enhance the diversity of expertise and experience on the board, (ii) avoid any implicit bias that may imply any kind of discrimination, and (iii) favour gender diversity.

The Nomination and Remuneration Committee also considers that the application of the Policy for Selection of Directors and Diversity in the Composition of the Board has been positive, because it has enabled the Company to meet early the target set for 2020, of women (the gender least represented on the Board of Directors) representing thirty per cent of the total Board members.

See sections C.1.5 and C.1.6 of this Report.

C.1.8 Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 3% of the capital:

Name of shareholder	Justification
No details	

State whether any formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met:

[ ] Yes
[√] No

C.1.9 Indicate the powers delegated by the board to particular directors or committees, if any:

Name of director or committee	Brief description
ANTONIO HERNÁNDEZ CALLEJAS	Antonio Hernández Callejas has no powers delegated by the Board of Directors. Mr Hernández Callejas is a class A general attorney of the Company by virtue of the power of attorney granted in deed no. 4802, executed on 4 December 2014 before the notary Andrés Domínguez Nafría and entered in the Madrid Trade Register, volume 29950, folio 202, section 8, page M-272855. In addition, in accordance with the rules on investments and divestments, strategic expenditure and corporate operations approved by the Board of Directors at its meeting on 21 March 2001, the following actions by Antonio Hernández Callejas shall require prior authorisation from the Board of Directors or notification to the Executive Committee: a) for investments/divestments or strategic expenditure, if exercise of the powers entails the acquisition of economic obligations or commitments in excess of two million euros, a resolution must previously be adopted by the Board of Directors; and for less than two million euros but more than three hundred thousand euros, the Executive Committee must be notified; b) for corporate operations, a prior resolution of the Board of Directors is required if they are for more than two million euros, and the Executive Committee must be notified if they are for less than two million euros but more than three hundred thousand euros.
Executive Committee	The Board of Directors has delegated all its powers to the Executive Committee, save any, which may not legally be delegated. This notwithstanding, in accordance with the rules on investments and divestments, strategic expenditure and corporate operations approved by the Board of Directors at its meeting on 21 March 2001, the powers of the Executive Committee in these areas are internally limited to the sum of two million euros per investment/divestment, expenditure or corporate operation. See section C.2.1 of this Report for the duties attributed to this Committee in the Articles of Association and applicable regulations.

C.1.10 Name Board members, if any, who are also directors, representatives of directors or executives of other companies in the same group as the listed company:

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	A.W. MELLISH, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARRROZ, S.A.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, CV	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EURO RICE HANDLING, BVBA	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	GEOVITA FUNCTIONAL INGREDIENTS, S.R.L	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA INGREDIENTS BELGIUM B, B.V.B.A	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFALO, S.P.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT AND SEVERAL DIRECTOR	YES

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTAGNI 1882, S.P.A	DIRECTOR	YES

Antonio Hernández Callejas is a member of the Board of Trustees of the Ebro Foods Foundation. He is also a Director of the Italian company Riso Scotti, S.p.A., an associate outside the Ebro Foods Group, in which Ebro Foods, S.A. holds a 40% interest. This investment is consolidated by the equity method.

C.1.11 Name the company directors or representatives of corporate directors, if any, who are board members or representatives of corporate directors of non-group companies listed on official stock markets, insofar as the company has been notified:

Name of director	Name of listed company	Position
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	ENERGÍA Y CELULOSA, S.A. (ENCE)	REPRESENTATIVE OF DIRECTOR
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	PRIM, S.A.	REPRESENTATIVE OF DIRECTOR
CORPORACIÓN FINANCIERA ALBA, S.A.	EUSKALTEL, S.A.	DIRECTOR
JAVIER FERNÁNDEZ ALONSO	EUSKALTEL, S.A.	REPRESENTATIVE OF DIRECTOR
JAVIER FERNÁNDEZ ALONSO	PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SACYR, S.A.	VICE-CHAIRMAN

The following notes are added in respect of the information set out in this section:

- José Ignacio Comenge Sánchez-Real represents the Director La Fuente Salada, S.A. (a company controlled by Mr Comenge) on the Board of Directors of Energía y Celulosa, S.A. and Prim, S.A.

- Javier Fernández Alonso represents the Director Corporación Financiera Alba, S.A. on the Board of Directors of Euskaltel, S.A.

C.1.12 Indicate and, where appropriate, explain whether the company has established rules on the maximum number of directorships its directors may hold, if so, indicating where those rules can be found:

[√] Yes
[ ] No

Explanation of the rules and identification of the document in which they are regulated

Article 32.2 of the Regulations of the Board establishes, among the "General Duties of Directors", that the Directors shall dedicate such time and attention to the Company as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the Company.

C.1.13 Indicate the amounts of the following items in the overall remuneration of the board:

Remuneration of the board (thousand euros)	5,054
Amount of the vested rights of current directors in pension schemes (thousand euros)	
Amount of the vested rights of former directors in pension schemes (thousand euros)	

The Directors' remuneration indicated in this section C.1.13 includes the attendance fees received by the Chairman of the Board of Ebro Foods, S.A., Antonio Hernández Callejas, as Director of the Group subsidiary, Pastificio Lucio Garofalo, S.p.A., totalling 5,000 euros and paid by that company.

In addition, the Chairman of the Board of Directors received 5,200 euros from Riso Scotti, S.p.A. in attendance fees as Director of that company.

C.1.14 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position(s)
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER (COO)
LUIS PEÑA PAZOS	SECRETARY OF THE COMPANY AND BOARD
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY OF THE BOARD
ALFONSO FUERTES BARRO	FINANCE MANAGER
JESÚS DE ZABALA BAZÁN	INTERNAL AUDIT MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER
LEONARDO ÁLVAREZ ARIAS	I.T. MANAGER
ANA MARÍA ANTEQUERA PARDO	COMMUNICATIONS AND CSR MANAGER
MANUEL GONZÁLEZ DE LUNA	INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS MANAGER
GLORIA RODRÍGUEZ PATA	CORPORATE ASSETS MANAGER
Total remuneration top management (thousand euro)	2,050

The company executives named in this section C.1.14 include the Chief Operating Officer (COO), the highest-ranking executive of the Ebro Foods Group after the Executive Chairman, and the heads of the principal departments of Ebro Foods, S.A. even if they do not have a senior management employment relationship with the company.

C.1.15 State whether any modifications have been made during the year to the Regulations of the Board:

[ ] Yes
[√] No

C.1.16 Describe the procedures for selection, appointment, re-election and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for selection, appointment, re-election and removal of the Directors are regulated in the Articles of Association and the Regulations of the Board.

There is also a Policy for Selection of Directors and Diversity in the Composition of the Board of Directors, which specifically and verifiably establishes the basic criteria and principles to be followed in the selection of candidates.

The Policy is applicable in the appointment, ratification and re-election of directors by the General Meeting and any appointments made by the Board. For candidates who are legal persons, the principles and criteria of the Policy must also be observed in respect of the individuals representing them on the Board.

A. Procedure for selection, appointment and re-election of Directors

Procedures for selecting Directors shall be designed to favour diversity of expertise, professional experience and gender within the Board, avoiding any implicit bias that may imply discrimination against any of the candidates on any grounds. Under equal conditions, the Company will opt for the candidate whose gender is least represented on the Board at that time.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the minimum (7) and maximum (15) established in the Articles of Association, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may also appoint directors by cooptation, subject to a report by the Nomination and Remuneration Committee and by the Board of Directors on the terms stipulated in law.

In any case, the initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The proposals for the appointment or re-election of Directors made by the Board of Directors, or by the Nomination and Remuneration Committee in appointments or re-elections of Independent Directors, must be based on a prior analysis of the needs of the Board, the results of which will be set out in the corresponding report by the Nomination and Remuneration Committee, to be published when calling the General Meeting at which the ratification, appointment or re-election of each director is to be submitted for approval.

B. Procedure for removal of Directors

The removal of Directors is regulated in Article 31 of the Regulations of the Board. See section C.1.19 of this Report in this respect.

Without prejudice to the initiative of the Board regarding the inclusion of its members, the General Meeting has sovereign power to resolve on the removal of Directors.

The Nomination and Remuneration Committee is competent to study, issue reports and prepare proposals for the removal of Directors of Ebro Foods, S.A.

Following a report by the Nomination and Remuneration Committee, the Board of Directors shall table a motion at the General Meeting of Shareholders for removal of the Director in question if the Director in question fails to resign in the circumstances contemplated in Article 31 of the Regulations of the Board.

If a Director retires from office before the end of their term, through resignation or on whatsoever other grounds, they shall explain the reasons to the other Board members and the Company shall state those reasons in the Annual Corporate Governance Report, as well as reporting the cessation in a regulatory announcement.

If a Director opts to resign following adoption by the Board of decisions on issues on which that Director has expressed qualifications or reservations in the sense contemplated in Article 32.5 below ("…/…whenever they consider that some of the decisions proposed to the Board may go against the corporate interests and/or those of the shareholders not represented on the Board."), they shall explain the reasons as per the preceding paragraph.

The measures described in the preceding two paragraphs shall also be applicable to the Secretary of the Board, regardless of whether the secretary is a director.

C.1.17 Explain to what extent the annual assessment of the board has given rise to major changes in its internal organisation and the procedures applicable to its activities:

Description of changes

After completion in 2018 of the 2017 annual assessment of the Board, Committees and Chairman, made with assistance from an independent external adviser, the Company took the following measures, although it should be noted that none of them has given rise to any major changes in the Company's internal organisation or the procedures applicable to its activities:

1. Bring forward the times of Board meetings, at least when the agenda includes especially complex or important issues or matters which may, for any other reason, require a greater, more thorough debate among the Directors.

2. Schedule longer meetings of the Audit and Compliance Committee, at least when the agenda includes issues which are especially complex, require the participation of third parties or for any other reason, making a greater participation by Committee members foreseeable, with requests for explanations or greater detail in the reports and debates. In especially important cases, the Committee may meet one or two days before the date scheduled for the Board meeting, in order to debate at greater length and in greater depth, with extra time for reflection after the meeting. This will in turn allow better preparation of the business to be transacted and the conclusions, reports and proposals that the Committee is to submit to the Board of Directors.

3. Include meetings of the Strategy and Investment Committee in the annual calendar of meetings. These meetings should coincide, where necessary, with the meetings of the Executive Committee, every two or three months, both to prepare and define strategic plans and to follow up and monitor them. The report on business discussed at meetings of the Strategy and Investment Committee should be included as an item on the ordinary agenda for Board meetings.

Describe the process of assessment and the areas assessed by the board, assisted where necessary by an external consultant, on the performance and composition of the board and its committees and any other area or aspect that has been assessed.

Description of assessment process and areas assessed

A. Self-assessment process:

A self-assessment process is carried out every year on the Board, its Committees and the Executive Chairman of the Company. That process is based on (i) a report prepared by the Nomination and Remuneration Committee for presentation to the Board, (ii) the activity reports of the Audit and Compliance Committee and the Nomination and Remuneration Committee, and (iii) the resolutions adopted by the Board of Directors in view of the foregoing.

B. Methods used:

The following methods were used during the last assessment procedure made by the Company (assisted by an independent external adviser) during 2018, in respect of 2017:

- The Board members completed a questionnaire previously approved by the Nomination and Remuneration Committee with a number of questions in which they rated certain aspects regarding the composition, quality and efficiency of the Board procedures, the actions performed by the Chairman of the Board, who is at the same time the Chief Executive of the Company, and the procedure of the Executive Committee and other Board Committees.

- The replies to the questionnaires were kept by the Secretary and the external adviser who made the assessment. Both guaranteed confidentiality.

- In the light of the preliminary conclusions drawn from the answers and comments expressed by the Directors in those questionnaires, the external adviser conducted an interview with the Lead Independent Director at that time, José Ignacio Comenge Sánchez-Real, to discuss and qualify the results and obtain from the latter any aspects or matters that the Non-Executive Directors had mentioned to him in the contacts he had had with them.

- The independent external adviser issued an assessment report with all the information collected, and a proposed plan for improvement based on the conclusions of the report.

- The final assessment report and proposed plan for improvement were presented to the Board of Directors, once they had been checked and evaluated by the Nomination and Remuneration Committee.

C. Areas assessed:

- Composition of the Board and actions by the Directors: assessment on diversity, powers, the quantitative and qualitative composition of the Board and their perception of the performance by other Directors of their duties.

- Procedure of the Board: assessment of the functioning of the Board, frequency of meetings, procedure for calling meetings, remittance of documentation for the meetings and quality of those documents, transaction of business at Board meetings (segmented by subject matters) and the powers of the Board.

- Chairman of the Board: assessment of the dedication and actions by the Chairman, both as such and in his capacity as chief executive of the Company.

- Committees of the Board: assessment of the Directors' perception, from the Board, of the role of the Board Committees and perception of the members of the Board Committees on their functioning.

C.1.18 In any years in which an external consultant was called in to assist with assessment, describe any business relations between the consultant or any company in its group with the company or any other company in its group.

During 2018, the external consultant provided personnel selection services for various subsidiaries of the Ebro Foods Group, for a charge of 50 thousand euros.

C.1.19 State the events in which directors are obliged to step down.

The retirement and resignation of directors are regulated in Article 31 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the Articles of Association and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the causes of incompatibility or disqualification established in law, the Articles of Association or the Regulations of the Board.

b) When they step down from the executive post to which their appointment as Director was linked, when the shareholder they represent on the Board disposes of all its shares in the Company or reduces its interest to an extent requiring a reduction in the number of Proprietary Directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

C.1.20 Are special majorities differing from those stipulated in law required for any type of decision?

[ ] Yes
[√] No

If yes, describe the differences.

C.1.21 Are there any specific requirements, other than those established for directors, to be appointed chairman of the board?

[ ] Yes
[√] No

C.1.22 Do the Articles of Association or Regulations of the Board establish an age limit for directors?

[ ] Yes
[√] No

C.1.23 Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors other than as stipulated in law?

[ ] Yes
[√] No

C.1.24 Do the Articles of Association or Regulations of the Board establish specific rules for the delegation of votes to other directors at board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may hold, and whether any limitation has been established regarding the categories to which proxies may be granted, other than those established in law? If yes, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 20) contemplate the possibility of Directors attending Board meetings through a duly authorised proxy.

The proxy must be made in advance, in writing, specially for each Board meeting, in favour of another Director.

The represented Director may issue specific voting instructions for any or all of the items on the agenda.

Non-executive directors may only grant proxies to other non-executive directors.

No limit is established on the number of proxies any one Director may hold, nor is there any constraint on the categories to which proxies may be granted.

C.1.25 State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman. Proxies made with specific instructions will be considered attendances.

Number of board meetings	11
Number of board meetings held without the chairman	0

Indicate the number of meetings held without the attendance or representation of any executive director and chaired by the lead independent director:

Number of meetings	0

Indicate the number of meetings held by the different Committees of the Board:

Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Strategy and Investment Committee	3
Number of meetings of the Nomination and Remuneration Committee	11
Number of meetings of the Executive Committee	6

No issue was raised at the last meeting held on 17 December 2017 between the former Lead Independent Director and the Non-Executive Directors that required or recommended the holding of a further meeting in the first few months of 2018. Therefore, it was planned to hold the next meeting in the second half of 2018, unless anything were to arise in the meantime making it advisable to bring it forward.

That meeting finally did not take place owing to the appointment of Mercedes Costa García as new Lead Independent Director in November 2018, when her predecessor lost his status as Independent Director (see section C.1.3 of this Report). The new Lead Independent Director is expected to hold a formal meeting with the non-executive directors in the first half of 2019, once she has completed the logical adaptation process required by her appointment. This notwithstanding, she has informed the other Non-Executive Directors that she is prepared to discuss any business they may deem fit within her remit.

C.1.26 State the number of meetings held by the Board during the period attended by all its members:

Number of meetings attended by at least 80% of the directors	9
Attendance / total votes during the year (%)	91.72
Number of meetings attended by all the directors, in person or by proxies made with specific voting instructions	11
Votes cast with attendance in person or by proxies with specific instructions / total votes during the year (%)	100.00

In connection with the information provided in this section, it should be borne in mind that there were 12 Board members up to 13 December 2018 and 13 after that date.

C.1.27 Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

[ ] Yes
[√] No

If yes, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 43 of the Regulations of the Board.

The Board shall establish an objective, professional and continuous relationship with the external auditors of the Company appointed by the General Meeting, guaranteeing their independence and providing them with all the information they may require to perform their duties. This relationship and the relationship with the Internal Audit Manager shall be channelled through the Audit and Compliance Committee. Furthermore, the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the Board in certain areas, Article 9 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the Company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 24.4 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section C.2.4 of this Report).

Finally, there is a Risks Control and Management Policy established in the Group laying down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in its Group are exposed.

As regards the control of financial reporting, the Group has procedures in place for checking and authorising financial reporting and a description of the financial reporting internal control system (FRICS), responsibility for which lies with the Economic Department, the Risks Committee, the economic and finance departments of the different business units, the Audit and Compliance Committee and the Board. Financial information is checked and authorised by the Economic Department of the Group on the basis of the information confirmed in the different business units.

The information to be remitted to the market is supervised by the Audit and Compliance Committee and approved by the Board.

C.1.29 Is the Secretary of the Board a Director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
LUIS PEÑA PAZOS	

C.1.30 Describe the specific mechanisms established by the company to preserve the independence of the external auditors, if any; the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies; and how the legal provisions are implemented.

A. With regard to the external auditors:

Both the Articles of Association and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, for examination by the Audit Committee, as well as any other issues relating to the auditing of accounts. The Committee shall also receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation, notwithstanding the ultimate responsibility of the Board of Directors, which, pursuant to Article 8.1.3.(a) of the Regulations of the Board, is responsible for ensuring the independence and professional suitability of the external auditor.

Article 43 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 24.4 of the Regulations of the Board establishes the following powers of the Audit and Compliance Committee in this respect:

- Establish regular contact with the external auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the external auditors in accordance with prevailing auditing standards and legislation.

- Ensure the independence of the external auditors and the existence of a discussion procedure enabling the external auditors, the Internal Audit Department and any other expert to inform the company of any significant weaknesses in its internal control detected while checking the annual accounts or any other processes in which they have worked. The Committee shall issue an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the external auditors and any supplementary services they may have provided.

In accordance with the foregoing and through the Audit and Compliance Committee, the Company keeps a strict, constant watch for any circumstances that might affect the independence of the external auditors. Accordingly:

(i) The Audit and Compliance Committee issues an annual report on the independence of the external auditors, once the latter have provided the necessary information. That report is submitted to the Board of Directors and made available to shareholders as from the call to the General Meeting.

(ii) Constantly throughout the year, the Commission receives timely notification of any potential engagement of the external auditors to provide services in addition to auditing the annual accounts. In this regard, in February 2017 the Audit and Compliance Committee established a protocol (the "Protocol") for the notification, review and, if appropriate, authorisation of the potential contracting of the external auditors by any company in the Group for non-audit services. The protocol covers the "pre-approval" required for the events contemplated in Article 5(3) of Regulation EU 537/2014 and any other potential service.

B. With regard to relations with analysts, investment banks and rating agencies:

The Company has a Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors approved by the Board of Directors, and a Shareholder and Investor Relations Department, through which communications and information for investors in general are channelled.

Article 42 of the Regulations of the Board regulates the Company's relations with shareholders and the markets in general, providing that the Board of Directors shall take such measures as may be necessary to enable participation by shareholders in general meetings and organise meetings to inform the shareholders and investors (particularly institutional investors) on the progress of the Company and, where appropriate, its subsidiaries.

The Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors contemplates the following general principles applicable in this matter:

- Communication and relations with shareholders, institutional investors and proxy advisors shall be conducted in accordance with the principles of transparency, truth and permanent, adequate, timely reporting.

- The principle of non-discrimination and equal treatment is recognised for all shareholders who are in the same conditions and not affected by conflicts of interest or competence.

- The rights and legitimate interests of all shareholders shall be protected.

- Continuous, permanent communication with shareholders and investors shall be encouraged.

- Reporting and communication channels shall be established with shareholders and investors to ensure compliance with these principles.

The Company's Audit and Compliance Committee is responsible for overseeing compliance with the rules and principles set out in the Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors.

In accordance with the aforesaid Policy, the Investor Relations Department shall make sure that any information to be issued to the market, analysts or third parties is: (i) previously checked by the Audit and Compliance Committee and, where appropriate, approved by the Board of Directors; and (ii) always the same.

The Investor Relations Department ensures equal treatment (from the point of view of access to information) of all third parties, assisting those who so request in a professional manner so that those third parties can make such valuations and considerations as they may deem fit independently and according to their own criteria.

C.1.31 Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

[ ] Yes
[√] No

Explain any disagreements with the outgoing auditor:

[ ] Yes
[√] No

C.1.32 State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Charge for non-audit work (thousand euros)	268	214	482
Charge for non-audit work / Total amount invoiced by auditors (%)	50.33	11.35	19.93

C.1.33 Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

[ ] Yes
[√] No

C.1.34 State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Separate	Consolidated
Number of years in succession	5	5

	Separate	Consolidated
Number of years audited by current auditors / Number of years that the company has been audited (%)	17.90	17.90

C.1.35 Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

[√] Yes
[ ] No

Details of procedure

According to the obligations and duties assigned by law, the Articles of Association and the Regulations of the Board, the Secretary of the Board is responsible for channelling the relations between the Company and the Directors in all matters concerning the procedures of the Board of Directors and the Board Committees in which he participates, following instructions received from the respective Chairman, and for implement and foster exercise by the Directors of their right to information (Article 15.2(c) and (d) of the Regulations of the Board).

At each year-end, the Secretary of the Board sends all the Directors an annual calendar of meetings previously agreed among all the Directors, setting the dates and times of the meetings of the Board of Directors, Committees, General Meetings and meetings with analysts for the following year. That calendar is also sent to the different professionals of the Company involved in preparing the documentation and information for the Directors for each meeting, to enable them to plan their work and make sure that the corresponding information and documentation are prepared sufficiently before each meeting.

When the documentation for each meeting is complete, it is sent to the Secretary of the Board, who sends it to the Directors, if possible together with the notice of call to the meeting, or in highly justified cases, as soon as possible after sending the notice of call.

Finally, the opinions expressed by the Directors on the matter in the latest performance assessment of the Board of Directors, Chairman and Committees were as follows:

- Regarding the time prior to Board meetings that Directors receive the corresponding information: 58% of the Directors consider that time "Very adequate", 42% "Adequate" and 0% "Inadequate".

- Regarding the quality and quantity of the information distributed for monitoring of the Company's and Group's activities: 83% of the Directors consider it "Very adequate", 17% "Adequate" and 0% "Inadequate".

C.1.36 Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

[√] Yes
[ ] No

Explain the rules

Under the Regulations of the Board, Directors must step down and tender their resignations, among other cases, if the Board, in view of a report by the Nomination and Remuneration Committee, considers that a Director has seriously defaulted his obligations or that for reasons of corporate interest, which include any event in which a Director may have brought the Company into disrepute (Article 31.2.c).

The Regulations further stipulate that if a Director fails to tender his resignation when so obliged, the Board of Directors shall, subject to a report by the Nomination and Remuneration Committee, tender a motion to the General Meeting of Shareholders for his removal (Article 31.4).

C.1.37 Have any members of the Board informed the company that they have been sued or brought to trial for any of the offences contemplated in s. 213 of the Corporate Enterprises Act?

[ ] Yes
[√] No

C.1.38 Describe any significant agreements entered into by the company that enter into force or are modified or terminated in the event of a takeover of the company following a takeover bid, and the effects thereof.

Most of the financing agreements signed by the Company include takeover clauses on the usual terms for this type of contract. By virtue of those provisions, the lender reserves the right to terminate the financing agreement in the event of a takeover of the Company. Although there is no universal definition of "takeover" for this purpose, the lender's right is triggered if there is a substantial change in the Company's significant shareholders.

C.1.39 Indicate individually for directors and globally in other cases, and describe in detail any agreements made between the company and its directors, executives or employees contemplating golden handshake clauses or any other indemnities in the event of resignation or unfair dismissal or termination of employment following a takeover bid or any other type of transaction.

Number of beneficiaries	2
Type of beneficiary	Description of agreement
Executives	Although the contracts of two executives contain golden handshake clauses for cases of dismissal or takeover, those clauses are no longer applicable, on their own terms.

State whether, apart from the cases contemplated in law, these contracts have to be notified to and/or approved by the governing bodies of the company/group companies. If yes, specify the procedures, events contemplated and nature of the bodies responsible for approval and notification:

	Board of Directors	General Meeting
Body authorising the clauses	√	

	Yes	No
Is the general meeting informed of the clauses?	√	

C.2. Committees of the Board

C.2.1 Give details of the different committees, their members and the proportion of executive, proprietary, independent and other non-executive directors in each committee:

Audit and Compliance Committee		
Name	Position	Category
MERCEDES COSTA GARCÍA	CHAIRMAN	Independent
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
FERNANDO CASTELLÓ CLEMENTE	MEMBER	Independent
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other non-executive directors	0.00

Explain the duties attributed to this committee, including any duties additional to those stipulated in law, and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

The Audit and Compliance Committee is governed by the applicable legal provisions, the specific rules on its composition, organisation, procedure and powers set out in Article 28.2 of the Articles of Association and Article 24 of the Regulations of the Board, and by the provisions on organisation and procedure common to all the Committees, set out in Article 22 of the Regulations of the Board.

This Committee has a minimum of three Directors and a maximum of five.

All the members must be Non-Executive Directors, at least most of whom must be Independent Directors and one of them will be appointed on the basis of their expertise and experience in accounting, auditing or both.

The Board shall appoint one of the Independent Directors on the Audit and Compliance Committee to chair that committee, subject to a report by the Nomination and Remuneration Committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such.

The Audit and Compliance Committee shall meet as and when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

In addition to the powers and duties established by law, the articles of association and regulations, the Audit and Compliance Committee has the duties of supervision, oversight, control and reporting to the Board of Directors established in Article 24.4 of the Regulations of the Board in each of the following areas:

- Risk management and internal control: supervise and promote internal control of the company and the risk management systems and submit recommendations to the Board for a decision on the risk management (including tax risks) and control policy and ensure the adequacy and effectiveness of the internal control systems in relation to the accounting principles and policies used to draw up the financial statements and annual accounts of the Company.

- Financial reporting and annual accounts: ensure that: (i) the systems used for preparing the financial statements and annual accounts conform to current laws and regulations and portray a true and fair view of the equity, financial position and results of the Company; and (ii) the Board of Directors endeavours to submit the annual accounts to the General Meeting with an unqualified auditors' report.

- Relations with the internal and external auditors: submit to the Board, to be tabled at the General Meeting, proposals for the selection, appointment, re-appointment and replacement of the company's External Auditors and their terms of contract, the scope of their commission and the renewal or revocation of their engagement; ensure the independence of the External Auditors, issuing an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the External Auditors and any supplementary services they may have provided.

- Intragroup transactions, related party transactions and conflicts of interest: supervise and report to the Board on intragroup and related party transactions of the company or subsidiaries and settle any conflicts of interest that may arise between the company or the group and its directors, executives and significant shareholders.

- Whistleblowing channel: investigate and solve any issues reported through that channel, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.

- Internal codes of conduct and corporate governance rules: oversee compliance and, in particular, supervise the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems relating to the financial reporting process.

During 2018, the Audit and Compliance Committee performed activities of supervision, control, monitoring and reporting to the Board of Directors in respect of the matters falling within its competence, including financial reporting, annual accounts, relations with the auditors, risk management (including tax risks) and control systems, related party transactions, conflicts of interest, whistleblowing channel and compliance.

The Company will issue a detailed report of all the activities performed by the Audit and Compliance Committee during 2018, which will be made available to all shareholders prior to the forthcoming AGM 2019.

Name the member(s) of the audit committee appointed on account of their expertise and experience in accounting, auditing or both and indicate the date of appointment of the chairman of this committee.

Names of directors with experience	MERCEDES COSTA GARCÍA / CORPORACIÓN FINANCIERA ALBA, S.A. / FERNANDO CASTELLÓ CLEMENTE / GRUPO TRADIFÍN, S.L. / PEDRO ANTONIO ZORRERO CAMAS
Date of appointment to this office of the chairman of the committee	22/11/2018

Strategy and Investment Committee		
Name	Position	Category
DEMETRIO CARCELLER ARCE	CHAIRMAN	Proprietary
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	Executive
HERCALIANZ INVESTING GROUP, S.L.	MEMBER	Executive
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	Proprietary

% executive directors	40.00
% proprietary directors	60.00
% independent directors	0.00
% other non-executive directors	0.00

Explain the duties attributed to this committee and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

Article 28.4 of the Articles of Association stipulates that the Regulations of the Board shall also contemplate the existence of a Strategy and Investment Committee, on which any Directors may sit.

The composition, organisation and procedure of the Strategy and Investment Committee are governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board and the specific provisions established in Article 24 of the Articles of Association, its powers being regulated in Article 24.3.

This Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors subject to a report by the Nomination and Remuneration Committee.

Meetings are held when called by its Chairman or at the request of two of its members, and in any case whenever the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

The Committee is competent to study, issue reports, review and submit proposals for the Board on the following matters:

- setting of targets for growth, yield and market share;

- strategic development plans, new investments and restructuring processes;

- coordination with subsidiaries in the matters contemplated in paragraphs (a) and (b) above, for the common interests and benefit of the Company and its subsidiaries.

During 2018, the Strategy and Investment Committee monitored the Strategic Plan of the Ebro Foods Group 2016-2018, worked on preparation of the Strategic Plan of the Ebro Foods Group 2019-2021 and analysed possible investment strategies in different business lines.

Nomination and Remuneration Committee		
Name	Position	Category
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	Independent
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary
BELÉN BARREIRO PÉREZ-PARDO	MEMBER	Independent
MERCEDES COSTA GARCÍA	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other non-executive directors	0.00

Explain the duties attributed to this committee, including any duties additional to those stipulated in law, and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

The Nomination and Remuneration Committee is governed by the applicable legal provisions, the specific rules on composition, organisation and procedure established in Article 28.3 of the Articles of Association and Article 25 of the Regulations of the Board and the provisions on organisation and procedure common to all the committees set out in Article 22 of the Regulations of the Board.

The powers of the Nomination and Remuneration Committee are regulated in Article 25.4 of the Regulations of the Board, without prejudice to any others that may be assigned to it by law, the Articles of Association or the Regulations of the Board.

This Committee has a minimum of three and a maximum of five non-executive directors, at least two of which must be Independent Directors. The members are appointed by the Board of Directors.

The Board shall appoint one of the Independent Directors who are members of the Nomination and Remuneration Committee to chair it, subject to a report by that Committee.

Meetings are held when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

Pursuant to Article 25.4 of the Regulations of the Board, the Nomination and Remuneration Committee is competent to study, issue reports and submit proposals to the Board on the following matters:

- selection of candidates to join the Board of Directors;

- appointment of the Chairman, and Vice-Chairman if any, of the Board, Managing Director(s), Lead Independent Director and the Secretary, and Vice-Secretary if any, of the Board;

- succession of the Chairman and chief executive;

- appointment of Directors to the Committees of the Board of Directors;

- appointment and possible dismissal of senior executives and their termination benefit clauses;

- directors' emoluments, according to the system of remuneration established in the Articles of Association and the executive directors' relationship with the Company;

- remuneration of Directors and executives indexed to the value of the shares in the Company or its subsidiaries or consisting of the delivery of shares in the Company or its subsidiaries or the granting of options thereover;

- selection policy for Directors, targets for the representation of the least represented gender on the Board and issuance of guidelines on how to achieve them;

- remuneration policy for Directors and senior management of the Company and Group subsidiaries;

- management training, promotion and selection policy in the Company and Group subsidiaries;

- Annual Report on Directors' Remuneration.

With regard to the activities of the Nomination and Remuneration Committee during 2018, following the appropriate studies and assessments, the Committee has drawn up the proposals and issued the corresponding favourable reports to the Board of Directors in respect of the following: (i) appointments, ratifications and re-elections of Directors and their representatives, where appropriate, and their assignment to the different Committees of the Board of Directors, and appointment of a new Lead Independent Director; (ii) self-assessment procedure for the Board of Directors, Chairman and Committees for 2017; (iii) Directors' Remuneration Policy for 2019, 2020 and 2021; (iv) remuneration systems and remuneration of Directors, including the Executive Chairman, and of the key executives of the Company and Group; (v) Directors' Remuneration Report for 2018; and (vi) Share Delivery Plan for Group employees for 2018.

The Company will issue a detailed report of all the activities performed by the Nomination and Remuneration Committee during 2018, which will be made available to all shareholders prior to the forthcoming AGM 2019.

Executive Committee		
Name	Position	Category
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	Executive
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent

% executive directors	25.00
% proprietary directors	50.00
% independent directors	25.00
% other non-executive directors	0.00

Explain the duties attributed to this committee and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

Articles 19 and 27 of the Articles of Association contemplate the delegation of powers of the Board of Directors to the Executive Committee.

The composition, organisation and procedure of the Executive Committee is governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board, and the specific regulations established in Article 28.1 of the Articles of Association and Article 23 of the Regulations of the Board.

The powers of this Committee are set out in Article 23.2 of the Regulations of the Board, without prejudice to what the Board may establish in its resolution to delegate powers.

The Executive Committee shall have no fewer than three nor more than seven members, including the Chairman and Vice-Chairman of the Board, who will form part of this Committee.

The Committee shall be presided by the Chairman of the Board. In general, one Executive Committee meeting will be held a month. Its meetings may be attended by such members of the management, employees and advisers of the Company as the Committee may deem fit.

Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions normally being fully valid and effective without ratification by the Board, if the Chairman or three members of the Committee consider this necessary in the circumstances, the resolutions adopted by the Executive Committee shall be submitted to the Board for ratification. This will also be applicable when the Board has delegated the Committee to study certain matters while reserving for itself the ultimate decision, in which case the Executive Committee shall merely submit the corresponding proposal to the Board.

During 2018, the Executive Committee assessed several investments, divestments and sales of assets, as well as the strategic decisions to be adopted in respect of the different business lines.

C.2.2 Complete the following table with information on the number of female directors on the board committees over the past four years:

	Number of female directors							
	2018		2017		2016		2015	
	No.	%	No.	%	No.	%	No.	%
Audit and Compliance Committee	2	40.00	3	60.00	2	40.00	1	25.00
Strategy and Investment Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	3	60.00	2	50.00	1	25.00	1	25.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

The percentage of female Directors on the Audit and Compliance Committee in 2018 indicated in this section C.2.2. has been calculated omitting Belén Barreiro Pérez-Pardo, who was a member of this Committee up to 19 December 2018.

C.2.3 Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

In general, Article 28 of the Articles of Association establishes the basic regulation of the Committees of the Board, contemplating the existence and composition of: (i) the Executive Committee, (ii) the Audit and Compliance Committee and (iii) the Nomination and Remuneration Committee. It also refers to the Regulations of the Board regarding the possible existence of a Strategy and Investment Committee.

The Regulations of the Board regulate the Board committees in the following specific provisions:

- General provisions applicable to all the Committees: Article 22

- Executive Committee: Article 23

- Audit and Compliance Committee: Article 24

- Nomination and Remuneration Committee: Article 25

- Strategy and Investment Committee: Article 26

The Regulations of the Board also contemplate in different articles the powers of the different Committees of the Board in different areas (e.g. modification of the Regulations).

No changes were made during 2018 to the regulations of the Committees.

Both the Articles of Association and the Regulations of the Board are available for consultation on the Company's website (www.ebrofoods.es). The Regulations of the Board are also published and available for consultation on the website of the National Securities Market Commission (www.cnmv.es). Both texts are delivered to the Directors when they are appointed, together with the Regulations of the General Meeting, the Internal Code of Market Conduct, the Internal Code of Conduct and the Policies of the Ebro Foods Group.

Both the Audit and Compliance Committee and the Nomination and Remuneration Committee issue annual activity reports, which are submitted to the Board of Directors for its information and consideration within the assessment of the Board and its Committees. Those activity reports are made available for shareholders on the company's website coinciding with the call to the Annual General Meeting.

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

D.1. Explain the procedure, if any, and competent bodies for approval of related party and inter-company transactions.

Apart from cases which, by law, require approval by the General Meeting, related party transactions are approved by the Board subject to a report by the Audit and Compliance Committee.

Article 24 of the Regulations of the Board establishes the power of the Audit and Compliance Committee to report to the Board prior to the adoption of any decisions on related party transactions submitted for its authorisation and to supervise and report to the Board on intragroup and related party transactions of the Company or subsidiaries of the Group.

With regard to related party transactions, Article 37.3 of the Regulations of the Board expressly establishes that other than in the cases in which this power is reserved by law to the General Meeting, any transactions made by the Company or Group companies with Directors, significant shareholders, other related parties or shareholders represented on the Board must be authorised by the Board. That authorisation is not necessary when the transactions meet all of the following three conditions:

(i) they are made under contracts with standard terms and conditions applied "en masse" to numerous clients;

(ii) they are made at prices or rates established generally by the supplier of the goods or provider of the services in question;

(iii) the amount thereof does not exceed 1% of the Company's annual revenue.

General, prior authorisation by the Board, subject to a report by the Audit and Compliance Committee, for a line of transactions and their conditions will be sufficient for bilateral or recurring transactions made in the normal course of the company's business. Finally, in cases where urgent action is necessary, related party transactions may be authorised by the Executive Committee, subject to subsequent ratification by the Board.

Finally, the company makes intragroup transactions on arm's length terms, documenting them according to the requirements of the laws (essentially tax laws) in place in each jurisdiction. This is one of the practices required by the Risk Management and Control Policy established in the Ebro Group.

D.2. List any transactions for a significant amount or object between the company and/or companies in its group and significant shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euros)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Corporate	Sale of goods (finished or otherwise)	5,190
CORPORACIÓN ECONÓMICA DELTA, S.A.	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	10,092

See section A-5 of this Report regarding the related party transaction between Sociedad Anónima Damm and Herba Ricemills, S.L.U. mentioned in this section D.2.

D.3. List any significant transactions for a significant amount or object between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Operating leases	41
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	28
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	31
GRUPO TRADIFÍN, S.L.	REAL CLUB DE GOLF DE SEVILLA, S.L.	CORPORATE	Services received	9
GRUPO TRADIFÍN, S.L.	CABHER 96, S.L.	CORPORATE	Purchase of goods (finished or otherwise)	91
GRUPO TRADIFÍN, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	AGRICOLA MAURIÑAS, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
HERCALIANZ INVESTING GROUP, S.L.	LLANOS RICE, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
HERCALIANZ INVESTING GROUP, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Operating leases	444
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Purchase of goods (finished or otherwise)	8,574
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services rendered	1
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services received	46
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sale of goods (finished or otherwise)	2,006
ALIMENTOS Y ACEITES, S.A.	---	---	Dividends and other distributions	9,086

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
FERNANDO CASTELLÓ CLEMENTE	---	---	Dividends and other distributions	1,315
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	---	---	Dividends and other distributions	2
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	CORPORATE	Dividends and other distributions	2,622
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	---	---	Dividends and other distributions	6,864
CORPORACIÓN FINANCIERA ALBA, S.A.	---	---	Dividends and other distributions	10,616
MARÍA CARCELLER ARCE	---	---	Dividends and other distributions	2
DEMETRIO CARCELLER ARCE	---	---	Dividends and other distributions	19

With regard to the transactions made with Instituto Hispánico del Arroz, S.A. and mentioned in this section C.3, the Directors Grupo Tradifín, S.L. and Hercalianz Investing Group, S.L. each own 50% of Instituto Hispánico del Arroz, S.A., the parent of a Group with which the Ebro Foods Group habitually conducts commercial transactions on arm's length terms. The transactions made by the Ebro Foods Group with that company and its subsidiaries in 2018 have been reported for their total amount in this section as made with the related party Hercalianz Investing Grupo, S.L. (Director), although they should also be considered related with the Director Grupo Tradifín, S.L. by virtue of its 50% interest in Instituto Hispánico del Arroz, S.A.

It should also be noted that during 2018 Ebro Foods, S.A. distributed a sum of 19 thousand euros as dividends to the executives listed in section C.1.14 of this Report.

D.4. Report any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which, by virtue of their object or terms, do not correspond to the normal business of the Company.

In any case, inform on any inter-company transaction with companies established in countries or territories considered tax havens:

Name of group company	Brief description of the transaction	Amount (thousand euros)
No details		N/A

Ebro Foods, S.A. has a 40% interest in Riso Scotti S.p.A., an associate consolidated by the equity method.

Riso Scotti S.p.A. is an Italian company with business activities similar to the objects of Ebro Foods, S.A.

The transactions made from 1 January to 31 December 2018 between companies in the Ebro Group and Riso Scotti (associate that is not part of the Ebro Group) are indicated below:

- Purchase of goods (finished or otherwise): 1,330 thousand euros

- Sale of goods (finished or otherwise): 3,236 thousand euros

- Services rendered (income): 8 thousand euros.

D.5. Report any significant transactions made between the company or group companies with other related parties that have not been reported in the preceding sections:

Name of related party	Brief description of the transaction	Amount (thousand euros)
FÉLIX HERNÁNDEZ CALLEJAS	Services rendered (income) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	4
FÉLIX HERNÁNDEZ CALLEJAS	Services received (expense) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	293

Hernández Barrera Servicios, S.A. is closely related to Félix Hernández Callejas, the individual representing the Director Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.

D.6. Describe the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

Apart from the powers of the General Meeting and the Board of Directors on conflicts of interest of the Directors, under Article 24 of the Regulations of the Board, the Audit and Compliance Committee has the power to settle any conflicts of interest that may arise between the company or the group and its Directors, executives, significant shareholders and listed subsidiaries, if any.

With regard to the Directors, Article 36 of the Regulations of the Board provides that Directors may not perform activities for their own or third party account that effectively or potentially compete with the Company or which otherwise puts them in a permanent conflict of interest with the company; and Article 37.1 establishes the obligation of Directors to take such measures as may be necessary to avoid situations in which their interests, for their own or third party account, may conflict with the corporate interests and their duties to the Company.

For this purpose, Article 38 of the Regulations of the Board stipulates that Directors shall inform the Board of any direct or indirect conflict of interest that they or any of their related parties may have with the Company. Furthermore, pursuant to Article 32.4 of the Regulations of the Board, Directors shall abstain from participating in the corresponding debates and voting on resolutions or decisions in which they or any person related to them has a direct or indirect conflict of interest, except in the cases in which they are authorised by law to participate in the discussion and voting.

Rule 13 of the current Internal Code of Market Conduct stipulates that any Relevant Persons (Directors, senior executives and their closely related parties) who are or may be in a conflict of interest shall:

(i) inform the Compliance Unit of their situation;

(ii) abstain from participating in or influencing any decisions on the matters affected by the conflict;

(iii) act with freedom of judgement, loyalty to the Company and its shareholders and independently of their own interests;

(iv) abstain from requesting or having access to any information or documentation related with the conflict of interest.

It also provides that the Audit and Compliance Committee, assisted by the Compliance Unit, shall make such decisions as may be necessary in respect of any conflicts of interest that may arise.

Without prejudice to their obligation to inform, both the Directors (and in the case of corporate directors, also their representatives on the Board) and the significant shareholders of the Company are asked each year, when drawing up the Annual Accounts and preparing the Annual Corporate Governance Report, to confirm: (i) any transactions that they may have made with the Company and/or other companies in the Group, (ii) their engagement in activities similar or complementary to those included in the company's objects, and (iii) that there have been no other conflicts of interest during the year.

D.7. Is more than one company of the Group listed in Spain?

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax risks:

As an integral part of the corporate policies passed by the Board, the Risk Management and Control Policy lays down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which Ebro Foods, S.A. and other companies in its Group are exposed.

Within this general framework, the integral, homogenous Risk Management and Control System is based on the preparation of a business risk map, through which, by pinpointing, assessing and grading of the risk management capacity, the risks are ranked from greater to lesser impact for the Group and by probability of occurrence. The risk map also identifies methods for mitigating or neutralising the risks detected.

The risk universe is structured in four main groups: compliance, operational, strategic and financial, and they are all subdivided into a large number of categories.

The risk classification process dynamically assesses both the inherent risk and the residual risk after application of the internal controls and action protocols established to mitigate them. These controls include preventive controls, adequate separation of duties, clear levels of authorisation and definition of policies and procedures. These controls can in turn be grouped into manual and automatic, made by data processing applications.

This model is both qualitative and quantitative and can be measured in the Group's results, for which purpose the risk level is considered acceptable or tolerable on a corporate level.

The Risk Management and Control System is dynamic, so the risks to be considered will vary according to the circumstances in which the Group's business is performed.

E.2. Name the corporate bodies responsible for preparing and implementing the Risk Management and Control System, including tax risks:

The Risk (including tax risks) Management and Control System and control of financial reporting is based essentially on the following structure:

- The Board of Directors, as ultimately responsible, defines the policy for control and management of risks, including tax risks, and control of financial reporting. Article 17.3 of the Regulations of the Board provides that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof.

- The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of the financial reporting and risk control systems, reporting regularly to the Board on any significant aspects arising in these areas. It is responsible for supervising and promoting internal control of the Group and the risk management systems and submitting recommendations to the Board on the risk control and management policy and possible mitigation measures in those areas.

- The Risks Committee, based on the policy established by the Board of Directors and under the supervision of and reporting to the Audit and Compliance Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and control of the Group's financial reporting. The Risks Committee also analyses and assesses the risks associated with new investments.

- The Management Committees of the core business units of the Group, on which the Chairman of the Board and the Chief Operating Officer (COO) sit, assess the risks and decide on mitigation measures.

- Risk officers of the core business units of the Group. The Risks Committee designates individuals in the major subsidiaries to monitor the systems for management and control of risks (including tax risks) and financial reporting and report to the Committee.

- Internal Audit Department. Within the internal audits of the different subsidiaries, the Company's Internal Audit Department checks that the testing and control of the financial reporting and risk management systems have been performed adequately in accordance with the indications by the Risks Committee.

E.3. Define the main risks, including tax risks and, to the extent that they may be significant, those deriving from corruption (the latter within the scope of Royal Decree Law 18/2017), that could have a bearing on achievement of the company's business goals:

The main risks that might have a bearing on achievement of the business goals set by the Ebro Foods Group are listed below and explained in greater detail in Explanatory Note Three in section H of this Report.

A. OPERATIONAL RISKS:

- Food safety risk

- Commodity supply risk

- Market risk (prices) risk

- Customer concentration risk

- Technological risk

B. RISKS RELATED WITH THE ENVIRONMENT AND STRATEGY:

- Environmental risk

- Climate risk

- Competition risk

- Reputational risk

- Changes in lifestyle

- Country or market risk

- Natural disasters, fires

- Strategic planning and assessment of strategic opportunities for investment or divestment

C. COMPLIANCE RISKS:

- Sectoral regulatory risk

- General regulatory risk

- Tax risks

D. FINANCIAL RISKS:

- Foreign exchange risk

- Interest rate risk

- Liquidity risk

- Credit risk

E.4. State whether the company has a risk tolerance level, including one for tax risks:

Risks are measured by both inherent and residual risk.

A scorecard is made each year of the principal ten risks to which the Group may be exposed (the TOP TEN), which are rated and measured as far as possible. If the economic consequences of a risk could cause a loss (or a loss of profit) of more than 5% of the consolidated EBITDA budgeted, or over 20% of the individual EBITDA of a business, it is considered a threat requiring corporate action.

In general, the heads of the different business units (the Management Committee of each unit) define the risks affecting their respective businesses, assess the possible economic impact of those risks and, according to the specific circumstances prevailing, establish whatever mitigation measures they deem fit.

Without prejudice to the supervision by the Risks Committee and Audit Committee, the Management Committee of each unit implements and monitors the mitigation measures taken and assesses the results thereof.

This notwithstanding, when a threat is identified that requires action on a corporate level (as mentioned in the first paragraph above), the persons responsible for risk management and control in the corresponding unit inform the Risks Committee of the situation, proposing such mitigation measures as they may consider adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit.

E.5. What risks, including tax risks, have occurred during the year?

The following risks occurred within the Ebro Group during 2017, further details of which are provided in Explanatory Note Four in Section H of this Report:

- Food safety risk

- Supply risks

- Country risk

- Competition / market risk

- Regulatory and reputational risk

E.6. Explain the response and supervision plans for the main risks, including tax risks, to which the company is exposed and the procedures followed to ensure that the board of directors provides solutions for any new challenges that may arise:

The management committee in each subsidiary is responsible for monitoring the subsidiary's risk supervision system. Management committees usually meet monthly to analyse any risks that may have materialised and follow up the contingency plans and actions taken to mitigate them. Control and monitoring of the economic variables in each subsidiary against the corresponding budget also ensures the immediate detection of unforeseen risk situations. The subsidiaries with greatest weight within the Group, such as the North American subsidiaries, have "Crisis Management Plans" (CMP), which specify the main risks to which the company is exposed, the protocols for responding to them and the company officers responsible for implementation.

This notwithstanding, when a threat is identified that requires action on a corporate level (see section E.4), the persons responsible for risk management and control in the corresponding unit must inform the Risks Committee of the situation, proposing such mitigation measures as may be considered adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit. The Risks Committee reports regularly to the Audit and Compliance Committee on the actions taken and plans proposed and the latter in turn reports on all this to the Board of Directors.

The measures to control, reduce and, as the case may be, mitigate the risks are established according to the following basic criteria:

- They shall seek to neutralise the risk detected, maintaining coherence between the importance of the risk and the cost and means required to neutralise it.

- If neutralisation is not feasible, measures shall be designed to reduce the potential economic consequences, if possible to within tolerance levels.

- The management and control shall, as far as possible, forestall rather than remedy.

- The control mechanisms shall adequately separate management and oversight.

- The different people responsible for risk management shall coordinate their actions to be efficient, seeking the utmost integration between control systems.

- Maximum transparency shall be ensured in the identification and assessment of risks, specification and implementation of mitigation measures and assessment of the results of those measures.

- Compliance must be guaranteed with the requirements of internal reporting to the bodies responsible for supervision and control.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS FOR FINANCIAL REPORTING (FRICS)

Describe the mechanisms comprising the financial reporting internal control and risk management systems (FRICS) of your company.

F.1. Control environment

Report on at least the following, describing their principal features:

F.1.1 What bodies and/or units are responsible for: (i) the existence and maintenance of an adequate and effective FRICS, (ii) its implementation and (iii) its oversight?

As established in its Regulations, the Board of Directors is ultimately responsible for the existence, maintenance and oversight of an adequate, effective internal control system for the company's financial reporting (FRICS).

The Audit and Compliance Committee is responsible for: (i) supervising and promoting the procedures and systems used to prepare and control the company's financial reporting; (ii) checking any public financial information; and (iii) ensuring implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in relation to the financial reporting process.

The Management Committee is responsible for the design, implementation and functioning of the FRICS through the Group Finance Department and the Finance Departments of the different business units. The different general managements are responsible for effective implementation of these systems within their respective areas of activity. There are also officers responsible for the different processes documented within the FRICS, who must ensure that those processes are kept up to date, informing the Risks Committee, through the finance department and general management of the corresponding business unit, of any modifications or adaptations required.

The Risks Committee, reporting to the Audit and Compliance Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and controlling the Group's financial reporting.

F.1.2 State whether the following elements exist, especially in respect of the financial reporting process:

· Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for adequately informing the company:

As established in its Regulations, the Board of Directors is responsible for defining the general strategy and guidelines for management of the Company and its Group and encouraging and supervising the actions taken by the senior officers, establishing an organisational structure that will guarantee the utmost efficiency of the senior management and the management team in general.

According to the Regulations of the Board, the Nomination and Remuneration Committee is responsible for checking the criteria followed regarding the composition and structure of the Board and for selecting candidates for the Board. It also nominates the Chairman, CEO or managing director(s) and Secretary of the Board and proposes the assignment of Directors to the different Board Committees.

In turn, under the policies approved by the Board, the Nomination and Remuneration Committee supervises the senior executive remuneration and incentives policy.

Within each group company, the organisational structure of the units participating in the preparation of financial reporting depends on several factors, such as the volume of operations or type of business, but in all cases it corresponds to the need to cover the main duties of recording, preparing, checking and reporting the operations performed and the economic and financial position of the company. The Executive Chairman, Chief Operating Officer (COO) and executives of the different business units of the Ebro Foods Group participate actively in the management committees of the Group's subsidiaries, thereby ensuring direct communication through the lines of responsibility and authority.

The senior management and the human resources departments of the Group and each of the Group subsidiaries are responsible for designing the organisational structure according to local needs. The most important subsidiaries have organisation charts that include a description of the duties and responsibilities of the main areas participating in the internal control of financial reporting.

The different job descriptions of positions and responsibilities are maintained by the Human Resources Department of each subsidiary and the management of all the subsidiaries, especially the financial management, are informed of any new member of a subsidiary.

- Code of conduct, body responsible for its approval, degree of publicity and instruction, principles and values included (stating whether there is any specific mention of the recording of transactions and preparation of financial reporting), body responsible for analysing default and proposing corrective measures and penalties:

The Code of Conduct of the Ebro Group, an update of the earlier Codes of Ethics and Conduct drawn up by the Ebro Foods Group in 2003, 2008 and 2012, was approved by the board on 25 November 2015 and all levels of the organisation were notified.

The Code of Conduct provides guidance on how to act in the Group's internal and external relationships, strengthening the values that distinguish us and establishing a basic reference to be followed by the Group.

The Code aims to:

- Be a formal, institutional reference for personal and professional conduct

- Guarantee the responsible, ethical behaviour of all the Group's professionals in their work

- Reduce the element of subjectivity in personal interpretations of moral and ethical principles

- Create a standardisation tool to guarantee progressive implementation throughout the Group of the ten principles of the UN Global Compact

- Grow responsibly and committed to all our stakeholders.

As established in the Code of Conduct, the Group assumes a principle of conduct based on transparent reporting, consisting of an undertaking to report reliable financial, accounting or other information to the markets. Accordingly, the company's internal and external financial reporting will give a true and fair view of its real economic, financial and equity situation according to generally accepted accounting principles.

Employees formally sign the Code of Conduct when they join the workforce of most Group companies and all new Group employees during the year were informed and given a copy of the Code.

The Code of Conduct is published in the Intranet, where it can be consulted by any employee, and on the Group's website.

The Audit and Compliance Committee is responsible for monitoring and controlling application of the Code. The Compliance Unit, which has sufficient initiative, autonomy and resources, is responsible, among other duties, for assisting the Audit and Compliance Committee in the supervision of compliance, publication and interpretation of the Code of Conduct.

Ebro Foods, through its Secretary, has an e-mail address to which any Group employee may send queries and suggestions regarding the interpretation of the Code of Conduct.

The Audit and Compliance Committee reports regularly to the Group's Board of Directors on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved and, where appropriate, the interpretation criteria followed.

The Code of Conduct provides that any violation or breach of the Code that is classified as a labour offence shall be penalised according to the labour laws, without prejudice to any other liability that the infringer may incur and the remedial measures that may be established by the different Group companies in pursuance of prevailing laws. On a Group level, the Audit and Compliance Committee, assisted by the Compliance Unit, shall receive reports of any violation of the Code of Conduct and act accordingly.

· Whistleblowing channel, through which the audit committee can be informed of any financial or accounting irregularities, any breaches of the code of conduct and any irregular activities within the organisation, indicating whether this channel is confidential:

As established in the Regulations of the Board, the Audit and Compliance Committee is formally responsible for implementing a confidential whistleblowing channel accessible to all Group employees and defining a protocol for prioritising, processing, investigating and settling reports according to their importance and nature, especially any concerning possible financial or accounting misrepresentations.

For this purpose, in its Code of Conduct the Ebro Group has established a whistleblowing channel, through which any irregular conduct in financial, accounting or other areas and any breach of the code of conduct can be reported confidentially.

Through that whistleblowing channel, therefore, any employees may report whatever conduct they may consider necessary and contact the Chairman of the Audit and Compliance Committee directly to inform on potential breaches. Access to that e-mail account, technologically protected to prevent any unauthorised access, is limited exclusively to the Chairman of the Audit and Compliance Committee who, as an Independent Director, has no relationship with the management structure of the Group.

The Audit and Compliance Committee guarantees the confidentiality of the reports handled, according to a confidentiality commitment signed by all those involved in handling the reports and other precautions included in the "Report Handling Protocol". That protocol, approved by the Audit and Compliance Committee in 2012, establishes the procedure to be followed on receiving reports, regarding their processing, prioritising, solving and notification.

· Training programmes and regular refresher courses for employees involved in the preparation and checking of financial information and evaluation by the FRICS, covering at least accounting and auditing standards, internal control and risk management:

The Ebro Group has a policy of making sure it has personnel with sufficient training and experience to perform the duties and responsibilities assigned to them. The Ebro employees involved in the preparation and checking of the financial information and FRICS appraisal participate in training and refresher courses regarding the laws and standards in place from time to time and good practices to guarantee the reliability of the financial information generated.

The Ebro Group also encourages and provides means and resources for its employees to keep their accounting knowledge up to date through the attendance of seminars, on-line information and other means, and regular meetings are held with the external auditors to assess in advance the standards in place or those about to enter into force.

During the year the Ebro Group has focused its training for personnel involved in the preparation and checking of financial information and FRICS appraisal on the following aspects:

- Accounting updates
- Management and control of costs for business decision-making
- Training in the tax laws in different countries
- Financial Reporting Internal Control System Manual

In addition, the external auditors of the Company and its Group regularly attend the meetings of the Audit and Compliance Committee to give training on the principal novelties in accounting and auditing, especially those that have or may have a greater effect on the Group's accounts.

F.2. Measurement of risks in financial reporting

Report at least on:

F.2.1 The main features of the risk identification process, including risks of error or fraud, in respect of:

· Whether the process exists and is documented:

Within the risk management and control policy approved by the Board, the financial reporting internal control system is supervised by the Audit and Compliance Committee, assisted by the Risks Committee and the Group Finance Department.

The potential risk events that could affect the organisation are identified and assessed through the financial reporting internal control system, pinpointing and assessing the risks corresponding to each line of business. Through this risk control and management system, the Ebro Group has drawn up a consolidated risk map by compiling and combining the risk maps of its major subsidiaries.

This process is coordinated by the Risks Committee, which manages and establishes the permitted tolerance to the risk and coordinates actions to align the measures addressing risks with the Group's global risk policy so that the exposure to risk assumed by the Ebro Group overall is known at all times.

Based on the results obtained, systems are devised for addressing risks and internal control, to keep the likelihood and impact of those risks on financial reporting within the tolerance levels, thereby providing reasonable certainty regarding achievement of the strategic business goals.

· Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations), whether it is updated and how often:

The Ebro Group has established a continuous improvement process to minimise the risks related with financial reporting by improving the design and effectiveness of existing controls.

For this purpose, it has a process identifying the risks affecting the reliability of financial reporting, based on and beginning with a definition of the scope, according to quantitative criteria of materiality in respect of the consolidated amounts and other qualitative criteria (error, fraud, uncommon transactions, etc.). Companies in the major business units or divisions that meet any of the afore-mentioned criteria and the material accounting items of each one are defined according to those criteria. Once the material items have been defined on a company level, the processes and sub-processes they affect are established, according to a relationship matrix.

For each of the sub-processes included within the scope, the inherent risks and the checks made by the responsible persons to mitigate those risks are identified, setting this information down in a Risks-Controls Matrix. Those risks take account of all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations).

The financial reporting risks are identified in the Ebro Group's Risks-Controls Matrix and updated to take account of any changes in the scope of consolidation of the Group or development of its business and their reflection in the financial statements, making a comparative analysis every year of the variations in material processes and sub-processes to establish any risks that have not been previously identified.

· The existence of a process for defining the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, base companies or special purpose vehicles:

The Ebro Group has a process based on internal regulations that guarantees the correct identification of the scope of consolidation through an adequate separation of duties in the requesting, authorising, reporting and recording of any operation entailing the incorporation, merger, division, acquisition or sale of companies and any other corporate operation, directly involving the Legal Department and the Board of Directors.

This process considers the possible existence of complex corporate structures, base companies or special purpose vehicles, among other means by establishing an adequate structure to separate the duties of requesting, authorising and reporting for any corporate operation within the Group. No transactions or complex corporate structures that might entail off-balance sheet transactions that should be recorded within the reporting period were identified this year.

· Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they affect the financial statements:

The Risk Management and Control System of the Ebro Group is designed to identify potential risk events that might affect the organisation. At present there are four types of risks: Operating, Compliance, Strategic and Financial, and the conclusions are taken into account insofar as the risks may affect financial reporting. For this purpose, the Risks Committee acts as a unit of coordination and interrelation of the effect of the risks detected on the different areas (management, business, financial reporting, legal, reputational etc. risks).

· Which governing body of the company supervises the process:

While the Board has the power, which it may not delegate, to determine the policy for control and management of risks, including tax risks, and supervision of the internal control and reporting systems, the Audit and Compliance Committee is responsible for supervising and promoting the procedures and systems used to prepare and control the Company and Group financial reporting, and controlling the implementation of and compliance with the risk management and control systems, both in general and in respect of the financial reporting process.

F.3. Control activities

Inform whether the company has at least the following, describing their main features:

F.3.1 Procedures for checking and authorising financial information to be published on the stock markets and description of the FRICS, indicating who is responsible for these tasks, and documentation describing the flows of activities and controls (including those checking for the risk of fraud) in the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections

The priorities established within the Ebro Group include the quality and reliability of the financial information, both internal information for decision-making and external information published for the markets. The information to be provided by the different units is requested by the Group financial department, paying special attention to the processes of closing the accounts, consolidation, measurement of intangibles and areas subject to judgement and estimates.

The Ebro Group has procedures for checking and authorising the financial information and description of the FRICS, responsibility for which corresponds to the Financial Department, the Risks Committee, the Audit and Compliance Committee and the Board of Directors.

The Audit and Compliance Committee checks and analyses the financial statements and any other important financial information, as well as the principal judgements, estimates and projections included and discusses them with the corporate financial department and the internal and external auditors to confirm that the information is complete and the principles applied are consistent with those of the previous full-year accounts.

The procedure for checking and authorising the financial information corresponds to the Group financial department, based on the information checked and validated by the different units. The Audit and Compliance Committee supervises this information to be published on the market and it is approved by the Board of Directors.

The Group has implemented a process to enhance the quality and quantity of documentation and make the generation of financial information and its subsequent supervision more effective and efficient.

The significant processes involved in the generation of the Group financial reporting are documented based on the COSO internal control model. The main processes documented are:

- Closing of Financial Statements and Reporting
- Consolidation
- Sales and Receivables
- Purchases and Payables
- Fixed Assets
- Inventories
- Payroll

The documentation outline is extended progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

The persons responsible for each of the documented processes in each subsidiary have been identified. They are responsible for keeping those processes up to date on an annual basis, reporting any modifications or adaptations to the Risks Committee through the Group's financial department.

Process documentation includes details of the flows and transactions and the financial reporting objectives and controls established to ensure they are met. It also contemplates the risks of error and/or fraud that might affect the financial reporting objectives. The documentation of flows of activities and controls that may have a material effect on the financial statements, including the accounts closing procedure, includes the preparation of narratives on the processes, flow charts and risk and control matrices. The controls identified are both preventive and detective, manual or automatic, describing also their frequency and associated information systems.

F.3.2 Internal control procedures and policies for the IT systems (including access security, track changes, operation, operating continuity and separation of duties) used for the significant processes of the company in the preparation and publication of financial information

The Group has rules for managing financial information security. Those rules are applicable to the systems used to generate financial information and the IT Department is responsible for defining and proposing the security policies.

Within its policies and infrastructure management the Ebro Group has procedures to secure each of the following points:

i) Both physical and logical access are controlled to ensure that only authorised internal and external personnel can access the Ebro centres and systems. Ebro has several Data Centres, the main one in Spain where the company's critical systems are housed. The major subsidiaries also have local data centres. They all have their own infrastructure to guarantee adequate control of access to the installations. In small subsidiaries, the general rule is to have external service providers to provide that security. When external service providers are used, the Ebro Group makes internal audits of the information systems and their architecture, including the security aspect.

Logical access control is secured with efficient management of access to our systems, whether internal or external, and through a user management coordinated with the human resources department and the company's group of managers. Ebro has user access control systems and workflow tools to guarantee inter-departmental integration and efficient updating of user status, regularly identifying those who no longer access the systems. Ebro Foods is in the process of implementing a system to control the separation of duties and access to critical functions of the SAP GRC SoD system. This system is already operational in the major subsidiaries of the Group and its implementation programme contemplates extension to all the important subsidiaries of the Ebro Foods Group.

External access is guaranteed through specific users and controlled management. The necessary elements have also been provided on a network level to ensure that only authorised users and processes have access from outside.

ii) The larger subsidiaries mainly use the ERP SAP system. In all those cases, Ebro has procedures underpinned by systems that systematically filter, assess, manage the life cycle and inform on production changes after acceptance by specific users and impact analysis in the systems currently used in production.

iii)The separation of duties is underpinned by the use of roles by groups of users, which allow access only to the information and transactions previously approved by the organisation. The modification or creation of new roles is backed by the same procedure that guarantees management of the user life cycle and is applicable to the major companies of the Ebro Group. Special attention is paid to separation in IT support processes to make sure that the tasks of development, sending to production and administration of the system are duly separated. In addition, as mentioned above, Ebro Foods is in the process of implementing the SAP GRC SoD system throughout the Group, ensuring adequate access control, separation of duties, anti-fraud elements within ERP and mitigating measures where necessary.

iv)Ebro has internal tools which, combined with the user support departments and systems (Help Desks), guarantee the management and traceability of any incidents in the IT systems. Programme changes are managed within that system, which is based on ITIL best practices and management.

The critical information systems are always housed in our data centres and there are individuals assigned to each one who are responsible for proactive monitoring of the automatic processes and proactive assessment of the yield and functioning of the systems.

Ebro has global contracts with security control tool providers, which guarantee the installation of such tools in all the computer and data processing equipment used in the company.

v) Ebro has tools to guarantee the continuity of business support by its IT systems in the event of a fatal error or system crash. There are backup systems and policies in its data centres that guarantee access to information and systems in case of a crash. The use of tape or disk backups and replicating the information in several computers with subsequent triangular distribution are habitual procedures for making incremental or complete backup copies. The current systems allow recovery of the information up to the specific time of the fatal error or system crash.

F.3.3 Internal control procedures and policies to oversee the management of outsourced activities and any aspects of valuation, calculation or measurement commissioned to independent experts, which may have a material impact on the financial statements

In general, the Ebro Group manages all activities that may have a material impact on the reliability of the financial statements, using internal resources to avoid outsourcing. There are very few outsourced activities and the procedures and controls of those activities are regulated in the contracts signed with the service providers in question.

The valuation, calculation or measurement activities commissioned by the Ebro Group to independent experts are mainly concerned with the appraisal of properties, actuarial studies of employee benefits and impairment testing of intangibles.

Only service providers of internationally recognised standing are used for these valuation reports, making sure that they are not affected by any circumstance or event that could compromise their independence.

The reports obtained from these firms are submitted to internal review to check that the most significant assumptions and hypotheses used are correct and that they comply with the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS). Furthermore, the valuation processes and the hypotheses and assumptions used by independent experts are reported to and considered by the external auditors of the Company and its Group.

F.4. Information and communication

Inform whether the company has at least the following, describing their main features:

F.4.1 A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates

The Ebro Group has adequate procedures and mechanisms to inform the employees involved in the preparation of financial information on the applicable criteria and the IT systems used in that preparation. This is done through the Management Control Unit and the Corporate Financial Department, whose powers include the following, among others:

- Define, administer, update and report on the Group's accounting policies, in compliance with the applicable accounting standards and rules of consolidation for the preparation and presentation of financial information to be disclosed.

- Prepare, update and report on the Accounting Policy Manual to be applied by all financial units in the Group. This manual is updated regularly.

- Settle any queries or conflicts regarding the interpretation and application of the accounting policies, maintaining fluent communication with those responsible for these operations in the organisation.

- Define and create templates, formats and criteria to be used for preparing and reporting the financial information. All financial information distributed on the markets is prepared by consolidating the reports of the different business units, prepared using mechanisms for data input, preparation and presentation that are homogenous for the entire Group. These mechanisms are designed to enable compliance with the standards applicable to the principal financial statements, including accounting criteria, valuation rules and presentation formats, and embrace not only the balance sheet, profit and loss account, statement of changes in equity and statement of cash flows, but also the obtaining of other information that is necessary to prepare the notes to the financial statements.

F.4.2 Mechanisms for collecting and preparing financial information with homogenous formats, applied and used by all business units in the company or group, valid for the main financial statements and notes, and the information given on the FRICS

The Group's financial information is prepared using a process of aggregating separate financial statements at source for subsequent consolidation according to the applicable accounting and consolidation standards, to obtain the consolidated financial information to be presented monthly to the Board and published periodically on the markets.

The process of aggregation and consolidation of the Group's financial statements is based on homogenous, common format templates that include different tables and reports to be completed. They also have automatic internal controls to check the integrity and reasonability of the data input.

These templates are validated each month by a financial manager in each subsidiary before sending them for checking and consolidation. To complete the automatic checks, those data and the estimation, valuation and calculation principles used to obtain them, as well as the accounts closing procedure, are checked by the financial manager at each level of aggregation and consolidation until the Ebro Group consolidated financial information is obtained, prepared and checked by the corporate financial department.

The Ebro Group has established a reporting system for the Financial Reporting Internal Control System, which is available in the Group for all the subsidiaries included within the scope of the FRICS. Through that reporting, the parent coordinates maintenance of the system in the rest of the subsidiaries annually through the assignment of persons responsible for their maintenance and updating in the event of any significant change to be taken into consideration in the documentation. Finally, if any weaknesses are detected in the financial reporting internal control system, the subsidiaries are notified of the necessary action plans and they are monitored by the parent.

F.5. Supervision of the functioning of the system

Inform on at least the following, describing their main features:

F.5.1 The FRICS supervisory activities performed by the audit committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS). Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered

The Board of Directors is ultimately responsible for the existence, maintenance and supervision of an adequate, effective internal control system for the financial reporting. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the Board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The Audit and Compliance Committee, assisted by the Risks Committee, must see that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system, are adequate.

The Audit and Compliance Committee also ensures that the external auditor and Internal Audit Manager are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; reports to the board on any related party transactions submitted for its consideration; controls any possible conflicts of interest; and, in general, makes sure that all the company's information and reporting, particularly financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The Risks Committee, as the central control system, monitors adequate fulfilment by the risk officers of the respective units of the following duties: (i) monitoring, updating and review of the business risks map and the different financial reporting processes; (ii) compliance with the reporting protocols for business risks and financial information; (iii) assessment of the measures for mitigating and controlling any risks detected, and (iv) assessment of the effectiveness of the systems and controls by implementing the test processes indicated by the Risks Committee, assisted by the heads of the different units and, where necessary, external advisers. The Risks Committee, based on the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and checking the Group's financial information.

Within the business risks control and the financial reporting internal control system, the Internal Audit Department makes sure that the testing and control of risk management and financial reporting systems have been done properly, within the internal audits carried out on different subsidiaries during the year, under the Internal Audit Plan.

The Internal Audit Department has submitted its annual working plan to the Audit and Compliance Committee and reported directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it has submitted an activity report.

The results of audits made by the Internal Audit Department and any incidents detected by the Risks Committee have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

F.5.2 Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of any significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed

The Audit and Compliance Committee has a stable, professional relationship with the external auditors of the principal companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its implementation, and checks that the senior management heeds the auditor's recommendations.

In addition, as established in the Regulations of the Board, it is responsible for overseeing the Internal Audit Services, examining the financial reporting process and internal control systems.

During 2018, the External Auditor and Manager of the Internal Audit Department each attended 5 meetings of the Audit and Compliance Committee.

F.6. Other significant information

N/A

F.7. External auditor's report

Inform on:

F.7.1 Whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, explain why not.

The report issued by the external auditor is appended hereto.

G. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Good Governance Code for Listed Companies.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

   Complies [X]   Explanation [ ]

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

   a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies.

   b) The mechanisms in place to solve any conflicts of interest.

   Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

3. During the annual general meeting, to supplement the written distribution of the annual corporate governance report, the chairman of the board should inform the shareholders orally, in sufficient detail, of the most important aspects of the company's corporate governance, especially:

   a) Any changes made since the previous annual general meeting.

   b) The specific reasons why the company does not follow any of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

4. The company should define and promote a policy of communication and contacts with shareholder, institutional investors and proxy advisors that fully respects the laws against market abuse and gives similar treatment to shareholders who are in the same position.

   And the company should publish that policy on its website, including information on how it has been implemented, naming those responsible for such implementation.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

5. The board should not table a motion at the general meeting for delegating powers to issue shares or convertible securities excluding the preferential subscription right in a sum of more than 20% of the capital at the time of the delegation.

   And when the board approves an issue of shares or convertible securities excluding the preferential subscription right, the company should immediately publish on its website the reports on that exclusion required by commercial law.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

6. Listed companies that prepare the following reports, whether mandatory or voluntary, should publish them on their websites sufficiently in advance of the annual general meeting even though that publication is not compulsory:

   a) Report on the independence of the auditor

   b) Reports on the functioning of the audit committee and the nomination and remuneration committee

   c) Report by the audit committee on related party transactions

   d) Report on the corporate social responsibility policy.

   Complies [ ]   Partial compliance [X]   Explanation [ ]

All the sections of this Recommendation are met, except (c).

The Audit and Compliance Committee checks that all the related party transactions with significant shareholders, Directors, representatives of corporate directors and other related parties have been made on arm's length terms, at market prices, transparently, fairly and reasonably, and always in the interests of the Ebro Foods Group, and issues a report to the Board in favour of their approval. After studying this Recommendation the Company does not consider it convenient to publish the contents of that report because it contains sensitive commercial information that is confidential for the Group in respect of its rivals.

7. The company should broadcast general meetings live, through its website.

   Complies [ ]   Explanation [X]

General Meetings of shareholders of Ebro Foods S.A. are not broadcast live through the corporate website owing to the size and capitalisation of the Company.

Furthermore, considering the little use made of the technical means intended to increase shareholders' participation at general meetings (such as the shareholders' forum or electronic voting and proxies) and the ample quorum at general meetings (79.0325% at the last AGM held on 5 June 2018), the Company considers it unnecessary at present to invest economic resources in the live broadcasting of general meetings.

All information on what happens at the general meeting is subsequently published in Spanish and English on the corporate website, where it is fully available, downloadable and easy to access, with no limitations or restrictions of any nature.

The Company has studied this Recommendation and for the time being does not contemplate live broadcasting of the AGM to be held in 2019, considering that its general meetings comply with the principles of transparency and adequate information recommended by the Code of Good Governance.

8. The audit committee should make sure that the board endeavours to avoid a qualified auditor's report on the accounts laid before the general meeting, and in exceptional circumstances when such qualifications exist, both the chairman of the audit committee and the auditors should clearly explain to the shareholders their content and scope.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

9. The company should publish permanently on its website the requirements and procedures it will accept as proof of ownership of shares, right to attend the general meeting and exercise or delegation of shareholders' voting right.

And those requirements and procedures should favour the attendance and exercise by shareholders of their rights, not being in any way discriminatory.

Complies [X] Partial compliance [ ] Explanation [ ]

10. If a legitimate shareholder has exercised their right, prior to the general meeting, to supplement the agenda or submit new proposed resolutions, the company should:

a) Immediately distribute those supplementary items and new proposed resolutions.

b) Publish the model attendance card or proxy form or postal/electronic voting form with the necessary modifications to enable voting on the new items on the agenda and alternative proposed resolutions on the same terms as those proposed by the board of directors.

c) Put all these items or alternative proposals to the vote and apply the same voting rules as those applicable to the proposals by the board, including in particular the presumptions or deductions regarding votes.

d) After the general meeting, report the details of the voting on those supplementary items or alternative proposals.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

11. If the company plans to pay attendance fees for general meetings, it should establish in advance a general policy on those fees and that policy should be stable.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

12. The board should perform its duties with unity of purpose and independence of judgement, give the same treatment to all shareholders in the same position and be guided by the company's interests, namely the achievement of a profitable business sustainable in the long term, promote its continuity and maximise the economic value of the company.

And in its search for the company's interests, apart from respecting the laws and regulations and acting in good faith, ethically and with respect for generally accepted use and good practice, it should endeavour to reconcile the corporate interests with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as the case may be, and the impact of the company's activities on the community and environment.

Complies [X] Partial compliance [ ] Explanation [ ]

13. The board should have the necessary size to operate effectively, with participation. The recommended size is between five and fifteen members.

Complies [X] Explanation [ ]

14. The board should approve a policy for selecting directors which:

a) Is specific and verifiable.

b) Ensures that nominations or proposals for re-election are based on a prior analysis of the board's needs.

c) Favours the diversity of expertise, experience and gender.

The results of the prior analysis of the board's needs should be set out in the report by the nomination committee published when calling the general meeting at which the ratification, appointment or re-election of each director is proposed.

And the policy for selecting directors should promote the target that the number of female directors on the board should be equivalent to at least 30% of the total members of the board by 2020.

The nomination committee shall check compliance with the policy for selecting directors annually and inform on its conclusions in the annual corporate governance report.

Complies [X]   Partial compliance [ ]   Explanation [ ]

15. The proprietary and independent directors represent an ample majority of the board and the number of executive directors is the minimum necessary, taking account of the complexity of the corporate group and the percentage stake held by the executive directors in the company's capital.

Complies [X]   Partial compliance [ ]   Explanation [ ]

16. The ratio of proprietary directors to total non-executive directors should not be greater than the ratio of capital represented by those directors to the rest of the capital.

This may be eased:

a) In companies with a high capitalisation, in which shareholdings legally considered significant are scarce.

b) In companies with a plurality of unrelated shareholders represented on the board.

Complies [X]   Explanation [ ]

17. The number of independent directors should represent at least one-half of the total directors.

This notwithstanding, if the company does not have a large capitalisation or if it has a high level of capitalisation but has one shareholder, or several acting in concert, that controls more than 30% of the capital, the number of independent directors should represent at least one-third of the total directors.

Complies [X]   Explanation [ ]

18. Companies should publish on their websites and keep up to date the following information on their directors:

a) Professional and biographic profile

b) Other directorships held, in listed or unlisted companies, and other remunerated activities performed, of whatsoever nature

c) Indication of the category of director, indicating for proprietary directors the shareholder they represent or with which they are related

d) Date of first appointment as director of the company and subsequent re-elections

e) Shares and stock options held in the company

Complies [ ] Partial compliance [X] Explanation [ ]

All the sections of this Recommendation are met, except b).

Although there is no specific section on the corporate website containing the information contemplated in paragraph (b), information on the Directors of Ebro Foods, S.A., including directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, is set out in the annual accounts and corporate governance report each year published in the corresponding sections of the website.

After studying this Recommendation, the Company considers that it informs on the directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, S.A. in sufficient detail to comply with the transparency in reporting sought by the Code of Good Governance.

19. Once checked by the nomination committee, the annual corporate governance report should include an explanation of the reasons why proprietary directors have been appointed at the request of shareholders with an interest of less than 3% in the capital, as well as the reasons, if appropriate, for not meeting formal requests for presence on the board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

20. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

21. The board should not propose the removal of any independent director before the end of the period for which they were appointed, unless there are just grounds for doing so, as appreciated by the board subject to a report by the nomination committee. In particular, just grounds are deemed to exist when the director takes up new positions or contracts new obligations preventing them from dedicating the necessary time to performance of their duties on the board, or if they breach their duties or any circumstances arise by virtue of which they would no longer be considered independent, according to the applicable legal provisions.

The removal of independent directors may also be proposed following takeover bids, mergers or other similar corporate operations entailing a change in the ownership structure of the company, when changes in the structure of the board are required by the principle of proportionality contemplated in Recommendation 16.

Complies [X] Explanation [ ]

22. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's credit and reputation. In particular, directors should be obliged to inform the board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is prosecuted or tried for any of the offences contemplated in company law, the board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

Complies [X]   Partial compliance [ ]   Explanation [ ]

23. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the board.

And when the board adopts significant or reiterated decisions about which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if they opt to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the secretary of the board, even if they are not a director.

Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

24. If a director resigns or retires from office on whatsoever grounds before the end of their term of office, they should explain the reasons in a letter sent to all the board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be stated in the Annual Corporate Governance Report.

Complies [X]   Partial compliance [ ]   Explanation [ ]   Not applicable [ ]

25. The nomination committee should make sure that non-executive directors have sufficiently availability to perform their duties correctly.

And the regulations of the board should stipulate the maximum number of directorships that may be held by its directors.

Complies [ ]   Partial compliance [X]   Explanation [ ]

Although the Regulations of the Board do not stipulate a maximum number of directorships that may be held by the Directors of Ebro Foods, S.A., it does impose on the Directors the obligation to dedicate to the Company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company (Article 32 of the Regulations of the Board, "General duties of Directors").

Moreover, the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors stipulates within "Conditions to be met by candidates" that candidates must have sufficient availability to be able to duly perform their duties. This point is confirmed by the Committee with the candidates before submitting any proposal to the Board of Directors.

After studying this Recommendation, the Company considers that the principles pursued by the Code of Good Governance in this respect are met with the obligation regarding dedication imposed in Article 32 of the Regulations of the Board and the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors. It considers this a complex issue and believes that it is not necessary to establish a maximum number of directorships that may be held by the Directors in order to achieve this.

26. The board should meet as often as may be necessary to secure efficient performance of its duties, and at least eight times a year, following the calendar and business established at the beginning of the year, although any director may individually propose additional items to be included on the agenda.

Complies [X]   Partial compliance [ ]   Explanation [ ]

27. Non-attendance of board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to miss a board meeting, a proxy should be granted with the appropriate instructions.

Complies [X]   Partial compliance [ ]   Explanation [ ]

28. When the directors or the secretary express concern over a proposal, or, in the case of directors, the company's performance, and those concerns are not settled by the board, they should be put on record in the minutes, at the request of those expressing them.

Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

29. The company should establish adequate channels for directors to obtain any counselling they may need to perform their duties, including, should circumstances so require, external counselling at the company's expense.

Complies [X]   Partial compliance [ ]   Explanation [ ]

30. Regardless of the expertise required of directors to perform their duties, companies should also offer their directors refresher courses in the appropriate circumstances.

Complies [X]   Explanation [ ]   Not applicable [ ]

31. The agenda for meetings should clearly indicate the items on which the board is called upon to adopt a decision or resolution, so that the directors can study or obtain in advance the information they may need.

In exceptional cases, for reasons of urgency, the chairman may submit decisions or resolutions not included on the agenda for approval by the board. The prior, express consent of most of the directors present will be necessary for this, leaving due record in the minutes.

Complies [X]   Partial compliance [ ]   Explanation [ ]

32. Directors shall be regularly informed on any changes in the ownership of the company and the opinion held by the significant shareholders, investors and ratings agencies of the company and its group.

Complies [X]   Partial compliance [ ]   Explanation [ ]

33. Being responsible for the efficient procedure of the board of directors, apart from performing the duties assigned by law and in the articles of association, the chairman should prepare and submit to the board a schedule of dates and business to be transacted; organise and coordinate the periodical assessment of the board and chief executive, if any, of the company; be responsible for managing the board and for its efficient operation; make sure sufficient time is allotted to the discussion of strategic issues; and resolve and review refresher programmes for each director whenever circumstances so require.

Complies [X]   Partial compliance [ ]   Explanation [ ]

34. When there is a lead independent director, the articles of association or regulations of the board should assign the following powers, apart from those corresponding to them by law: preside over board meetings in the absence of the chairman and vice-chairmen, if any; echo the concerns of non-executive directors; hold contacts with investors and shareholders to find out their points of view and form an opinion on their concerns, particularly regarding the corporate governance of the company; and coordinate the plan for succession of the chairman.

Complies [ ]   Partial compliance [ ]   Explanation [X]   Not applicable [ ]

Although the Articles of Association and Regulations of the Board do not expressly assign to the Lead Independent Director the powers contemplated in this Recommendation, said Director is entirely free to exercise them.

The Articles of Association and Regulations of the Board do not establish any limit on the exercise of those powers by the Lead Independent Director or any other Director.

After studying this Recommendation, the Company considers that the fact that any Director, not only the Lead Independent Director, may exercise the powers contemplated in this Recommendation, together with the ample majority on Non-Executive Directors on the Board of Directors, this is sufficient to avoid any concentration of powers in the Executive Chairman, as sought by the Code of Good Governance.

35. The secretary of the board should especially ensure that the actions and decisions of the board follow the recommendations on good governance contained in the Code of Good Governance that are applicable to the company.

Complies [X]   Explanation [ ]

36. The full board should assess once a year and, where necessary, adopt an action plan to correct any deficiencies detected in respect of:

a) The quality and effectiveness of the board's actions.

b) The procedure and composition of its committees.

c) Diversity in the composition and powers of the board.

d) The performance by the chairman of the board and chief executive officer of their respective duties.

e) The performance and contribution of each director, paying special attention to the heads of the different board committees.

The different committees should be assessed based on the reports they submit to the Board and the Board will be assessed on the basis of the report it submits to the nomination committee.

Every three years, the board will be assisted in this assessment by an external consultant, whose independence shall be checked by the nomination committee.

The business relations that the consultant or any company in its group has with the company or any company in its group should be described in the Annual Corporate Governance Report.

The process and areas assessed should also be described in the Annual Corporate Governance Report.

Complies [X] Partial compliance [ ] Explanation [ ]

37. When there is an executive committee, the balance between the different types of director should roughly mirror that of the board and its secretary should be the secretary of the board.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

38. The board should be informed at all times of the business transacted and decisions made by the executive committee and all board members should receive a copy of the minutes of executive committee meetings.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

39. The members of the audit committee, especially its chairman, should be appointed on account of their expertise and experience in accounting, auditing or risk management, and the majority of those members should be independent directors.

Complies [X] Partial compliance [ ] Explanation [ ]

40. Under the supervision of the audit committee, there should be an internal audit unit to see that the internal control and reporting systems work properly. This unit should report to the non-executive chairman of the board or the chairman of the audit committee.

Complies [X] Partial compliance [ ] Explanation [ ]

41. The head of the internal audit unit should submit its annual work programme to the Audit Committee, report directly any incidents that may arise during its fulfilment and submit an activity report at the end of each year.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

42. The audit committee should have the following duties, in addition to those contemplated in law:

1. In connection with the internal control and reporting systems:

a) Supervise the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the scope of consolidation and correct application of accounting principles.

b) Oversee the independence of the internal audit unit; propose the selection, appointment, re-appointment and removal of the internal audit manager; propose the budget for this unit; approve its approach and working plans, making sure its activity focuses mainly on the material risks of the company; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

c) Establish and supervise a mechanism through which employees can confidentially and, if possible and where appropriate, anonymously report any potentially important irregularities they observe within the company, particularly in financial and accounting aspects.

2. In connection with the external auditors:

a) Investigate the circumstances giving rise to resignation of any external auditor.

b) Ensure that the remuneration of the external auditors for their work does not jeopardise their quality or independence.

c) See that the company reports the change of auditor to the CNMV in a regulatory disclosure, attaching a declaration on the possible existence of disagreements with the outgoing auditor and the contents of those disagreements, if any.

d) Make sure that the external auditors hold an annual meeting with the full board to inform on the work done and the evolution of the company's risks and accounting situation.

e) Ensure that the company and external auditors respect the provisions in place on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, any other provisions regarding the independence of auditors.

Complies [ ] Partial compliance [X] Explanation [ ]

The Company complies with all of this Recommendation except for paragraph 2(d).

The Audit and Compliance Committee is responsible for maintaining relations with the external auditors, receiving information and exchanging all the necessary communications with them. The external auditors attend Committee meetings whenever this is necessary in view of the business included on the agenda.

The Audit and Compliance Committee provides timely information to the Board on the contents of all the meetings held, including those attended by the external auditors. The Board is thus informed in a timely manner of all business transacted by the Committee, particularly the work done by the external auditors and the Company's relations with them.

This notwithstanding, the external auditors attend Board meetings if this is considered appropriate by the Audit and Compliance Committee, the Board of Directors or any member of the Board.

The Company considers that the Audit and Compliance Committee makes sure that the Board receives all the necessary information regarding the work of and relations with the external auditors.

43. The audit committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies [X] Partial compliance [ ] Explanation [ ]

44. The audit committee should be informed on any corporate and structural operations that the company plans to make, so that it can analyse them and submit a preliminary report to the board on the economic terms and impact on accounts, and particularly on the exchange ratio proposed, if any.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

45. The risk management and control policy should identify at least:

a) The different types of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational) to which the company is exposed, including contingent liabilities and other off-balance-sheet risks among the financial or economic risks.

b) The risk level that the company considers acceptable.

c) The measures contemplated to mitigate the impact of the risks identified, should they materialise.

d) The internal control and reporting systems to be used to control and manage those risks, including contingent liabilities and other off-balance-sheet risks.

Complies [X] Partial compliance [ ] Explanation [ ]

46. Under the direct supervision of the audit committee or, as the case may be, an ad hoc committee of the board, there should be an internal risk management and control role exercised by an internal unit or department of the company expressly having the following duties:

a) See that the risk management and control systems work properly and, in particular, that all the major risks affecting the company are adequately identified, managed and quantified.

b) Participate actively in the preparation of the risk strategy and in the major decisions on their management.

c) See that the risk management and control systems adequately mitigate the risks within the policy defined by the board.

Complies [X] Partial compliance [ ] Explanation [ ]

47. Companies should ensure that the members of the nomination and remuneration committee -or the nomination committee and the remuneration committee, if they are separate- have adequate experience, skills and expertise for the duties they are to perform and that the majority of those members are independent directors

Complies [X] Partial compliance [ ] Explanation [ ]

48. Companies with a high level of capitalisation should have a separate nomination committee and remuneration committee.

Complies [ ] Explanation [ ] Not applicable [X]

49. The nomination committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors.

And any director should be able to request the nomination committee to consider potential candidates to fill vacancies on the board, in case they were suitable in the committee's opinion.

Complies [X] Partial compliance [ ] Explanation [ ]

50. The remuneration committee should perform its duties independently, having the following duties in addition to those assigned to it by law:

a) Propose to the board the basic terms of contract of the senior executives

b) See that the remuneration policy established by the company is observed

c) Periodically review the remuneration policy applied to directors and senior executives, including the systems of payment with shares and their application, and ensure that their individual remuneration is in proportion to that paid to other directors and senior executives of the company

d) Ensure that any conflicts of interest that may arise do not jeopardise the independence of the external counselling provided to the committee

e) Check the information on the remuneration of directors and senior executives in the different corporate documents, including the annual report on directors' remuneration

Complies [X] Partial compliance [ ] Explanation [ ]

51. The remuneration committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors and senior executives.

Complies [X] Partial compliance [ ] Explanation [ ]

52. The rules of composition and procedure of the supervision and control committees should be included in the regulations of the board and be coherent with those applicable to the committees required by law according to the foregoing recommendations, including the following:

a) The members should be exclusively non-executive directors, the majority independent directors.

b) They should be chaired by independent directors.

c) The board should appoint the members of these committees on account of the expertise, skills and experience of the directors and the duties of each committee; and the committees should discuss its proposals and reports; and report on its activities at the first board meeting following their meetings, answering for the work done.

d) The committees should be able to obtain external counselling whenever they may consider it necessary to perform their duties.

e) Minutes should be issued of their meetings and made available to all directors.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

53. The supervision of compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy should be assigned to one or distributed among several committees of the board, which may be the audit committee, the nomination committee, the corporate social responsibility committee, if any, or an ad hoc committee that the board, exercising its powers of self-organisation, may decide to set up. These committees should specifically have the following minimum duties:

a) Oversight of compliance with the internal codes of conduct and the company's corporate governance rules.

b) Supervision of the strategy of communication and relations with investors and shareholders, including small and medium-sized shareholders.

c) Periodical assessment of the adequacy of the company's corporate governance system to ensure that it fulfils its mission of promoting corporate interests and takes account of the legitimate interests of the other stakeholders, where appropriate.

d) Review of the company's corporate responsibility policy, making sure that it is geared towards creating value.

e) Monitoring of the corporate social responsibility strategy and practices and assessment of the degree of compliance.

f) Supervision and assessment of the processes of relations with different stakeholders.

g) Assessment of everything related with non-financial risks in the company, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordination of the reporting process for non-financial information and diversity, complying with the applicable legal provisions and international benchmark standards.

Complies [X] Partial compliance [ ] Explanation [ ]

54. The corporate social responsibility policy should include the principles or commitments that the company voluntarily undertakes in its relationships with the different stakeholders and define at least the following:

a) The corporate social responsibility goals and the development of supporting instruments.

b) The corporate strategy related with sustainability, the environment and social issues.

c) Specific practices in matters related with shareholders, employees, customers, suppliers, social issues, environment, diversity, tax responsibility, respect for human rights and prevention of unlawful conduct.

d) The methods or systems for monitoring the results of applying the specific practices contemplated in the preceding paragraph, the associated risks and management thereof.

e) The mechanisms for supervising non-financial risks, ethics and business conduct.

f) The communication channels, participation and dialogue with stakeholders.

g) Responsible communication practices to avoid manipulation of information and protect integrity and honour.

Complies [X]   Partial compliance [ ]   Explanation [ ]

55. The company should inform, in a separate document or in the directors' report, on matters related with corporate social responsibility, using one of the internationally accepted methodologies.

Complies [X]   Partial compliance [ ]   Explanation [ ]

56. The remuneration of directors should be high enough to attract and retain directors with the desired profiles and remunerate the dedication, qualification and responsibility required by their office, but not so high as to jeopardise the independence of non-executive directors.

Complies [X]   Explanation [ ]

57. Variable remuneration linked to the company's yield and personal performance and the remuneration paid in shares, stock options, rights over shares or instruments indexed to the value of the share, and long-term savings systems such as pension plans, retirement schemes or other welfare systems, should be limited to executive directors.

The delivery of shares as remuneration to non-executive directors may be contemplated when it is conditional upon holding those shares until they retire from the board. This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies [X]   Partial compliance [ ]   Explanation [ ]

58. For variable remunerations, the remuneration policies should establish the limits and technical precautions required to make sure those remunerations are linked to the professional performance of their beneficiaries and do not merely derive from general trends on the markets or in the company's sector of business or other similar circumstances.

In particular, the variable components of the remuneration should:

a) Be linked to predetermined, measurable yield criteria, which consider the risk assumed to obtain a result.

b) Promote the company's sustainability and include non-financial criteria that are adequate for the creation of long-term value, such as compliance with the internal rules and procedures of the company and its policies for the control and management of risks.

c) Be based on a balance between meeting short, medium and long-term goals, permitting the remuneration of yield achieved through continuous performance over a sufficient period of time to appreciate their contribution to the sustainable creation of value, such that the elements for measuring that yield are not related only with one-off, occasional or extraordinary events.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

59. The payment of a significant part of the variable components of remuneration should be deferred for a minimum time that is sufficient to check that the yield conditions established above have actually been met.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

60. Earnings-linked remuneration should take account of any qualifications made in the report by the external auditors that may reduce those earnings.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments indexed to their value.

Complies [ ] Partial compliance [ ] Explanation [X] Not applicable [ ]

Of the two Executive Directors, only the Chairman of the Board of Directors, Antonio Hernández Callejas, receives remuneration for his executive duties. Hercalianz Investing Group, S.L. does not receive any such remuneration, for the reasons explained elsewhere in this Report.

The current variable remuneration systems of the Executive Director are described in the Annual Report on Directors' Remuneration 2018 and are linked to the achievement of pre-established measurable, quantifiable objectives related with financial and non-financial factors that promote the Company's and Group's long-term sustainability and profitability.

Although Article 22 of the Articles of Association contemplates the possibility that Directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares, the Board of Directors has not so far submitted this form of remuneration to approval by the General Meeting, considering that the systems of variable remuneration of the Executive Director currently used are most appropriate for stimulating his motivation and personal performance, and his commitment to and relationship with the Group's interests.

After studying this Recommendation, the Company considers that, in view of the special relationship of the Executive Chairman as shareholder of the Company, the current system for remuneration of the only Executive Director who receives remuneration for his executive duties (the Chairman) is adequate for his professional talent and profile. The Company also considers that this system incorporates the necessary mechanisms to avoid excessive exposure to risks and reward for unfavourable results, as recommended by the Code of Good Governance.

62. Once the shares, stock options or rights over shares corresponding to the remuneration systems have been distributed, the directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration or exercise the stock options or rights until at least three years after being allotted those shares, options or rights.

This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

63. Contracts should include a clawback clause whereby the company may to claim repayment of the variable components of remuneration when the amounts paid do not correspond to fulfilment of the conditions regarding yield or when paid on the basis of data subsequently proved to be misstated.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

64. Termination benefits should not exceed a specified amount equivalent to two years' total annual remuneration and should not be paid until the company has confirmed that the director has met the performance requirements established above.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

H. OTHER INFORMATION OF INTEREST

1. If you consider there to be any important aspects regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.

2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

   In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession. Particular mention shall be made of whether the company has acceded to the Code of Good Tax Practices of 20 July 2010.

EXPLANATORY NOTE ONE, ON SECTION C

A) The name of the audit committee in the company is "Audit and Compliance Committee" and the name of the nomination and remuneration committee is "Nomination and Remuneration Committee".

B) All the members of the Audit and Compliance Committee were appointed on account of their accounting and audit experience and expertise, including Grupo Tradifín, S.L. and Corporación Financiera Alba, S.A., which were elected on account of the expertise of their representatives in these areas (Blanca Hernández Rodríguez and Javier Fernández Alonso, respectively).

EXPLANATORY NOTE TWO, ON SECTION C.2.3

The following changes were produced in the composition of the Committees during 2018:

EXECUTIVE COMMITTEE:

Javier Fernández Alonso stepped down as member of this Committee as of 31 January 2018. On the same date, Corporación Financiera Alba, S.A. joined the Committee, represented by Mr Fernández Alonso.

AUDIT AND COMPLIANCE COMMITTEE:

- José Ignacio Comenge Sánchez-Real retired as Chairman and member of the Committee as of 22 November 2018.

- Mercedes Costa was appointed Chairman of the Committee on 22 November 2018.

- Belén Barreiro Pérez-Pardo retired as member of the Committee as of 19 December 2018.

- Corporación Financiera Alba, S.A. (represented by Javier Fernández Alonso) and Pedro Antonio Zorrero Camas joined the Committee on 19 December 2018.

NOMINATION AND REMUNERATION COMMITTEE:

- Belén Barreiro Pérez-Pardo joined the Committee on 19 December 2018.

- STRATEGY AND INVESTMENT COMMITTEE:

- Javier Fernández Alonso retired as member of the Committee as of 31 January 2018. On the same date, Corporación Financiera Alba, S.A. joined the Committee, represented by Mr Fernández Alonso.

- José Ignacio Comenge Sánchez-Real joined the Committee on 22 November 2018.

EXPLANATORY NOTE THREE, ON SECTION E.3

The main risks that could have a bearing on achievement of the company's business goals listed in section E.3 of this Report.

A. OPERATIONAL RISKS:

- Food safety. Owing to the nature of the Group's business, aspects regarding food safety are a critical point to which the Group pays the utmost attention, as we are bound by a large number of laws and standards in each of the countries in which the Group's products are put on the market.

- Commodity supply risk. The availability of commodities in the quantity and quality required to meet our commitments to customers and the requirements of our brands is a key factor for our business both nationally (Spanish paddy rice) and internationally (semi-processed rice for the Group subsidiaries).

- Market risk (prices). Unexpected variations in the prices of our commodity supplies may affect the profitability of our commercial transactions, in both the industrial and brand-based segments. The main risk lies in the prices of the different rice varieties and durum wheat, although it extends also to other materials consumed, such as packaging material and oil derivatives.

- Customer concentration risk. The concentration of customers, which can occur in both the industrial and brand segments, may lead to less favourable commercial terms for our sales and affect our credit risk.

- Technological risk. In our sector, one of the most important tools for competing with our rivals is based on constant technological innovation and searching for ways to adapt to consumers' desires. Consequently, "technological lag" is considered a possible risk. The risks relating to the security of the Group's IT systems and data (cybersecurity) is also included here.

B. RISKS RELATED WITH THE ENVIRONMENT AND STRATEGY:

- Environmental risk. Respect for the environment is another critical point for the Group, considering our industrial activity, with a large number of plants distributed internationally. We aim to adopt a set of good practices, complying scrupulously with the law.

- Climate risk. The effects of droughts, flooding and other weather perils in the countries where we source our supplies can cause problems of availability and unstable commodity prices, in both rice and durum wheat.

- Competition risk. In general, the pressure from white label brands is the main threat for maintaining the market shares of the Group's brands.

- Reputational risk. This is the risk associated with changes of opinion resulting in a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, employees, institutions, etc., as they may adversely affect the Group's ability to maintain its commercial and financial relations or its interaction with social partners.

- Changes in lifestyle. The proliferation of low carbohydrate diets or other food habits could alter consumers' perception of our products.

- Country or market risk. Owing to the international nature of the Group's activities, political and economic circumstances in the different countries in which we operate and other market variables, such as exchange rates, interest rates, costs of production, etc. may affect our business.

- Natural disasters, fires. As an industrial group, a significant part of the assets on the Group's balance sheet corresponds to its factories, so any natural incidents (earthquakes, fires, etc.) that may affect the integrity of the Group's plants are a business risk.

- Strategic planning and assessment of strategic opportunities for investment or divestment. Risk deriving from the possibility of making a mistake in the selection of alternatives and/or assignment of resources to reach the Group's strategic goals. In the short term, this includes aligning the budget with the goals defined for the medium and long term.

C. COMPLIANCE RISKS:

- Sectoral regulatory risk. The food industry is a sector subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the directives laid down in the Common Agricultural Policy (CAP). The Group's activity may also be affected by changes in legislation in the countries in which it sources raw materials or sells its products.

- General regulatory risk. These include risks of compliance with civil, commercial, criminal and good governance provisions. In the area of criminal risks, the Group has a Crime Prevention Model, monitored and controlled by the Compliance Unit. At the date of this report, the Compliance Unit is beginning a process of review and update of its criminal risk map and mechanisms for mitigating those risks, while working on the necessary training for employees in this area. These activities are expected to be performed throughout 2019.

- Tax risks. Any changes in the tax laws or the interpretation or application thereof by the competent authorities in the countries in which the Group operates could affect its earnings.

D. FINANCIAL RISK:

This category includes foreign exchange, interest rate, liquidity and credit risks. The foreign exchange risk is particularly significant because the functional currency of the Group is the euro, but a considerable part of its commodity supply transactions are in US dollars and a very large part of the Group's investments are also in that currency.

The current risk map does not identify within the major risks any that might be considered to derive from corruption. However, the Group has measures to mitigate those potential risks on both a global level (Code of Conduct) and a local level. It also has a Crime Prevention Model that identifies several means for mitigating the risk of corruption offences being committed.

EXPLANATORY NOTE FOUR, ON SECTION E.5.

Details are provided below of the risks that have actually occurred during 2018, listed in section E.5 of this Report.

FOOD SAFETY RISK

In the summer of 2018, our French subsidiary detected a problem in the taste of a batch of dry pasta. The relevant procedure was immediately set under way to detect the source of the problem and eliminate any possible risk for consumers. Following a product recall, the origin of the problem was found to be in the insufficient cleaning of a silo from which the raw material was supplied. The consequences were minimal, limited exclusively to claims from distribution for losses deriving from recall of the affected product. Although this was considered an isolated incident, control has been stepped up of the protocols for emptying and cleaning silos.

Changes in the laws on pesticides and fungicides affected the sourcing of basmati rice and other varieties and increased the costs of analysis, transport and logistics. At the beginning of the year, an analysis detected the presence of picoxystrobin (approval of which was not renewed by the EU in 2017) in some fungicides used by suppliers in the cultivation of certain varieties of long-grain rice. Picoxystrobin is mainly concentrated in the outer husk of the grain, which is eliminated during processing, but it might get into the pericarp during the parboiling process. The risk was confined, therefore, to parboiled rice put on the market without completing the milling or polishing (cargo). When the incident was detected, samples were taken as a precaution from all stocks of paddy rice to identify the lots that were free from this substance and alternative varieties that could be put on the market without any risk.

SUPPLY RISKS

The price of aromatic rice varieties rose progressively as from the second quarter of 2017, as a result of: (i) the smaller sowing area in the last few crop years and (ii) the shortage of water in some rice-growing areas, which affected the harvest and the carryover stock.

The price rise first hit the basmati rice varieties, followed by a sharp rise in Thai fragante. The hike only levelled off in early 2018, at a price of over USD 1,000 per tonne. Since this was not a temporary situation and it had a material effect on the profitability of those varieties, the Group endeavoured (as far as possible) to pass this price increase on to customers. However, especially in the case of Thai fragante rice varieties, it was only possible to pass on part of this rise in the first few months of the year so it produced an adverse effect on profit margins.

Within a generally buoyant situation with very low unemployment in the United States, the costs of several materials and services in that country have hiked, which has been a challenge for our local subsidiary there. In particular, we have identified the following key aspects affecting costs:

- Raw materials and auxiliary materials: unique price dynamics in the case of rice (especially the fragante variety mentioned earlier, which is, moreover, one of the fastest-growing varieties in terms of consumption) and egg white (partly due to the changes in regulation of laying hens, as a result of which the price tripled during the year), although it also affected oil and other auxiliary materials, such as plastic and paper.

- Labour: the cost and turnover of labour increased considerably in the wake of the buoyant economic situation and the strength of the oil industry, which is our main rival for hiring personnel in the Gulf of Mexico.

- Rise in logistics costs due to the fuel price hike and new rules on the use of tachographs, which has led to a waning supply of road haulage.

Apart from price rises in the products most affected by these circumstances, we have implemented additional measures designed to lower the cost of the end product, such as a productivity plan for transport and the use of auxiliary materials, and measures to boost the hiring and retaining of personnel in the most difficult areas.

COUNTRY RISK

During 2018, the negotiation of the UK's exit from the EU has been very up and down. Although British laws applicable after Brexit will foreseeably stick closely to those of the EU at least initially, uncertainty escalated when the deal was rejected by the British Parliament. The main risks lie in the evolution of the pound sterling, the increased cost of imports and the possibility of standstill or major delays in the settlement of customs duties.

Although the location of our plants is favourable (nowhere near the ports on the south coast, which could be more conflictive), in order to mitigate the risks as far as possible, it has been decided to: (i) hedge currencies, covering our immediate needs and trying to reduce volatility, and (ii) take long positions in goods, in case any problems arise in respect of imports and customs duties.

COMPETITION/MARKET RISK

Our main rival in the North American fresh pasta market has announced its investment in a new plant in the United States and it has come to light that it plans to install a "skillet gnocchi" line there. This is one of our Group's major ventures for growth in that market, through the start-up of a manufacturing line in Canada in early 2019. In response to this possible threat, we have stepped up our efforts to put this product on the market as soon as possible, securing customer loyalty with a high quality product and service.

REGULATORY AND REPUTATIONAL RISK

In response to the new customs tariffs slapped on imports of steel and aluminium in the USA, in June 2018 the EU put a 25% tariff on a list of products, which included American white rice. This product is sold by our Group, so in order to avoid this additional cost, we made some changes in our sourcing, seeking alternatives such as the importing of cargo rice (husked rice that is not on the list of products subject to this tariff), to be milled within the EU.

At the end of 2018, the EU approved tariffs on imports of long-grain white rice from Myanmar and Cambodia, which had been exempt in recent years under the Everything But Arms Agreement. This measure, which will foreseeably put greater pressure on prices in the short term, is also an opportunity to boost the production structure in Europe and Argentina, taking advantage of the Group's risk management through diversification of sourcing.

The new Agriculture and Food Act (EGAlim) was passed in France in October 2018. This Act regulates discounts, promotions and leader pricing for a period of two years. It entered into force in February 2019, outlawing any mention on the packaging of the product being "free" or "without charge". Consequently, certain packaging material cannot be used and has had to be withdrawn, against the earnings of the year.

EXPLANATORY NOTE FIVE, ON SECTION G

- RECOMMENDATION 11

The Company has a Policy on Attendance Fees for General Meetings, which establishes the principle that those fees will not be cash payments, but the delivery of a gift related with the products of Ebro Group and/or its brands.

- RECOMMENDATION 50

The "senior executives" contemplated in this recommendation include the Chief Operating Officer, the Company Secretary and Secretary of the Board and the heads of the business units of the Ebro Foods Group.

ETHICAL PRINCIPLES AND CODES VOLUNTARILY APPLIED BY EBRO FOODS, S.A.:

- United Nations Global Compact - 2001

- Project of the Spanish Commercial Coding Association (AECOC) against food waste, "Don't waste food, use it" - 2012

- Member of the Advisory Committee of the United Nations Sustainable Development Goals Fund (SDGF) to boost the Sustainable Development Goals (SDG) - 2015

- Sustainable Agriculture Initiative (SAI) Platform - 2015

- SERES Foundation - 2015

- Sustainable Rice Platform - 2016

- Forética. 2017

- Cool Farm Alliance. 2017

This Annual Corporate Governance Report was approved by the Board of Directors of the Company on:

[27/03/2019]

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

[ ] Yes
[√] No

The English version of this document is purely informative.
In the event of any discrepancy between the Spanish and English versions of this document, the Spanish version will prevail.

EBRO FOODS, S.A.

Auditor Report on the "2018 Disclosures Regarding the Internal Control over Financial Reporting System"

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Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

AUDIT REPORT ON THE "DISCLOSURES REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM" OF EBRO FOODS, S.A. FOR 2018

To the Board of Directors of Ebro Foods S.A.,

As per the request made by the Board of Directors of EBRO FOODS, S.A. (hereinafter, the Company) and our proposal letter of March 21, 2019, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2018, which summarize the Company's internal control procedures in respect of its annual reporting exercise.

The Board of Directors is responsible for taking the opportune measures to reasonably assure the implementation, maintenance and supervision of an adequate internal control system, making improvements to this system and preparing the contents of the ICFR disclosures required of the accompanying Annual Corporate Governance Report (ACGR).

Against this backdrop, it is important to note that, regardless of the quality of design and effective functioning of the ICFR system adopted by the Company in respect of is annual financial reporting effort, the later can only provide reasonable but not absolute assurance regarding the objectives pursued, due to the limitations intrinsic to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we have only carried out the specific procedures described below, as indicated in the Procedures for external audit reviews of an entity´s ICFR disclosures contained in the Internal Control over Financial Reporting in Listed Companies report published by Spain´s securities market regulator, the CNMV (and available on its website), which establishes the procedures to be performed, the scope thereof and the contents of this report. Given that the products resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design as effective functioning in respect of the Company´s 2018 financial reporting disclosures, as described in the accompanying ICFR disclosures. Consequently, had we performed additional procedures to those stipulated in the above mentioned that the Company is required to present, other matter might have come to our attention that would have been reported to you.

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Furthermore, given that this special assignment neither constitutes a financial statement audit nor is subject to the Consolidated Text of Spain´s Financial Statement Audit Act, we do not express an opinion in the terms provided for in that piece of legislation.

The procedures performed are itemized below:

1. Read and understand the information prepared by the Entity in relation to the ICFR - which is provided in the Director's Report disclosure- and assess whether such information addresses all the required information which will follow the minimum content detailed in Section F, relating to the description of the ICFR, as per the ACGR model established by CNMV Circular nº 5/2013 dated June 12, 2013 amended by circular nº 7/2015 dated December 22, 2015 and then modified by Circular nº 2/2018 dated June 12, 2018 (hereinafter, the Circulars of the Spanish National Securities Market Commission).

2. Questioning of personnel responsible for drawing up the information detailed in item 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.

3. Reviewing the explanatory documents supporting the information detailed in item 1, including documents directly made available to those responsible for describing ICFR system. The documentation to be reviewed may include reports prepared for the audit committee by internal audit, senior management and other internal or external specialist.

4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit.

5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company to evaluate the consistency between the ICFR business transacted and the information detailed in item 1 above.

6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively within the framework of the requirements established by article 540 of the consolidated text of the Corporate Enterprises Act and by Circulars of the Spanish National Securities Market Commission related to the description of the ICFR in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

David Ruiz-Roso Moyano

March 27, 2019

DISCLAIMER

DISCLAIMER BY THE DIRECTORS OF EBRO FOODS, S.A.

Regarding the Contents of the Annual Financial Report 2018

The members of the Board of Directors of Ebro Foods, S.A. (the "Company") declare that, to the best of their knowledge and belief, the Company's Annual Financial Report 2018 containing the separate and consolidated annual accounts and Directors' reports has been prepared in accordance with the applicable accounting principles and gives a true and fair view of the equity, financial position and earnings of the issuer and the companies in its consolidated Group overall, and that the directors' report includes an accurate analysis of the business development and results and the position of the issuer and consolidated companies overall, together with a description of the main risks and uncertainties to which they are exposed.

This declaration is made in respect of the separate and consolidated annual accounts of Ebro Foods, S.A. for 2018, as authorised for issue by the Board of Directors of the Company on the twenty-seventh of March two thousand and nineteen.

Madrid, 27 March, 2019.