FINANCIAL REPORT
2019

Ebro

FINANCIAL REPORT

AUDITOR'S REPORT

Building a better working world

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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, 2019, 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, 2019, 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 1,864,681 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. 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, we determined this issue to be a key audit matter. The description of the balance, movements, and possible impairment loss recorded following management's recoverability analysis are provided in Note 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 2019 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 2019 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 2, 2020.

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)

(Signed on the original in Spanish)

Ramón Masip López
(Registered in the Official Register of Auditors under entry no. 16253)

April 2, 2020

INDIVIDUAL ANNUAL ACCOUNTS

EBRO FOODS, S.A.

BALANCE SHEET

AT DECEMBER 31, 2019 AND 2018

ASSETS		NOTE	12-31-19	12-31-18
A)	**NON-CURRENT ASSETS**		**2,106,357**	**1,616,307**
I.	**Intangible assets**	**5**	**5,994**	**5,847**
	3. Patents, licenses and trademarks		4,717	5,505
	5. Software		1,277	342
II.	**Property, plant and equipment**	**6**	**683**	**939**
	1. Land and buildings		0	281
	2. Plant and other PP&E		683	658
III.	**Investment properties**	**7**	**8,543**	**7,838**
	1. Land		7,276	7,276
	2. Buildings		1,267	562
IV.	**Non-current investments in group companies and associates**	**8**	**2,064,681**	**1,572,215**
	1. Equity instrumentso		1,864,681	1,572,215
	2. Loans to companies	**8 & 17**	200,000	0
V.	**Non-current financial assets**	**9**	**20,216**	**20,675**
	2. Loans to third parties		20,070	20,533
	5. Other financial assets		146	142
VI.	**Deferred tax assets**	**15**	**6,240**	**8,793**
B) CURRENT ASSETS			**35,880**	**16,505**
III.	**Trade and other receivables**	**9 & 10**	**13,340**	**13,870**
	1. Trade receivables		55	87
	2. Trade receivables, group companies and associates	**17**	8,031	10,760
	3. Sundry receivables		8	8
	4. Receivable from employees		17	26
	5. Current tax assets	**15**	4,439	1,992
	6. Other amounts receivable from public authorities	**15**	790	997
IV.	**Current investments in group companies and associates**		**27**	**701**
	2. Loans to companies	**17**	27	701
V.	**Current financial assets**	**9**	**1,464**	**1,352**
	2. Loans to third parties		1,464	1,352
VI.	**Prepayments and accrued income**		**0**	**38**
VII.	**Cash and cash equivalents**	**11**	**21,049**	**544**
	1. Cash		21,049	544
TOTAL ASSETS			**2,142,237**	**1,632,812**

(000€)

The accompanying notes 1 to 20 are an integral part of the balance sheet at December 31, 2019.

EBRO FOODS, S.A.

BALANCE SHEET
AT DECEMBER 31, 2019 AND 2018



LIABILITIES		NOTE	12-31-19	12-31-18
A) EQUITY			**1,437,959**	**638,394**
A.1)	**CAPITAL AND RESERVES**	**12**	**1,437,959**	**638,394**
I.	**Capital**		**92,319**	**92,319**
	1. Issued capital		92,319	92,319
II.	**Share premium**		**5**	**5**
III.	**Reserves**		**458,367**	**550,846**
	1. Legal and statutory reserves		18,464	18,464
	2. Other reserves		439,903	532,382
VII.	**Profit/(loss) for the year**		**887,268**	**(4,776)**
A.2)	**VALUATION ADJUSTMENTS**		**0**	**0**
B) NON-CURRENT LIABILITIES			**543,525**	**895,873**
I.	**Non-current provisions**	**14**	**17,846**	**18,061**
	1. Non-current employee benefit obligations		1,876	2,042
	4. Other provisions		15,970	16,019
II.	**Non-current borrowings**	**9**	**213,227**	**225,466**
	1. Bonds and other marketable securities		0	0
	2. Bank borrowings	13	204,865	219,585
	4. Derivatives	9	8,350	2,369
	5. Other financial liabilities		12	3,512
III.	**Non-current borrowings from group companies and associates**	**17**	**260,728**	**603,489**
IV.	**Deferred tax liabilities**	**15**	**51,724**	**48,857**
C) CURRENT LIABILITIES			**160,753**	**98,545**
III.	**Current borrowings:**	**9**	**143,604**	**88,138**
	2. Bank borrowings	13	143,604	88,086
	5. Other financial liabilities		0	52
IV.	**Current borrowings from group companies and associates**	**17**	**10,298**	**6,330**
V.	**Trade and other accounts payable:**	**9**	**6,851**	**4,077**
	1. Trade payables		1,740	1,048
	2. Trade payables, group companies and associates		319	129
	4. Employee benefits payable		3,626	2,676
	6. Other payables to public authorities	15	1,166	224
TOTAL EQUITY AND LIABILITIES			**2,142,237**	**1,632,812**

(000€)

The accompanying notes 1 to 20 are an integral part of the balance sheet at December 31, 2019.

EBRO FOODS, S.A.

STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	NOTE	2019	2018
CONTINUING OPERATIONS			
Revenue		**929,269**	**20,207**
Revenue from services rendered		3,438	3,465
Dividends from group companies and associates	**8 & 17**	925,803	16,711
Finance income from group companies	**17**	28	31
Other operating income		**5,507**	**4,785**
Ancillary and other operating income		5,507	4,785
Employee benefits expense		**(11,624)**	**(9,779)**
Wages, salaries and similar		(9,429)	(8,058)
Employee benefits		(1,194)	(1,126)
Termination benefits		(155)	0
Provisions		(846)	(595)
Other operating expenses		**(13,844)**	**(8,782)**
External services		(12,877)	(8,208)
Taxes other than income tax		(950)	(394)
Other operating expenses	**14**	(17)	(180)
Depreciation and amortization	**5, 6 & 7**	**(1,370)**	**(1,239)**
Impairment of and gains/(losses) on disposal of fixed assets		**922**	**38**
Gains/(losses) on disposals	**5 & 7**	922	38
OPERATING PROFIT/(LOSS)		**908,860**	**5,230**
Finance income		**1,020**	**884**
From marketable securities and other financial instruments:			
Third parties		1,020	884
Finance costs		**(17,508)**	**(13,429)**
Borrowings from group companies and associates	**17**	(12,952)	(7,704)
Third-party borrowings		(4,556)	(5,725)
Change in fair value of financial instruments		**(5,981)**	**90**
Held-for-trading portfolio and other securities	**9**	(5,981)	90
Net exchange gains/(losses)	**9**	**(1,541)**	**(255)**
Impairment of and gains/(losses) on disposal of financial assets		**1,363**	**(1)**
Impairment and write-downs	**8**	(8,017)	(1)
Gains/(losses) on disposals	**9**	9,380	0
NET FINANCE COST		**(22,647)**	**(12,711)**
PROFIT/(LOSS) BEFORE TAX		**886,213**	**(7,481)**
Income tax	**15**	**1,055**	**2,705**
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**887,268**	**(4,776)**
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations, net of income tax		**0**	**0**
PROFIT/(LOSS) FOR THE YEAR		**887,268**	**(4,776)**

(000€)

The accompanying notes 1 to 20 are an integral part of the income statement for the year ended December 31, 2019.

EBRO FOODS, S.A.

STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	NOTE	2019	2018
A) Profit as per statement of profit or loss		887,268	(4,776)
Income and expense recognized directly in equity			
I. Measurement of financial instruments			
1. Available-for-sale financial assets	9	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	9	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)		887,268	(4,776)

(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, 2019.

EBRO FOODS, S.A.

STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS
ENDED DECEMBER 31, 2019 AND 2018

	CAPITAL	SHARE PREMIUM	RESERVES	OWN SHARES	RETAINED EARNINGS	PROFIT/ (LOSS) FOR THE YEAR	INTERIM DIVIDEND	OTHER EQUITY INSTRUMENTS	VALUATION ADJ.	GRANTS, DONATIONS AND BEQUESTS RECEIVED	TOTAL
OPENING 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**
I. Restatements for changes in accounting criteria											**0**
II. Restatements for prior-year errors											**0**
RESTATED BALANCE AT JAN. 1, 2019	**92,319**	**5**	**550,846**	**0**	**0**	**(4,776)**	**0**	**0**	**0**	**0**	**638,394**
I. Total recognized income and expense						**887,268**			**0**		**887,268**
II. Transactions with shareholders and owners:	**0**	**0**	**(87,705)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(87,705)**
Dividend distribution			(87,703)								(87,703)
Transactions with own shares (net)			(2)								(2)
Other transactions with shareholders			0								0
III. Other changes in equity			**(4,774)**			**4,776**					**2**
CLOSING BALANCE AT DEC. 31, 2019	**92,319**	**5**	**458,367**	**0**	**0**	**887,268**	**0**	**0**	**0**	**0**	**1,437,959**

(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, 2019.

EBRO FOODS, S.A.

STATEMENT OF CASH FLOWS FOR THE YEARS
ENDED DECEMBER 31, 2019 AND 2018

	NOTE	2019	2018
NET CASH FLOWS FROM OPERATING ACTIVITIES		281,898	17,490
1. Profit/(loss) for the year before tax		886,213	(7,481)
2. Adjustments for non-cash income and expenses:		(901,890)	(2,235)
a) Depreciation and amortization (+)	5,6 & 7	1,370	1,239
b) Impairment charges (+/–)	8	8,017	1
c) Changes in provisions (+/–)	14	846	595
e) Gains/(losses) on derecognition and disposal of fixed assets (+/–)	7	(922)	(38)
f) Gains/(losses) on derecognition and disposal of financial instruments (+/–)	8	(9,380)	0
g) Finance income (–)		(1,048)	(915)
h) Finance costs (+)		23,489	13,339
i) Exchange differences (+/–)	9.1	1,541	255
k) Other income and expenses (+/–)		(925,803)	(16,711)
3. Changes in working capital		844	(2,879)
b) Trade and other accounts receivable (+/–)		(68)	(498)
c) Other current assets (+/–)		(74)	(38)
d) Trade and other payables (+/–)		986	(2,343)
4. Other cash flows from operating activities		296,731	30,085
a) Interest paid (–)		(5,258)	(7,881)
b) Dividends received (+),		293,996	16,711
d) Income tax receipts (payments) (+/–)		7,993	21,255
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(288,793)	1,846
6. Payments for investments (–)		(312,641)	(230)
a) Group companies and associates		(311,111)	0
b) Intangible assets		(1,229)	0
c) Property, plant and equipment	6	(301)	(190)
e) Other financial assets		0	(40)
7. Proceeds from disposals (+)		23,848	2,076
a) Group companies and associates		21,564	0
b) Intangible assets		1,055	2,000
c) Property, plant and equipment		989	0
d) Investment properties		240	30
e) Other financial assets		0	46
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		28,122	(22,438)
9. Proceeds from and payments for equity instruments		(599)	(599)
c) Acquisition of own equity instruments (–)		(599)	(599)
10. Proceeds from and repayment of financial liabilities		116,424	65,864
a) Issuance of:		**510,821**	**361,426**
2. Bank borrowings (+)		429,628	181,009
3. Borrowings from group companies and associates (+)		81,193	180,417
b) Repayment and amortization of:		**(394,397)**	**(295,562)**
2. Bank borrowings (–)		(387,396)	(224,117)
3. Borrowings from group companies and associates (–)		(6,925)	(71,434)
4. Other borrowings (–)		(76)	(11)
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		(722)	42
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20,505	(3,060)
Cash and cash equivalents, opening balance		544	3,604
CASH AND CASH EQUIVALENTS, CLOSING BALANCE		21,049	544

(000€)

The accompanying notes 1 to 20 are an integral part of the statement of cash flows for the year ended December 31, 2019.

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 2019, which were authorized for issue by the Board of Directors of Ebro Foods, S.A. on March 25, 2020. The 2018 consolidated financial statements were approved at the Annual General Meeting held by Ebro Foods, S.A. on June 4, 2019 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 2019 and 2018 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 DEC. 31, 2018		AT DEC. 31, 2019	
TOTAL ASSETS		**3,834,069**		**4,374,073**
Equity:		**2,190,202**		**2,291,670**
Attributable to equity holders of the parent	2,162,334		2,262,203	
Attributable to non-controlling interests	27,868		29,467	
Revenue		**2,613,947**		**2,813,298**
Profit for the year:		**149,311**		**150,288**
Attributable to equity holders of the parent	141,589		141,752	
Attributable to non-controlling interests	7,722		8,536	

(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 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 2018 financial statements were approved at the Annual General Meeting held on June 4, 2019.

COMPARATIVE INFORMATION

The information provided in these financial statements in respect of 2018 is presented to enable a reader comparison with the equivalent 2019 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 the estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

TRANSACTIONS CONCLUDED IN 2019 THAT AFFECT THE BASIS OF PRESENTATION

In 2019, as indicated under item a) below, the Company liquidated Beira Terrace (Portugal), a wholly-owned subsidiary. No other corporate transactions with an impact on the presentation or comparability of these financial statements were closed in 2019. Other transactions undertaken in prior years require specific disclosures in subsequent reporting periods, as outlined below:

a) **The liquidation of Beira Terrace Sociedade de Construçoes, Ltda. (Portugal), all of whose assets and liabilities were assigned to Ebro Foods, S.A. by way of liquidating dividend:** This Ebro Foods, S.A. subsidiary was dissolved in December 2019, its only significant asset being a property in the Portuguese city of Setúbal (carried at 737 thousand euros) (note 7). It did not have any liabilities.

b) **Merger by absorption of Productos La Fallera, S.A.:**
Refer to the 2003 financial statements.

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

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

e) **Liquidation of Azucarera Energías, S.A. in December 2015:**
Refer to the 2015 financial statements.

3 APPROPRIATION OF PROFIT

	AMOUNT
Basis of appropriation	
Unrestricted reserves	436,735
Profit/(loss) for the year	887,268
TOTAL	**1,324,003**

(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 18, 2019 for submission for ratification at the upcoming Annual General Meeting is as follows:

The profit generated by the Ebro Foods Group in 2019 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 2020, in a total amount of 87,703 thousand euros (note 12.g).

The dividend will be paid out in three equal instalments of 0.19 euros per share on April 1, June 30 and October 1, 2020.

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 such 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 ten 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 such 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 statement of profit or loss. 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 on 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 the 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 on 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 statement of profit or loss. 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 the 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 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 profit and 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 any 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 that 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 2019 and 2018 is as follows:

CARRYING AMOUNTS			
	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	TOTAL
Balance at Dec. 31, 2017	6,292	524	**6,816**
Balance at Dec. 31, 2018	5,505	342	**5,847**
Balance at Dec. 31, 2019	4,718	1,276	**5,994**

GROSS CARRYING AMOUNTS			
	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	TOTAL
BALANCE AT DEC. 31, 2017	**13,110**	**2,877**	**15,987**
Business combinations			0
Additions		36	36
Decreases			0
Translation differences			0
Transfers			0
BALANCE AT DEC. 31, 2018	**13,110**	**2,913**	**16,023**
Business combinations			0
Additions		1,229	1,229
Decreases			0
Translation differences			0
Transfers		(2)	(2)
BALANCE AT DEC. 31, 2019	**13,110**	**4,140**	**17,250**

AMORTIZATION AND IMPAIRMENT CHARGES			
	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	TOTAL
BALANCE AT DEC. 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 DEC. 31, 2018	**(7,605)**	**(2,571)**	**(10,176)**
Business combinations			0
Additions	(787)	(294)	(1,081)
Decreases			0
Translation differences			0
Transfers		1	1
BALANCE AT DEC. 31, 2019	**(8,392)**	**(2,864)**	**(11,256)**

At year-end 2019, the Company had patents and trademarks with an original cost of 1,649 thousand euros (year-end 2018: 1,649 thousand euros) and computer software with an original cost of 2,583 thousand euros (year-end 2018: 1,964 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 2019, the Company recognized 1,081 thousand euros of amortization charges in respect of these intangible assets (2018: 1,005 thousand euros); it did not recognize any impairment losses on these assets in either reporting period.

The Company did test its Lassie and Saludaes brands for impairment at both year-ends, having identified potential indications of impairment. The mains assumptions made to test the brands for impairment are detailed next. 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 table below presents the discount rates used to discount these assets' projected cash flows for the initial five-year projection period and the medium- to long- term growth rates used to extrapolate the cash flows for each CGU beyond that horizon:

	PRE-TAX DISCOUNT RATE		POST-TAX DISCOUNT RATE		GROWTH RATE, "G"	
	2019	2018	2019	2018	2019	2018
Lassie (Netherlands)	5.60%	7.40%	5.30%	6.80%	1.89%	1.50%
Saludaes (Portugal)	7.80%	9.60%	7.30%	8.80%	1.85%	1.80%

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 2019 and 2018 is as follows:

CARRYING AMOUNTS					
	LAND	BUILDINGS	PLANT & OTHER PP&E	IN PROGRESS AND PREPAYMENTS	TOTAL
Balance at Dec. 31, 2017	281	0	697	0	**978**
Balance at Dec. 31, 2018	281	0	658	0	**939**
Balance at Dec. 31, 2019	0	0	683	0	**683**

GROSS CARRYING AMOUNTS					
	LAND	BUILDINGS	PLANT & OTHER EQUIPMENT	IN PROGRESS	TOTAL
BALANCE AT DEC. 31, 2017	**281**	**0**	**4,945**	**0**	**5,226**
Additions			191		191
Decreases					0
Transfers					0
BALANCE AT DEC. 31, 2018	**281**	**0**	**5,136**	**0**	**5,417**
Additions			299		299
Decreases	(281)		(4)		(285)
Transfers					0
BALANCE AT DEC. 31, 2019	**0**	**0**	**5,431**	**0**	**5,431**

ACCUMULATED DEPRECIATION					
	LAND	BUILDINGS	PLANT & OTHER EQUIPMENT	IN PROGRESS	TOTAL
BALANCE AT DEC. 31, 2017	**0**	**0**	**(4,248)**	**0**	**(4,248)**
Additions			(230)		(230)
Decreases					0
Transfers					0
BALANCE AT DEC. 31, 2018	**0**	**0**	**(4,478)**	**0**	**(4,478)**
Additions			(274)		(274)
Decreases			4		4
Transfers					0
BALANCE AT DEC. 31, 2019	**0**	**0**	**(4,748)**	**0**	**(4,748)**

In 2019, the Company sold a property in Teruel, generating a pre-tax gain of 717 thousand euros. There were no material movements under this heading in 2018.

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	2019
Other fixtures, tools and furniture	2,301	2,361
Other PP&E	1,435	1,695

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 1,115 thousand euros in 2019 (2018: 1,220 thousand euros). The future minimum payments under the Company's non-cancelable operating leases at December 31, 2019 break down as follows:

	12-31-2018	12-31-2019
Within one year	735	958
Between one and five years	2,385	1,668
More than five years	0	0
	3,120	**2,626**

7 INVESTMENT PROPERTIES

The reconciliation of the carrying amounts of the Company's investment properties at the beginning and the end of 2019 and 2018 is as follows:

CARRYING AMOUNTS			
	LAND	BUILDINGS	TOTAL
Balance at Dec. 31, 2017	7,276	568	**7,844**
Balance at Dec. 31, 2018	7,276	562	**7,838**
Balance at Dec. 31, 2019	7,276	1,267	**8,543**

GROSS CARRYING AMOUNTS			
	LAND	BUILDINGS	TOTAL
BALANCE AT DEC. 31, 2017	**7,276**	**925**	**8,201**
Additions			0
Decreases		(5)	(5)
BALANCE AT DEC. 31, 2018	**7,276**	**920**	**8,196**
Additions		737	737
Decreases		(29)	(29)
BALANCE AT DEC. 31, 2019	**7,276**	**1,628**	**8,904**

ACCUMULATED DEPRECIATION			
	LAND	BUILDINGS	TOTAL
BALANCE AT DEC. 31, 2017	**0**	**(357)**	**(357)**
Additions		(4)	(4)
Decreases		3	3
BALANCE AT DEC. 31, 2018	**0**	**(358)**	**(358)**
Additions		(14)	(14)
Decreases		11	11
BALANCE AT DEC. 31, 2019	**0**	**(361)**	**(361)**

The most significant movement under this heading in 2019 has been the addition of a building in Portugal, by the amount of 737 thousand euros, as a result of the liquidation of Beira Terrace Sociedade de Construçoes, Ltda. (Portugal), With allocation by liquidation quota of its assets and liabilities to Ebro Foods, S.A. liquidated that subsidiary in December 2019, and its only significant asset was that building in the Portuguese town of Setúbal. In addition, the Company has sold a small property in Madrid in 2019, generating a gain of 205 thousand euros. There were no material movements under this heading in 2018.

Except for the Portuguese property, mentioned above, the Company has no investment properties outside of 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 221 thousand euros in 2019 (2018: 251 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	12-31-19
Within one year	120	86
Between one and five years	283	0
More than five years	0	0
	403	**86**

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 2019 and 2018 is as follows:

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**

ITEM	BALANCE AT 12-31-2018	INCREASES	DECREASES	TRANSFERS	BALANCE AT 12-31-2019
Equity instruments in group companies	1,594,774	320,071	(28,293)	0	1,886,552
Equity instruments in associates	31,615	0	0	0	31,615
Provision for impairment	(54,174)	(8,000)	8,688	0	(53,486)
	1,572,215	**312,071**	**(19,605)**	**0**	**1,864,681**
Loans to group companies	0	200,000	0	0	200,000
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	**1,572,215**	**512,071**	**(19,605)**	**0**	**2,064,681**

A) EQUITY INSTRUMENTS IN GROUP COMPANIES:

The main changes in each year are as follows:

IN 2019

1. In 2019, the Company's equity investments in group companies increased by 8,977 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 2019 was an increase of 8,977 thousand euros, which was recognized as a gain in the income statement; the accumulated net gain at year-end stood at 33,536 thousand euros (note 9.c).

2. An increase of 4,500 thousand euros due to the acquisition of Ebro Frost ENA, Inc.: This US business, which makes and markets frozen rice and pasta products, was acquired in January 2019. The cost of the investment was 4,500 thousand euros. That investee was originally held indirectly through Ebro Frost Holding, Gmbh (Germany), with a 55% interest, but is now wholly-owned directly by Ebro Foods, S.A.

3. Acquisition of the Tilda Group: On August 28, 2019, under the umbrella of its strategy for becoming a global benchmark in the premium food sector, Ebro Foods, S.A. acquired 100% of the companies and assets encompassing the Tilda business worldwide from Hain Celestial. Tilda is a premium rice brand, specialized in basmati rice, with global brand recognition. It is present in several countries on all five continents and boasts particularly strong positioning in the UK market. It has two factories in Rainham (UK) and a headcount of 326. It generated revenue in the year ended June 30, 2019 of 152.6 million pounds sterling, of which 60% was generated in the UK and 92% stemmed from sales of basmati rice.

   In total, the Company invested 306,594 thousand euros for 100% of the business (before potential debt and working capital adjustments, which are still under negotiation but are not expected to be material). The acquisition was financed using a mix of equity and debt.

4. Decrease of 1,500 thousand euros due to the sale of Jiloca Industrial, S.A.: Ebro Foods, S.A. sold this wholly-owned subsidiary, based in Teruel and devoted primarily to making and selling organic and humic manure and improvers, on June 27, 2019. The sale generated a gain (recognized under "Gains/(losses) on disposals") of 5,690 thousand euros.

5. A decrease of 12,436 thousand euros, as a result of the liquidation of Beira Terrace Sociedade de Construçoes, Ltda. (Portugal), whose assets and liabilities were assigned to Ebro Foods, S.A. by way of liquidating dividend. Ebro Foods, S.A. liquidated this wholly-owned subsidiary in December 2019; its only significant asset was a property in the Portuguese town of Setúbal (note 7). The liquidation of that that investee prompted the recognition of 190 thousand euros (under "Gains/(losses) on disposals").

6. Lastly, a decrease of 14,356 thousand euros due to the following development: When the Company acquired the Tilda Group in August 2019 (refer to paragraph 3 above), some of the total investment cost of 306,594 thousand euros, namely 14,356 thousand euros, corresponded to one of the entities acquired, specifically an entity based in the Isle of Man. In December 2019, it was decided to embark on the liquidation of that entity in the Isle of Man and before that happened, Ebro Foods, S.A. resold 100% of that company to Tilda Limited of the UK.

IN 2018

1. In 2018, the Company's equity investments in group companies increased by 16,191 thousand euros as follows: 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 statement of profit or loss; the accumulated net gain at year-end 2018 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).

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:

At December 31, 2019, this balance corresponded exclusively to the financing extended to the Company's wholly-owned subsidiary, Panzani, SAS (France). In December 2019, Panzani, SAS declared a dividend payable to its shareholder, Ebro Foods, S.A., of 200 million euros; on that same date it entered into a financing agreement (due December 2022).

The only movement under this sub-heading in 2018 was the cancelation of a loan to group companies.

D) IMPAIRMENT LOSSES:

The increases and decreases in 2019 correspond to: (i) the derecognition of the 8,668 thousand euro impairment provision recognized against the investment in Beira Terrace Sociedade de Construçoes, Ltda. following its dissolution (refer to paragraph a.5 above); and (ii) increases in the impairment losses recognized against the investments in Ebro Frost Ena, Inc. (USA) and Geovita Functional Ingredients (Italy).

There were no movements under this heading in 2018.

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, 2019 (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) 2019	DIVIDEND PAID IN 2019	TOTAL EQUITY	OP. PROFIT/ (LOSS)
Dosbio 2010, S.L.	22,297	(14,569)	100.00%	Madrid (Spain)	Flour production	7,785	(6)	-	7,779	(3)
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Agricultural holding	7,715	897	(600)	8,012	1,181
Arotz Foods, S.A.	22,864	-	100.00%	Madrid (Spain)	Tinned vegetables	32,315	237	-	32,552	245
Herba Foods S.L.	59,695	-	100.00%	Madrid (Spain)	Investment management	114,745	33,311	-	148,056	(21,685)
Herba Ricemills S.L	153,451	-	100.00%	Madrid (Spain)	Production and sale of rice	201,283	14,582	(9,000)	206,865	17,919
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	4,158	3,010	(3,000)	4,168	14
Jiloca Industrial, S.A.	-	-	-	Teruel (Spain)	Sold in 2019	-	-	-	0	-
Fundación Ebro	0	-	100.00%	Madrid (Spain)	Foundation	301	0	-	301	0
Ebro Financial Corporate Services, S.L.	150,003	-	100.00%	Madrid (Spain)	Financial and insurance management	156,131	144	-	156,275	(91)
Harinas Santa Rita, S.A.	4,778	-	52.00%	Guadalajara (Spain)	Production and sale of flour	8,383	373	(85)	8,671	483
Beira Terrace Soc. de Const., Ltda.	-	-	-	Porto (Portugal)	Liquidated in 2019	-	-	-	0	-
Riceland, Kft. **(*)**	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	2,390	322	-	2,712	359
Riviana Foods Inc. (Group) **(**)**	560,175	-	84.47%	Houston, Texas (USA)	Production and sale of rice and pasta	1,586,987	81,464	(699,962)	968,489	90,069
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	709,012	52,095	(200,000)	561,107	62,532
Ebro Foods, Gmbh (Group) **(***)**	87,078	(30,917)	68.90%	Germany	Production and sale of pasta and sauces	76,381	5,619	-	82,000	(225)
Ebro Foods Alimentación, S.A.	0	-	100.00%	Mexico	Sale and marketing of rice	167	(22)	-	145	(21)
Pastificio Lucio Garofalo, S.r.l. (Group)	62,586	-	52.00%	Naples (Italy)	Production and sale of pasta and sauces	138,734	8,115	(11,600)	135,249	10,563
Geovita Functional Ingredients	20,000	(3,500)	52.00%	Vercelli (Italy)	Production and sale of pulses	39,244	(2,768)	(156)	36,320	1,365
Ebro Frost ENA, Inc.	4,500	(4,500)	100.00%	Houston (US)	Production and sale of rice and pasta	490	(1,531)	-	(1,041)	(1,500)
Tilda Limited (Tilda)	283,638	-	100.00%	London (UK)	Production and sale of rice	285,354	2,649	-	288,003	4,312
Ebro Tilda Private Limited	8,600	-	100.00%	New Delhi (India)	Sale and marketing of rice	9,181	(49)	-	9,132	(87)
Riso Scotti, S.p.a. (Group)	31,615	-	40.00%	Milan (Italy)	Production and sale of rice	79,640	3,500	(1,400)	81,740	6,730
TOTAL	**1,918,167**	**(53,486)**						**(925,803)**		

(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 2019. 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.

The direct investments held by Ebro Foods, S.A. in group companies and associates at December 31, 2018 are itemized below:

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)	Foundation	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	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 2019. 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	
CATEGORIES	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
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					220,216	20,675	220,216	20,675
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**	**220,216**	**20,675**	**220,216**	**20,675**

CURRENT FINANCIAL INSTRUMENTS (ASSETS)

	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, RECEIVABLES & DERIVATIVES		TOTAL	
CATEGORIES	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
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					9,602	12,934	9,602	12,934
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**	**9,602**	**12,934**	**9,602**	**12,934**

LOANS AND RECEIVABLES

	12-31-19	12-31-18
Non-current financial instruments		
Loans to group companies (notes 8 & 17)	200,000	0
Loans to third parties	20,070	20,533
Long-term deposits	146	142
	220,216	**20,675**
Current financial instruments		
Loans to group companies (notes 8 & 17)	27	701
Trade and other receivables (note 10)	8,111	10,881
Loans to third parties	1,464	1,352
	9,602	**12,934**
TOTAL	**229,818**	**33,609**

The balance of loans to third parties at both reporting dates corresponds 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%; again in 2017, extending the term a further two years and leaving the interest rate intact at 3.4%; and once again in 2019, in this instance changing only the amounts receivable each year until the final collection falls due.

The non-current portion of this vendor loan is 20,070 thousand euros and the current portion, 1,464 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 2019 and 2018 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	
	2019	2018	2019	2018	2019	2018	2019	2018
For transactions settled during the year	(793)	(65)	0	0	(24)	111	(817)	46
For transactions pending settlement at year-end	0	0	0	0	(1,423)	(301)	(1,423)	(301)
For foreign exchange hedges	0	0	8,977	16,191	(8,278)	(16,191)	699	0
TOTAL (EXPENSE)/INCOME RECOGNIZED IN PROFIT OR LOSS FOR THE YEAR	**(793)**	**(65)**	**8,977**	**16,191**	**(9,725)**	**(16,381)**	**(1,541)**	**(255)**

9.2 FINANCIAL LIABILITIES

The breakdown of the Company's financial liabilities at December 31, 2019 and 2018 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)								
	BANK BORROWINGS		BONDS AND OTHER MARKETABLE SECURITIES		DERIVATIVES AND OTHER ACCOUNTS PAYABLE		TOTAL	
CATEGORIES	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
Debts and payables	204,865	219,585			12	3,512	204,877	223,097
Liabilities at fair value through profit or loss								
a) Held for trading							0	0
b) Other					8,350	2,369	8,350	2,369
Hedging derivatives							0	0
TOTAL	**204,865**	**219,585**	**0**	**0**	**8,362**	**5,881**	**213,227**	**225,466**

CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)								
	BANK BORROWINGS		BONDS AND OTHER MARKETABLE SECURITIES		DERIVATIVES AND OTHER ACCOUNTS PAYABLE		TOTAL	
CATEGORIES	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
Debts and payables	143,604	88,086			5,685	3,905	149,289	91,991
Liabilities at fair value through profit or loss								
a) Held for trading							0	0
b) Other							0	0
Hedging derivatives							0	0
TOTAL	**143,604**	**88,086**	**0**	**0**	**5,685**	**3,905**	**149,289**	**91,991**

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:

	2019	2018
Non-current		
Derivatives	8,350	2,369
Trade and other payables	0	3,500
Security deposits	12	12
	8,362	**5,881**
Current		
Derivatives	0	0
Trade and other payables	5,685	3,853
Other financial liabilities	0	52
	5,685	**3,905**

(000€)

At December 31, 2018, the non-current balance of trade and other payables included a 3,500 thousand euros earnout payable to the seller of Geovita upon delivery of certain milestones between 2017 and 2019. The Company acquired 52% of Geovita in 2017 for 20,000 thousand euros; of the total, it paid 16,500 thousand euros in 2017; the remaining 3,500 thousand euros was conditional upon delivery of certain milestones between 2017 and 2019 which have not been met, such that this financial liability was derecognized in 2019 (under “Gains/(losses) on disposals”).

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 2,050 thousand euros (year-end 2018: 545 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 Functional, S.r.l. – the value ascribed to this derivative is 1,050 thousand euros (year-end 2018: 1,824 thousand euros). When acquiring 52% of that entity, the Company granted the other shareholder a put option over the remaining 48% (exercisable 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 option contractually gives rise to a financial derivative for the period until the put is exercised, due to the existence of a minimum guaranteed price; this derivative contract has been recognized as a non-current financial liability.

- A vendor put option over 48% of the Italian pasta group, Garofalo – the value ascribed to this derivative is 5,250 thousand euros (zero at year-end 2018). When the Company acquired a 52% interest in this entity in 2014, it wrote a put option with the other shareholder over the remaining 48% (exercisable until May 2024) and wrote a call option (exercisable from June 2024 to May 2026). The original agreement was amended in 2019 such that the term of the vendor put option has been extended until December 31, 2029) and the term of the call option held by the Ebro Group has been extended to 2030 (between January 1 and December 31). The price of these options 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. As amended in 2019, the option contractually gives rise to a new financial derivative for the period until the put is exercised, due to the existence of a minimum guaranteed price throughout that period; this derivative contract has been recognized as a non-current financial liability.

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 were hedged in that manner until December 2019, when all of the US dollar- denominated loans were canceled.

Having collected the dividend from Riviana, Inc. in December 2019, the Company had no borrowings from group companies denominated in US dollars at December 31, 2019. On the other hand, at December 31, 2018, non-current borrowings from group companies included a loan of 411.5 million US dollars (note 17) that was designated as a hedge of the net investment in the Group's US subsidiaries and 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 until its cancelation in December 2019 were 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 2019 and 2018 is as follows:

	12-31-19	12-31-18
Trade receivables	55	87
Trade receivables from group companies and associates (note 17)	8,031	10,760
Sundry receivables	8	8
Receivable from employees	17	26
	8,111	**10,881**

(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 2019 or 2018. 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 3 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, 2019 (2018), 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 (17,980,610) shares, representing a 11.686% (11.686%) interest.
- Sociedad Estatal de Participaciones Industriales: indirect holder, via Alimentos y Aceites, S.A., of 15,940,377 (15,940,377) shares, representing a 10.360% (10.360%) interest.
- Corporación Financiera Alba, S.A., which directly holds 21,546,807 (21,546,807) shares, representing a 14.004% (14.004%) interest.
- Empresas Comerciales e Industriales Valencianas, S.L., which directly holds 12,042,637 (12,042,637) shares, representing a 7.837% (7.837%) 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., 7,891,633 shares (5,600,000), representing a 5.129% interest (3.640%). Accordingly, this shareholder directly and indirectly holds 7,894,663 (5,603,030) shares in the Company, giving him a 5.131% (3.642%) interest.
- Artemis Investment Management, LLP, which directly holds a 4.25% interest. This investor's shareholding rose above 3% on May 8, 2019.

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 2019, 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 2019, the Company bought back 58,000 shares, sold 28,250 and, under the scope of the employee share plan, delivered 29,750 own shares to employees. The Company did not hold any own shares at December 31, 2019.

In 2018, 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). That year, the Company bought back 33,348 shares, which it delivered to employees. The Parent did not hold any own shares as treasury stock at December 31, 2018.

g) Dividends paid in 2019: Distribution of the dividends approved at the Annual General Meeting of June 4, 2019 at which the Parent's shareholders ratified the motion to pay a cash dividend with a charge against 2018 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2019 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 1, June 28 and October 1, 2019.

13 BANK BORROWINGS

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

	2019	2019	2018	2018
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Bank loans arranged in euros	204,865	130,000	219,585	80,000
Bank loans arranged in US dollars	-	-	-	-
Credit facilities arranged in euros	-	13,260	-	7,749
Interest accrued but not due	-	344	-	337
TOTAL	**204,865**	**143,604**	**219,585**	**88,086**

The non-current euro-denominated bank borrowings at December 31, 2019 included:

- As a result of arrangements set up in 2018: four 3-year bilateral loans for a total of 155 million euros, repayable in a single bullet payment in 2021 and carrying interest at an average rate of 0.52%.
- As a result of arrangements set up in 2019: two new bilateral loans for a total of 50 million euros, repayable in a single bullet payment between March and April 2022 and carrying interest at an average rate of 0.525%.

The current euro-denominated bank borrowings at December 31, 2019 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%.
- The rest of this heading corresponds to a 30 million euros 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 2020. The loan bears interest at 12-month EURIBOR plus a market spread, which translated into an average interest rate of 0.50%.

The Company is obliged to comply with a series of covenants, specifically a series of ratios calculated on the 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.

As detailed in note 8.a.3, on August 28, 2019, Ebro Foods, S.A. acquired 100% of the companies and assets comprising the Tilda business worldwide from the Hain Celestial Group. To fund the acquisition of that group of companies, the Company arranged a 300 million US dollar bilateral loan in August 2019 which it subsequently prepaid in December 2019, using the proceeds from the dividend received from Riviana, Inc.

In addition, at year-end 2019, the Company had arranged and guaranteed credit facilities with an aggregate limit of 35 million euros (year-end 2018: 35 million euros), of which 13,260 thousand euros (7,749 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 0.55% (2018: 0.56%) on average.

In addition, the Company has extended sureties and other guarantees to third parties via banks totaling 444,854 thousand euros at year-end 2019 (109,930 thousand euros at year- end 2018) (note 16).

The maturity schedule for bank borrowings (at December 31, 2019):

Due 2020	143,604 thousand euros
Due 2021	155,000 thousand euros
Due 2022	49,865 thousand euros

14 NON-CURRENT PROVISIONS

The reconciliation of the Company's provisions at the beginning and end of 2019 and 2018 is as follows:

NON-CURRENT PROVISIONS							
	EMPLOYEE BENEFIT OBLIGATIONS			OTHER PROVISIONS FOR CONTINGENCIES			TOTAL
	LONG-SERVICE BONUSES	NON-CURRENT REMUNERATION	TOTAL	BUSINESS SALE REPS & WARRANTIES	TAX ASSESSMENTS	TOTAL	
CLOSING BALANCE: DEC. 31, 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: DEC. 31, 2018	**165**	**1,877**	**2,042**	**11,240**	**4,779**	**16,019**	**18,061**
Additions (reversal of provisions)	22	766	788	0	(49)	(49)	739
Amounts used	0	(954)	(954)	0	0	0	(954)
CLOSING BALANCE: DEC. 31, 2019	**187**	**1,689**	**1,876**	**11,240**	**4,730**	**15,970**	**17,846**

(000€)

PROVISION FOR CONTINGENCIES – REPS AND WARRANTIES GRANTED IN CONNECTION WITH THE SALES O F 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 to the buyer 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 account 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 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.

In the wake of the resumption, on December 21, 2018, by the CNMC of the disciplinary proceedings, with retroactive effect, the CNMC issued a new disciplinary ruling on July 11, 2019. In that new ruling, the CNMC reiterated its original opinion of the underlying facts and levied a fine in the same amount against Puleva Food, S.L. Therefore, and notwithstanding the fact that the Group believes it has substantive arguments against this new ruling, the parent's 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; the case was still pending ruling at December 31, 2019.

PROVISION FOR CONTINGENCIES – TAX ASSESSMENTS

A 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 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 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 and 2019.

Elsewhere, an inspection of the Spanish tax group for 2012 to 2015, both years included, finished in 2018; as a result, in 2018, the Company recognized 851 thousand euros of provisions in relation to preliminary assessments signed in disagreement. The definitive assessments for the years covered by that inspection were handed down in 2019 and the Company adjusted its provision accordingly, reducing it by 49 thousand euros.

As a result, the summary of the definitive tax assessments for 2012-2015 is as follows (most of the related provisions were already recognized in the 2018 financial statements):

	ASSESSMENTS UNCONTESTED	ASSESSMENTS CONTESTED	TOTAL
Tax	546	2,621	3,167
Interest	76	364	441
Fines	0	0	0
	623	**2,985**	**3,608**

(000€)

ACCOUNTING TREATMENT	TOTAL	EBRO FOODS, S.A.	REST OF TAX GROUP
Statement of profit or loss			
Income tax expense	1,715	1,363	352
Other operating expenses	1	0	1
Finance costs	410	364	46
Deferred income tax	1,482	(690)	2,172
TOTAL CHARGES	**3,608**	**1,037**	**2,570**
Other non-current provisions	(2,985)	(802)	(2,183)
Inter-company balances receivable / payable within tax group	0	303	(303)
Taxes payable (payables)	(623)	(538)	(85)
TOTAL PAYMENTS	**(3,608)**	**(1,037)**	**(2,570)**

(000€)

Below is a summary of the impacts on the 2019 financial statements of the definitive assessments in respect of 2012 - 2015, along with a comparison with the amounts already recognized in 2018:

IMPACT OF DEFINITIVE ASSESSMENTS IN 2019			
ACCOUNTING TREATMENT	TOTAL	EBRO FOODS, S.A.	REST OF TAX GROUP
Statement of profit or loss			
Income tax expense	(641)	(75)	(566)
Other operating expenses	0	0	0
Finance costs	(54)	26	(80)
Deferred income tax	0	0	0
TOTAL CHARGES	**(695)**	**(49)**	**(646)**
Other non-current provisions	695	49	646
Inter-company balances receivable / payable within tax group	0	0	0
Taxes payable (payables)	0	0	0
TOTAL PAYMENTS	**695**	**49**	**646**

(000€)

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

In addition, definitive assessments in the amount of 3,641 thousand euros have been signed under protest in relation to a specific concept 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.

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 2019 in the amount of 187 thousand euros (year-end 2018: 165 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 0.45% (2018: 1.44%)

b) Wage increases: compound annual growth of 3% (2018: 3%)

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

PROVISION FOR LONG-TERM REMUNERATION TO EXECUTIVES

Refer to note 18. The amounts utilized in 2019 relate to the 2016-2018 remuneration plan, specifically the payments corresponding to year two of that three-year plan. The provisions recognized in 2019 correspond to the new 2019-2021 bonus plan to be settled between 2021 and 2023.

15 TAX MATTERS

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

	12-31-19	12-31-18
Current		
Current tax assets	4,439	1,992
Other amounts receivable from public authorities	790	997
Current tax liabilities	0	0
Other payables to public authorities	(1,166)	(224)
	4,063	**2,765**
Non-current		
Deferred tax assets	6,240	8,793
Deferred tax liabilities	(51,724)	(48,857)
	(45,484)	**(40,064)**

(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., Fincas e Inversiones Ebro, S.A., Dosbio 2010, S.L., Arotz Foods, S.A., Herba Foods, S.L., Herba Ricemills, S.L. and subsidiaries, Herba Nutrición, S.L, Fallera Nutrición, S.L., Española de I+D, S.A., Jiloca, S.A. (in 2018 only; this company was sold in 2019), Vegetalia, S.A. and Satoki, S.A. (these last two companies in 2018 only as they were sold in 2019).

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

CORPORATE INCOME TAX				
	2019		2018	
	ACCOUNTING	TAX	ACCOUNTING	TAX
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**886,213**	**886,213**	**(7,481)**	**(7,481)**
Permanent differences	(923,347)	(923,347)	(16,338)	(16,338)
Tax group tax losses for offset	34,070	34,070	7,944	7,944
Permanent differences arising from fiscal consolidation adjustments	0	0	0	0
ACCOUNTING PROFIT ADJUSTED FOR PERMANENT DIFFERENCES	**(3,064)**	**(3,064)**	**(15,875)**	**(15,875)**
Temporary differences		(22,334)		(17,083)
Temporary differences arising from fiscal consolidation adjustments		0		0
Tax group tax losses for offset		0		0
TAXABLE INCOME (TAX LOSS) OF THE COMPANY	**(3,064)**	**(25,398)**	**(15,875)**	**(32,958)**
Tax calculated at statutory rate: 25%	(766)	(6,350)	(3,969)	(8,240)
Tax credits	0	0	0	0
TAX EXPENSE/(INCOME) FOR THE YEAR	**(766)**	**(6,350)**	**(3,969)**	**(8,240)**
Restatement of prior-year's income tax	(214)	0	(174)	0
Tax assessments (note 14)	(75)		1,438	
TOTAL INCOME TAX: EXPENSE (INCOME)	**(1,055)**	**(6,350)**	**(2,705)**	**(8,240)**

(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:

	2019	2018
Tax payable (refundable) corresponding to Ebro Foods, S.A.	(6,350)	(8,240)
Payments made on account during the year	(4,319)	(1,878)
Tax withholdings	(60)	(71)
Tax refundable pending collection from prior years	(59)	0
Tax payable (refundable) corresponding to the other companies in the tax group	6,349	8,197
TAX GROUP TAX PAYABLE (RECEIVABLE)	**(4,439)**	**(1,992)**

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:

STATEMENT OF PROFIT OR LOSS		
	2019	2018
Profit before tax from continuing operations	886,213	(7,481)
Statutory tax rate	25%	25%
THEORETICAL TAX EXPENSE	**221,553**	**(1,870)**
Effect of:		
Non-deductible expenses	2,113	121
Non-taxable income	(1,499)	0
Tax group tax losses for offset	8,518	1,986
Dividends between tax group companies	(3,150)	(3,088)
Dividends within parent company group	(228,301)	(1,090)
Deductions and other items	0	(28)
	(766)	**(3,969)**
Breakdown of tax expense (income)		
Current	(6,350)	(8,240)
Deferred	5,584	4,271
EFFECTIVE TAX EXPENSE (INCOME)	**(766)**	**(3,969)**

(000€)

15.4 The breakdown of the temporary differences arising at Ebro Foods, S.A. in 2019 and 2018 is as follows:

	2019	2018
Temporary differences - Additions		
Additions to provision for long-term remuneration obligations	824	591
Additions to provision for long-service bonuses	22	4
Reversal of impairment provisions on investments in group companies	6,612	5,138
Amortization of trademarks for tax purposes	394	394
TOTAL ADDITIONS	**7,852**	**6,127**
Temporary differences - Decreases	**2019**	**2018**
Goodwill amortization charges	2,007	2,007
Provisions for long-term remuneration obligations used	954	974
Temporary difference on account of goodwill amortization	18,731	20,227
Reversal of impairment provisions on investments in group companies	8,493	0
Utilization of asset recognized for 30% of depreciation charges not deductible	1	2
TOTAL DECREASES	**30,186**	**23,210**
TOTAL NET ADDITIONS (DECREASES)	**(22,334)**	**(17,083)**

(000€)

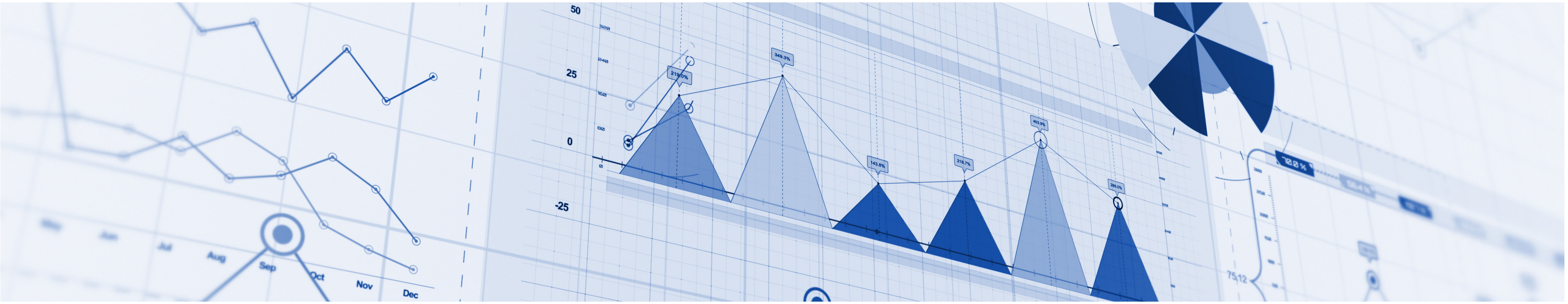
15.5 The breakdown of the permanent differences arising at Ebro Foods, S.A. in 2019 and 2018 is as follows:

	2019	2018
Permanent differences - Additions		
Donations	424	457
Addition to impairment provisions on investments in group and other companies	8,000	0
Other non-deductible expenses	26	26
TOTAL ADDITIONS	**8,450**	**483**
Permanent differences - Decreases		
Adjustments for dividends from tax group subsidiaries	12,600	12,350
Adjustments for dividends from other group companies	913,203	4,361
Amortization of goodwill for tax purposes	109	110
Gain on sale of investments in group companies	5,690	0
Liquidation of subsidiaries	195	0
TOTAL DECREASES	**931,797**	**16,821**
TOTAL NET ADDITIONS (DECREASES)	**(923,347)**	**(16,338)**

(000€)

15.6 Ebro Foods, S.A. did not utilize any tax credits in 2019 as a result of the tax loss generated by the tax group. In 2019, it generated 106 thousand euros of tax credits, mainly corresponding to donations, for utilization in future years, in addition to the 7.4 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 2006 and 2013, 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:

	12-31-17	ADDITIONS	AMOUNTS DERECOGNIZED	RESTATEMENTS AND OTHER ADDITIONS/ DERECOGNITIONS	12-31-18	ADDITIONS	AMOUNTS DERECOGNIZED	RESTATEMENTS AND OTHER ADDITIONS/ DERECOGNITIONS	12-31-19
Deferred tax assets									
Goodwill	2,609		(502)		2,107		(502)		1,605
Intangible assets: Trademarks	1,397			1,037	2,434	98			2,532
Property, plant and equipment: Land	108				108				108
Property, plant and equipment: Depreciation	12		(1)		11				11
Long-term remuneration obligations	729	148	(244)		633	206	(238)		601
Provisions for contingencies	310				310				310
Provisions for long-service bonuses	40	1			41	6			47
Impairment provisions: investments in group companies	2,123				2,123		(2,123)		0
Unused tax losses	2,788			(1,762)	1,026				1,026
	10,116	**149**	**(747)**	**(725)**	**8,793**	**310**	**(2,863)**	**0**	**6,240**
Deferred tax liabilities									
Amortization of goodwill for tax purposes	(41,213)	(5,057)		200	(46,070)	(4,683)			(50,753)
Amortization of trademarks for tax purposes	41	99		(140)	0				0
Deferral of gains by tax group	(331)				(331)				(331)
Impairment provisions: investments in group companies	(3,801)		1,285	60	(2,456)		1,653	163	(640)
	(45,304)	**(4,958)**	**1,285**	**120**	**(48,857)**	**(4,683)**	**1,653**	**163**	**(51,724)**
TOTAL DEFERRED TAXES, NET	**(35,188)**	**(4,809)**	**538**	**(605)**	**(40,064)**	**(4,373)**	**(1,210)**	**163**	**(45,484)**

(000€)

16 GUARANTEES EXTENDED

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

	2019	2018
Guarantees extended via banks		
Provided to courts and other bodies in relation to claims and tax deferrals	9,937	14,059
Provided to third parties to guarantee fulfilment of obligations arising in the ordinary course of business	360	360
Guarantees awarded directly by Ebro Foods, S.A.		
Guarantees given to banks to secure other companies' obligations	434,557	95,511

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), Pastificio Lucio Garofalo, S.r.l.(52%-indirectly owned), Riviana, Inc. (100%-directly and indirectly owned), Panzani, SAS (100%-directly owned) and Riviana Foods, Inc. (100%-directly and indirectly 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 2019 and 2018 are shown below:

	2019		2018	
	GROUP COMPANIES	ASSOCIATES	GROUP COMPANIES	ASSOCIATES
External services	(601)	0	(586)	0
Employee benefits expense	0	0	0	0
Finance costs	(12,952)	0	(7,704)	0
TOTAL PURCHASES AND EXPENSES	**(13,553)**	**0**	**(8,290)**	**0**
Services rendered and other income	8,445	0	7,746	0
Finance income	28	0	31	0
Dividend income received	924,403	1,400	16,711	0
TOTAL REVENUE AND INCOME	**932,876**	**1,400**	**24,488**	**0**

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, 2019

BALANCES WITH SUBSIDIARIES AND ASSOCIATES	NON-CURRENT LOANS	DUE FROM COMPANIES	CURRENT LOANS	BALANCES PAYABLE		DUE TO COMPANIES
				NON-CURRENT	CURRENT	
Panzani, SAS	200,000	1,233	27			(192)
Herba Foods, S.L.		111				
Arotz Foods, S.A.		86		(28,955)		(10)
Ebro de Costa Rica, S.L.				(16,265)		
Ebro Riviana de Guatemala, S.L.				(10,408)		(45)
Herba Ricemills, S.L.		2,559			(10,000)	(6)
Riviana Foods (Group)		1,339				
Ebro Financial Corporate Services, S.L.		59		(205,100)		
Lassie Group (Netherlands)		229				
Fundación Ebro Foods					(298)	
Riso Scotti, S.p.a.		1,000				
Other companies (minor balances)	0	1,415		0		(66)
	200,000	**8,031**	**27**	**(260,728)**	**(10,298)**	**(319)**

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)**

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

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 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 impairment 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 transactions with one of its directors in 2019 and 2018 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	RELATIONSHIP	NAME OR COMPANY NAME OF THE RELATED PARTY	TYPE OF TRANSACTION	2019 AMOUNT	2018 AMOUNT
Antonio Hernández Callejas	Relative	Luis Hernández González	Lease (expense)	42	41
Antonio Hernández Callejas	Company	Cardenal Ilundain 4, SL.	Sale of goods (finished and in-progress)	2	0
Antonio Hernández Callejas	Company	Hergón 96, SL.	Sale of goods (finished and in-progress)	2	0
Antonio Hernández Callejas	Company	Hacienda Las Casetas, SL.	Sale of goods (finished and in-progress)	1	0

18.3 OTHER TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS AND DIRECTORS/EXECUTIVES: D IVIDENDS 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 2019 (2018) (expressed in thousands of euros):

- Dividends paid to significant shareholders (excluding directors): 13,499 (10,092)
- Dividends paid to directors (and persons related thereto) and executives: 46,951 (44,567)

18.4 TRANSACTIONS WITH OTHER RELATED PARTIES

Ebro Foods, S.A. did not transact with 'other related parties' in 2019.

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 Italian company with an analogous corporate purpose 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 transactions performed between Ebro Foods, S.A. and Riso Scotti S.p.A. (an associate that is not fully consolidated by the Ebro Group) in 2019 and 2018 (amounts in thousands of euros):

TYPE OF TRANSACTION	2019 AMOUNT	2018 AMOUNT
Services rendered (income)	3	8
Dividends received (income)	1,400	0

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

All of the Directors, including in the case of the legal person Directors their natural person representatives, have informed the Company that neither they nor any of their related parties found themselves party to any of the direct or indirect conflict of interests itemized in article 229 of Spain's Corporate Enterprises Act.

In addition, the Directors, and where relevant the natural persons representing them on the Board of Directors of Ebro Foods, S.A., itemized below have informed the Company of the following relationships with entities that carry on an analogous business activity to that constituting Ebro Foods, S.A.'s core business:

- Grupo Tradifín, S.L. holds (i) a direct interest of 50% in Instituto Hispánico del Arroz, S.A., an entity of which it is the chief executive; and (ii) a 100% interest in Cabher 96, S.L., an entity of which it is the 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.) holds indirect interests in Instituto Hispánico del Arroz, S.A. and Cabher 96, S.L. through her 33.25% direct shareholding in Grupo Tradifín, S.L.: specifically, indirect shareholdings of 16.625% in Instituto Hispánico del Arroz, S.A. and of 33.25% in Cabher 96, S.L. She does not hold any positions or duties at those entities.
- Hercalianz Investing Group, S.L. holds a direct interest of 50% in Instituto Hispánico del Arroz, S.A., an entity of which it is the chief executive.
- Mr. Félix Hernández Callejas (the natural person who represents Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.) holds an indirect interest of 16.66% in Instituto Hispánico del Arroz, S.A. through his direct shareholding of 33.33% in Hercalianz Investing Group, S.L. He does not hold any positions or duties at those entities.
- Mr. Antonio Hernández Callejas holds an indirect interest of 16.66% in Instituto Hispánico del Arroz, S.A. through the 33.33% interest he holds 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 and prior period.

The Directors have not informed to 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 5,682 thousand euros in 2019 (2018: 5,049 thousand euros), broken down as follows (in thousands of euros):

DIRECTOR REMUNERATION AND OTHER BENEFITS	2019	2018
Type of remuneration		
Meeting attendance fees	322	303
Fixed remuneration received in their capacity as directors	2,728	2,728
TOTAL DIRECTOR REMUNERATION	**3,050**	**3,031**
Wages, salaries and professional fees	2,632	2,018
Termination and other benefits	0	0
TOTAL EXECUTIVE DIRECTOR REMUNERATION	**2,632**	**2,018**
TOTAL REMUNERATION	**5,682**	**5,049**
Other benefits		
Life insurance and post-employment benefits	0	0

Article 22 of the Bylaws, as amended following the Annual General Meeting held on June 4, 2019, stipulates that *"The overall remuneration received by the members of the Board of Directors in their capacity as such (i.e., in exchange for their supervisory and other non-executive duties) shall consist of: (i) a fixed annual sum; and (ii) fees for attending the meetings of the Board and its committees. Both the fixed annual sum assigned to the Board of Directors as a whole and the amount of the attendance fees shall be determined by the Company's shareholders in general meeting and remain in effect until such time as their modification is approved. It shall be up to the Board of Directors to distribute the fixed sum determined at the Annual General Meeting in accordance with the positions discharged by each, their membership of the Board's various committees and other objective circumstances the Board of Directors deems opportune to its members each year. It shall be similarly up to the Board of Directors to determine the frequency of such payments".*

With respect to the remuneration of the directors in their capacity as such, at a meeting held on February 27, 2020, the Board of Directors resolved, at the recommendation of its Nomination and Remuneration Committee:

(i) to submit a motion for the payment of the sum of 2,728 thousand euros of fixed remuneration in respect of 2019, which is exactly the same amount as it proposed in prior years, at the upcoming 2020 Annual General Meeting; 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 for 2019 (in thousands of euros) is provided below:

DIRECTOR	FIXED REMUNERATION	ATTENDANCE FEES	FIXED REMUNERATION FOR EXECUTIVE DUTIES	VARIABLE REMUNERATION FOR EXECUTIVE DUTIES	TOTAL
Hernández Callejas, Antonio	388	27	1,057	1,575	3,047
Carceller Arce, Demetrio	368	33	0	0	401
Alimentos y Aceites, SA	119	18	0	0	137
Barreiro Pérez-Pardo, Belén	155	23	0	0	178
Carceller Arce, María	119	18	0	0	137
Castelló Clemente, Fernando	198	28	0	0	226
Comenge Sánchez-Real, José Ignacio	150	20	0	0	170
Corporación Financiera Alba, SA	303	32	0	0	335
Costa García, Mercedes	197	28	0	0	225
Empresas Comerciales e Industriales Valencianas, SL	119	18	0	0	137
Grupo Tradifín, SL	190	28	0	0	218
Hercalianz Investing Group, SL (*)	150	20	0	0	170
Zorrero Camas, Pedro Antonio	272	29	0	0	301
TOTAL	**2,728**	**322**	**1,057**	**1,575**	**5,682**

(*) 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.

Of the total variable remuneration earned by the Chairman of the Board of Directors for performance of his executive duties in 2019, 788 thousand euros correspond to the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Business Plan in respect of 2017. That sum was provided for in the 2017 financial statements and paid in 2019.

Elsewhere, in relation to the total remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2019, the 2019 financial statements recognize a provision of 755 thousand euros in respect of the provisional estimate of the amount corresponding to 2019 under the Deferred Annual Bonus Scheme tied to the Group's 2019-2021 Plan (2019 being year one of that Plan). That figure will be paid in 2021.

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 2019 these executives accrued aggregate remuneration (fixed wages and salaries and annual bonuses) of 2,226 thousand euros (2,050 thousand euros in 2018).

"Officers", "executives" or "senior management", indistinctly, 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 2019, 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 166 thousand euros corresponding to 2017, a figure representing 25% of the bonuses earned during the three-year term of the scheme that had been provisioned in the 2017 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 2019-2021 Business Plan, the 2019 financial statements recognize a provision of 159 thousand euros in respect of the provisional estimate of the amount corresponding to 2019 under the scheme, which represents up to 25% of the deferred bonus entitlement expected to be accrued during the three-year period. That sum will be paid in 2021, in keeping with the plan rules.

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 56 thousand euros in 2019 (61 thousand euros in 2018), are effective until April 30, 2020 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

2019	AT YEAR-END		AVERAGE
	MALE	FEMALE	TOTAL
Executives	7	3	10
Middle management	21	11	32
Clerical staff	7	9	16
	35	**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.

2018			
	AT YEAR-END		AVERAGE TOTAL
	MALE	FEMALE	
Executives	7	3	10
Middle management	20	10	30
Clerical staff	9	10	18
	36	**23**	**58**

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 2019 and 2018 were as follows (in thousands of euros):

- The fees corresponding to auditing services provided in 2019 amounted to 245 (2018: 264) thousand euros; those corresponding to other assurance services amounted to 82 (2018: 81) thousand euros.
- The fees for tax advisory and and/other services totaled 37 (2018: 187) 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 28 days on average in 2019 (2018: 25 days).

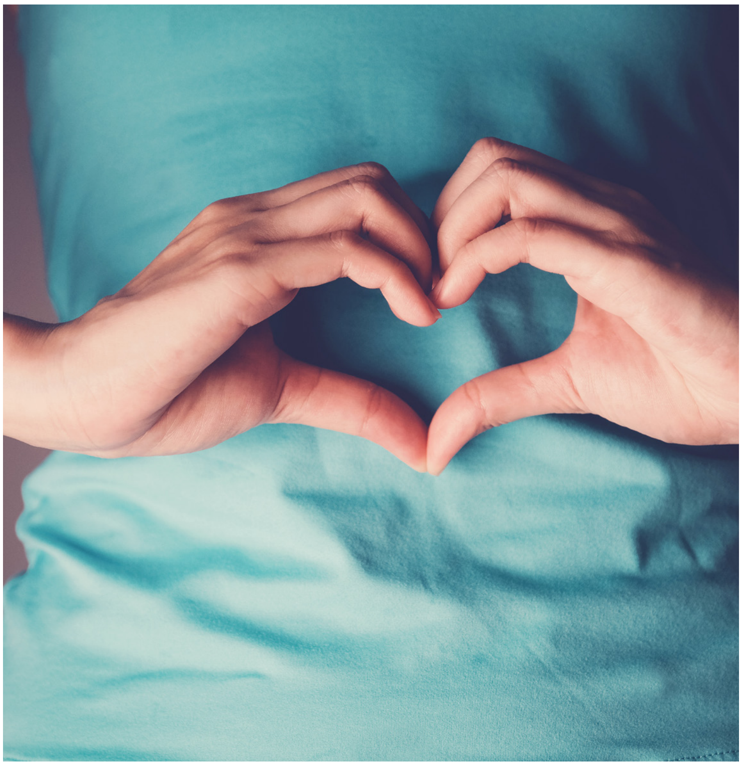
	2018	2019
	DAYS	DAYS
Average supplier payment term	25	28
Paid transactions ratio	24	24
Outstanding transactions ratio	31	12
	AMOUNT	AMOUNT
Total payments made	**8,996**	**11,075**
Total payments outstanding	**469**	**822**

(000€)

The 2019 figures in the table above do not include the sum of 2,372 thousand euros invoiced by an IT system provider as its invoices took 220 days to formally approve and document such that the payment was delayed by those 220 days.

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	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OF BANK	DATE OPENED	BALANCE AT DEC. 31, 2019 (EUROS)	AVERAGE BALANCE 4Q19 (EUROS)	% INTEREST	CURRENCY
Semola, S.r.l.	IBAN	BCABIT21XXX	IT39D0350003205000000037267	Ubi Banco di Brescia SpA	Rome	Italy	01-Apr-13	179,760.67	206,432.01	100%	EUROS
Ebro Costa Rica S.L.	IBAN	BSNJCRSJXXX	CR62010200009036778881	BAC San Jose	San José	Costa Rica	01-Aug-06	0	0	100%	CRC
	IBAN	BSNJCRSJXXX	CR11010200009024954723	BAC San Jose	San José	Costa Rica	02-Aug-06	16,584.43	16,573.61	100%	USD
Ebro Riviana Guatemala SL	Other	INDLGTGCXXX	0011100015	Banco Industrial Guatemala	Guatemala City	Guatemala	03-Aug-06	334.87	583.25	100%	GTQ
	Other	INDLGTGCXXX	0000683771	Banco Industrial Guatemala	Guatemala City	Guatemala	04-Aug-06	531.39	3,973.26	100%	USD
EF Alimentación, S de R.L de CV.	CLABE	BCMRMXMM	187408390	BBVA BANCOMER, S.A.	Mexico City	Mexico	07-Aug-11	6,032.05	6,640.40	100%	MXP
	CLABE	BCMRMXMM	187409842	BBVA BANCOMER, S.A.	Mexico City	Mexico	07-Aug-11	36,170.78	36,170.78	100%	USD
Mundiriz	Other	BMCEMAMCXXX	0117350000012100006819.79	BMCE Bank	Larache	Morocco	29-Jun-05	853.21	939.49	100%	MAD
	Other	BMCEMAMCXXX	0117350000012100060709.11	BMCE Bank	Larache	Morocco	23-Jun-05	1,152,973.99	1,210,793.38	100%	MAD
	Other	BCMAMAMCXXX	007 640 0013709000000131 39	Attijariwafa Bank	TANGIER	Morocco	24-Jun-05	134,672.14	90,668.47	100%	MAD
	Other	BMCEMAMCXXX	011 735 0000 01 66600 60709 27	BMCE Bank	Larache	Morocco	01-Jul-05	456.86	992.81	100%	MAD
	Other	BMCEMAMCXXX	011 735 000 501 66500 12519 30	BMCE Bank	Larache	Morocco	07-Jul-05	285,348.92	283,622.25	100%	Euro
	Other	CDMAMAMCXXX	021 735 0000 080 030 167465 07	Crédit du Maroc	Larache	Morocco	01-Mar-18	58,690.52	101,952.71	100%	MAD
	Other	BMCEMAMCXXX	0117350000012100060728.51	BMCE Bank	Larache	Morocco	24-Jun-05	64,454.65	34,661.75	100%	MAD
	Other	BMCEMAMCXXX	011 735 0000 01 210 00 13562 26	BMCE Bank	Larache	Morocco	10-Feb-17	67,498.04	75,251.89	100%	MAD



20 EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organization escalated the status of the public health crisis triggered by the expansion of the coronavirus (COVID-19) to that of a global pandemic. The speed at which events are unfolding, in Spain and abroad, is causing an unprecedented health crisis that is set to impact the macroeconomic environment and the Company's business performance.

The Spanish Government is passing a raft of measures to help mitigate the situation: it has declared of a state of alarm (via Royal Decree 463/2020, of March 14, 2020) and approved a series of extraordinary emergency measures to combat the economic and social ramifications of COVID-19 (via Royal Decree-Law 8/2020, of March 17, 2020).

The Company believes that these developments do not imply the need to make any adjustments to its financial statements for the year ended December 31, 2019; they could, however, have a significant impact on its operations and, by extension, on its future earnings and cash flows.

Given the complexity of the situation and the speed with which it is developing, it is not presently feasible to make a reliable quantitative estimate of its potential impact on the Company which, if any, would be recognized prospectively in the 2020 financial statements.

The Company is taking the steps required to tackle the situation and minimize its impact. It believes that the situation is circumstantial and, based on its most recent estimates and liquidity position as of the reporting date, will not compromise its ability to continue as a going concern.

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

EBRO FOODS, S.A.

MANAGEMENT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2019

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 two 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 2019.

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 in 2019. Certain services provided to subsidiaries were pared back.

Operating profit amounted to 908,860 thousand euros in 2019, compared to 5,230 thousand in 2018. The growth in operating profit is primarily attributable to the increase in dividend income from subsidiaries (note 8), offset by higher performance-based employee benefits expense and higher expenditure on services in connection with corporate transactions in 2019.

Net finance cost amounted to 22,647 thousand euros, compared to 12,711 thousand in 2018. The higher net cost is attributable to higher borrowing costs as a result of the Company's financing needs and the rates borne on those borrowings. Earnings were also undermined by the change in the fair value of the derivatives described in note 9 and net impairment allowances on the Company's investments in group companies, offset by the gain on the sale of its investment in Jiloca Industrial (see below).

Profit after tax accordingly amounted to 887,268 thousand euros, compared to a loss of 4,776 thousand euros in 2018.

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 2019:

Sale of Jiloca Industrial

Ebro Foods, S.A. sold this wholly-owned subsidiary, based in Teruel and devoted primarily to making and selling organic and humic manure and improvers, on June 27, 2019. The sale generated a gain (recognized under "Gains/(losses) on disposals") of 5,690 thousand euros.

Purchase of the Tilda assets

The Company acquired the companies and assets devoted to the sale of the premium rice brand, Tilda, worldwide from Canadian group Hain Celestial on August 28, 2019. In total, the Company invested 306,594 thousand euros for 100% of the business (before potential debt and working capital adjustments, which are still under negotiation but are not expected to be material). The acquisition was financed using a mix of equity and debt.

Tilda is a premium rice brand, specialized in basmati rice, with global brand recognition. It is present in several countries on all five continents and boasts particularly strong positioning in the UK market. It has two factories in Rainham (UK) and a headcount of 326. The Tilda business generated revenue in the year ended June 30, 2019 of 152.6 million pounds sterling, of which 60% was generated in the UK and 92% stemmed from basmati sales.

The acquisition reinforces Ebro's portfolio of global premium rice brands and gives it a meaningful presence in the British retail market for the first time. In addition, Ebro believes that Tilda's global brand recognition will lend itself to significant brand development leveraging other Group products.

Subsequent to its acquisition it was decided to liquidate one of the companies acquired, specifically that based in the Isle of Man, prior to which Ebro Foods, S.A. sold 100% of that entity's shares back to Tilda Limited (UK), the company which be articulated as the parent of the Tilda assets in the UK, for 14,356 thousand euros.

Lastly, one of Ebro Foods, S.A.'s subsidiaries completed the following significant exit in 2019:

Sale of the Bio Food business

The Bio Food business, a subsidiary of the Panzani subgroup, was sold to Midsona AB for an equity value of 57.5 million euros on October 1, 2019. The transaction implied the sale of 100% of the equity of Alimentación Santé and its subsidiaries Vegetalia, Satoki and Celnat.

The sale reflects strategic reasoning at the group level with respect to the investment needed to build a significant position in the international bio food market.

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 and legal compliance.

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 METRICS

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. The 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 each year, 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 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

Exposure to foreign currency risk is intrinsic to the Company's role as a holding company which invests in group companies whose functional currency is not the euro. Its ability to recover the carrying amounts of its investments depends on the ability to generate cash flows from them. At the reporting date, it was most exposed to the pound sterling and the US dollar. The Company used to mitigate that risk by obtaining loans denominated in US dollars; it canceled all its dollar-denominated loans in December 2019. It used to hedge 63.8% of its US investments in that manner.

Foreign currency risk also arises from the purchases and sales made by the various subsidiaries in currencies other than the functional currency. In that 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

On March 11, 2020, the World Health Organization escalated the status of the public health crisis triggered by the expansion of the coronavirus (COVID-19) to that of a global pandemic. The speed at which events are unfolding, in Spain and abroad, is causing an unprecedented health crisis that is set to impact the macroeconomic environment and the Company's business performance.

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The Company is taking the steps required to tackle the situation and minimize its impact. It believes that the situation is circumstantial and, based on its most recent estimates and liquidity position as of the reporting date, will not compromise its ability to continue as a going concern.

There have been no other significant events or developments between the end of the reporting period and the date of authorizing the accompanying 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 2019, 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 2019, the Company bought back 58,000 shares, sold 28,250 and, under the scope of the employee share plan, delivered 29,750 own shares to employees. The Company did not hold any own shares at December 31, 2019.

11 OTHER RELEVANT DISCLOSURES

AVERAGE PAYMENT PERIOD

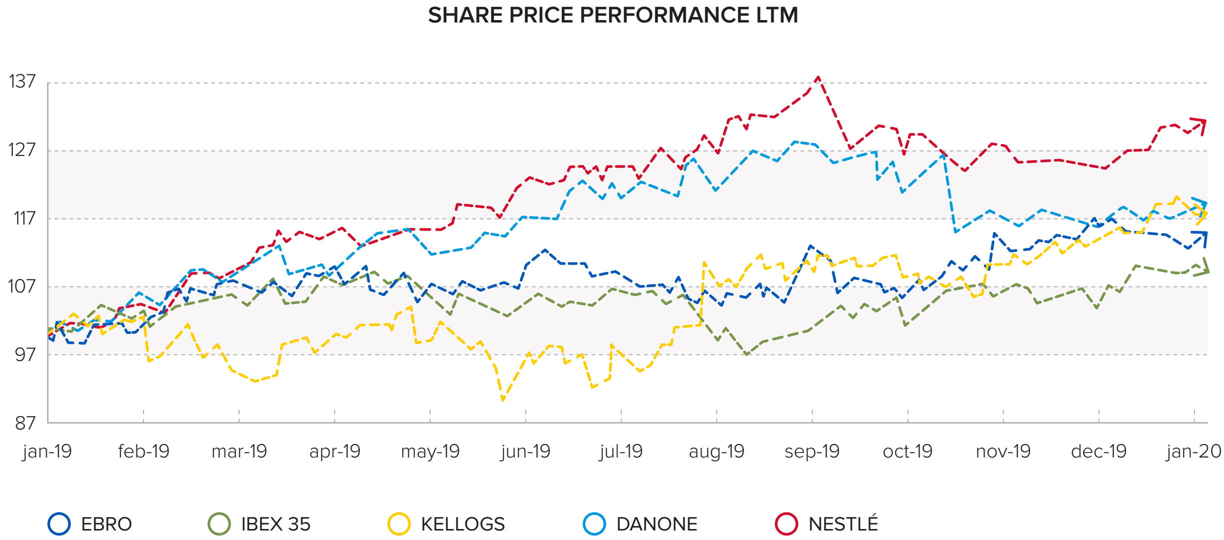
The Company paid its suppliers at 28 days on average in 2019.

	2018	2019
	DAYS	DAYS
Average supplier payment term	25	28
Paid transactions ratio	24	24
Outstanding transactions ratio	31	12
	AMOUNT	AMOUNT
Total payments made	**8,996**	**11,075**
Total payments outstanding	**469**	**822**

(000€)

The 2019 figures in the table above do not include the sum of 2,372 thousand euros invoiced by an IT system provider as its invoices took 220 days to formally approve and document such that the payment was delayed by those 220 days.

SHARE PRICE PERFORMANCE



DIVIDEND DISTRIBUTION

At the Annual General Meeting of June 4, 2019, the Company's shareholders ratified the motion to pay a cash dividend with a charge against 2018 profit and unrestricted reserves of 0.57 euros per share, 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 1, June 29 and October 1, 2019.

ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES

DETAILS OF ISSUER

Year Ended: 31/12/2019

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		% 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
ARTEMIS INVESTMENT MANAGEMENT, LLP	0.00	4.25	0.00	0.00	4.25

Details of indirect holdings:

Name of indirect holder	Name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% 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
ARTEMIS INVESTMENT MANAGEMENT, LLP	ARTEMIS INVESTMENT MANAGEMENT, LLP	4.25	0.00	4.25

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

Principal movements
In December 2019, the indirect interest held by José Ignacio Comenge Sánchez-Real exceeded the 5% 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	0.05	0.00	0.00	0.05	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	5.13	0.00	0.00	5.13	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	54.91

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
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	0.05	0.00	0.05	0.00
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.	5.13	0.00	5.13	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 2019, 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 Compañía 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 2019, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several commercial transactions (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 and comments set out in section D.3 of this Report.
GRUPO TRADIFÍN, S.L.	Contractual	During 2019, 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 and comments set out in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Commercial	During 2019, 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 and comments set out in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Contractual	During 2019, 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 and comments set out 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
ANTONIO HERNÁNDEZ CALLEJAS	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	Antonio Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. He does not hold any office in that company.
FÉLIX HERNÁNDEZ CALLEJAS	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	Félix Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. He is Managing Director of that company.
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	Blanca Hernández Rodríguez has a direct interest of 33.25% in Grupo Tradifín, S.L. She is Managing Director of that company.
JAVIER FERNÁNDEZ ALONSO	CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Javier Fernández Alonso has an employment relationship with Corporación Financiera Alba, S.A. He is Investment Manager of that company.
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%. Mr Carceller Arce has a 0.875% interest in Corporación Económica Delta, S.A., of which he is Chairman of the Board. He is also Executive Chairman of the Board of Sociedad Anónima Damm.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
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%. Ms Carceller Arce has a 0.05% interest in Corporación Económica Delta, S.A. and represents the director Seegrund BV on the Board of Directors of Corporación Económica Delta, S.A. and Sociedad Anónima Damm.
ALIMENTOS Y ACEITES, S.A.	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	Sociedad Estatal de Participaciones Industriales has a direct interest of 91.9625% in Alimentos y Aceites, S.A.
MARÍA JESÚS GARRIDO SOLÍS	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	María Jesús Garrido Solís is a proprietary director and Deputy Director of Investee Companies of Sociedad Estatal de Participaciones Industriales.
JAVIER GÓMEZ-TRENOR VERGÉS	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Javier Gómez-Trenor Vergés has an indirect interest of 12.586% in Empresas Comerciales e Industriales Valencianas, S.L. through the direct interest of 50.415% he has in Inversiones Caspatró, S.L., which in turn has a direct interest of 24.964% in Empresas Comerciales e Industriales Valencianas, S.L. Inversiones Caspatró, S.L. is a director of Empresas Comerciales e Industriales Valencianas, S.L. Javier Gómez-Trenor Vergés is Chairman of the Board of Inversiones Caspatró, S.L. and represents the director Cultivos Valencia, S.L. on 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
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	MENDIBEA 2002, S.L.	José Ignacio Comenge Sánchez-Real has an indirect interest of 73% in La Fuente Salada, S.L. through his direct interest of 73% in Mendibea 2002, S.L., which in turn owns 100% of La Fuente Salada, S.L. José Ignacio Comenge Sánchez-Real is the Sole Director of La Fuente Salada, S.L.

Hercalianz Investing Group, S.L., Grupo Tradifín, S.L., Corporación Financiera Alba, S.A., Alimentos y Aceites, S.A., Empresas Comerciales e Industriales Valencianas, S.L. and José Ignacio Comenge-Sánchez Real are directors and significant shareholders of Ebro Foods, S.A. See section A.3 of this report.

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 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.

The resolutions adopted at the General Meeting on 3 June 2015 on treasury stock, reduction of capital and delegation to the Board rendered void, to the extent that they had not been used, those adopted on the same issues at the General Meeting of 15 June 2011 and at the date of this report they are still in force, not having been revoked.

A.11. Estimated free float:

	%
Estimated free float	29.15

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	
01/06/2017	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
01/06/2019	29.12	51.48	0.01	0.10	80.71
Of which free float	0.17	15.37	0.01	0.10	15.65

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/en/) 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-2019/. There is also a direct link to the General Meeting of this year from the home page (http://www.ebrofoods.es/en/).

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
BELÉN BARREIRO PÉREZ-PARDO		Independent	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
DEMETRIO CARCELLER ARCE		Proprietary	VICE-CHAIRMAN	01/06/2010	05/06/2018	RESOLUTION PASSED AT AGM
ANTONIO HERNÁNDEZ CALLEJAS		Executive	CHAIRMAN	24/01/2002	05/06/2018	RESOLUTION PASSED AT AGM
PEDRO ANTONIO ZORRERO CAMAS		Independent	DIRECTOR	13/12/2018	04/06/2019	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		Independent	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM
MARÍA CARCELLER ARCE		Proprietary	DIRECTOR	21/03/2018	05/06/2018	RESOLUTION PASSED AT AGM
MERCEDES COSTA GARCÍA		Independent	LEAD INDEPENDENT DIRECTOR	27/07/2016	01/06/2017	RESOLUTION PASSED AT AGM
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

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
ALIMENTOS Y ACEITES, S.A.	MARÍA JESÚS GARRIDO SOLÍS	Proprietary	DIRECTOR	23/07/2004	05/06/2018	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

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
No details					

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	Executive 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, Officer 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, the Gold Medal of the city of Seville and the Manuel Clavero Award. 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 an executive of a subsidiary in the Ebro Group and director of several group companies.

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. will 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 Administration from the Private Financial Studies University 'Colegio Universitario de Estudios Financieros' (CUNEF) of Universidad Complutense de Madrid. He subsequently did an MBA at Duke University (Fuqua School of Business). He is Executive Chairman of Sociedad Anónima Damm and Chairman of Corporación Económica Delta, SA. and DICSA Corporación Petrolífera, S.A. He is also Vice-Chairman and member of the Executive Committee of Sacyr, S.A. and Director of Freixenet ('cava' producers). In 2019, he was elected Chairman of Cerveceros de España (Spanish Brewers Association). He also chairs the Board of Trustees of the Damm Foundation.
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.
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 has a degree 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.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
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., Rioja Acquisition, S.à.r.L., Artá Capital S.G.E.I.C., S.A. and Deyá Capital IV S.C.R., S.A. and on the Investment Committee of Artá Capital, among other responsibilities. He has been on the boards of several companies including, among others, Acerinox, S.A., Actividades de Construcción y Servicios, S.A. and Parques Reunidos Servicios Centrales, S.A. He speaks English.
ALIMENTOS Y ACEITES, S.A.	ALIMENTOS Y ACEITES, S.A.	María Jesús Garrido Solís (representative of the director Alimentos y Aceites, S.A.) was born in Madrid. She has a BA in Business Studies and Law E-3 ICADE; MBA-Business Administration, Master in Taxation from the Postgraduate Institute of Universidad Pontificia Comillas and 'Programa Promociona' organised by ESADE. She has a lengthy track record in business administration, management and control within the government institutions and as a lecturer of public management and management control, among other subjects, at Universidad Carlos III in Madrid. She is a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) on several boards of directors. At present, she is proprietary director and Deputy Director of the Investees Department at SEPI.
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. He has a lengthy track record in the business sector, as executive and director of numerous companies in the beverages, agricultural, livestock and concentrated juice sectors. He is currently the representative of the corporate Chairman of the Board of Empresas Comerciales e Industriales Valencianas, S.L. and the corporate Vice-Chairman of the Board of Olive Partners S.A., he is Chairman of the Board of Inversiones Caspatró, S.L. and is on the boards of several financial investment, property and agricultural companies.
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. She is Founder and Managing Director of Magallanes Value Investors, S.A., S.G.I.I.C. and Director of PharmaMar, S.A. She is on the Board of Trustees of Proyecto Hombre and the Capacis Foundation, and chairs the Ebro Foods Foundation.

Total number of proprietary directors	7
% of board	53.85

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 is CEO and founding member of 40dB., a social and market research agency.
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. In the private sector, he has extensive experience in agricultural engineering, having designed several technical projects in the agricultural sector and 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 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 Boards of several companies in the wine sector and others engaged in alternative energies and construction.
MERCEDES COSTA GARCÍA	Mercedes Costa García was born in Lleida. 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
No details			

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 (%)			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary	3	3	3	2	42.86	42.86	50.00	33.33
Independent	2	2	2	1	50.00	50.00	50.00	25.00
Other non-executive					0.00	0.00	0.00	0.00
Total	5	5	5	3	38.46	38.46	41.67	23.08

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 (five of the thirteen members are women), 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 latest 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 the Executive 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	VOGAN, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	GEOVITA FUNCTIONAL INGREDIENTS, S.R.L	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA INGREDIENTS BELGIUM B, B.V.B.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	A.W. MELLISH, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFALO, S.P.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTAGNI 1882, S.P.A	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR	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	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR	YES

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARRROZ, S.A.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT AND SEVERAL DIRECTOR	YES

Antonio Hernández Callejas is a director of 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. Riso Scotti, S.p.A. is an Italian company engaged in an activity similar to the objects of Ebro Foods, S.A.

He is also a member of the Board of Trustees of the Ebro Foods Foundation.

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
DEMETRIO CARCELLER ARCE	SACYR, S.A.	VICE-CHAIRMAN
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	ENERGÍA Y CELULOSA, S.A. (ENCE)	REPRESENTATIVE OF DIRECTOR
JAVIER FERNÁNDEZ ALONSO	EUSKALTEL, S.A.	REPRESENTATIVE OF DIRECTOR
CORPORACIÓN FINANCIERA ALBA, S.A.	EUSKALTEL, S.A.	DIRECTOR

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.
- 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)	5,687
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)
ANA MARÍA ANTEQUERA PARDO	COMMUNICATIONS AND CSR MANAGER
LUIS PEÑA PAZOS	SECRETARY OF THE COMPANY AND BOARD
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER (COO)
ALFONSO FUERTES BARRO	FINANCE MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY OF THE BOARD
GLORIA RODRÍGUEZ PATA	CORPORATE ASSETS MANAGER
JESÚS DE ZABALA BAZÁN	INTERNAL AUDIT MANAGER
MANUEL GONZÁLEZ DE LUNA	INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS MANAGER
MARÍA JOSÉ GARRETA RODRÍGUEZ	PATENTS AND TRADEMARKS MANAGER
Total remuneration top management (thousand euro)	2,226

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

Description of modifications

On 30 April 2019, in consideration of the favourable report issued by the Nomination and Remuneration Committee, the Board of Directors unanimously resolved to amend Article 41 ("Directors' Remuneration") of the Regulations of the Board for the sole purpose of adapting its contents to the new wording of Article 22 of the Articles of Association on directors' remuneration, due then to be laid before the Annual General Meeting on 4 June 2019. The effectiveness of the amended Regulations was made conditional on approval by the General Meeting of the alteration of Article 22 of the Articles of Association.

The amendment to Article 41 of the Regulations of the Board became fully effective when, on 4 June 2019, the General Meeting approved the alteration of Article 22 of the Articles of Association, and the shareholders were informed of that amendment in Item Eleven on the Agenda for that General Meeting.

The purpose of the alteration of Article 22 of the Articles of Association and, consequently, the amendment to Article 41 of the Regulations of the Board, was to modify the remuneration of directors for their duties as such, as follows:

- replace the former profit-sharing system with a simpler, more direct system of fixed assignment for the Board as a whole; and
- maintain the attendance fees for board and committee meetings.

So after the alteration of Article 22 of the Articles of Association and the amendment of Article 41 of the Regulations of the Board, the remuneration of directors for their duties as such consists of two pay items: a fixed annual assignment for the Board as a whole and attendance fees for board and committee meetings.

The amounts corresponding to each of these items is decided by the General Meeting, while the Board is responsible for distributing the fixed assignment among the directors (according to objective criteria) and deciding when such payments are to be made.

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
The annual assessment of the Board, Committees and Chairman made in 2019 in respect of 2018 did not reveal the need for any major changes in the Company's internal organisation or the procedures applicable to its activities.

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. 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 methods used in the previous year by the external adviser that assisted the Company in this process were repeated, as far as possible, in the assessment process conducted in 2019 in respect of 2018.

- The directors (and representatives of corporate directors) completed a questionnaire previously approved by the Nomination and Remuneration Committee, which was essentially the same as the one used by the external adviser for the assessment made in the previous year. The questionnaires were especially adapted to the condition of each director.

- Once all the questionnaires had been completed, the data collected were sent to the Secretary of the Nomination and Remuneration Committee who, after analysing them, drew up a summary of the replies (anonymous) for the Committee, which then issued the corresponding Assessment Report that was finally submitted to the Board.

In the assessment process made in 2019, it was not considered appropriate to supplement the results of the questionnaires with a personal interview with the Lead Independent Director, since that director, Mercedes Costa García, had participated intensely in the assessment process as a member of the Nomination and Remuneration Committee.

- Both the questionnaires completed by all the directors and the Assessment Report have been filed by the Secretary of the Board.

C. Areas assessed:

- Board of Directors: assessment by all the directors of: (i) the quantitative and qualitative composition of the Board, (ii) the balance and diversity of expertise on the Board, (iii) the independence and dedication of the directors, (iv) the adaptation of the Board procedures to the provisions of law, articles and regulations applicable to the Board, and v) the calling and holding of meetings and transaction of business within the governing body.

- Committees of the Board: assessment by all the directors of the existing committees, their composition and work (and reporting to the Board) from the point of view of the Board as recipient of that work.

- Executive Committee: assessment by the members of the Executive Committee of specific issues regarding its internal procedures, composition and powers.

- Audit and Compliance Committee: assessment by the members of the Audit and Compliance Committee of specific issues regarding its internal procedures, composition and powers and its relationships with other committees in the company (the Risks Committee and Compliance Unit) and the external auditor.

- Nomination and Remuneration Committee: assessment by the members of the Nomination and Remuneration Committee of specific issues regarding its internal procedures, composition and powers.

- Strategy and Investment Committee: assessment by the members of the Strategy and Investment Committee of specific issues regarding its internal procedures, composition and powers.

- Executive Chairman: assessment by all the directors (except the Executive Chairman) of different aspects of the Chairman both in his duties as such (aspects relating to management of the Board) and as chief executive of the group (aspects regarding the rendering of accounts and reporting on management affairs).

- Lead Independent Director: assessment by all the directors (except the Lead Independent Director) of the performance by the Lead Independent Director of her duties.

- Decision-making: assessment by all the directors of the information they receive and how especially important matters are processed (depth, time, debate) within the Board.

- Measures adopted in the wake of the assessment of 2017 made in 2018: assessment by all directors of the measures adopted by the Board, at the proposal of the Nomination and Remuneration Committee based on the recommendations of the external adviser, following the assessment of 2017 made in 2018.

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.

N/A

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	1

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

Number of meetings of the Audit and Compliance Committee	6
Number of meetings of the Strategy and Investment Committee	4
Number of meetings of the Nomination and Remuneration Committee	7
Number of meetings of the Executive Committee	8

C.1.26 State the number of meetings held by the Board during the period and details of attendance by its members:

Number of meetings attended by at least 80% of the directors	10
Attendance / total votes during the year (%)	93.71
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

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 (ICFR), 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.

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)	119	234	353
Charge for non-audit work / Total amount invoiced by auditors (%)	32.69	11.76	15.00

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	6	6

	Separate	Consolidated
Number of years audited by current auditors / Number of years that the company has been audited (%)	20.70	20.70

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.

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 Ebro Foods, S.A. 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
N/A	N/A

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
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent
FERNANDO CASTELLÓ CLEMENTE	MEMBER	Independent
MERCEDES COSTA GARCÍA	CHAIRMAN	Independent
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary

% 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 2019, 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, review of and reporting on the corporate policies within its area of competence, and compliance.

The Committee also approved its 2018 activity report, made available for shareholders for the Annual General Meeting of 4 June 2019.

The Company will issue a detailed report of all the activities performed by the Audit and Compliance Committee during 2019, which will be made available to all shareholders prior to the forthcoming Annual General Meeting 2020.

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	PEDRO ANTONIO ZORRERO CAMAS / FERNANDO CASTELLÓ CLEMENTE / MERCEDES COSTA GARCÍA / CORPORACIÓN FINANCIERA ALBA, S.A. / GRUPO TRADIFÍN, S.L. /
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
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	Proprietary
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
HERCALIANZ INVESTING GROUP, S.L.	MEMBER	Executive

% 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 2019, the Strategy and Investment Committee analysed the reflections of the Executive Chairman on fulfilment of the Strategic Plan of the Ebro Foods Group 2016-2018, completed preparation of the Strategic Plan of the Ebro Foods Group 2019-2021 to be submitted to the Board for approval, and analysed possible investment and divestment strategies in different business lines.

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

% 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 2019, 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) re-election and appointment of one director and their assignment to the different Committees of the Board of Directors, and appointment of the representative of a different corporate director;

(ii) self-assessment procedure for the Board of Directors, Chairman and Committees for 2018;

(iii) review and favourable report on the alteration of Article 22 of the Articles of Association and Article 41 of the Regulations of the Board, both concerning directors' remuneration;

(iv) review and assessment of the modification to the Directors' Remuneration Policy for 2019-2021;

(v) remuneration systems and remuneration of directors, including the Executive Chairman, and of the key executives of the Company and Group;

(vi) Corporate Governance Report and Directors' Remuneration Report for 2019;

(vii) Share Delivery Plan for Group employees for 2019.

The Committee also approved its 2018 activity report, made available for shareholders for the Annual General Meeting of 4 June 2019.

The Company will issue a detailed report of all the activities performed by the Nomination and Remuneration Committee during 2019, which will be made available to all shareholders for the forthcoming Annual General Meeting 2020.

Executive Committee		
Name	Position	Category
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	Executive
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary

% 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 2019, 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							
	2019		2018		2017		2016	
	No.	%	No.	%	No.	%	No.	%
Audit and Compliance Committee	2	40.00	2	40.00	3	60.00	2	40.00
Strategy and Investment Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	3	60.00	3	60.00	2	50.00	1	25.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

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 2019 to the regulations of the Committees.

Both the Articles of Association and the Regulations of the Board are available for consultation on the corporate 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 corporate 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)	6,287
CORPORACIÓN ECONÓMICA DELTA, S.A.	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	10,249
ARTEMIS INVESTMENT MANAGEMENT, LLP	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	3,250

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)
GRUPO TRADIFÍN, S.L.	REAL CLUB DE GOLF DE SEVILLA, S.L.	CORPORATE	Services received	18
GRUPO TRADIFÍN, S.L.	CABHER 96, S.L.	CORPORATE	Purchase of goods (finished or otherwise)	113
GRUPO TRADIFÍN, S.L.	---	---	Dividends and other distributions	6,982
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	393
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Purchase of goods (finished or otherwise)	3,767
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services rendered	9
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services received	136
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sale of goods (finished or otherwise)	1,354
ANTONIO HERNÁNDEZ CALLEJAS	CARDENAL ILUNDAIN 4, S.L.	CORPORATE	Sale of goods (finished or otherwise)	2
ANTONIO HERNÁNDEZ CALLEJAS	HACIENDA CASTEAS, S.L.	CORPORATE	Sale of goods (finished or otherwise)	2
ANTONIO HERNÁNDEZ CALLEJAS	HERGÓN 96, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Operating leases	42
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	48
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	51
ALIMENTOS Y ACEITES, S.A.	---	---	Dividends and other distributions	9,086
FERNANDO CASTELLÓ CLEMENTE	---	---	Dividends and other distributions	1,315
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	---	---	Dividends and other distributions	2

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	CORPORATE	Dividends and other distributions	3,257
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	---	---	Dividends and other distributions	6,864
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	CORPORATE	Dividends and other distributions	57
MARÍA CARCELLER ARCE	---	---	Dividends and other distributions	4
CORPORACIÓN FINANCIERA ALBA, S.A.	---	---	Dividends and other distributions	12,282

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., 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 2019 have been reported 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 2019 Ebro Foods, S.A. distributed a sum of 22 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 2019 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): 876 thousand euros

- Sale of goods (finished or otherwise): 1,439 thousand euros

- Services rendered (income): 3 thousand euros

- Dividends and other distributions (income): 1,400.

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.	3
FÉLIX HERNÁNDEZ CALLEJAS	Services received (expense) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	297

Hernández Barrera Servicios, S.A. is closely related to Félix Hernández Callejas, who represents the corporate 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.

Every year, when preparing the Financial Reporting, annual accounts and Annual Corporate Governance Report, the Directors (and representatives of corporate directors) are asked for information on: (i) any transactions that they may have made with the Company and/or other companies in the Group (the same information is also requested of the significant shareholders of the company); (ii) possible conflicts of interest as per section 229 of the Corporate Enterprises Act directly or indirectly involving the director, its representative or related parties; and (iii) any other possible conflicts of interest.

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. There is currently a Plan under way to make a complete review of the business risks map, aimed especially at improving our adjustment to risks such as climate change, cybersecurity and the different changes required in our business models in the wake of the digital transformation. This work is expected to be concluded during 2020.

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 and Audit and Compliance 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 2019, further details of which are provided in Explanatory Note Four in Section H of this Report:

- Supply risks

- Country risk

- Competition / market risk

- Operations and logistics 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 (ICFR)

Describe the mechanisms comprising the internal control over financial reporting (ICFR) 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 ICFR, (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 (ICFR).

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 ICFR 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 ICFR, 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 ICFR, 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 ICFR 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 ICFR 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 ICFR, 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 ICFR, 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 has implemented a system to control the separation of duties and access to critical functions of the SAP GRC SoD system in certain subsidiaries - currently in

Riviana Foods Inc and Catelli Foods, and there is a plan to extend this implementation to the other major subsidiaries. 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 has implemented the SAP GRC SoD system throughout the Group for the IT Department and is in the process of rolling it out in all subsidiaries, 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 best practices and management following the ITIL methods.

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 Foods has a cybersecurity policy based on several fundamental pillars for the security of our systems. This includes endpoint security, of both users and servicers, identity security -especially important in view of the increasingly more common cloud migration strategies-, perimeter security for access to our network and data security. Ebro Foods uses the leading tools available on the market and procedures based on best practices to minimise the risk in each of these areas.

vi) 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 ICFR

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 ICFR. 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 ICFR 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 (ICFR). Inform also on the scope of the ICFR 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 2019, 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 ICFR 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.

However, 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 (80.7053% at the last AGM held on 4 June 2019), 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 2020, 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 [ ] Explanation [X]

The number of independent directors (4) is considerably lower than one-third (4.3) of the total Board members (13) recommended for companies which, like Ebro Foods, S.A., are not high-cap.

It should be borne in mind in this regard that the percentage of capital represented on the Board is 70.848%.

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 [ ] Partial compliance [X] 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 undertak 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 remunerat dedication, qualification and responsibility required by their office, but not so high as to jeopardise the independence of 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 [ ] Partial compliance [X] Explanation [ ] Not applicable [ ]

The company complies with all the sections of this Recommendation except (b).

At present, the remuneration of the Executive Chairman (the only director with executive duties) does not include any non-financial criteria tied to the creation of long-term value, as he is a major shareholder.

This notwithstanding, in view of the imminent transposition of EU laws on the remuneration of directors, the Nomination and Remuneration Committee of the Company is assessing the possibility of including non-financial criteria in the variable remuneration scheme of the Executive Chairman, with a view to implementing those criteria when the transposition becomes effective.

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 2019 and are linked to the achievement of pre-established measurable, quantifiable objectives related with financial factors that promote profitability and the creation of sustainable value in the Company and Group in the long term.

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, taking account of the fact that the executive director is a major shareholder and 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 Company's and Group's interests.

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.1.10

This note is included to indicate the positions held by Félix Hernández Callejas in the subsidiaries of the Ebro Foods Group.

As indicated elsewhere in this report, it should be borne in mind that Félix Hernández Callejas represents the corporate director Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A. and that said director is classified as an executive director by virtue of the fact that its representative is an executive in Group subsidiary/ies.

- Anglo Australian Rice, LTD. Director. Executive duties
- Arrozeiras Mundiarroz, S.A. Director. Executive duties
- Boost Nutrition, CV. Director. Executive duties
- Española de I+D, S.A. Joint and Several Director. Executive duties
- Eurodairy, S.L.U. Joint and Several Director. Executive duties
- Formalac, S.L.U. Joint and Several Director. Executive duties
- Fallera Nutrición, S.L.U. Joint and Several Director. Executive duties
- Herba Foods, S.L.U. Joint and Several Director. Executive duties
- Herba Ingredients Belgium B, BVBA. Director. Executive duties
- Herba Nutrición, S.L.U. Joint and Several Director. Executive duties
- Herba Trading, S.L.U. Joint and Several Director. Executive duties
- Joseph Heap & Sons, Ltd. Director. Executive duties
- Nuratri, S.L.U. Joint and Several Director. Executive duties
- Nutramas, S.L.U. Joint and Several Director. Executive duties
- Nutrial, S.L.U. Joint and Several Director. Executive duties
- Panzani, S.A.S. Director. No executive duties
- Pronatur, S.L.U. Joint and Several Director. Executive duties
- Risella, OY. Chairman and CEO. Executive duties
- Riviana Foods, Inc. Director. No executive duties
- S&B Herba Foods, Ltd. Director. Executive duties
- Santa Rita Harinas, S.L. Chairman. No executive duties
- Vitasan, S.L.U. Joint and Several Director. Executive duties
- Vogan, Ltd. Director. Executive duties
- Yofres, S.L.U. Joint and Several Director. Executive duties

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. This set of risks also includes the risks relating to the security of the IT systems and data (cybersecurity) of the Group, which is considering whether or not these risks should be considered an individual risk in the ongoing revision of the Group's risk map.

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. Other strategic and operating risks are also assessed, such as possible changes in consumer habits as a result of alterations in the temperature, or the need to make specific investments.

- Competition risk. In general, 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. During 2019, the Compliance Unit conducted a review and update of its criminal risk map and mechanisms for mitigating those risks, assisted by an external expert. At the date of this report, this work is in its final stage and the action plan, if any, considered necessary by the expert will be put into place to complete the update of the criminal risk map and the Model overall.

- 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 with 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 2019, listed in section E.5 of this Report.

SUPPLY RISKS

Overall, there have been no significant variations in respect of the previous year. The prices of most materials remained stable over the year, except pork, in which there was a hike as prices were pushed up by the increased demand in the wake of an outbreak of swine flu in China. That commodity affects a minor part of our product range.

Another issue that has recurred in recent years is the risk of drought in Spain, aggravated by the gradual reduction of availability and supply of rice in Spain (especially the Puntal variety and pearl rice varieties in general), thus reducing the volumes to which the Group has access and pushing prices up. To mitigate this risk, the Group has set up a subsidiary in Argentina to encourage growers there the sow rice varieties similar to the "Spanish" ones, thus completing supplies and reducing our dependence on production in Spain.

COUNTRY RISK

During 2019, the Group has kept an eye on the situation deriving from the UK's exit from the EU. Markets stabilised once the UK's exit from the EU became effective as of 31 January 2020 and the transition period up to the end of this year. However, the Group has maintained its currency hedges in view of the volatility of markets, while searching for alternative sourcing for its British subsidiaries. In any case, the scenario will not necessarily be adverse, considering the Group's presence in several countries that have preferential agreements with the UK.

COMPETITION/MARKET RISK

In this section, we should mention the loss of some important clients for our businesses in Canada and France, through the fierce competition in those markets between branded and private label producers, which represents a commercial and strategic challenge. Mitigation measures were put into place in all cases and the impact was reduced thanks to the shift in consumption to other Group products. In addition, we are working on recovering those clients or securing new ones during 2020.

OPERATION AND LOGISTIC RISK

Several product delivery problems arose during the year related with internal organisation difficulties, especially in the production of certain listings sharing the same production line at the Memphis plant and at our distribution hubs. In August, problems that were entirely beyond the Group's control were also encountered owing to the change of distribution hub in nor-east USA (an area of high consumption), which caused delays in product deliveries and even some failed deliveries. The internal problems were solved with alternative solutions. It took a month to stabilise the service at the new warehouse, although a compensation was obtained from the owner of the warehouse that mitigated the financial aspect of the incident.

Although recent and reported in 2020, contingency measures are being put into practice for the new coronavirus situation in respect of both preventive and operational aspects and others are designed to meet the needs of the market.

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 (COO), the Company Secretary and Secretary of the Board and the heads of the principal business units of the Ebro Foods Group, even though they do not all have a special senior management relationship.

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:

[25/03/2020]

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.

Audit Report on the "2019 Disclosures Regarding the Internal Control over Financial Reporting (ICFR) System"

Building a better
working world

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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.

To the Board of Directors of Ebro Foods S.A.,

As per the request of the Board of Directors of EBRO FOODS, S.A. (hereinafter, the Company) and our proposal letter of December 20, 2019, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2019, 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 for 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 system 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 product 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 or effective functioning in respect of the Company's 2019 financial disclosures, as described in the accompanying ICFR disclosures. Consequently, had we performed additional procedures to those stipulated in the above-mentioned CNMV report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters 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. Reading and understanding the information prepared by the Company in relation to the ICFR System - which is disclosed in the Management Report - and assessing whether this information meets all the minimum reporting requirements needed to fill out section F on the ICFR system in the Annual Corporate Governance Report template established in CNMV Circular No. 5/2013 (of June 12, 2013), as amended by Circular No. 7/2015 (of December 22, 2015) and then again by Circular No. 2/2018 (of June 12, 2018) (hereinafter, the CNMV Circulars).

2. Questioning of the 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 experts.

4. Comparing the information detailed in item 1 above with our knowledge of the Company's ICFR System 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 stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV Circulars related to the description of the ICFR System in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Ramón Masip López

March 24, 2020

AUDITOR'S REPORT

•› Auditor's Report Consolidated Annual Accounts

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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, 2019, 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, 2019 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.

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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, 2019, the Group recognized goodwill, other intangible assets, and property, plant and equipment amounting to 1,267,066 thousand euros, 954,510 thousand euros, and 538,116 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. Since 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, we determined this issue to be a key audit matter.

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 11, 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

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- 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.

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, we determined this issue 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 r) 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 2019 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 2019 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.

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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 2, 2020.

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)

(Signed on the original in Spanish)

Ramón Masip López
(Registered in the Official Register
of Auditors under entry no. 16253)

April 2, 2020

CONSOLIDATED ANNUAL ACCOUNTS

EBRO FOODS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019 AND 2018

	NOTE	12-31-2019	12-31-2018
NON-CURRENT ASSETS			
Intangible assets	8	538,116	439,270
Property, plant and equipment	9	941,510	856,247
Right-of-use assets	10	88,447	1,845
Investment properties	11	23,322	23,439
Financial assets	12	20,808	24,371
Investments in associates	14	42,226	39,967
Deferred tax assets	21	57,252	52,884
Goodwill	15	1,267,066	1,154,939
		2,978,747	**2,592,962**
CURRENT ASSETS			
Inventories	16	621,012	594,804
Trade and other receivables	12	440,928	401,923
Current tax assets	21	24,027	23,488
Taxes receivable	21	38,824	34,983
Other financial assets	12	6,637	4,195
Derivatives	12	714	498
Other current assets		11,112	9,766
Cash and cash equivalents	13	252,072	171,450
		1,395,326	**1,241,107**
TOTAL ASSETS		**4,374,073**	**3,834,069**

(000€)

The accompanying notes 1 to 28 are an integral part of the consolidated statement of financial position at December 31, 2019.

EBRO FOODS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019 AND 2018

	NOTE	12-31-2019	12-31-2018
EQUITY		**2,291,670**	**2,190,202**
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		2,044,128	1,999,977
Translation differences		104,119	48,401
	17	**2,262,203**	**2,162,334**
NON-CONTROLLING INTERESTS		**29,467**	**27,868**
NON-CURRENT LIABILITIES			
Deferred income	18	7,204	3,593
Provisions for pensions and similar obligations	19	47,010	43,156
Other provisions	20	15,125	22,700
Financial liabilities	12	826,725	533,853
Deferred tax liabilities	21	285,057	238,328
		1,181,121	**841,630**
CURRENT LIABILITIES			
Other financial liabilities	12	424,967	343,256
Derivatives	12	1,040	360
Trade and other payables	12	447,838	424,458
Current tax assets	21	8,685	11,691
Taxes payable	21	15,537	17,814
Other current liabilities		3,215	4,658
		901,282	**802,237**
TOTAL EQUITY AND LIABILITIES		**4,374,073**	**3,834,069**

(000€)

The accompanying notes 1 to 28 are an integral part of the consolidated statement of financial position at December 31, 2019.

EBRO FOODS, S.A.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	NOTE	2019	2018
Revenue from contracts with customers	6	2,813,298	2,613,947
Change in inventories of finished goods and work in progress		(7,588)	17,643
Own work capitalized		1,856	1,256
Other operating income	7	17,572	18,471
Raw materials and consumables used and other external expenses	6	(1,518,029)	(1,443,203)
Employee benefits expense	7	(388,751)	(353,975)
Depreciation and amortization	8, 9, 10 & 11	(111,641)	(87,337)
Other operating expenses	7	(594,276)	(550,241)
OPERATING PROFIT		**212,441**	**216,561**
Finance income	7	24,954	23,070
Finance costs	7	(40,476)	(31,498)
Impairment of goodwill	15	(3,684)	(1,429)
Share of profit of associates	14	5,243	5,017
PROFIT/(LOSS) BEFORE TAX		**198,478**	**211,721**
Income tax	21	(64,233)	(63,036)
PROFIT FROM CONTINUING OPERATIONS		**134,245**	**148,685**
Profit after tax from discontinued operations	25	16,043	626
		150,288	**149,311**
Attributable to:			
EQUITY HOLDERS OF THE PARENT		**141,752**	**141,589**
Non-controlling interests		8,536	7,722
		150,288	**149,311**

(000€)

	NOTE	2019	2018
Earnings per share (euros)	17		
From continuing operations			
Basic		0.817	0.916
Diluted		0.817	0.916
From profit for the period			
Basic		0.921	0.920
Diluted		0.921	0.920

The accompanying notes 1 to 28 are an integral part of the consolidated statement of profit or loss for the year ended December 31, 2019.

EBRO FOODS, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	NOTE	2019 GROSS AMOUNT	2019 TAX EFFECT	2019 NET AMOUNT	2018 GROSS AMOUNT	2018 TAX EFFECT	2018 NET AMOUNT
1. Profit for the year				**150,288**			**149,311**
2. Other comprehensive income recognized directly in equity:		**53,024**	**893**	**53,917**	**43,712**	**(982)**	**42,730**
2.1 Other comprehensive income to be reclassified to profit or loss in subsequent periods		**56,009**	**0**	**56,009**	**40,280**	**2**	**40,282**
Gains/(losses) on the measurement of financial assets	12	0	0	0	(6)	2	(4)
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	55,807	0	55,807	40,265	0	40,265
Translation differences reclassified to profit or loss during the reporting period		202	0	202	21	0	21
2.2 Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(2,985)**	**893**	**(2,092)**	**3,432**	**(984)**	**2,448**
Actuarial gains and losses	19	(2,985)	893	(2,092)	3,432	(984)	2,448
1+2 TOTAL INCOME AND EXPENSE RECOGNIZED DURING THE PERIOD:	17			**204,205**			**192,041**
Attributable to:							
Equity holders of the parent	17			195,687			184,256
Non-controlling interests	17			8,518			7,785
				204,205			**192,041**

(000€)

The accompanying notes 1 to 28 are an integral part of the consolidated statement of recognized income and expense for the year ended December 31, 2019.

EBRO FOODS, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

			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	TRANSLATION DIFFERENCES	OWN SHARES
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 first-time application of IFRS 9	**(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**
Distribution of prior-period profit	0	0	**0**	0	0	0	0	220,600	(220,600)	0	0	0
Dividend payment	**(89,055)**	(1,350)	**(87,705)**	0	0	0	0	(87,705)	0	0	0	0
Gain/(loss) on own share sales	**(6)**	0	**(6)**	0	0	0	0	(6)	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 statement of profit or loss)	**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
Change due to actuarial gains/(losses)	**3,432**	0	**3,432**	0	0	0	0	3,432	0	0	0	0
Tax effect of gains/(losses) recognized in equity	**(982)**	0	**(982)**	0	0	0	0	(982)	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**

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	TRANSLATION DIFFERENCES	OWN SHARES
Distribution of prior-period profit	**0**	0	**0**	0	0	0	0	141,589	(141,589)	0	0	0
Dividends paid (note 17)	**(90,697)**	(2,994)	**(87,703)**	0	0	0	0	(87,703)	0	0	0	0
Gain/(loss) on own share sales	**(2)**	0	**(2)**	0	0	0	0	(2)	0	0	0	0
Transactions with non-controlling interests	**(5,511)**	(5,511)	**0**	0	0	0	0	0	0	0	0	0
Other movements (notes 5 & 22)	**(6,527)**	1,586	**(8,113)**	0	0	0	0	(7,804)	0	0	(309)	0
Total distribution of profit and transactions with shareholders	**(102,737)**	**(6,919)**	**(95,818)**	**0**	**0**	**0**	**0**	**46,080**	**(141,589)**	**0**	**(309)**	**0**
Profit for the year (as per statement of profit or loss)	**150,288**	8,536	**141,752**	0	0	0	0	0	141,752	0	0	0
Change in translation differences	**55,807**	(18)	**55,825**	0	0	0	0	0	0	0	55,825	0
Translation differences reclassified to profit or loss	**202**	0	**202**	0	0	0	0	0	0	0	202	0
Fair value of financial instruments:												
1. Unrealized gains/(losses)	**0**	0	**0**	0	0	0	0	0	0	0	0	0
Change due to actuarial gains/(losses)	**(2,985)**	0	**(2,985)**	0	0	0	0	(2,985)	0	0	0	0
Tax effect of gains/(losses) recognized in equity	**893**	0	**893**	0	0	0	0	893	0	0	0	0
Total income and expense recognized	**204,205**	**8,518**	**195,687**	**0**	**0**	**0**	**0**	**(2,092)**	**141,752**	**0**	**56,027**	**0**
BALANCE AT DECEMBER 31, 2019	**2,291,670**	**29,467**	**2,262,203**	**92,319**	**4**	**3,169**	**18,464**	**1,902,376**	**141,752**	**0**	**104,119**	**0**

(000€)

The accompanying notes 1 to 28 are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2019.

EBRO FOODS, S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	NOTE (*)	2019	2018
Receipts from customers		2,865,487	2,690,259
Payments to suppliers and employees		(2,564,319)	(2,452,848)
Interest paid		(11,294)	(9,760)
Interest received		4,092	2,610
Dividends received		2,061	2,194
Other operating activity receipts / payments		7,937	10,743
Income tax paid	21	(53,506)	(31,490)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**a)**	**250,458**	**211,708**
Purchase of fixed assets	b)	(148,705)	(138,930)
Proceeds from sale of fixed assets	c)	9,395	18,338
Purchase of financial assets (net of cash acquired)	5	(282,849)	(98,563)
Proceeds from sale of financial assets		63,732	2,000
Other investment activity proceeds / purchases		1,735	283
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(356,692)**	**(216,872)**
Acquisition of own shares		(599)	(599)
Proceeds from sale of own shares		0	0
Dividends paid to shareholders (including NCI holders)	d)	(98,588)	(95,566)
Proceeds from borrowings		1,354,766	878,614
Repayment of borrowings		(1,076,424)	(875,591)
Other financing activity proceeds / payments and grants		(229)	40
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**178,926**	**(93,102)**
Translation differences arising on cash flows from foreign companies		2,585	(6,728)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**75,277**	**(104,994)**
Cash and cash equivalents, opening balance		171,450	269,411
Effect of year-end exchange rate on opening balance		5,345	7,033
CASH AND CASH EQUIVALENTS, CLOSING BALANCE	**13**	**252,072**	**171,450**
The 2019 and 2018 consolidated statements of cash flows include the cash flows pertaining to the discontinued Bio Foods business. The related cash flows are disclosed by category below:			
NET CASH FLOWS FROM OPERATING ACTIVITIES		**2,079**	**2,153**
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(636)**	**(1,347)**
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(1,188)**	**(308)**

(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 from operating activities increased year-on-year due to: (i) growth in EBITDA-A, thanks to changes in scope of consolidation, which have added new resources ; (ii) healthy business momentum; notwithstanding (iii) higher tax payments, due basically to growth in taxable income in the US and a reduction in reimbursements in Spain for payments made on account in prior years.

b) This balance plus the 5,238 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 8 and 9.

c) Corresponds basically to proceeds from the sale of fixed assets with deferred prices (note 12) and the sale of property, plant and equipment and investment properties in 2019 (a warehouse in France, an estate in Spain and two smaller properties).

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 10,885 thousand euros.

The accompanying notes 1 to 28 are an integral part of the consolidated statement of cash flows for the year ended December 31, 2019.

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 and 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 mentioned 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 mentioned activities.

Those activities 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 2018 consolidated financial statements were approved at the Annual General Meeting held by Ebro Foods, S.A. on June 4, 2019 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 18, 2019 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	436,735
Profit/(Loss) for the year	887,268
TOTAL	**1,324,003**

(000€)

The profit generated by the Ebro Foods Group in 2019 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 2020, 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 30 and October 1, 2020.

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 the 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 such 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). 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, 2019, which were authorized for issue by the Parent's directors on March 25, 2020, 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 separate 2019 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).

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, those estimates refer to:

- Measurement of the recoverable amounts of assets and goodwill for impairment testing purposes (notes 8 and 15).
- The assumptions used in the actuarial calculation of pension and similar liabilities and obligations (note 19).
- The useful lives of fixed and intangible assets (notes 8 and 9).
- The assumptions used to calculate the fair value of financial instruments and put options (notes 12 and 22).
- The probability of occurrence and amount of liabilities of uncertain amounts and/or contingent liabilities (note 20).
- The recoverability of deferred tax assets (note 21).

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, 2019, 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, 2018.

The following significant changes were made to the prior-year figures in order to make them comparable year-on-year:

Accounting for the impact of the definitive amounts recognized in respect of the "Bertagni" and "La Loma" business combinations (acquired in April and September 2018, respectively; for further information refer to the 2018 consolidated financial statements) compared to the provisional amounts recognized at year-end 2018 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 2,669 and 642 thousand euros, respectively.
- Goodwill was decreased by 1,667 thousand euros.

- ‘Other non-current financial liabilities’, ‘Deferred tax liabilities’ and ‘Other current financial liabilities’ were increased by 241, 1,386 and 562 thousand euros, respectively.
- Lastly, ‘Other current liabilities’ were decreased by 545 thousand euros.

Elsewhere, the first-time application of the new lease accounting standard (IFRS 16) had the following effects on the comparative figures presented at December 31, 2018 (note 10):

- Right-of-use assets were recognized in the amount of 1,845 thousand euros and property, plant and equipment was decreased by the same amount.

Lastly, as a result of the decision to discontinue the ‘BIO’ business (notes 5 and 25), the consolidated statement of profit or loss for 2018 has been restated to reclassify all of that business’s income and expenses within ‘Profit after tax from discontinued operations’.

C) CHANGES IN THE SCOPE OF CONSOLIDATION

Notes 4 and 5 detail the main changes affecting the consolidation scope in 2019 and 2018, 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.

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.

Non-controlling interests

Non-controlling interests are determined at the acquisition date at their percentage interest in the fair value of the acquired business, i.e., including their share of goodwill.

Put options written over non-controlling interests (NCI)

As detailed in notes 12.2 and 22, the Group has closed a number of business combinations in recent years in which it has acquired the majority of the target companies’ voting rights and, by extension, control. When structuring those transactions, it wrote certain put options over the NCI holders’ shares.

Whenever the Group acquires a business without acquiring all of the voting shares, it analyzes the acquisition terms from a technical standpoint. The purpose of that analysis is to determine whether: (1) the terms of the transaction substantiate the conclusion that the Group has entered into a forward-purchase contract for the NCI shares, in which case IAS 32 applies; or (2) the terms of the transaction evidence that the Group has not acquired 100% of the NCI shares, in which case IFRS 10 applies.

a) Forward-purchase contract (applying IAS 32) – the Group is obliged to acquire the percentage of shares still in the hands of the NCI holders at a fixed price. That fixed price is grossed up by the corresponding percentage interest in any profits that have not been distributed on the date of purchase of the NCI holder shares. In this instance, it is understood that the Group has deferred payment for 100% of the shares, such that the NCI shares are recognized as if they had already been acquired at the time of the business combination and any changes in the liability payable to the NCI holders are recognized in profit or loss.

b) Not a forward contract (applying IFRS 10):

- **Acquisition-date measurement:** on the acquisition date, the Group recognizes the non-controlling interests, in keeping with paragraph 10 of IFRS 3, at their proportionate share in the fair value of the business acquired (considering, therefore, the business acquired).
- **Subsequent measurement and classification:** IFRS does not provide specific guidance for accounting for put options written over NCI which irrevocably oblige the Group to purchase their shares. As a result, the Group, in keeping with customary practice and the interpretations of the main audit firms and experts in the field, does the following at each year-end:
  1. It determines the value at which the non-controlling interests would have been recognized, including an updated allocation of profit or loss, any changes in the consolidated statement of comprehensive income that are recognized in equity and any dividends declared during the reporting period, in accordance with IFRS 10.
  2. It then derecognizes the non-controlling interests as if they had been acquired on that date (year-end).
  3. It recognizes a financial liability at the present value of the amount payable as consideration for the NCI holders' put options in accordance with IFRS 9.
  4. The difference between the figures arrived at under items 2) and 3) above is recognized against equity.

Investments in associates

The Group's investments in associates (companies over which it has significant influence 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 it is 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 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) 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) RIGHT-OF-USE ASSETS

Refer to note 3.v for the criteria used to account for right-of-use assets.

G) 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.i) below. Intangible assets with finite live 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 net 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.

H) 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.

I) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group tests its assets for impairment every year.

If its impairment tests indicate that an asset's recoverable amount is less than it is 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.

J) 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.

K) 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 accounts 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.

L) DERIVATIVES 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.

M) 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.

N) 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.

O) 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.

P) 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.

Q) 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.

R) REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 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.

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.

With respect to variable consideration (discounts), despite the fact that (i) the types of arrangements vary widely; (ii) the volume of information required to make the corresponding estimates is considerable; and (iii) the estimation process is intrinsically subjective in nature, the Group believes it does not make judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers (as per paragraph 123 of IFRS 15), as the variable consideration (discounts) included in its contracts reflect customary sector practice and the discounts offered have not changed significantly with respect to the criteria, procedures and calculations used under the outgoing revenue recognition standard. In addition, the discount estimation process is framed by adequate preventive and supervisory controls and an appropriate level of segregation of duties and involves skilled professionals with the experience required to make the estimates in keeping with the applicable accounting rules.

The Group has two main types of customers: retailers and industrial customers, Discounts are more diverse and varied in the retail segment. Below is a description of the types of discounts given and how they are treated for accounting purposes under IFRS 15:

- Volume discounts: these are accrued by Group customers as a function of certain sales volume thresholds and are unknown at the time of executing the contracts or placing an order. Therefore, these discounts are estimated at each year-end as a function of the sales thresholds reached and those the Group deemed probable to be reached by its customers at the time of estimation.

  Therefore, given that volume discounts generally depend on future events (sales volumes to be reached), they are treated as variable consideration and are recognized as a reduction of revenue in the consolidated statement of profit or loss.

- Discounts for prompt payment: in this instance, the consideration receivable by the Group in exchange for fulfilling its main performance obligation of delivering goods and services depends on whether its customers make use of this discount by paying promptly. As with the volume discounts, the Group estimates the volume it expects to be paid for at the discount, recognizing that estimate as a reduction of revenue at year- end.

- There are other discounts related with contracts with customers that may be fixed or variable and are tied to concepts such as preferential aisle positioning (slotting fees), new product promotions, anniversary discounts, etc. Such discounts are commercial and promotional in nature and commonplace in the retail sector, In general, all those discounts are treated as a reduction of revenue: in the contracts they can be identified as a service included in or intrinsic to the product delivery performance obligation, constituting a reduction in the transaction price and not, therefore, a distinct service or a cost for the customer in exchange for such services. These terms and conditions are negotiated with customers annually or more frequently depending on their nature and following negotiations at the behest of the latter, However, in the event of promotions entailing a related service with a cost for the customer, e.g. in-store tastings, they are accounted for as a cost. They are recognized as a 'service provided by the customer'.

S) 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.

T) 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.

U) 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.

V) 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 2018 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, 2019:

   The Group has applied IFRS 16 Leases for the first time in 2019. Other new and amended standards are also applicable for the first time in 2019 but have not had a significant impact on the accompanying 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. 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.

Lease accounting by lessors under IFRS 16 is not substantially different from the model 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.

a) Summary of the new lease standard

Below is a description of the new accounting policies applied by the Group in the wake of adoption of IFRS 16 from its date of first-time application:

- **Right-of-use assets:** The Group recognizes right-of-use assets at the lease commencement date (i.e. the date on which the underlying asset is made available for use).

  Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and are adjusted for any remeasurement of the lease liability.

  The cost of right-of-use assets includes the amount of the lease liability at initial recognition, initial direct costs incurred and lease payments made at or before the commencement of the lease, less any lease incentives received. Unless the Group is reasonably certain it will obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities:** At the lease commencement date, the Group recognizes lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including in- substance fixed lease payments) less any incentives receivable, variable lease payments that depend on an index or a rate, and the amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and the payment of penalties for terminating the lease. Variable lease payments that do not depend on an index or a rate are expensed in the period in which the event or condition that triggers those payments occurs.

  To calculate the present value of its lease payments, the Group uses a discount rate equivalent to its incremental borrowing rate at the date of commencement of the lease if the interest rate implicit in the lease is not readily determinable.

  After initial recognition, the measurement of a lease liability is increased by the interest accrued and reduced by lease payments made.

  In addition, the carrying amount of lease liabilities is remeasured if the lease is modified, if there is a change in the assessment of the lease term, a change in in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

- **Short-term and low-value leases:** The Group applies the recognition exemption allowed for short-term leases (i.e., leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option). It also applies the permitted recognition exemption to leases of equipment of low value (i.e., less than 5 thousand euros). Lease payments for short-term leases and leases for which the underlying asset is of low value are recognized as expense on a straight-line basis over the lease term.

- **Significant judgments and estimates made to determine the term of leases with extension options:** The Group determines the lease term as the non- cancellable period of the lease, together with both the periods covered by an option to extend the lease if it is reasonably certain to exercise that option and the periods covered by an option to terminate the lease if it is reasonably certain not to exercise that option.

  In some of its leases, the Group has the option of extending the lease for an additional three to five years. The Group applies judgment in assessing whether it is reasonably certain to exercise those options. To do so, it considers all the relevant facts and circumstances that create an economic incentive for it to exercise the option to extend the lease.

  After first-time recognition, the Group reassesses the lease term upon the occurrence of a significant event or significant change in circumstances that is within its control and affects whether it is reasonably certain to exercise (or not exercise) the option to extend the lease (e,g. a change in sales strategy).

b) Impact of application of IFRS 16 from January 1, 2019

The Group has analyzed the effects and impacts of this new standard on its consolidated financial statements. It has applied IFRS 16 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 the Group's 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 and lease type and range between 1% and 3.5%.

The Group has also applied the following practical expedients for leases previously classified as operating leases:

- Application of a single discount rate to portfolios of leases with reasonably similar characteristics.
- Accounting for leases for which the lease term ends within 12 months of the date of initial application in the same manner as short-term leases.

– Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The resulting impacts were:

– The consolidated statement of financial position at January 1, 2019 was adjusted to add the new heading, 'Right-of-use assets', in the amount of 57,927 thousand euros and to increase lease liabilities by the same amount (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) (note 10). That sum is equivalent to 1.5% of total consolidated assets.

– "Right-of-use assets" includes items of property, plant and equipment underlying leases previously classified as finance leases in the amount of 1,845 thousand euros. In addition to the lease liabilities recognized upon initial application, as of January 1, 2019, the Group had lease liabilities in the amount of 100 thousand euros corresponding to liabilities associated with lease contracts previously classified as finance leases.

– In 2019, application of IFRS 16 implied the following impacts on profit and loss compared to 2018: a decrease in lease expenses (other operating expenses) of around 13.1 million euros; an increase in depreciation charges of around 12.7 million euros; and an increase in finance costs of approximately 1.5 million euros.

Below is the reconciliation of the Group's operating lease commitments at December 31, 2018 under IAS 17 and the lease liabilities recognized at January 1, 2019 in accordance with IFRS 16:

Operating lease obligations at December 31, 2018 under IAS 17	**63,511**
(refer to note 22 of the 2018 consolidated financial statements)	
Short-term and low-value leases	(4,569)
Discounting of future payments to present value	(7,539)
Lease agreements renewed subsequent to January 1 and other movements	6,524
OPERATING LEASE LIABILITY RECOGNIZED AT JANUARY 1, 2019 UNDER IFRS 16	**57,927**

(000€)

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, 2019 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
Revised Conceptual Framework for Financial Reporting	December 6, 2019	January 1, 2020	January 1, 2020
Amendments to IAS 1 and IAS 8 - Definition of 'material'	December 10, 2019	January 1, 2020	January 1, 2020
Amendments to IFRS 3 *Business combinations* - Definition of a business	Pending	Pending	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform	January 16, 2019	January 1, 2020	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.

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
	12-31-19	12-31-18	12-31-19	12-31-18		
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%	-	EF	Teruel (Spain)	Sold in 2019
Beira Terrace, Ltda.	-	100.0%	-	EF	Porto (Portugal)	Liquidated in 2019
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
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
Ebro Frost ENA, Inc.	100.0%	55.0%	EF	Efrost	Houston (US)	Production and sale of rice and pasta
Fallera Nutrición, S. L.	100.0%	100.0%	HN	HN	Valencia (Spain)	Production and sale of rice
Tilda Limited (Tilda)	100.0%	-	EF	-	London (UK)	Production and sale of rice
Tilda International DMCC	100.0%	-	Tilda	-	Dubai (UAE)	Sale and marketing of rice
Tilda Rice Limited	100.0%	-	Tilda	-	London (UK)	Dormant
Ebro Tilda Private Limited	100.0%	-	EF	-	New Delhi (India)	Sale and marketing of rice
Brand Associated Limited	100.0%	-	Tilda	-	Isle of Man	Brand management
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

SUBSIDIARIES AND ASSOCIATES

	OWNERSHIP INTEREST, %		PARENT COMPANY		REGISTERED OFFICE	BUSINESS ACTIVITY
	12-31-19	12-31-18	12-31-19	12-31-18		
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
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.	-	75.5%	-	HF	Goole (UK)	Liquidated in 2019
Ebro Rice Handling, S.A.	100.0%	100.0%	HF	HF	Merksem (Belgium)	Logistics
La Loma Alimentos, S.A.	100.0%	100.0%	HF	HF	Argentina	Production and sale of rice
Neofarms Bio, S.A.	60.0%	60.0%	HF	HF	Argentina	Sale and marketing of rice
Ebro Foods Nederland, B.V. (EFN)	100.0%	100.0%	HF	HF	Amsterdam (Netherlands)	Investment management
Lassie Nederland, 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

SUBSIDIARIES AND ASSOCIATES						
	OWNERSHIP INTEREST, %		PARENT COMPANY		REGISTERED OFFICE	BUSINESS ACTIVITY
	12-31-19	12-31-18	12-31-19	12-31-18		
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
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 (USA)	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%	-	Panzani	Lyon (France)	Sold in 2019
Celnat, S.A.	-	100.0%	-	AS	Lyon (France)	Sold in 2019
Vegetalia, S.A. & Satoki, S.L.	-	100.0%	-	AS	Barcelona (Spain)	Sold in 2019
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%	70.0%	LTL	LTL	Verona (Italy)	Production and sale of pasta
Bertagni USA, Inc.	70.0%	70.0%	Bertagni	Bertagni	New York (US)	Sale and marketing of pasta
Bertagni UK, Ltd.	56.0%	56.0%	Bertagni	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 B, 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
Cateli Corp. (Ronzoni)	100.0%	100.0%	Riviana	Riviana	Montreal (Canada)	Production and sale of pasta and sauces
Garofalo France, S.A.	100.0%	100.0%	Garof/Pan	Garof/Pan	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 those 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, 2019 and 2018.

5 SIGNIFICANT TRANSACTIONS (BUSINESS COMBINATIONS, DISPOSALS, ETC.) CLOSED IN 2019 AND 2018 AND IMPACT ON COMPARABILITY

5.1 BUSINESS COMBINATIONS OF ENTITIES UNDER COMMON CONTROL IN 2019

There were no internal restructuring transactions in 2019.

5.2 BUSINESS COMBINATIONS OF ENTITIES UNDER COMMON CONTROL IN 2018

There were no internal restructuring transactions in 2018.

5.3 THIRD-PARTY BUSINESS COMBINATIONS UNDERTAKEN IN 2019 AND 2018 AND IMPACT ON COMPARABILITY, CHANGES IN CONSOLIDATION SCOPE:

The most significant changes in the Group's consolidation scope in 2019 are outlined below:

COMPANIES ADDED TO THE CONSOLIDATION SCOPE AND INCREASES IN SHAREHOLDINGS IN 2019			
COMPANY AFFECTED	SUBGROUP	%	COMMENTS
Tilda Group (UK and others)	Rice	100%	Acquisition of 100% of this business
Ebro Frost ENA (USA)	Rice	45%	Acquisition of the remaining 45%

COMPANIES REMOVED FROM THE CONSOLIDATION SCOPE AND DECREASES IN SHAREHOLDINGS IN 2019			
COMPANY AFFECTED	SUBGROUP	%	COMMENTS
Jiloca, S.A. (Teruel, Spain)	Other	100%	Sale of this company
Beira Terrace, Ltda, (Portugal)	Other	100%	Liquidation of this company
TBA Suntra UK, Ltd, (UK)	Rice	75,5%	Liquidation of this company
Bio business: Alimentation Sante, A.S, (France), Celnat, S.A. (France), Vegetalia, S.L. and Satoki, S.L. (Spain)	Pasta	100%	Sale of these companies

Sale of Jiloca Industrial, S.A.

Ebro Foods, S.A. sold this wholly-owned subsidiary, based in Teruel and devoted primarily to making and selling organic and humic manure and improvers, on June 27, 2019. This investee was not included in the key Rice or Pasta segments (it was included within Other businesses). The sale has generated a gain of 4,922 thousand euros (note 7.1).

Sale of the Bio Food business

During the second quarter of 2019, the Ebro Group decided to explore the sale of its Bio Food business, specifically that carried out through its wholly-owned subsidiaries, Vegetalia, S.L. and Satoki, S.L. in Spain and Celnat, S.A. in France.

Despite continuing to view Bio Food as an interesting line of business with strong growth potential, the Group would have had to devote significant resources to building a strong division of sufficient scale. Meanwhile, Bio Food companies were commanding high prices in the market on account of the interest being exhibited by major multinationals in businesses of this kind.

That process culminated on July 23, 2019 with the execution of a put option that ultimately materialized in a sale transaction on September 30, 2019 at a price of 57.5 million euros (debt-free). The sale has generated a gain of 16,043 thousand euros (note 25).

In accordance with IFRS 5, those companies' income and expenses were reclassified to "Profit after tax from discontinued operations" in the 2019 and 2018 consolidated statements of profit or loss (note 25). Their income and expenses had previously been included in the Group's Pasta segment.

Acquisition of the Tilda Group

On August 28, 2019, following the strategy for becoming a global benchmark in the premium food sector, Ebro Foods, S.A. acquired 100% of the companies and assets encompassing the Tilda business worldwide from Hain Celestial. Tilda is a premium rice brand, specialized in basmati rice, with global brand recognition. It is present in several countries on all five continents and boasts particularly strong positioning in the UK market. It has two factories in Rainham (UK) and a headcount of 326. It generated revenue in the year ended June 30, 2019 of 152.6 million pounds sterling, of which 60% was generated in the UK and 92% stemmed from sales of basmati rice.

In total, the Group invested 292,234 thousand euros for 100% of the business (before potential debt and working capital adjustments, which are still under negotiation but are not expected to be material). The acquisition was financed using a mix of equity and debt.

The acquisition reinforces Ebro's portfolio of global premium rice brands and gives it a meaningful presence in the British retail market for the first time. In addition, Ebro believes that Tilda's global brand recognition will lend itself to significant brand development leveraging other Group products.

The Group took effective control of this business on August 28, 2019, which is the date of its first-time consolidation. The preliminary estimated fair value of the assets and liabilities acquired at the acquisition date is as follows:

TILDA GROUP	DATE OF INCLUSION 08-28-2019
	FAIR VALUE
Intangible assets	98,175
Property, plant and equipment	41,602
Right-of-use assets	883
Financial assets	33
Deferred tax assets	35
Inventories	64,277
Cash	11,191
Other current assets	29,875
TOTAL ASSETS	**246,071**
Provisions for pensions and similar obligations	208
Non-current financial liabilities	579
Deferred tax liabilities	19,956
Current financial liabilities	13,716
Trade payables	20,650
Other current liabilities	12,358
TOTAL LIABILITIES	**67,467**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**178,604**
Goodwill arising on acquisition	113,630
PURCHASE CONSIDERATION TRANSFERRED	**292,234**
Financed with financial liabilities and cash	292,234
PURCHASE CONSIDERATION TRANSFERRED	**292,234**
Net cash (debt) acquired with the subsidiary	(3,104)
Revenue since the acquisition date	55,560
Net profit contribution since the acquisition date	2,060
Revenue since January 1 **(a)**	174,500
NET PROFIT CONTRIBUTION SINCE JANUARY (a)	**13,400**

(000€)

(a) Estimate as if the businesses had been acquired on January 1, 2019

Over the coming months, the Group expects to conclude the process of valuing and analyzing the assets acquired in the course of 2019 in order to determine the definitive fair value of the net assets acquired as of the date of first-time consolidation.

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.

Acquisition of 45% of Ebro Frost ENA (US)

In January 2019, the Group acquired an additional 45% interest in this US business, incorporated in mid-2017 to make and market frozen rice and pasta products. That investee was originally held indirectly through Ebro Frost Holding, Gmbh (Germany), with a 55% interest, but is now wholly-owned directly by Ebro Foods, S.A.

The cost of the 45% interest acquired was 1,586 thousand euros for consolidation purposes, which was paid to the non-controlling interest holders. This common control business combination was recognized in the consolidated statement of changes in equity under “Other changes”.

There were no other significant changes in the Group’s scope of consolidation in 2019.

The most significant changes in the Group's consolidation scope in 2018 are outlined below:

COMPANIES 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 DECREASES 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 own funds and borrowings. 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 with 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		
	04-01-2018	09-01-2018	TOTAL
	FAIR VALUE	FAIR VALUE	FAIR VALUE
Intangible assets	6,266	0	6,266
Property, plant and equipment	27,193	5,607	32,800
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	**56,771**	**9,374**	**66,145**
Provisions for pensions and similar obligations	367	0	367
Other provisions	1,085	0	1,085
Deferred tax liabilities	3,534	642	4,176
Current financial liabilities	13,545	2,567	16,112
Trade payables	11,000	1,181	12,181
Other current liabilities	3,965	102	4,067
TOTAL LIABILITIES	**33,496**	**4,492**	**37,988**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**23,275**	**4,882**	**28,157**
Goodwill arising on acquisition	114,575	0	114,575
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	(11,315)	(2,403)	(13,718)
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 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.

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	26.40%	35.70%	#1
Portugal	17.60%	19.50%	#1
Belgium	21.10%	27.60%	#2
Netherlands	18.90%	26.70%	#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 22.8% 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.

Tilda Group: This is the newest addition to the Rice business, acquired in 2019. Its main asset is the Tilda brand, a rice brand - deeply specialized in basmati - with global brand recognition. It boasts a presence in several markets on all five continents and is particularly well known and well positioned in the UK, which is where it manufactures: approximately 60% of its sales stem from its home market. In the UK market it is the number-two brand by both volume (14.7%) and value (19.3%); it also commands a market share of over 10% (by value) in Ireland.

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.

In dry pasta it is the clearcut leader with a market share of 36.8% by volume and 34% by value. 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 28.8% and 44.0% 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 Panzani 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 20.2% 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 6.8% and 12.6% (by volume), respectively, and exports pasta and semolina products, particularly to northern Africa and other French-speaking markets.

Bertagni Group: Added to the Group in March 2018 following the acquisition of 70% of its shares (it holds an option over the remaining 30%). The Bertagni Group has factories in Vicenza and Alvio (Italy). 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 5.5% by volume and 7.5% 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.

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 18.0% and 30.5%, 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 46.5% by volume and 49.1% 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: Herba's rice business and the Harinas de Santa Rita business.
- Rest of Europe: essentially the businesses of Herba, Panzani (including Monterrat 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):

2018 - GEOGRAPHIC MARKET	SPAIN	EUROPE	AMERICAS	ROW	TOTAL
Segment revenue	173,332	1,323,590	1,021,946	261,909	2,780,777
Inter-segment revenue	(8,830)	(68,991)	(88,885)	(124)	(166,830)
TOTAL REVENUE	**164,502**	**1,254,599**	**933,061**	**261,785**	**2,613,947**
Intangible assets	37,334	161,583	240,187	166	439,270
Property, plant and equipment	69,297	452,609	286,133	50,053	858,092
Other assets	288,449	1,298,452	794,636	155,170	2,536,707
TOTAL ASSETS	**395,080**	**1,912,644**	**1,320,956**	**205,389**	**3,834,069**
CAPITAL EXPENDITURE	**9,356**	**73,792**	**41,348**	**16,439**	**140,935**

2019 - GEOGRAPHIC MARKET	SPAIN	EUROPE	AMERICAS	ROW	TOTAL
Segment revenue	189,048	1,487,004	1,049,102	267,846	2,993,000
Inter-segment revenue	(7,753)	(74,304)	(93,400)	(4,245)	(179,702)
TOTAL REVENUE	**181,295**	**1,412,700**	**955,702**	**263,601**	**2,813,298**
Intangible assets	32,558	260,080	244,617	861	538,116
Property, plant and equipment (a)	75,179	548,206	340,243	66,329	1,029,957
Other assets	291,233	1,477,512	889,278	147,977	2,806,000
TOTAL ASSETS	**398,970**	**2,285,798**	**1,474,138**	**215,167**	**4,374,073**
CAPITAL EXPENDITURE	**13,408**	**82,035**	**51,187**	**7,313**	**153,943**

In two of the countries within the Group's markets, specifically North America and France, the revenue from contracts with customers and the unit's assets are material in comparison with those of the remaining countries (i.e., the countries other than Spain that account for over 10% of consolidated revenue and assets) and are thus broken down below (thousands of euros):

	US		FRANCE	
	2019	2018	2019	2018
Segment revenue	887,880	873,995	732,285	745,588
Inter-segment revenue	(89,196)	(82,253)	41,757	(43,403)
TOTAL REVENUE	**798,684**	**791,742**	**690,528**	**702,185**
Intangible assets	227,172	223,468	90,279	94,650
Property, plant and equipment	304,962	253,789	273,945	252,077
Other assets	713,904	658,565	644,280	666,664
TOTAL ASSETS	**1,246,038**	**1,135,822**	**1,008,504**	**1,013,391**
CAPITAL EXPENDITURE	**38,782**	**30,814**	**42,652**	**50,416**

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, 2019 and 2018.

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	
STATEMENT OF FINANCIAL POSITION	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
Intangible assets	538,116	439,270	150,076	46,767	244,616	240,062	131,389	139,342	10,730	11,795	1,305	1,304
Property, plant and equipment	1,029,957	858,092	300,416	238,412	340,240	271,305	378,174	338,438	3,112	940	8,015	8,997
Investment properties	23,322	23,439	25,967	26,102	0	0	1	1	8,543	7,838	(11,189)	(10,502)
Financial assets	27,445	28,566	5,751	4,975	686	1,037	3,073	2,894	21,680	22,027	(3,745)	(2,367)
Investments in associates	42,226	39,967	19	123	41,823	62,508	0	0	1,718,605	1,401,579	(1,718,221)	(1,424,243)
Deferred tax assets	57,252	52,884	12,023	13,108	23,338	16,271	10,136	8,981	6,240	8,793	5,515	5,731
Goodwill	1,267,066	1,154,939	231,351	113,839	423,765	412,481	604,193	620,734	0	0	7,757	7,885
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable from group companies	0	0	35,764	10,257	53,592	415,219	8,070	13,504	207,013	36,180	(304,439)	(475,160)
Other current assets	1,388,689	1,236,912	629,912	544,725	417,433	359,851	307,747	322,100	28,649	4,119	4,948	6,117
	4,374,073	**3,834,069**	**1,391,279**	**998,308**	**1,545,493**	**1,778,734**	**1,442,783**	**1,445,994**	**2,004,572**	**1,493,271**	**(2,010,054)**	**(1,882,238)**
Assets held for sale	0	0					0				0	0
TOTAL ASSETS	**4,374,073**	**3,834,069**					**1,442,783**				**(2,010,054)**	**(1,882,238)**
Total equity	2,291,670	2,190,202	906,175	601,366	985,154	1,562,362	627,524	790,631	1,451,699	628,349	(1,678,882)	(1,392,506)
Deferred income	7,204	3,593	3,954	261	0	247	2,084	3,084	0	0	0	1
Provisions for pensions and similar obligations	47,010	43,156	16,253	13,613	7,139	5,815	19,280	19,373	1,876	2,042	2,462	2,313
Other provisions	15,125	22,700	144	3,607	397	233	2,742	2,273	11,240	16,019	602	568
Non-current & current financial liabilities	1,251,692	877,109	211,795	177,756	306,611	0	311,325	316,860	400,977	361,240	20,984	21,253
Deferred tax liabilities	285,057	238,328	46,021	21,026	129,096	109,390	53,112	56,618	57,639	50,346	355	948
Borrowings from group companies	0	0	43,020	43,905	27,968	6,655	211,563	36,473	66,245	428,339	(348,796)	(515,372)
Other current liabilities	476,315	458,981	163,917	136,774	89,128	94,032	215,153	220,682	14,896	6,936	(6,779)	557
	4,374,073	**3,834,069**	**1,391,279**	**998,308**	**1,545,493**	**1,778,734**	**1,442,783**	**1,445,994**	**2,004,572**	**1,493,271**	**(2,010,054)**	**(1,882,238)**
Liabilities of non-current assets held for sale	0	0					0				0	0
TOTAL LIABILITIES	**4,374,073**	**3,834,069**					**1,442,783**				**(2,010,054)**	**(1,882,238)**
Capital expenditure for the year	153,943	140,935	44,451	43,367	44,100	37,682	63,603	59,331	2,266	225		
Average capital employed	2,080,166	1,805,986	726,426	598,768	754,114	668,664	568,089	502,619	40,021	20,224		
ROCE-A	11.1	12.3										
Leverage	38.5%	29.0%										(000€)
Average headcount for the year	7,522	7,153										
Stock marketdata::												
Number of shares outstanding ('000)	153,865	153,865										
Market cap. at year-end	2,968	2,683	Millions of euros									
Earnings per share (EPS)	0.92	0.92										
Dividend per share (DPS)	0.57	0.57										
Underlying carrying amount per share	14.70	14.05										

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):

	12-31-2019			12-31-2018		
	RICE	PASTA	TOTAL	RICE	PASTA	TOTAL
Intangible assets	132,672	111,944	244,616	130,359	109,703	240,062
Property, plant and equipment	236,827	103,413	340,240	167,628	103,677	271,305
	369,499	215,357	584,856	297,987	213,380	511,367

REPORTABLE SEGMENT DISCLOSURES - CONTINUING OPERATIONS

EBRO FOODS GROUP	TOTAL CONSOL. FIGURES		RICE BUSINESS		PASTA BUSINESS		EF HOLDCO		OTHER BUSINESSES & CONSOL. ADJUSTMENTS	
STATEMENT OF PROFIT OR LOSS	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
External revenue	2,813,298	2,613,947	1,513,299	1,359,491	1,290,155	1,247,625	9	2	9,835	6,829
Inter-segment revenue			52,939	53,211	21,765	18,345	3,929	3,978	(78,633)	(75,534)
TOTAL REVENUE	**2,813,298**	**2,613,947**	**1,566,238**	**1,412,702**	**1,311,920**	**1,265,970**	**3,938**	**3,980**	**(68,798)**	**(68,705)**
Change in inventories	(7,588)	17,643	(13,427)	15,665	5,418	1,991	0	0	421	(13)
Own work capitalized	1,856	1,256	437	419	1,419	837	0	0	0	0
Other operating income	17,572	18,471	4,752	11,318	8,909	8,175	12,466	5,558	(8,555)	(6,580)
Raw materials and consumables used and other expenses	(1,518,029)	(1,443,203)	(910,776)	(863,433)	(664,968)	(645,430)	0	0	57,715	65,660
Employee benefits expense	(388,751)	(353,975)	(183,364)	(159,905)	(195,498)	(183,739)	(11,600)	(9,884)	1,711	(447)
Depreciation and amortization	(111,641)	(87,337)	(49,203)	(38,075)	(60,938)	(48,624)	(1,334)	(452)	(166)	(186)
Other operating expenses	(594,276)	(550,241)	(280,213)	(253,299)	(316,156)	(301,346)	(24,054)	(10,088)	26,147	14,492
OPERATING PROFIT	**212,441**	**216,561**	**134,444**	**125,392**	**90,106**	**97,834**	**(20,584)**	**(10,886)**	**8,475**	**4,221**
Finance income	24,954	23,070	18,295	18,803	15,969	10,580	930,711	1,457	(940,021)	(7,770)
Finance costs	(40,476)	(31,498)	(27,855)	(20,582)	(6,852)	(4,040)	(25,152)	(13,294)	19,383	6,418
Impairment of goodwill	(3,684)	(1,429)	(3,684)	(179)	0	0	0	0	0	(1,250)
Share of profit of associates	5,243	5,017	5,711	1,373	0	0	0	0	(468)	3,644
CONSOLIDATED PROFIT (LOSS) BEFORE TAX	**198,478**	**211,721**	**126,911**	**124,807**	**99,223**	**104,374**	**884,975**	**(22,723)**	**(912,631)**	**5,263**

(000€)

6.3 REVENUE FROM CUSTOMER CONTRACTS

Disaggregated revenue disclosures. The Group's disaggregated revenue from contracts with customers:

TYPE OF GOODS OR SERVICES

	12-31-2019				
	RICE	PASTA	OTHER	INTER-COMPANY	TOTAL
Sale of goods	1,561,121	1,303,358	10,441	(71,387)	2,803,533
Rendering of services	4,033	4,194	3,457	(6,443)	5,241
Revenue from royalties *et al.*	736	4,366	497	(1,429)	4,170
Lease income	348	2	3	1	354
	1,566,238	**1,311,920**	**14,398**	**(79,258)**	**2,813,298**

(000€)

	12-31-2018				
	RICE	PASTA	OTHER	INTER-COMPANY	TOTAL
Sale of goods	1,406,632	1,257,017	6,738	(64,166)	2,606,221
Rendering of services	2,312	4,670	3,469	(7,063)	3,388
Revenue from royalties *et al.*	2,946	4,093	600	(3,610)	4,029
Lease income	812	3	2	(508)	309
	1,412,702	**1,265,783**	**10,809**	**(75,347)**	**2,613,947**

(000€)

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 OTHER INCOME AND EXPENSE

7.1 OTHER OPERATING INCOME (THOUSANDS OF EUROS)

	2019	2018
Government grants (related to income and grants)	904	783
Other operating income	7,591	8,986
Gains on disposal of fixed assets	2,924	7,153
Gains on disposal of investment properties	205	118
Gains on disposal of investees	4,922	0
Reversal of non-current asset impairment provisions	0	21
Other income	1,026	1,410
Insurance claims	549	635
Reversal of provisions for other lawsuits	259	228
Other less significant items	218	547
	17,572	**18,471**

Other income included the following less-recurring items in 2019:

- A gain of 4,922 thousand euros from the sale of Jiloca Industrial, S.A. (note 5):
- A gain of 3,129 thousand euros on the sale of property, plant and equipment (a warehouse in France and an estate in Spain) and an investment property (in Spain).
- Income from the reversal of provisions of 259 thousand euros and the collection of insurance in the amount of 549 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 2018:

- A gain of 6,789 thousand euros from the sale of the SOS brand in Mexico and other neighboring countries.
- 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.

7.2 OTHER OPERATING EXPENSES (THOUSANDS OF EUROS)

	2019	2018
External services	(457,793)	(431,676)
Advertising expenditure	(91,477)	(89,694)
Research and development costs	(2,360)	(2,194)
Taxes/levies other than corporate income tax	(14,925)	(14,405)
Loss on sale, derecognition or impairment of property, plant and equipment	(3,885)	(2,541)
Provision for the impairment of intangible assets (trademarks)	(2,000)	0
Other provisions and charges recognized	(21,836)	(9,731)
Provisions for lawsuits and disputes	(892)	(2,622)
Industrial and logistics restructuring charges	(7,579)	(2,713)
New business and investment acquisition costs	(9,588)	(2,625)
Tax assessment expenses	(922)	(806)
Claims expenses	(2,125)	0
Other less significant items	(730)	(965)
	(594,276)	**(550,241)**

Other operating expenses included the following less-recurring items in 2019:

- Loss and charges of 3,885 thousand euros, of which: 2,635 thousand euros correspond to the derecognition or withdrawal of industrial equipment and plant and 1,250 thousand euros correspond to a provision for the impairment of a manufacturing line at a factory in Spain.
- A provision for the impairment of one of the Portuguese trademarks in the amount of 2 million euros (note 8).
- Investment expenditure that does not quality for capitalization in the amount of 9,558 thousand euros (M&A transaction fees, costs of starting up new production lines and logistics centers, etc.).
- Charges for provisions and expenses for lawsuits with third parties in the amount of 892 thousand euros.
- Industrial restructuring charges and costs at certain centers totaling 7,579 thousand euros.
- Expenditure related with industrial equipment damage and business claims totaling 2,125 thousand euros.

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.
- 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 logistical restructuring at warehouse.
- Expenses in connection with several tax assessments signed in 2018 in the amount of 806 thousand euros.

7.3 FINANCE COSTS AND FINANCE INCOME (THOUSANDS OF EUROS)

	2019	2018
Finance costs		
Third-party borrowings	(10,684)	(10,591)
Unwinding of discount on financial liabilities	(1,532)	0
Unwinding of discount on provisions for pensions and similar obligat	(1,249)	(1,243)
Losses on derecognition of financial assets and liabilities	(1)	(4)
Impairment of available-for-sale financial assets (note 12)	0	0
Impairment provisions on other financial assets	(2,846)	(1,697)
Expenses/losses related to derivatives and financial instruments	(4,218)	(4,055)
Exchange losses	(19,946)	(13,908)
	(40,476)	**(31,498)**
Finance income		
Third-party loans	4,993	4,827
Gains on derecognition of financial assets and liabilities	3,701	0
Reversal of financial asset impairment provisions	1,360	1,731
Gains on derivatives and financial instruments	541	4,988
Exchange gains	14,359	11,524
	24,954	**23,070**
NET FINANCE INCOME/(COST)	**(15,522)**	**(8,428)**

7.4 EMPLOYEE BENEFITS EXPENSE

The breakdown of employee benefits expense and the average Group headcount in 2019 and 2018 and at each year-end (thousands of euros):

	2019	2018
Wages and salaries	(294,817)	(265,731)
Other benefit expense	(32,870)	(32,919)
Social security and similar costs	(49,958)	(45,270)
Cost of post-employment and similar benefits	(11,106)	(10,055)
	(388,751)	**(353,975)**

AVERAGE HEADCOUNT

AVERAGE HEADCOUNT 2019					
	MEN		WOMEN		TOTAL
	FIXED	TEMPORARY	FIXED	TEMPORARY	
Executives	138	1	46	0	185
Middle management	496	20	282	23	821
Clerical staff	274	35	476	34	819
Support staff	1,086	298	314	116	1,814
Sales staff	214	30	95	3	342
Other staff	1,854	854	462	371	3,541
TOTAL	**4,062**	**1,238**	**1,675**	**547**	**7,522**

AVERAGE HEADCOUNT 2018					
	MEN		WOMEN		TOTAL
	FIXED	TEMPORARY	FIXED	TEMPORARY	
Executives	160	0	60	0	220
Middle management	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**

YEAR-END HEADCOUNT

YEAR-END HEADCOUNT 2019					
	MEN		WOMEN		TOTAL
	FIXED	TEMPORARY	FIXED	TEMPORARY	
Executives	143	2	45	0	190
Middle management	495	19	290	18	822
Clerical staff	278	32	484	34	828
Support staff	1,125	318	318	115	1,876
Sales staff	218	26	100	1	345
Other staff	1,901	640	471	362	3,374
TOTAL	**4,160**	**1,037**	**1,708**	**530**	**7,435**

YEAR-END HEADCOUNT 2018					
	MEN		WOMEN		TOTAL
	FIXED	TEMPORARY	FIXED	TEMPORARY	
Executives	155	0	58	0	213
Middle management	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**

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 2019 (2018) with a disability of a severity of 33% or higher averaged 68 (75) men and 23 (29) women, all of whom in the “Other employees” category other than 17 clerical and support staff employees and four middle managers.

8 INTANGIBLE ASSETS

The reconciliation of the carrying amount of intangible assets at the beginning and end of 2019 and 2018, detailing the amortization and impairment provisions recognized each year, is provided below (in thousands of euros):

CARRYING AMOUNTS						
	DEVELOPMENT COSTS	PATENTS & TRADEMARKS	COMPUTER SOFTWARE	EMISSION ALLOWANCES	IN PROGRESS	TOTAL
Balance at December 31, 2017	0	424,692	5,802	89	1,507	**432,090**
Balance at December 31, 2018	0	432,250	6,101	0	919	**439,270**
Balance at December 31, 2019	0	529,171	6,968	0	1,977	**538,116**

GROSS CARRYING AMOUNTS						
	DEVELOPMENT COSTS	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	EMISSION ALLOWANCES	IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2017	**86**	**456,707**	**45,978**	**89**	**1,507**	**504,367**
Business combinations		6,169	97			6,266
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
Transfers		(65)	220			155
BALANCE AT DECEMBER 31, 2018	**86**	**465,761**	**49,569**	**0**	**919**	**516,335**
Business combinations		98,175				98,175
Business sales (exits)		(8,675)	(154)			(8,829)
Additions		15	3,922		1,058	4,995
Decreases	(86)		(1,333)			(1,419)
Translation differences		12,645	413			13,058
Transfers		(18)	18			0
BALANCE AT DECEMBER 31, 2019	**0**	**567,903**	**52,435**	**0**	**1,977**	**622,315**

AMORTIZATION AND IMPAIRMENT						
	DEVELOPMENT COSTS	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	EMISSION ALLOWANCES	IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2017	**(86)**	**(32,015)**	**(40,176)**	**0**	**0**	**(72,277)**
Business sales (exits)						0
Additions		(1,439)	(2,644)			(4,083)
Decreases			54			54
Translation differences		(142)	(521)			(663)
Transfers		85	(181)			(96)
BALANCE AT DECEMBER 31, 2018	**(86)**	**(33,511)**	**(43,468)**	**0**	**0**	**(77,065)**
Business sales (exits)		13	121			134
Additions		(4,160)	(3,008)			(7,168)
Decreases	86		1,313			1,399
Translation differences		(1,078)	(420)			(1,498)
Transfers		4	(5)			(1)
BALANCE AT DECEMBER 31, 2019	**0**	**(38,732)**	**(45,467)**	**0**	**0**	**(84,199)**

MOVEMENTS IN 2019

The most significant movements under this heading during the year ended December 31, 2019:

- Additions totaling 4,995 thousand euros (mainly software).
- An increase of 11,560 thousand euros due to translation differences.
- Decreases of 5,168 thousand euros due to amortization charges (of which, 6 thousand euros was recognized within the charges corresponding to discontinued activities; refer to note 25) and of 2,000 thousand euros due to the impairment charge recognized against a trademark in the Portuguese business.
- A decrease of 8,695 thousand euros due to business disposals (note 5)
- An increase of 98,175 thousand euros due to business combinations (note 5).
- The Group also derecognized non-material intangible assets in the amount of 21 thousand euros in 2019.

The most significant movements under this heading in 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.
- Decreases of 4,083 thousand euros due to amortization charges (of which, 2 thousand euros was recognized within the charges corresponding to discontinued activities; refer to note 25).
- An increase of 6,266 thousand euros due to business combinations.
- The derecognition of 6,455 thousand euros following the sale of SOS brand in Mexico and other neighboring countries.
- 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.

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. Their carrying amounts have been allocated to the following cash-generating units (CGUs) (thousands of euros):

SEGMENT	CASH-GENERATING UNIT: TRADEMARKS	NO. OF TRADEMARKS	BALANCE AT DECEMBER 31, 2019		
			GROSS	IMPAIRMENT & AMORTIZ.	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	(2,000)	31,269
Rice	Geovita (Italy)	3	1,977	0	1,977
Rice	Tranximpex (Germany)	1	64	0	64
Rice	Tilda Group	1	85,741	0	85,741
Rice	Riviana (US)	4	107,287	0	107,287
Rice	Riviana (US) SOS	4	16,694	0	16,694
Rice	Riviana (US) Rice select	4	4,053	0	4,053
Pasta	Riviana (US & Canada)	16	128,220	(18,286)	109,934
Pasta	Panzani (France)	4	83,199	0	83,199
Pasta	Panzani (France) - Monterrat	1	2,677	0	2,677
Pasta	Garofalo (Italy)	3	34,575	0	34,575
Pasta	Bertagni (Italy)	1	6,169	0	6,169
Other	Harinas (Spain)	1	1,300	0	1,300
			530,290	**(28,939)**	**501,351**
Rice	Riviana (US) Rice select		6,215	(2,849)	3,366
Rice	Riviana (US) Rice select - Customer portfolio		1,680	(1,101)	579
Pasta	Canada - customer portfolio		3,462	(2,967)	495
Rice	Tilda Group - customer portfolio		17,618	(318)	17,300
Rice	Geovita - customer portfolio		4,872	(655)	4,217
Other indefinite-lived trademarks and patents			3,766	(1,903)	1,863
			567,903	**(38,732)**	**529,171**

The Group tested its trademarks for impairment in 2019 and 2018; most of the tests were mostly performed by an independent expert, namely Duff & Phelps. As a result of those impairment tests, in 2019, the Group recognized a 2,000 thousand euros impairment loss against one of the trademarks used in its rice business in Portugal.

At year-end 2019, there are eight trademarks with an original aggregate cost of 57,382 thousand euros (year-end 2018: 51,873 thousand euros) that have been written down for impairment by 28,939 thousand euros in total (year-end 2018: 26,022 thousand euros).

The recoverable amount of the trademarks was determined using cash flow projections that are typically derived from budgets that cover a five-year horizon and are then projected for another five years (using the royalty relief method).

The growth rates used to extrapolate the cash flow projections beyond the projection horizon and the discount rates applied to the cash flow projections for the most important CGUs in 2019 (2018) were:

PRODUCT	TRADEMARK/COUNTRY OR BUSINESS	PRE-TAX DISCOUNT RATE		POST-TAX DISCOUNT RATE		GROWTH RATE, G	
		2019	2018	2019	2018	2019	2018
Rice	Herba Germany	5.7%	7.3%	5.25%	6.75%	1.8%	1.5%
Rice	SOS business (Spain, Netherlands and Portugal)	5.6%-7.8%	7.4%-9.6%	5.3%-7.3%	6.8%-8.8%	1.8%-1.9%	1.5%-1.8%
Rice	Geovita (Italy and France)	6.7%	9%	6.25%	8%	1.7%	1.8%
Rice	Riviana (US)	7%	8.5%	6.5%	7.75%	2.2%	2.2%
Rice	Riviana Abu Bint (Saudi Arabia)	8.8%	10.4%	8%	9.25%	1.6%	1.5%
Rice	Riviana (US) SOS	7%	8.5%	6.5%	7.75%	2.2%	2.2%
Pasta	Riviana (US & Canada)	6.8%-7%	8.3%-8.5%	6.25%-6.5%	7.5%-7.8%	2%-2.2%	2%-2.2%
Pasta	Panzani (France)	6.2%	7.5%	5.75%	6.75%	1.8%	1.6%
Pasta	Panzani (France) - Monterrat	6.2%	7.5%	5.75%	6.75%	1.8%	1.6%
Pasta	Garofalo (Italy and international)	7.9%	10.6%	7.25%	9.25%	1.7%	1.8%
Pasta	Garofalo (Africa and international)	9.1%	10.6%	8.25%	9.25%	1.7%	1.8%
Pasta	Bertagni (Italy) **(a)**	7%	N-A	6.5%	N-A	1.7%	N-A

(a) Trademark acquired in 2018 and tested for impairment for the first time in 2019

The Group also performed sensitivity analysis, varying the two inputs deemed key to the valuation results: the discount rate and the growth rate (g). 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 growth rates (g) used would trigger significant impairment charges.

9 PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amount of the Group's property, plant and equipment at the beginning and end of 2019 and 2018, 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, 2017	109,753	192,169	364,879	19,246	5,470	72,101	**763,618**
Balance at December 31, 2018	110,544	226,828	408,513	21,555	6,041	82,766	**856,247**
Balance at December 31, 2019	130,766	256,263	457,136	24,236	8,138	64,971	**941,510**

GROSS CARRYING AMOUNTS

	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	PP&E UNDER CONSTR.	TOTAL
BALANCE AT DECEMBER 31, 2017	**110,914**	**362,031**	**970,811**	**60,490**	**17,097**	**72,101**	**1,593,444**
Business combinations	1,049	9,010	20,278	1,727	17	719	32,800
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	(1,044)	(4,077)	(14)	(235)		(4,387)
BALANCE AT DECEMBER 31, 2018	**119,016**	**405,221**	**1,076,758**	**68,412**	**17,926**	**82,766**	**1,770,099**
Business combinations	18,257	4,886	17,174	165	1,120		41,602
Business sales (exits)	(729)	(7,905)	(7,316)	(956)	(27)	(481)	(17,414)
Additions	4,238	52,966	101,615	8,937	3,703	(17,945)	153,514
Decreases	(2,181)	(11,639)	(20,168)	(1,601)	(279)		(35,868)
Translation differences	1,611	3,010	8,342	244	353	631	14,191
Transfers	(103)	(4,909)	5,084	(17)	22		77
BALANCE AT DECEMBER 31, 2019	**140,109**	**441,630**	**1,181,489**	**75,184**	**22,818**	**64,971**	**1,926,201**

AMORTIZATION AND IMPAIRMENT

	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	PP&E UNDER CONSTR.	TOTAL
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	1,171	(876)	74		2,476
BALANCE AT DECEMBER 31, 2018	**(8,472)**	**(178,393)**	**(668,245)**	**(46,857)**	**(11,885)**	**0**	**(913,852)**
Business sales (exits)		1,702	3,453	407	23		5,585
Additions	(904)	(16,817)	(71,373)	(5,519)	(2,153)		(96,766)
Decreases	220	9,149	17,213	1,339	173		28,094
Translation differences	(179)	(1,334)	(5,787)	(341)	(35)		(7,676)
Transfers	(8)	326	386	23	(803)		(76)
BALANCE AT DECEMBER 31, 2019	**(9,343)**	**(185,367)**	**(724,353)**	**(50,948)**	**(14,680)**	**0**	**(984,691)**

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 creation 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 2019 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 2019

The most significant movements under this heading during the year ended December 31, 2019:

- An increase of 6,515 thousand euros due to exchange gains.
- A decrease of 95,299 thousand euros due to depreciation charges (of which 1,264 thousand euros is recognized as depreciation charges corresponding to discontinued activities; refer to note 25); of 1,250 thousand euros due to impairment losses; and of 217 thousand euros due to the monetary restatement of the accumulated depreciation of the assets of La Loma de Argentina.
- Increase of 153,514 thousand euros due to capital expenditure (of which 4,615 thousand euros corresponds to the monetary correction of the assets of La Loma de Argentina), essentially investments in technical upgrades, expansion work and new facilities at the Group's various factories. The Group management report includes information about the most significant investments recognized under this heading in 2019.
- A decrease of 11,829 thousand euros due to business disposals (note 5).
- An increase of 41,602 thousand euros due to business combinations (note 5).
- In 2019, the Group derecognized assets with a carrying amount of 7,774 thousand euros.

MOVEMENTS IN 2018

- An increase of 9,441 thousand euros due to exchange gains.
- A decrease of 84,718 thousand euros due to depreciation charges (of which 1,473 thousand euros was recognized as depreciation charges corresponding to discontinued activities; refer to note 25) and of 512 thousand euros due to impairment losses.
- 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 32,800 thousand euros due to business combinations (note 5).
- The derecognition of assets with a carrying amount of 1,419 thousand.
- Also affecting 2018, the Group recognized decreases of 1,911 thousand euros due to transfers (of which 1,845 thousand euros due to the first-time application of IFRS 16 Leases and its effects on the comparative figures at December 31, 2018) (note 10).

The depreciation and impairment charges recognized on property, plant and equipment in the 2019 and 2018 consolidated financial statements break down as follows:

- In 2019: 95,299 thousand euros of depreciation charges (of which 1,264 thousand euros is recognized as depreciation charges corresponding to discontinued activities; refer to note 25) and 1,250 thousand euros of impairment charges.

- In 2018: 84,718 thousand euros of depreciation charges (of which 1,473 thousand euros is recognized as depreciation charges corresponding to discontinued activities; refer to note 25) and 512 thousand euros of impairment charges.

The derecognition of items of property, plant and equipment in 2019 generated losses, on the one hand, of 2,635 thousand euros (2018: 2,040 thousand euros) and gains of 2,924 thousand euros (2016: 256 thousand euros), on the other (note 7).

10 RIGHT-OF-USE ASSETS

Below is the breakdown of the carrying amount of the Group's right-of-use assets and lease liabilities and a reconciliation of the opening and closing balances:

	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	ACCUM DEPRECIATION & IMPAIRMENT	TOTAL	FINANCIAL LIABILITY NOTE 12
BALANCE AT DECEMBER 31, 2018	**0**	**15**	**4,115**	**68**	**73**	**(2,426)**	**1,845**	**(100)**
Adjustment at January 1, 2019 (note 3.c)	15,347	34,068	4,733	1,634	2,145		57,927	(57,927)
Business combinations		145		292	505	(59)	883	(881)
Business sales (exits)		(883)	(22)	(64)		100	(869)	869
Additions	(21)	36,409	2,969	520	1,601		41,478	(41,478)
Decreases		(532)	(352)	(158)	(114)	732	(424)	317
Translation differences	171	70	26	30	90	(10)	377	(367)
Transfers							0	
Depreciation charges						(12,770)	(12,770)	
Finance costs								(1,531)
Lease payments								11,393
BALANCE AT DECEMBER 31, 2019	**15,497**	**69,292**	**11,469**	**2,322**	**4,300**	**(14,433)**	**88,447**	**(89,705)**

(000€)

The reconciliation of the opening and closing balances of accumulated depreciation and impairment provisions (thousands of euros):

ACCUMULATED IMPAIRMENT AND DEPRECIATION						
	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	TOTAL
BALANCE AT DECEMBER 31, 2018	**0**	**0**	**(2,369)**	**0**	**(57)**	**(2,426)**
Business combinations		(9)		(13)	(37)	(59)
Business sales (exits)		79	2	19		100
Additions	(889)	(7,293)	(2,626)	(825)	(1,137)	(12,770)
Decreases		336	237	96	63	732
Translation differences	1	(2)	(4)	(3)	(2)	(10)
Transfers						0
BALANCE AT DECEMBER 31, 2019	**(888)**	**(6,889)**	**(4,760)**	**(726)**	**(1,170)**	**(14,433)**

(000€)

The breakdown of the Group's lease liabilities by year of maturity and currency of denomination is as follows (thousands of euros):

CURRENCY	2020	2021	2022	2023	2024	BEYOND
EUR	7,109	5,912	5,011	3,912	2,825	19,615
USD	2,777	4,033	3,847	3,542	3,588	21,571
GBP	546	244	355	91	26	366
INR	160	116	52	0	0	0
MAD	170	170	170	202	202	2,579
DKK	15	5				
EGP	4	0	0	0	0	0
THB	242	162	81	4	1	0
TOTAL	**11,023**	**10,642**	**9,516**	**7,751**	**6,642**	**44,131**

In 2019, the Group recognized the following expenses in connection with short-term leases and leases over low-value assets.

LEASE EXPENSE IN 2019			
	SHORT-TERM CONTRACTS	LOW-VALUE CONTRACTS	TOTAL EXPENSE
Leases not capitalized:			
Buildings and offices	(667)		**(667)**
Plant and machinery	(92)		**(92)**
Warehouses	(2,700)		**(2,700)**
Industrial equipment	(958)	(1,002)	**(1,960)**
Other non-industrial equipment	(32)	(388)	**(420)**
Vehicles	(280)		**(280)**
TOTAL	**(4,729)**	**(1,390)**	**(6,119)**
Lease expense in future years			
In 2020	(1,319)	(573)	**(1,892)**
Between 1 and 5 years		(696)	**(696)**
Over 5 yearss		0	**0**
	(1,319)	**(1,269)**	**(2,588)**

(000€)

It did not incur variable lease payments of significant amount.

11 INVESTMENT PROPERTIES

The reconciliation of the carrying amount of the Group's investment properties at the beginning and end of 2019 and 2018, 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, 2017	22,884	896	**23,780**
Balance at December 31, 2018	23,014	425	**23,439**
Balance at December 31, 2019	21,592	1,730	**23,322**

	GROSS CARRYING AMOUNTS			DEPRECIATION AND IMPAIRMENT		
	LAND	BUILDINGS	TOTAL	LAND	BUILDINGS	TOTAL
BALANCE AT DECEMBER 31, 2017	**23,468**	**4,757**	**28,225**	**(584)**	**(3,861)**	**(4,445)**
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)**
Additions		50	50	(12)	(137)	(149)
Decreases		(29)	(29)		11	11
Translation differences			0			0
Transfers			0	(1,410)	1,410	0
BALANCE AT DECEMBER 31, 2019	**23,409**	**4,254**	**27,663**	**(1,817)**	**(2,524)**	**(4,341)**

The depreciation charge recognized in 2019 amounted to 17 thousand euros (2018: 11 thousand euros), while impairment charges amounted to 132 thousand euros (2018: zero).

In 2019, the Group sold one property, recognizing a gain of 205 thousand euros (note 7). In 2018, the Group sold one small property, recognizing a gain of 117 thousand euros.

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 measurement 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. That 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 2019 was an estimated 56 million euros (year-end 2018: 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:

	12-31-2019			12-31-2018		
	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT
Classification for statement of financial position purposes						
Financial assets	**27,445**	20,808	6,637	**28,566**	24,371	4,195
Trade and other receivables	**440,928**	0	440,928	**401,923**	0	401,923
Derivatives	**714**	0	714	**498**	0	498
TOTAL FINANCIAL ASSETS	**469,087**	**20,808**	**448,279**	**430,987**	**24,371**	**406,616**
Classification for measurement purposes						
Financial assets at amortized cost:						
Trade and other receivables	**440,928**	0	440,928	**401,923**	0	401,923
Loans to third parties	**22,517**	16,800	5,717	**24,122**	20,844	3,278
Deposits and guarantees	**3,810**	2,890	920	**3,368**	2,451	917
Financial assets at fair value through profit or loss						
Shares in non-group companies	**1,118**	1,118	0	**1,076**	1,076	0
Derivatives	**714**	0	714	**498**	0	498
TOTAL FINANCIAL ASSETS	**469,087**	**20,808**	**448,279**	**430,987**	**24,371**	**406,616**

Loans to third parties

The year-on-year decrease in the balance of loans to third parties in 2019 is the result of repayments 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%; again in 2017, extending the term a further two years and leaving the interest rate intact at 3.4%; and once again in 2019, in this instance changing only the amounts receivable each year until the final collection falls due. The non-current portion of this vendor loan (net of impairment allowances) is 13,520 thousand euros and the current portion, 1,464 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 836 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 31, 2021; 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 the purchase price for the SOS brand in Mexico and other neighboring countries under the payment terms agreed in January 2018 made up of a non-current balance of MXP 50 million (1,809 thousand euros) and a current balance of MXP 50 million (2,328 thousand euros). This loan earns interest at an implicit rate of 8%. The two instalments are due on February 21, 2020 (already collected) and 2022.

Of the total recognized under this heading: (i) 17,753 thousand euros (year-end 2018: 19,506 thousand euros) is denominated in euros; (ii) 628 thousand euros (1,019 thousand euros) is denominated in US dollars; and (iii) 4,136 thousand euros (3,597 thousand euros) is denominated in Mexican pesos.

The maturity schedule for these non-current loans is: (i) 2,350 thousand euros in 2021; (ii) 3,374 thousand euros in 2022; (iii) 1,619 thousand euros in 2023; (iv) 1,874 thousand euros in 2024; and (v) the remaining 7,583 thousand euros in 2025 and beyond.

Trade and other receivables

The breakdown of this heading at year-end 2019 and 2018 (in thousands of euros):

ITEM	12-31-19	12-31-18
Due from customers	441,891	402,501
Due from associates	1,440	642
Sundry receivables	9,708	8,952
Impairment allowance	(12,111)	(10,172)
TOTAL	**440,928**	**401,923**

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, 2019, the ageing analysis of trade receivables is as follows (thousands of euros):

AGEING ANALYSIS	GROSS	IMPAIRMENT	NET
Past due by less than 3 months	431,774	(2,889)	428,885
Past due by between 3 and 6 months	4,845	(3,250)	1,595
Past due by between 6 and 12 months	1,022	(1,022)	0
Past due by between 12 and 18 months	2,125	(2,125)	0
Past due by between 18 and 24 months	202	(202)	0
Past due by > 24 months	1,923	(1,923)	0
	441,891	**(11,411)**	**430,480**

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 2019 (2018): (i) net new provisions of 2,501 thousand euros (1,503 thousand euros); (ii) the utilization of 655 thousand euros (2,447 thousand euros); (iii) the addition of 153 thousand euros (198 thousand euros) due to business combinations; and (iv) translation gains of 60 thousand euros (losses of 19 thousand euros).

There were no other significant movements in any other financial assets since December 31, 2018.

12.2 FINANCIAL LIABILITIES

The breakdown of the Group's financial liabilities is provided below (in thousands of euros):

	12-31-2019			12-31-2018		
	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT
Classification for statement of financial position purposes						
Financial liabilities	**1,251,692**	826,725	424,967	**877,109**	533,853	343,256
Trade and other payables	**447,838**	0	447,838	**424,458**	0	424,458
Derivatives	**1,040**	0	1,040	**360**	0	360
TOTAL FINANCIAL LIABILITIES	**1,700,570**	**826,725**	**873,845**	**1,301,927**	**533,853**	**768,074**
Classification for measurement purposes						
Financial liabilities at amortized cost:						
Trade and other payables	**447,838**	0	447,838	**424,458**	0	424,458
Bank borrowings	**990,242**	579,214	411,028	**705,243**	364,362	340,881
Borrowings from other entities	**6,217**	3,339	2,878	**6,739**	4,475	2,264
Lease liabilities (note 10)	**89,705**	78,682	11,023	**100**	27	73
Deposits and guarantees	**97**	59	38	**97**	59	38
Financial assets at fair value through profit or loss						
Contingent financial liabilities	**0**	0	0	**4,250**	4,250	0
Financial liabilities under vendor put options (note 22)	**165,431**	165,431	0	**160,680**	160,680	0
Derivatives	**1,040**	0	1,040	**360**	0	360
TOTAL FINANCIAL LIABILITIES	**1,700,570**	**826,725**	**873,845**	**1,301,927**	**533,853**	**768,074**

Trade and other payables

Set out below are the movements in this heading (thousands of euros):

ITEM	12-31-2019	12-31-2018
Trade accounts payable	347,596	343,656
Other liabilities	51,497	38,698
Employee benefits payable	48,589	41,743
Payable to associates	156	361
TOTAL	**447,838**	**424,458**

Trade payables are non-interest bearing and are normally settled on 60-80 days 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 2019 with respect to year-end 2018:

In 2019, Ebro Foods, S.A. drew down 35 million euros under one of the bilateral loans arranged in 2018 (that balance was undrawn at December 31, 2018), repayable in a single instalment in 2021; it carries an average rate of interest of 0.52%. Elsewhere, a bilateral loan of 100 million euros, which is due in May 2022, was reclassified to current loans. In 2019, the Group arranged two new bilateral loans for a total of 50 million euros, repayable in a single bullet payment between March and April 2022 and carrying interest at an average rate of 0.525%.

As part of the acquisition of the Tilda Group, in August 2019, Ebro Foods, S.A. arranged a short-term bilateral loan in the amount of 300 million US dollars. That loan was canceled in December 2019 and replaced by a new bilateral loan of the same size but with a two- year maturity (December 2021; it carries interest at LIBOR plus a spread of 0.70%; it was arranged by Riviana Foods, Inc. (the Parent's wholly-owned US subsidiary)).

The Group's French subsidiary, the Panzani Group, increased its bank borrowings by around 14 million euros due to the purchase of new offices. It arranged a 7-year bilateral loan for that amount, repayable in quarterly instalments; the loan carries interest at an average rate of 0.69%.

To finance its new factory in La Rinconada, Herba Ricemills, S.L. arranged 45 million euros of new long-term financing with three banks, specifically six-year credit agreements with one year for drawdown, a one-year grace period and repayment over the next five years. The loans carry interest at a fixed rate that is very similar to that availed of by this subsidiary at December 31, 2018. Herba Ricemills, S.L. had drawn down 31 million euros under these loans at December 31, 2019.

As for current borrowings, the most significant developments in 2019 were the following:

- A bilateral loan of €100 million, which is due in May 2022, was reclassified from non- current to current loans.
- The loan bears interest at 3-month EURIBOR plus a market spread, which translated into an average interest rate of 0.55%.

- 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 2018, and the same can be said of the collateral and covenant requirements. The spreads applied to benchmark rates were virtually the same as in 2018.

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							
	12-31-18	12-31-19	2021	2022	2023	2024	BEYOND
Of Ebro Foods, S.A	269,585	204,865	154,865	50,000			
Of Riviana Group (US)	0	267,368	267,368				
Of Herba Group	5,686	35,313	7,855	9,462	9,489	7,517	990
Of Panzani Group (France)	69,255	60,383	19,130	18,253	18,000	2,000	3,000
Of Garofalo Group (Italy)	19,748	11,245	3,709	1,464	650	666	4,756
Of Arotz Foods, S.A.	88	40	40				
NON-CURRENT BANK BORROWINGS	**364,362**	**579,214**	**452,967**	**79,179**	**28,139**	**10,183**	**8,746**
Of Ebro Foods, S.A	88,143	193,661					
Of Panzani Group (France)	93,245	51,593					
Of Herba Group	141,779	134,869					
Of Garofalo Group (Italy)	17,666	30,516					
Of Tilda Group (UK)	0	341					
Of other companies	48	48					
CURRENT BANK BORROWINGS	**340,881**	**411,028**					
TOTAL BANK BORROWINGS	**705,243**	**990,242**					

The breakdown of the above borrowings by currency of denomination is as follows (thousands of euros):

CURRENCY	12-31-18	12-31-19
EUR	637,346	614,895
USA	17,745	291,113
GBP	0	36,318
INR	35,068	28,770
THB	12,908	18,410
ARS	359	616
EGP	1,817	0
DKK	0	120
TOTAL	**705,243**	**990,242**

As for the rest of the Group's bank borrowings, at year-end 2019 the various companies had arranged unsecured credit facilities with an aggregate limit of 480 million euros (year- end 2018: 435 million euros), of which 231 million euros (261 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 DEC. 31, 2019	AMOUNT DRAWN	AMOUNT UNDRAWN	TOTAL LIMIT
Reverse factoring, receivable discounting and trade finance	3,381	30,546	33,927
Bank guarantee lines (note 20)	39,087	79,789	118,876
CONSOLIDATED GROUP TOTAL	**42,468**	**110,335**	**152,803**

CREDIT FACILITIES ARRANGED			
AT DEC. 31, 2018	AMOUNT DRAWN	AMOUNT UNDRAWN	TOTAL 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**

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.

Lease liabilities

This heading recognizes the Group's financial liabilities on account of its lease liabilities under IFRS 16, which took effect on January 1, 2019 (liability in respect of lease payment obligations). Refer to notes 3.v and 10.

Financial liabilities structured as options over shares

At December 31, 2019, the Group recognized 165,431 thousand euros of financial liabilities structured as options over shares (year-end 2018: 160,680 thousand euros) broken down as follows (refer to 22 for a breakdown of those commitments).

When acquiring certain 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 either for a specific period of time or with no maturity). 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.

Contingent financial liabilities

The most significant item included under this heading at year-end 2018 was a 3,500 thousand euros earnout payable to the seller of Geovita upon delivery of certain milestones between 2017 and 2019. The Group acquired 52% of Geovita in 2017 for 20,000 thousand euros; of the total, it paid 16,500 thousand euros in 2017; the remaining 3,500 thousand euros was conditional upon delivery of certain milestones between 2017 and 2019 which have not been met, such that this financial liability was derecognized in 2019. The corresponding gain was recognized on the disposal of financial assets and liabilities in the consolidated statement of profit or loss (note 7.3).

There were no other significant movements in any other financial liabilities in 2019.

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 2019

	12-31-18	CASH FLOWS	RECLASSIF. SALES/DEREC.	MOVEMENTS IN FOR. CURRENCY	CHANGES IN FAIR VALUE	NEW LEASES	BUSINESS COMBINATIONS	INTEREST ACCRUED	RECLASSIFIC. CURR./NON-CURR.	12-31-19
Current borrowings	340,881	(120,526)	(400)	(2,680)	0	0	337	10,684	182,732	411,028
Non-current borrowings	364,362	399,184	(1,600)	0	0	0	0	0	(182,732)	579,214
Lease liabilities	100	(11,393)	(1,232)	367	0	99,455	877	1,531		89,705
Derivatives	360	(679)	0	0	1,359	0		0		1,040
Other financial liabilities	171,669	0	0	0	1,251	0		0	(1,272)	171,648
Guarantees and deposits received	97									97
TOTAL LIABILITIES ARISING FROM FINANCING ACTIVITIES	**877,469**	**266,586**	**(3,232)**	**(2,313)**	**2,610**	**99,455**	**1,214**	**12,215**	**(1,272)**	**1,252,732**

FINANCIAL LIABILITIES RECONCILIATION OF FLOWS 2018

	12-31-17	CASH FLOWS	RECLASIF, SALES/DEREC.	MOVEMENTS IN FOR. CURRENCY	CHANGES IN FAIR VALUE	NEW LEASES	BUSINESS COMBINATIONS	INTEREST ACCRUED	RECLASSIFIC. CURR./NON-CURR.	12-31-18
Current borrowings	308,216	(54,786)		4,811			13,965	9,675	59,000	340,881
Non-current borrowings	365,163	49,398		8,801					(59,000)	364,362
Lease liabilities	644	(243)						85	(386)	100
Derivatives	4,293	(284)			(3,649)					360
Other financial liabilities	108,426	(1,295)			422		63,815		301	171,669
Guarantees and deposits received	98	(1)								97
TOTAL LIABILITIES ARISING FROM FINANCING ACTIVITIES	**786,840**	**(7,211)**	**0**	**13,612**	**(3,227)**	**0**	**77,780**		**(85)**	**877,469**

Below is a schedule of the maturities of all of these financial liabilities including all expected actual cash flows, estimated as of December 31, 2019 (thousands of euros):

AS PER STATEMENT OF FINANCIAL POSITION	BALANCE 12-31-19
Bank borrowings	990,242
Borrowings from other entities	6,217
Lease liabilities	89,705
Deposits and guarantees	97
Financial liabilities under vendor call options	165,431
Derivatives	1,040
TOTAL FINANCIAL LIABILITIES	**1,252,732**
Estimated expected future flows:	
2020	443,712
2021	494,277
2022	189,419
2023	98,591
2024	18,190
Beyond	55,076
TOTAL FUTURE FLOWS	**1,299,265**

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.

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	2017	2018	2018/2017	2019	2019/2018
Equity	2,074,637	2,162,334	*4.2%*	2,262,203	*4.6%*
Net debt	517,185	704,621	*36.2%*	999,849	*41.9%*
Average net debt	426,042	627,350	*47.3%*	871,658	*38.9%*
Leverage	24.9%	32.6%	*30.7%*	44.2%	*35.6%*
Leverage (average net debt) **(1)**	20.5%	29.0%	*41.3%*	38.5%	*32.8%*
EBITDA-A	354,884	307,468	*(13.4%)*	342,726	*11.5%*
Coverage	1.46	2.29		2.92	

(000€)

(1) Leverage = 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-A).

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 in that currency (mainly). Leverage increased again in 2018 and 2019 as a result of business combinations, 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, in 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 2019 of such a change would be 3.5 million euros (2.9 million euros in 2018). The year-on-year increase is due to the increase in average debt levels as a result of the business combinations completed in the last two years, in addition to heavy capital expenditure.

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

	2019				2018			
Income/(expense)	(0.50%)	(0.25%)	0.25%	0.50%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	3,495	1,747	(1,747)	(3,495)	2,861	1,431	(1,431)	(2,861)

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 talks to negotiate the definitive exit date, triggering the start of the transition period, have had an adverse effect on global economic conditions and financial market stability and are likely to remain a source of volatility until the definitive exit terms are decided.

Nevertheless, the Ebro Group does not expect Brexit to have a material impact on its financial statements as its most significant activity in the UK market is the sale of rice and related products that are considered staples; it therefore believes that even if new tariffs are imposed on the UK by the European Union, it will be possible to source rice from other markets in which the Group has a presence. The Group's productive fixed assets in the UK accounted for 10.2% of the total, pending the definitive accounting of the acquisition of the Tilda Group, which is based in that market. Note that the definitive amounts recognized are not expected to change significantly. Revenue generated in the UK in 2019 accounted for approximately 6.5% of the Group total; that figure rises to 10.1% factoring in a full year of operations at the Tilda Group, which was acquired on August 28, 2019.

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)	
	2019	2018
USD	89,542	106,230
EUR	15,709	17,342
THB	187,000	156,000
CAD	1,500	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								
	2019				2018			
Due to derivatives:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(364)	(194)	222	477	(381)	(199)	220	465

EFFECT OF CHANGES IN THE STERLING RELATIVE TO THE EURO								
	2019				2018			
Due to derivatives:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	1,317	686	(686)	(1,317)	775	376	(376)	(775)
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	(3,605)	(1,802)	1,802	3,605	(2,297)	(1,203)	1,203	2,297

VARIACIONES DEL DÓLAR FRENTE AL EURO, LA LIBRA ESTERLINA Y EL BAHT TAILANDÉS								
	2019				2018			
Due to derivatives:								
Income/(expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(3,854)	(1,643)	684	1,028	(714)	(154)	(389)	(972)
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	2,592	1,296	(1,296)	(2,592)	943	494	(494)	(943)

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 trend reflects the acquisition of the Tilda Group in US dollars in August 2019.

Impact on borrowings

CHANGES IN THE USD								
	2019				2018			
+ Borrowings / (–Borrowings)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Borrowings as per balance sheet	(17,580)	(9,209)	9,209	17,580	5,261	2,756	(2,756)	(5,261)

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.

In addition:

- The Group maintains significant liquidity at its subsidiaries in the US, Europe and the rest of the world.

- Management analyzes the availability of cash periodically in order to identify in a timely manner any shortfalls of liquidity requiring suitable financing.
- The Group also has the possibility of (i) securing additional financing from banks other than those it usually works with; and (ii) upsizing and extending its current financing lines beyond 12 months from the end of the reporting period.
- Lastly, the Group evaluates the concentration of its liquidity risk regularly with a view to refinancing its debt if necessary. It has concluded that its liquidity risk is not significantly concentrated.

Note 12.2 analyzes the Group's borrowings at year-end 2019 by maturity.

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 local 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 carrying amounts and fair values of Group's financial assets and liabilities at December 31, 2019 (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	12-31-2019		12-31-2018	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans to third parties	22,517	22,517	24,122	24,122
Deposits and guarantees	3,810	3,810	3,368	3,368
Shares in non-group companies	1,118	1,118	1,076	1,076
Derivatives	714	714	498	498
	28,159	**28,159**	**29,064**	**29,064**

FINANCIAL LIABILITIES	12-31-2019		12-31-2018	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Borrowings	996,459	1,000,810	711,982	711,982
Lease liabilities	89,705	89,705	100	100
Deposits and guarantees	97	97	97	97
Contingent financial liabilities	0	0	4,250	4,250
Financial liabilities under vendor call options	165,431	165,431	160,680	160,680
Derivatives	1,040	1,040	360	360
	1,252,732	**1,257,083**	**877,469**	**877,469**

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

	12-31-2019	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Equity instruments	**1,118**	–	1,118	–
Derivatives	**714**	–	714	–
Financial liabilities				
Other financial liabilities	**165,431**	–	–	165,431
Derivatives	**1,040**	–	1,040	–

(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 2019 and 2018 (in thousands of euros):

ITEM	12-31-19	12-31-18
Cash on hand and at banks	160,839	144,982
Short-term deposits and cash equivalents	91,233	26,468
TOTAL	**252,072**	**171,450**

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 252,072 thousand euros at December 31, 2019 (171,450 thousand euros at year-end 2018).

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 2019 (2018: 0.50%).

14 INVESTMENTS IN ASSOCIATES

The movements under this heading in 2019 and 2018 (in thousands of euros) are shown below:

ASSOCIATE								
	BALANCE AT 12-31-18	ADDITIONS DUE TO INVESTMENTS	DECREASES DUE TO DISPOSALS	DIVIDENDS PAID	PROFIT/ (LOSS) FOR THE YEAR	TRANSLATION DIFFERENCES	OTHER MOVEMENTS	BALANCE AT 12-31-19
Riso Scotti, S.p.a.	32,776			(1,400)	1,320	0	0	32,696
Associates of Riviana Foods Inc.	7,069			(1,608)	3,923	128	0	9,512
Other companies	122			0	0	0	(104)	18
	39,967	**0**	**0**	**(3,008)**	**5,243**	**128**	**(104)**	**42,226**

ASSOCIATE								
	BALANCE AT 12-31-17	ADDITIONS DUE TO INVESTMENTS	DECREASES 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**

There were no significant movements under this heading in 2019 or 2018.

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, 2019, are as follows (in thousands of euros):

	12-31-18	12-31-19
Trademarks, other intangible assets and goodwill	54,447	55,160
Property, plant and equipment	58,614	65,516
Other non-current assets	18,917	16,003
Current assets	68,281	77,262
Cash	25,310	16,765
Non-current, non-financial liabilities	(19,743)	(19,614
Financial liabilities	(65,767)	(68,487)
Current, non-financial liabilities	(57,437)	(60,232)
Non-controlling interests	(682)	(633)
	81,940	**81,740**
Ownership interest acquired	40%	40%
	32,776	**32,696**
Revenue	212,200	221,500
Profit for the year	3,380	3,300
No. of employees	320	325

(000€)

15 GOODWILL

The movements under goodwill in 2019 and 2018 (in thousands of euros) are shown below:

SEGMENT	CGU OR GROUPS OF CGUS	12-31-18	ADDITIONS	DECREASES & OTHER	IMPAIRMENT LOSSES	TRANSLATION DIFFERENCES	12-31-19
Rice	Danrice (Denmark)	14,524					14,524
Rice	Vogan (UK)	1,263				61	1,324
Rice	Riceland (Hungary)	2,125				59	2,184
Rice	Steve & Brotherton (UK)	1,674					1,674
Rice	Mundiriz (Morocco)	419			(184)	8	243
Rice	Ingredients Group	11,157					11,157
Rice	SOS Business (Spain)	28,390					28,390
Rice	Ebro Frost (Germany)	14,606					14,606
Rice	Geovita (Italy)	26,394			(3,500)		22,894
Rice	Transimpex (Germany)	14,994	298				15,292
Rice	Tilda Group (UK)	0	113,630			7,141	120,771
Rice	Riviana Group (US)	343,449				6,265	349,714
Pasta	Riviana Group (Canada)	69,030				5,019	74,049
Pasta	Panzani Group (France)	449,110		(16,541)			432,569
Pasta	Garofalo (Italy)	57,049					57,049
Pasta	Bertagni (Italy)	114,575					114,575
Other	Jiloca, S.A. (Spain)	129		(129)			0
Other	Harinas Santa Rita (Spain)	6,051					6,051
		1,154,939	**113,928**	**(16,670)**	**(3,684)**	**18,553**	**1,267,066**
TOTAL GROSS CARRYING AMOUNT		**1,173,686**	**113,928**	**(16,670)**		**18,553**	**1,289,497**
ACCUMULATED IMPAIRMENT LOSSES		**(18,747)**			**(3,684)**		**(22,431)**

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	Ingredients Group	11,152				5	11,157
Rice	SOS Business (Spain)	28,390					28,390
Rice	Ebro Frost (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	114,575				114,575
Other	Jiloca, S.A. (Spain)	129					129
Other	Harinas Santa Rita (Spain)	9,225		(1,924)	(1,250)		6,051
		1,031,601	**114,802**	**(1,924)**	**(1,429)**	**11,889**	**1,154,939**
TOTAL GROSS CARRYING AMOUNT		**1,048,919**	**114,802**	**(1,924)**		**11,889**	**1,173,686**
ACCUMULATED IMPAIRMENT LOSSES		**(17,318)**			**(1,429)**		**(18,747)**

The Group undertook several business combinations in 2019 and 2018. 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, Canadian and UK subsidiaries.

The Ebro Group establishes its cash-generating units in accordance with the definition given in IAS 36 *Asset impairment*: "A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets". The Group accordingly defines its cash-generating units using geographical criteria and by legal entity as, in general, the legal entities located in each country are separate and their business is basically focused on one of the activities comprising the Group's business segments, i.e., rice or pasta.

The goodwill balances were generated by business combinations. Those assets were tested for impairment at year-end 2019 and 2018 (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, underpinned by their budgets and medium-term business plans. The resulting CGU fair values were additionally cross-checked using comparable multiple methodology. Note with respect to the projection exercise undertaken in recent years, the actual results have not yielded significant deviations necessitating material changes in the projections.

Although effectiveness of the new lease accounting standard, IFRS 16, from January 1, 2019 has not had a very significant impact on the Ebro Group, as outlined in note 10, it has implied certain changes for impairment testing purposes. Specifically, it has implied the following changes:

- The metrics used for cross-checking purposes were revised upwards on account of the recognition of right-of-use assets.
- The statement of profit or loss and financial position projections were also adjusted to eliminate lease expense, a concept that has been replaced by right-of-use asset depreciation and the finance cost corresponding to the new financial liability.
- The numbers factor in new cash outflows corresponding to the renewal of the lease agreements subject to the new standard and their impact during the projection time horizon and on the CGUs' terminal value.
- The discount rates used have been adjusted to reflect the new market situation, making sure that the comparable companies used use similar accounting policies.

The growth rates used to extrapolate the cash flow projections beyond the projection horizon and the pre- and after-tax discount rates applied to the cash flow projections for the most important CGUs in 2019 (2018) were:

SEGMENT	CGU	PRE-TAX RATE		POST-TAX RATE		GROWTH RATE, G	
		2019	2018	2019	2018	2019	2018
Rice	Frozen Foods (Germany and Denmark)	5.4%	7.4%	4.5%	6%	1.8%	1.6%
Rice	UK Business **(a)**	6.4%	8.3%	5.5%	7%	1.7%	1.8%
Rice	Ingredients (Belgium and Netherlands)	5.6%	7.6%	4.5%	6%	1.8%	1.8%
Rice	SOS Business (Spain)	6.5%	9.3%	5.25%	7.3%	1.8%	1.8%
Rice	Geovita (Italy and France)	6.6%	8.6%	5.5%	6.8%	1.7%	1.8%
Rice	Transimpex (Germany)	5.4%	7.4%	4.5%	6%	1.8%	1.6%
Rice	Riviana Group (US)	6.9%	9.1%	5.75%	7%	2.2%	2.2%
Pasta	Riviana Group (Canada)	6.8%	8.9%	5.5%	6.8%	2%	2%
Pasta	Panzani Group (France)	6.1%	7.6%	5%	6%	1.8%	1.6%
Pasta	Garofalo (Italy and international)	8%	11.7%	6.5%	8.5%	1.7%	1.8%
Pasta	Bertagni (Italy) **(b)**	7.3%	N-A	6%	N-A	1.7%	N-A
Other	Harinas Santa Rita (Spain)	6.4%	9.1%	5.25%	7.3%	1.8%	1.8%

(a) The recently acquired Tilda business will be tested for impairment one year after the acquisition date
(b) Business acquired in 2018 and tested for impairment for the first time in 2019

The key assumptions used to value each cash-generating unit (CGU) include: (i) the average rate of sales revenue growth modeled for the projection period; (ii) the compound average annual rate of growth in the EBITDA-A margin; (iii) the trend in working capital expressed as a number of days of sales; (iv) average annual capital expenditure, modeled as a percentage of projected EBITDA; (v) the discount rate; and (vi) the rate of growth in perpetuity (g).

The Group did not detect any indications that its intangible assets may have become impaired in 2019. Moreover, the results of its 2019 impairment tests were satisfactory, other than a minor charge recognized against one of Italian CGUs in the rice segment in 2019.

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. That assessment is underpinned by the sensitivity analysis performed with respect to the two inputs deemed key to the valuation results:

SEGMENT	CGU	CHANGE NECESSARY FOR THE RECOVERABLE AMOUNT TO FALL TO THE UNIT'S CARRYING AMOUNT	
		+WACC (POINTS)	- G (POINTS)
Rice	Frozen Foods (Germany and Denmark))	a)	a)
Rice	UK Business **(a)**	a)	a)
Rice	Ingredients (Belgium and Netherlands)	a)	a)
Rice	SOS Business (Spain)	a)	a)
Rice	Geovita (Italy and France)	Impaired	Impaired
Rice	Transimpex (Germany)	a)	a)
Rice	Riviana Group (US)	a)	a)
Pasta	Riviana Group (Canada)	a)	a)
Pasta	Panzani Group (France)	1.5%	(0.5%)
Pasta	Garofalo (Italy and international)	a)	a)
Pasta	Bertagni (Italy) b)	a)	a)
Other	Harinas Santa Rita (Spain)	a)	a)

a) CGUs in which it would take an increase in the WACC of over 2 percentage points and, simultaneously, a reduction in the rate of growth in perpetuity of over 0.5 percentage points (with respect to the values indicated in the table above) for their recoverable amount to decrease to their carrying amount.

16 INVENTORIES

The breakdown of inventories at year-end 2019 and 2018 (in thousands of euros):

ITEM	12-31-19	12-31-18
Goods held for resale	13,473	21,406
Raw materials	269,312	231,464
Consumables and replacement parts	11,389	10,021
Containers	36,884	38,726
Work in progress	31,140	31,703
Finished goods	226,224	212,418
By-products and waste	3,892	4,575
Prepayments to suppliers	34,712	50,187
TOTAL GROSS CARRYING AMOUNT OF INVENTORIES	**627,026**	**600,500**
Inventory impairment provision	(6,014)	(5,696)
TOTAL CARRYING AMOUNT OF INVENTORIES	**621,012**	**594,804**

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 43,450 thousand euros of rice from rice growers, cooperatives and exporters at year-end 2019 (70,762 thousand euros at year-end 2018). The Group was also contractually committed to raw material and packaging material purchases in the US, Canada, France and Italy totaling 134,514 thousand euros (year-end 2018: 94,485 thousand euros).

The net provision for inventory impairment recognized in 2019 was 3,525 thousand euros (2018: 2,230 thousand euros), while 3,035 thousand euros of previously recognized provisions were utilized (2018: 734 thousand euros); exchange gains on inventories amounted to 172 thousand euros (2018: losses of 106 thousand euros).

17 SHARE CAPITAL, RESERVES, EARNINGS PER SHARE AND DIVIDENDS

17.1 CAPITAL AND RESERVES

Issued 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, 2019 (2018), 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 (17,980,610) shares, representing a 11.696% (11.696%) interest.
- Sociedad Estatal de Participaciones Industriales: indirect holder, via Alimentos y Aceites, S.A., of 15,940,377 (15,940,377) shares, representing a 10.360% (10.360%) interest.

- Corporación Financiera Alba, S.A., which directly holds 21,546,807 (21,546,807) shares, representing a 14.004% (14.004%) 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., 7,891,633 shares (5,600,000), representing a 5.129% interest (3.640%). Accordingly, this shareholder directly and indirectly holds 7,894,663 (5,603,030) shares in the Company, giving him a 5.131% (3.642%) interest.
- Artemis Investment Management, LLP, which directly holds a 4.25% interest. This investor's shareholding went above 3% on May 8, 2019.

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 24.7 million euros (24.5 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 2018: 38,531 thousand euros) corresponding to Herba Foods S.L.U. 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:

	12-31-19	12-31-18
Herba companies	(3,608)	(11,496)
RIVIANA Group (US)	89,692	60,042
Ebro Alimentación Mexico	(164)	(172)
Garofalo Group (Italy) - International business	(32)	(36)
Panzani Group (France) - International business	95	63
Tilda Group (UK, India & UAE)	18,136	0
TOTAL	**104,119**	**48,401**

Own shares

In 2019, 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 2019, the Company bought back 58,000 shares, sold 28,250 and, under the scope of the employee share plan, delivered 29,750 own shares to employees. The Company did not hold any own shares at December 31, 2019.

In 2018, 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 2018, under the scope of the employee share plan, it bought back 33,348 shares, which it delivered to employees. The Parent did not hold any own shares as treasury stock at December 31, 2018.

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:

	12-31-19	12-31-18
Profit from continuing operations attributable to ordinary equity holders of the parent	125,709	140,963
Profit from discontinued operations attributable to ordinary equity holders of the parent	16,043	626
Profit attributable to ordinary equity holders of the parent	141,752	141,589
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)	141,752	141,589

	2019	2018
	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 4, 2019 at which the Parent's shareholders ratified the motion to pay a cash dividend with a charge against 2018 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2019 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 1, June 29 and October 1, 2019.

DIVIDENDS DECLARED, PAID AND PROPOSED	2019	2018
Dividends paid:		
Final dividend paid against 2018 profit: 0.57 euros (against 2017: 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 2019 profit: 0.57 euros (2018: 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 2019 and 2018 (thousands of euros):

	GOVERNMENT GRANTS		EMISSION ALLOWANCES		OTHER DEFERRED INCOME		TOTAL	
	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
OPENING BALANCE	**3,346**	**3,525**	**1**	**63**	**246**	**463**	**3,593**	**4,051**
Additions due to business combinations	0	0	0	0	0	0	0	0
Decreases due to disposals	(800)	0	0	0	0	0	(800)	0
Grants received	6,375	131	0	0	0	0	6,375	131
Additions due to emission allowances	0	0	0	0	0	0	0	0
Other increases/decreases	(1,244)	15	0	(62)	0	0	(1,244)	(47)
Translation differences	4	0	(1)	0	7	15	10	15
Reclassified to profit or loss from continuing operations	(477)	(325)	0	0	(253)	(232)	(730)	(557)
CLOSING BALANCE	**7,204**	**3,346**	**0**	**1**	**0**	**246**	**7,204**	**3,593**

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 Group was awarded a 5 million euro grant for the construction of a new factory in La Rinconada, Seville (Spain) in 2019.

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	234	731	6,239	7,204

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:

	12-31-19	12-31-18
	TOTAL	TOTAL
OPENING BALANCE	**43,156**	**51,110**
Translation differences	435	714
Business combinations	208	367
Disposals	(335)	0
Amounts utilized and benefits paid	(12,201)	(16,913)
Amounts transferred to other accounts	272	0
Amount provided for in the year for actuarial changes	2,985	(3,432)
Amount provided for in the year for unwind of discount	1,249	1,243
Amount provided for in the year for employee benefits expens	11,106	10,055
Amount provided for in the year for other operating expenses	118	0
Amount provided for in the year in respect of discontinued operations	17	12
CLOSING BALANCE	**47,010**	**43,156**

The breakdown by type of post-employment commitment (in thousands of euros):

	12-31-19	12-31-18
Defined benefit obligations	21,288	17,708
Retirement bonuses and similar obligations	22,364	22,052
Senior management bonus schemes (note 23)	3,358	3,396
TOTAL	**47,010**	**43,156**

The types of commitments extended by company/CGU are summarized below:

	DEFINED CONTRIBUTION PENSION COMMITMENTS	DEFINED BENEFIT PENSION COMMITMENTS	OTHER DEFINED BENEFIT 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):

	12-31-19	12-31-18
Panzani France Group (Panzani)	18,240	18,213
Herba Rice Group (Herba)	2,324	2,113
Garofalo (Italy)	452	473
Riviana American Group (Riviana)	887	900
Ebro Group Germany (Germany)	189	189
Ebro Foods, S.A.	187	164
Other minor obligations	85	0
SUBTOTAL	**22,364**	**22,052**

19.1.1 Ebro Foods, S.A.

The balance at year-end 2019 in respect of Ebro Foods, S.A. totals 187 thousand euros (year-end 2018: 164 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 22 thousand euros in 2019 (2018: 4 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 14,283 and 14,014 thousand euros at year-end 2019 and 2018, respectively) and long-service bonuses (provisions of 1,041 and 1,022 thousand euros at year-end 2019 and 2018, respectively) and; (ii) since 2016, provisions for termination benefits (2,916 and 3,177 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 such 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 2019 amounted to 2,460 thousand euros having charged 566 thousand euros directly in equity as actuarial losses (in 2018, the Group recognized expenditure of 1,024 thousand, 480 thousand euros of which was credited directly in equity as actuarial gains).

These provisions are funded in-house, albeit not by specific assets. The interest rate applied in 2019 was 0.75% (1.5% in 2018).

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 2019 amounted to 2,279 thousand euros (2,017 thousand euros at year-end 2018). Expenditure in 2019 was 477 thousand euros (2018: 377 thousand euros).

In addition, some Herba Group subsidiaries (S&B Herba in the UK, Boost in Belgium, 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 2019 was 1,647 thousand euros (2018: 1,403 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 2019 stood at 45 thousand euros (96 thousand euros at year-end 2018). Net expenditure in 2019 was 39 thousand euros (2018: 74 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 2019 amounted to 452 thousand euros (473 thousand euros at year-end 2018). The discounting of this provision implied a finance cost of 7 thousand euros in 2019 (2018: 9 thousand euros), actuarial losses charged directly to equity of 26 thousand euros (actuarial gains credited in equity of 21 thousand euros in 2018) and payments totaling 46 thousand euros (2018: 56 thousand euros). The expense recognized in 2019 in respect of the obligation externalized since 2008 amounted to 427 thousand euros (2018: 425 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 in note 19.2 below, those former employees had accrued retirement bonus benefits until December 31, 2013 (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 in note 19.2 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 2,629 thousand euros in 2019 (2018: 2,461 thousand euros).

19.2 PENSION AND OTHER DEFINED BENEFIT OBLIGATIONS

The breakdown by company:

	12-31-19			12-31-18		
	PENSION COMMITMENTS	OTHER COMMITMENTS	TOTAL	PENSION COMMITMENTS	OTHER COMMITMENTS	TOTAL
Riviana Group (US & Canada)	8,308	(2,694)	5,614	7,600	(3,197)	4,403
Boost (Herba) (Belgium)	351		351	356		356
S&B Group (Herba) (UK)	6,357		6,357	5,170		5,170
Ebro Germany (Germany)	2,273		2,273	2,124		2,124
Euryza (Herba) (Germany)	4,895		4,895	4,500		4,500
Transimpex (Germany)	1,798		1,798	1,155		1,155
	23,982	**(2,694)**	**21,288**	**20,905**	**(3,197)**	**17,708**

(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 2019 and 2018:

	TOTAL		EUROPE		US & CANADA	
	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
Provisions for pensions - obligations						
Opening balance	73,258	77,701	24,953	26,735	48,305	50,966
Business combinations	0	0	0	0	0	0
Charge for the year	4,156	4,343	700	684	3,456	3,659
Actuarial changes	9,219	(6,234)	3,820	(1,323)	5,399	(4,911)
Benefits paid	(7,579)	(4,723)	(1,982)	(1,004)	(5,597)	(3,719)
Transfers between plans	298	0	298	0	0	0
Translation differences	1,768	2,171	770	(139)	998	2,310
CLOSING BALANCE	**81,120**	**73,258**	**28,559**	**24,953**	**52,561**	**48,305**
Provisions for pensions - plan assets						
Opening balance	(55,550)	(54,028)	(11,648)	(12,223)	(43,901)	(41,805)
Business combinations	0	0	0	0	0	0
Return on plan assets	(1,514)	(1,299)	(293)	(290)	(1,221)	(1,009)
Contributions by employer	(2,177)	(6,243)	(844)	(1,099)	(1,333)	(5,144)
Actuarial changes	(6,803)	3,274	(1,571)	867	(5,232)	2,407
Benefits paid	7,579	4,717	1,982	1,004	5,597	3,713
Transfers between plans	0	0	0	0	0	0
Translation differences	(1,367)	(1,971)	(511)	93	(857)	(2,063)
CLOSING BALANCE	**(59,832)**	**(55,550)**	**(12,885)**	**(11,648)**	**(46,947)**	**(43,901)**
NET ASSET RECOGNIZED AT YEAR-END	**21,288**	**17,708**	**15,674**	**13,305**	**5,614**	**4,404**

(000€)

NET ANNUAL COST BY COMPONENT

	TOTAL		EUROPE		US & CANADA	
	12-31-19	12-31-18	12-31-19	12-31-18	12-31-19	12-31-18
Current service cost	1,638	2,029	102	100	1,536	1,929
Borrowing costs	2,517	2,035	598	305	1,919	1,730
Expected return on plan assets	(1,514)	(1,021)	(293)	(12)	(1,221)	(1,009)
	2,641	**3,043**	**407**	**393**	**2,234**	**2,650**
Actuarial changes recognized directly in consolidated equity: (gains)/losses	2,416	(2,960)	2,249	(456)	167	(2,504)

ACTUARIAL ASSUMPTIONS

	12-31-19	12-31-18	12-31-19	12-31-18
Discount rate	0.20% - 2.10%	1.15% - 2.9%	3% - 3.43%	4.02% - 4.35%
Future salary increases	1.5% - 3.0%	1.5% - 3.0%	3.00%	3.00%
Expected return on plan assets	0.20% - 2.10%	1.15% - 2.9%	3% - 3.43%	4.02% - 4.35%

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 2019 and 2018 (in thousands of euros) are shown below:

MOVEMENTS UNDER OTHER PROVISIONS

	12-31-19	12-31-18
OPENING BALANCE	**22,700**	**20,579**
Translation differences	11	21
Business combinations	(18)	1,085
Transfer to deferred taxes	(7,896)	0
Other transfers	(521)	(21)
Amounts utilized and payments	(1,853)	(3,890)
Additions with a charge to profit or loss	2,961	5,456
Unused amounts reversed with a credit to profit or loss	(259)	(530)
CLOSING BALANCE	**15,125**	**22,700**

Within the movements recognized in 2019, it is worth highlighting the reclassification of 7,896 thousand euros of provisions recognized for tax assessments that are being contested to deferred tax liabilities in 2019 (note 21).

An analysis by underlying concept and company/business (in thousands of euros):

BREAKDOWN OF OTHER PROVISIONS BY CONCEPT

	12-31-19	12-31-18
Lawsuits and disputes	14,130	21,446
Modernization and restructuring plan	397	237
Sundry other contingencies of insignificant amount	598	1,017
	15,125	**22,700**

	12-31-19	12-31-18
Ebro Foods, S.A.	11,240	16,019
Panzani Group	2,031	1,920
Herba Group	144	3,607
Riviana Group	397	233
Ebro Group Germany	598	572
Other	715	349
	15,125	**22,700**

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.

In relation to the resolution issued by the Spanish anti-trust authority, the CNMC for its acronym in Spanish, on February 26, 2015, imposing a fine of 10,270 thousand euros on Puleva Food, S.L., its annulment by the National High Court on October 25, 2018 and the subsequent resumption of the disciplinary proceedings by the CNMC with retroactive effect on December 21, 2018, the CNMC issued a new disciplinary ruling on July 11, 2019. In that new ruling, the CNMC reiterated its original opinion of the underlying facts and levied a fine in the same amount against Puleva Food, S.L. Therefore, and notwithstanding the fact that the Group believes it has substantive arguments against this new ruling, 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 certain years and concepts still under warranty to the buyer of the Group's former dairy business; the case was pending ruling at December 31, 2019.

Lawsuits and disputes: Tax assessments

As detailed above, 7,896 thousand euros of provisions recognized for tax assessments that are being contested were reclassified to deferred tax liabilities in 2019 (note 21).

20.2 STATUS OF OTHER LAWSUITS AND DISPUTES

In addition to the lawsuits outlined in section 20.1 above, at year-end 2019, the Group had recognized provisions for other lawsuits and disputes in the amount of 2,890 thousand euros (year-end 2018: 2,272 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):

	12-31-19	12-31-18
Tax and customs assessments signed under protest	1,347	10,492
Judicial review contingencies	14,291	10,367
Other lawsuits	196	645
	15,834	**21,504**

21 TAX MATTERS

Year-end balances receivable from and payable to the tax authorities (in thousands of euros):

	RECEIVABLE		PAYABLE	
	12-31-19	12-31-18	12-31-19	12-31-18
VAT and personal income tax	33,779	34,784	(12,299)	(14,971)
Social Security	3	159	(3,205)	(2,738)
Grants pending collection	5,000	0		
Other public authorities	42	40	(33)	(105)
TOTAL TAXES RECEIVABLE/PAYABLE	**38,824**	**34,983**	**(15,537)**	**(17,814)**
INCOME TAX - TAX PAYABLE/REFUNDABLE	**24,027**	**23,488**	**(8,685)**	**(11,691)**

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 (US) 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%; Germany: 30%; the Netherlands: 25.5%; Italy: 24%; and the UK: 19%. 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)'.

Income tax expense for the year ended December 31, 2019 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 consolidated average effective tax rate in 2019 was 32.36% (29.77% in 2018). The increase in the effective rate is due primarily to the tax losses recognized in some of the Group's business markets in 2019 for which it was decided not to recognize the corresponding tax assets in light of prevailing uncertainty as to the ability to utilize them within a reasonable period of time on account of time limits on their offset in those countries

The breakdown of the tax expense accrued by the consolidated Group in 2019 and 2018 (in thousands of euros) is provided below:

	12-31-19		12-31-18	
	ACCOUNTING	TAX	ACCOUNTING	TAX
ACCOUNTING PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**198,478**	**198,478**	**211,721**	**211,721**
PROFIT/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS	**17,257**	**17,257**	**1,229**	**1,229**
PROFIT/(LOSS) BEFORE TAX RECOGNIZED IN EQUITY	**(2,985)**	**(2,985)**	**3,426**	**3,426**
	212,750	**212,750**	**216,376**	**216,376**
Permanent differences	(23,439)	(23,439)	(8,507)	(8,507)
Tax losses generated during the year	39,534	39,534	10,751	10,751
Utilization of individual tax losses	(4,084)	(4,084)	(3,595)	(3,595)
ACCOUNTING PROFIT ADJUSTED FOR PERMANENT DIFFERENCES	**224,761**	**224,761**	**215,025**	**215,025**
Temporary differences		(39,861)		(66,272)
Tax losses generated during the year		3,592		7,583
Utilization of tax losses		(1,565)		(2,350)
ADJUSTED TAXABLE PROFIT	**224,761**	**186,927**	**215,025**	**153,986**
Impact of differing tax rates (taxable income)	6,259	11,533	7,283	14,130
TAXABLE INCOME OF THE GROUP	**231,020**	**198,460**	**222,308**	**168,116**
Tax calculated at statutory rate of 25%	57,755	49,615	55,577	42,029
Tax credits utilized	0	0	0	0
TAX PAYABLE	**57,755**	**49,615**	**55,577**	**42,029**
Adjustments in respect of prior-year's income tax	686		803	
Restatement of net deferred taxes due to changes in tax rates	0		(1,571)	
Restatement of net deferred taxes	(1,222)		(244)	
Inspection assessments and fines (note 21.c)	(649)	0	2,356	2,918
Equivalent tax charges	7,984	6,450	7,700	6,745
Adjustment in respect of prior year's tax payable		(2,084)		3,076
TOTAL TAX EXPENSE	**64,554**	**53,981**	**64,621**	**54,768**
TAX EXPENSE, CONTINUING OPERATIONS	**64,233**		**63,036**	
TAX EXPENSE, DISCONTINUED OPERATIONS	**1,214**		**603**	
TAX EXPENSE, RECOGNIZED DIRECTLY IN EQUITY	**(893)**		**982**	
	64,554		**64,621**	

STATEMENT OF PROFIT OR LOSS - INCOME TAX

	12-31-19	12-31-18
Current tax expense, continuing operations	48,352	41,426
Current tax expense, discontinued operations	1,263	603
Total deferred tax expense	8,937	12,759
Tax expense deferred in equity	(797)	789
Restatement of prior-year's income tax	686	803
Restatement of net deferred taxes	(1,222)	(1,815)
Equivalent tax charges	7,984	7,700
Inspection assessments and fines	(649)	2,356
	64,554	**64,621**

TAX EXPENSE, RECOGNIZED DIRECTLY IN EQUITY

	12-31-19	12-31-18
Change in fair value of financial assets	0	0
Change due to actuarial gains/(losses)	(893)	982
	(893)	**982**

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 2019 and 2018:

- An increase of 3,080 thousand euros (2018: decrease of 3,358 thousand euros) due to the tax effect of actuarial losses/gains on pension commitments, recognized directly in equity.
- A decrease of 18,731 thousand euros (20,227 thousand in 2018) due to the amortization for tax purposes of the goodwill arising on the acquisition of foreign companies.
- A decrease of 25,879 thousand euros (35,839 thousand euros in 2018) 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 1,423 thousand euros (8,295 thousand euros in 2018) 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.
- A decrease of 945 thousand euros (increase of 2,427 thousand euros in 2018) in relation to temporary differences at the Panzani Group, due mainly to movements under provisions, offset by property, plant and equipment depreciation charges.
- An increase of 4,801 thousand euros (decrease of 3,971 thousand euros in 2018) in consolidation adjustments due to different accounting criteria applied in preparing the separate versus the consolidated annual financial statements.
- A net decrease of 764 thousand euros (2018: 2,991 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 cancelled and financial assets that were or were not eligible for deduction during the year.

The permanent differences correspond basically to:

- 19,278 thousand euros corresponding to the gain obtained in 2019 on the disposals of the Bio Foods and Jiloca businesses (note 5), which are exempt from corporate income tax.
- The remaining 4,161 thousand euros (2018: 8,507 thousand euros) relate 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 2019 or 2018 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; those 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. Those 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:

	12-31-19			12-31-18		
	ASSETS	LIABILITIES	NET	ASSETS	LIABILITIES	NET
OPENING BALANCE	**52,884**	**(238,328)**	**(185,444)**	**49,757**	**(221,683)**	**(171,926)**
Transfers	0	(7,896)	(7,896)	2,311	(2,311)	0
Translation differences	876	(2,063)	(1,187)	1,362	(4,500)	(3,138)
Business combinations	35	(19,956)	(19,921)	674	(4,176)	(3,502)
Disposals / derecognitions	7	2,543	2,550	0	0	0
Charged / credited in statement of profit or loss	4,666	(13,603)	(8,937)	(1,036)	(11,723)	(12,759)
Charged / credited to equity	690	107	797	(1,131)	342	(789)
Restatements	(1,906)	(5,861)	(7,767)	947	5,723	6,670
CLOSING BALANCE	**57,252**	**(285,057)**	**(227,805)**	**52,884**	**(238,328)**	**(185,444)**

Within the movements recognized in 2019, it is worth highlighting the reclassification of 7,896 thousand euros of provisions recognized for tax assessments signed under protest from "Other provisions" (note 20) to deferred tax liabilities in 2019. Further information on the status of the provisioned tax assessments is provided later on in this note.

The breakdown of deferred taxes into their most significant components at year-end is provided in the next table:

	12-31-19		12-31-18	
	DEFERRED TAX		DEFERRED TAX	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Property, plant and equipment	5,592	(81,645)	5,518	(72,743)
Investment properties	5,796	0	5,793	0
Goodwill	2,123	(100,089)	2,107	(87,488)
Other intangible assets	3,359	(92,676)	2,967	(72,348)
Inventories	4,404	(401)	3,004	(643)
Receivables and accruals (assets)	3,465	(881)	3,683	(865)
Pensions and similar obligations	11,277	(18)	10,709	(30)
Other non-current provisions	1,497	(668)	1,218	(775)
Payables and accruals (liabilities)	9,723	1,309	6,581	1,707
Unused tax credits and tax losses	10,006	0	11,099	0
Tax assessments	0	(7,896)	0	0
Accrual of tax credits	10	(2,092)	205	(5,143)
TOTAL	**57,252**	**(285,057)**	**52,884**	**(238,328)**

At year-end 2019, the Group companies had around 70 million euros of unused tax losses (48 million euros at year-end 2018), for which it has mostly not recognized the corresponding tax assets, which it can offset against taxable profit during periods ranging from four years to indefinitely.

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 2014 or 2015. The directors believe there is no need to provide for potential additional tax liabilities that could arise from differing interpretations of tax regulations.

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 being contested (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 the proceedings 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, an inspection of the Spanish tax group for 2012 to 2015, both years included, finished in 2018; as a result, in 2018, the Company recognized 3,680 thousand euros of provisions in relation to preliminary assessments signed under protest. The definitive assessments for the years covered by that inspection were handed down in 2019 and the original provision was adjusted accordingly: it was reduced by 695 thousand euros.

As a result, the summary of the definitive tax assessments for 2012 - 2015 is as follows (most of the related provisions were already recognized in the 2018 financial statements):

	ASSESSMENTS UNCONTESTED	ASSESSMENTS CONTESTED	TOTAL
Tax	546	2,621	3,167
Interest	76	364	441
Fines	0	0	0
	622	**2,985**	**3,608**

(000€)

ACCOUNTING TREATMENT	TOTAL	EBRO FOODS S.A.	REST OF TAX GROUP
Statement of profit or loss			
Income tax expense	1,715	1,363	352
Other operating expenses	1	0	1
Finance costs	410	364	46
Deferred income tax	1,482	(690)	2,172
TOTAL CHARGES	**3,608**	**1,037**	**2,570**
Other non-current provisions	(2,985)	(802)	(2,183)
Inter-company balances receivable / payable within tax group	0	303	(303)
Taxes payable (payables)	(623)	(538)	(85)
TOTAL PAYMENTS	**(3,608)**	**(1,037)**	**(2,570)**

(000€)

Below is a summary of the impacts on the 2019 financial statements of the definitive assessments in respect of 2012 - 2015, along with a comparison with the amounts already recognized in 2018:

IMPACT OF DEFINITIVE ASSESSMENTS IN 2019			
ACCOUNTING TREATMENT	TOTAL	EBRO FOODS S.A.	REST OF TAX GROUP
Statement of profit or loss			
Income tax expense	(641)	(75)	(566)
Other operating expenses	0	0	0
Finance costs	(54)	26	(80)
Deferred income tax	0	0	0
TOTAL CHARGES	**(695)**	**(49)**	**(646)**
Other non-current provisions	695	49	646
Inter-company balances receivable / payable within tax group	0	0	0
Taxes payable (payables)	0	0	0
TOTAL PAYMENTS	**695**	**49**	**646**

(000€)

All of the assessments were already 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, definitive assessments in the amount of 3,641 thousand euros have been signed under protest in relation to a specific concept 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.

22 COMMITMENTS AND CONTINGENCIES

COMMITMENTS UNDER LEASES THAT HAVE NOT BEEN CAPITALIZED (EXEMPT LOW VALUE AND SHORT- TERM LEASES) – GROUP AS LESSEE

Note 10 provides the minimum future expenses (payments) payable under leases that have not been capitalized due to qualification as low-value or short-term leases.

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 revision, generally upwards, of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancelable operating leases at year-end (in thousands of euros) are as follows:

	12-31-19	12-31-18
Within one year	716	612
After one year but not more than five years	66	249
More than five years	8	0
TOTAL	**790**	**861**

CAPITAL COMMITMENTS

Capital expenditure contracted for (machinery purchases and upgrades) at the end of the reporting period but not yet incurred totaled 18,400 thousand euros (38,600 thousand euros at year-end 2018).

INVENTORY COMMITMENTS

Refer to the disclosures provided in note 16.

LEGAL CLAIMS AND DISPUTE GUARANTEES

Refer to the disclosures provided in notes 20 and 21.

GUARANTEES

The guarantees provided in the form of bank guarantees at the end of each reporting period (in thousands of euros):

	12-31-19	12-31-18
Bank guarantees: Provided to courts and other bodies in relation to claims and tax deferrals (notes 20 & 21)	10,305	14,061
Bank guarantees: provided to Spain's Agricultural Guarantee Fund (FEGA), customs authorities and third parties to guarnatee fulfilment of obligations arising in the ordinary course of business	28,558	26,264
Other bank guarantees	224	937
TOTAL	**39,087**	**41,262**

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).

INVESTMENT COMMITMENTS

As detailed in note 12.2, the Group has closed a number of business combinations in recent years in which it has acquired the majority of the target companies' voting rights and, by extension, control. In structuring some of those transactions it granted the NCI holders certain put options over their shares, as detailed in the table below.

BUSINESS ACQUIRED	ACQUISITION DATE	% ACQUIRED	% NCI	DESCRIPTION
Ingredients Group	May 1, 2016	100%	-	Note 1
Transimpex m.b.H,	Oct, 1, 2017	100%	-	Note 1
Pastificio Lucio Garofalo Spa	Jun, 18, 2014	52%	48%	Note 2
Santa Rita Harinas, S.L.	July 13, 2016	52%	48%	Note 2
Geovita Group	Aug, 1, 2017	52%	48%	Note 2
Bertagni 1882, S.p.A.	Apr, 1, 2018	70%	30%	Note 2

Note 1: Ingredients Group and Transimpex: here the Group is obliged to acquire the NCI holdings (20% and 45%, respectively), paying a fixed price, in the event of the death, disability or abandonment of the NCI holder. That fixed price is grossed up by the corresponding percentage interest in any profits that have not been distributed on the date of purchase of the NCI holder shares. In these two specific cases, therefore, it is understood that the Group has deferred payment for 100% of the shares, such that the NCI shares are recognized as if they had already been acquired at the time of the business combination and any changes in the recognized liability payable to the NCI holders are recognized in profit or loss.

Note 2: The price of the put options written over the NCI shares is calculated on the basis of average earnings over a series of years. The accounting policy applied by the Group to recognize these put options, for which it has concluded that IAS 32 does not apply as the Group has not acquired the voting and dividend rights attached to 100% of the target companies' shares (including those held by NCI holders), is described in note 3.a.

With respect to the contractual terms and conditions of the above business combinations, note that:

- They do not impose any restrictions on the NCI holders' voting rights or dividend entitlements.
- They do not entail purchased NCI call options with the same exercise date as the written NCI put options, even though the call and put option price-setting features may be similar.
- The exercise prices for the NCI holders' put options are established on the basis of average earnings reported by the companies acquired over a series of years and are not, therefore, set at a fixed amount (other than the Transimpex and Ingredients Group acquisitions).

In light of the above, with the exception of the Transimpex and Ingredients Group transactions, the written NCI put options are not considered contingent consideration requiring measurement under IAS 32 but rather require recognition under IFRS 10, as the options do not give the buyers present access to the returns associated with the NCI holders' shares.

The summary of the commitments assumed by entity:

- **Ingredients Group** - In 2011 the Ebro Group acquired 50% of Grupo TBA Suntra B.V. from one of its 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. 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 shares. 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.

  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 company itemized above (among others), the Ebro Group sold the above shareholder 20% of the Ingredients business. In parallel, it entered into an agreement with the other shareholder for the future acquisition of the said 20% interest in the Ingredients business by writing a put option (exercisable from January 1, 2019 with no expiry date) such that the NCI holder can oblige the Ebro Group to acquire its shares. In addition, the Ebro Group has a right of first refusal such that third parties cannot acquire the shares. Lastly, the Ebro Group has an irrevocable call option over the shares in the event that the other shareholder dies or becomes incapacitated.

  The Ingredients Group has therefore 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 20% as a non-current financial liability (valued in accordance with the method described in note 1 of the table above).

- **Transimpex** - In September 2017, through its wholly-owned German subsidiary, Ebro Foods Germany, Gmbh., the Ebro 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 for in 2017. The Group has committed to pay the outstanding 14,261 thousand euros three years from the close, by September 30, 2020, from which date (and with no time limit) 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.

  Transimpex has therefore 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 45% as a non-current financial liability (valued in accordance with the method described in note 1 of the table above).

- **Grupo Garofalo** - 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, paying 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%: it wrote a put option (exercisable until December 31, 2029 following an amendment of the terms in 2019) and purchased a call option (exercisable from January 1 to December 31, 2030, as amended in 2019). The acquisition price in the event these options are exercised will be determined as a function of the Garofalo Group's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. The fair value of the written NCI put option has been recognized as a non-current financial liability (measured in accordance with the method described in note 2 of the table above).

- **Santa Rita Harinas** - 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%, writing a put option (exercisable from August 2019 with no expiry date) and purchasing a call option (exercisable from August 2026 with no expiry date) over the NCI holder's shares. The acquisition price in the event these options are exercised will be determined as a function of the company's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. The fair value of the written NCI put option has been recognized as a non-current financial liability (measured in accordance with the method described in note 2 of the table above).

- **Geovita** - In July 2017, the Ebro Group acquired a 52% interest in the Geovita Group of Italy, whose parent company is Geovita Functional Ingredients, S.r.l., also undertaking to acquire the remaining 48%. It invested 16,500 thousand euros for that 52% shareholding, which it paid for in 2017. 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, the Group has arranged a call option of 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 Geovita Group's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. The fair value of the written NCI put option has been recognized as a non-current financial liability (measured in accordance with the method described in note 2 of the table above).

- **Bertagni Group** - On March 29, 2018, the Group acquired 70% of Italy's Bertagni 1882, S.p.A ("Bertagni") through the Panzani Group and Pastificio Lucio Garofalo, S.p.A.. 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. The fair value of the written NCI put option has been recognized as a non-current financial liability (measured in accordance with the method described in note 2 of the table above).

The Group's investment commitments with respect to these companies and the expected timeline of the potential future payments are summarized below:

	TOTAL	GROUP 1	GROUP 2
TOTAL COMMITMENTS AT 1 JANUARY, 2019	**160,680**	**27,287**	**133,393**
Dividends paid in 2019	(10,632)	(4,554)	(6,078)
Profit-sharing of 2019 **(a)**	5,511		5,511
Other income and expenses sharing	(36)		(36)
Expenses/losses on derivatives and financial instruments (Note 7.3)	3,381	3,381	
Fair value variation in 2019 **(a)**	6,527		6,527
TOTAL COMMITMENTS AT 31 DECEMBER, 2019	**165,431**	**26,114**	**139,317**
Payment due estimation			
Potencial future payments 2020	14,654		
Potencial future payments 2021	16,070		
Potencial future payments 2022	82,322		
Potencial future payments 2023	52,385		
	165,431		

(000€)

(a) Group 1: Ingredients Group and Transimpex
(b) Group 2: Garofalo Group, Santa Rita Harinas, Geovita and Bertagni Group
(c) The non-controlling interests' shares in these companies' earnings is recognized in the consolidated statement of profit or loss under "Group profit for the year - Attributable to non-controlling interests" and the impacts of subsequent remeasurement of NCI puts are recognized against retained earnings in the consolidated statement of changes in equity within "Other movements".

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 2019.

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	2019 AMOUNT	2018 AMOUNT
Sociedad Anónima DAMM (Estrella de Levante, S.A.)	Herba Ricemills, SLU	Contractual	Sale of goods (finished and in- progress)	1,267	1,246
Sociedad Anónima DAMM (Cía Cervecera Damm, S.A.)	Herba Ricemills, SLU	Contractual	Sale of goods (finished and in- progress)	5,020	3,944

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	RELATIONS HIP	NAME OR COMPANY NAME OF THE RELATED PARTY	EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2019 AMOUNT	2018 AMOUNT
Antonio Hernández Callejas	Relative	Luis Hernández González	Ebro Foods, SA	Lease (expense)	42	41
Antonio Hernández Callejas	Company	Cardenal Ilundain 4, SL,	Ebro Foods, SA	Sale of goods (finished and in- progress)	2	0
Antonio Hernández Callejas	Company	Hergón 96, SL,	Ebro Foods, SA	Sale of goods (finished and in- progress)	1	0
Antonio Hernández Callejas	Company	Hacienda Las Casetas, SL,	Ebro Foods, SA	Sale of goods (finished and in- progress)	2	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Lease (expense)	393	425
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Purchase of services	9	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Rendering of services	1	1
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	504	1,320
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	51	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	S&B Herba Foods, Ltd	Purchase of services	3	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	33	20
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	S&B Herba Foods, Ltd	Sale of goods (finished and in- progress)	33	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Arrozeiras Mundiarroz, SA	Purchase of goods (finished and in-progress)	375	320
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	0	67

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	2019 AMOUNT	2018 AMOUNT
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Purchase of services	61	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Arrozeiras Mundiarroz, SA	Purchase of services	0	22
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Herba Ricemills, SLU	Sale of goods (finished and in- progress)	99	450
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA	Boost Nutrition, CV	Sale of goods (finished and in- progress)	50	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ricemills, SLU	Rendering of services	1	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	139	129
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	45	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	41	20
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	S&B Herba Foods, Ltd	Sale of goods (finished and in- progress)	41	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ingredients BV	Purchase of goods (finishedand in-progress)	0	72
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ingredients BV	Purchase of services	2	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Herba Ricemills, SLU	Sale of goods (finished and in- progress)	139	290
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (El Cobujón, SL)	Boost Nutrition, CV	Sale of goods (finished and in- progress)	45	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	16	215
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	108	24
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	92	20

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	2019 AMOUNT	2018 AMOUNT
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Herba Ingredients BV	Purchase of goods (finished and in-progress)	0	81
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Herba Ricemills, SLU	Sale of goods (finished and in- progress)	16	314
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Boost Nutrition, CV	Sale of goods (finished and in- progress)	108	23
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	S&B Herba Foods, Ltd	Sale of goods (finished and in- progress)	92	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	S&B Herba Foods, Ltd	Purchase of services	4	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Australian Commodities, SL)	Herba Ricemills, SLU	Rendering of services	2	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, S.L.)	Herba Ricemills, SLU	Lease (expense)	0	19
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa del Norte, SL)	Herba Ricemills, SLU	Rendering of services	3	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	1,681	5,550
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ricemills, SLU	Purchase of services	46	24
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	60	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	118	20
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ingredients BV	Purchase of goods (finished and in-progress)	0	67
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Herba Ricemills, SLU	Sale of goods (finished and in- progress)	46	274
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	Boost Nutrition, CV	Sale of goods (finished and in- progress)	59	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	S&B Herba Foods, Ltd	Purchase of services	6	0

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	2019 AMOUNT	2018 AMOUNT
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Dehesa Norte, SL)	S&B Herba Foods, Ltd	Sale of goods (finished and in- progress)	118	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	33	295
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	130	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	92	20
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Herba Ingredients BV	Purchase of goods (finished and in-progress)	0	80
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Herba Ricemills, SLU	Sale of goods (finished and in- progress)	28	388
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Boost Nutrition, CV	Sale of goods (finished and in- progress)	129	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	S&B Herba Foods, Ltd	Sale of goods (finished and in- progress)	92	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	S&B Herba Foods, Ltd	Purchase of services	2	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Islasur, SA)	Herba Ricemills, SLU	Rendering of services	1	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	28	129
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Herba Ricemills, SLU	Rendering of services	1	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	129	24
Grupo Tradifín, SLHercalianz 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)	92	20
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	S&B Herba Foods, Ltd	Sale of goods (finished and in- progress)	92	0
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Herba Ingredients BVC	Purchase of goods (finished and in-progress)	0	81

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	2019 AMOUNT	2018 AMOUNT
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Herba Ricemills, SLU	Sale of goods (finished and in- progress)	28	228
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	Boost Nutrition, CV	Sale of goods (finished and in- progress)	129	23
Grupo Tradifín, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Pesquería Isla Mayor, SL)	S&B Herba Foods, Ltd	Purchase of services	3	0
Grupo Tradifín, SLHercalianz 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, SLHercalianz Investing Group, SL	Company	Instituto Hispánico del Arroz, SA (Fitoplacton Marino, SL)	Arotz Foods, SA	Sale of goods (finished and in- progress)	9	14
Grupo Tradifín, S.L.	Company	Cabher 96, SL	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	113	91
Grupo Tradifín, S.L.	Company	Real Club de Golf de Sevilla, SL	Herba Ricemills, SLU	Purchase of services	18	9

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 2019 (2018) (in thousands of euros):

- Dividends paid to significant shareholders (excluding directors): 13,499 (10,092)
- Dividends paid to directors (and persons related thereto) and executives: 46,951 (44,567)

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 2019 and 2018 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 WAS PERFORMED	TYPE OF TRANSACTION	2019 AMOUNT	2018 AMOUNT
Félix Hernández Callejas	Company	Hernández Barrera Servicios, S.A.	Herba Ricemills, SLU	Rendering of services	3	4
Félix Hernández Callejas	Company	Hernández Barrera Servicios, S.A.	Herba Ricemills, SLU	Rendering of services	297	293

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 with an analogous corporate purpose 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 2019 and 2018 (in thousands of euros):

EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2019 AMOUNT	2018 AMOUNT
Herba Ricemills, S.L.U.	Purchase of goods (finished and in- progress)	283	212
Herba Ricemills, S.L.U.	Sale of goods (finished and in- progress)	83	0
Mundiriso, S.R.L.	Purchase of goods (finished and in- progress)	302	391
Mundiriso, S.R.L.	Sale of goods (finished and in- progress)	1,054	3,236
Arrozeiras Mundiarroz, S.A.	Purchase of goods (finished and in- progress)	54	76
Geovita Functional Ingredients, S.R.L.	Purchase of goods (finished and in- progress)	132	48
Geovita Functional Ingredients, S.R.L.	Sale of goods (finished and in- progress)	301	409

EBRO GROUP COMPANY WITH WHICH THE TRANSACTION WAS PERFORMED	TYPE OF TRANSACTION	2019 AMOUNT	2018 AMOUNT
Riceland Magyarorszag, KFT	Purchase of goods (finished and in- progress)	66	651
Arotz Foods, S.A.	Purchase of goods (finished and in- progress)	39	48
Herba Bangkok, S.L.	Sale of goods (finished and in- progress)	1	0
Ebro Foods, S.A.	Services rendered (income)	3	8
Ebro Foods, S.A.	Dividends received	1,400	0

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

All of the directors, including in the case of the legal person directors their natural person representatives, have informed the Company that neither they nor any of their related parties found themselves party to any of the direct or indirect conflict of interests itemized in article 229 of Spain's Corporate Enterprises Act.

In addition, the directors, and where relevant the natural persons representing them on the Board of Directors of Ebro Foods, S.A., itemized below have informed the Company of the following relationships with entities that carry on an analogous business activity to that constituting Ebro Foods, S.A.'s core business:

- Grupo Tradifín, S.L. holds (i) a direct interest of 50% in Instituto Hispánico del Arroz, S.A., an entity of which it is the chief executive; and (ii) a 100% interest in Cabher 96, S.L., an entity of which it is the 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.) holds indirect interests in Instituto Hispánico del Arroz, S.A. and Cabher 96, S.L. through her 33.25% direct shareholding in Grupo Tradifín, S.L.: specifically, indirect shareholdings of 16.625% in Instituto Hispánico del Arroz, S.A. and of 33.25% in Cabher 96, S.L. She does not hold any positions or duties at those entities.
- Hercalianz Investing Group, S.L. holds a direct interest of 50% in Instituto Hispánico del Arroz, S.A., an entity of which it is the chief executive.
- Mr, Félix Hernández Callejas (the natural person who represents Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.) holds an indirect interest of 16.66% in Instituto Hispánico del Arroz, S.A. through his direct shareholding of 33.33% in Hercalianz Investing Group, S.L. He does not hold any positions or duties at those entities.
- Mr, Antonio Hernández Callejas holds an indirect interest of 16.66% in Instituto Hispánico del Arroz, S.A. through the 33.33% interest he holds 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 5,687 thousand euros in 2019 (2018: 5,054 thousand euros), broken down as follows (amounts in thousands of euros):

DIRECTOR REMUNERATION AND OTHER BENEFITS	2019	2018
Type of remuneration		
Meeting attendance fees	327	308
Fixed remuneration received in their capacity as directors	2,728	2,728
TOTAL DIRECTOR REMUNERATION	**3,055**	**3,036**
Wages, salaries and professional fees	2,632	2,018
Termination and other benefits	0	0
TOTAL EXECUTIVE DIRECTOR REMUNERATION	**2,632**	**2,018**
TOTAL REMUNERATION	**5,687**	**5,054**
Other benefits		
Life insurance and post-employment benefits	0	0

Article 22 of the Bylaws, as amended following the Annual General Meeting held on June 4, 2019, stipulates that *"The overall remuneration received by the members of the Board of Directors in their capacity as such (i.e., in exchange for their supervisory and other non-executive duties) shall consist of: (i) a fixed annual sum; and (ii) fees for attending the meetings of the Board and its committees. Both the fixed annual sum assigned to the Board of Directors as a whole and the amount of the attendance fees shall be determined by the Company's shareholders in general meeting and remain in effect until such time as their modification is approved. It shall be up to the Board of Directors to distribute the fixed sum determined at the Annual General Meeting in accordance with the positions discharged by each, their membership of the Board's various committees and other objective circumstances the Board of Directors deems opportune to its members each year. It shall be similarly up to the Board of Directors to determine the frequency of such payments."*

With respect to the remuneration of the directors in their capacity as such, at a meeting held on February 27, 2020, the Board of Directors resolved, at the recommendation of its Nomination and Remuneration Committee:

(i) to submit a motion for the payment of the sum of 2,728 thousand euros of fixed remuneration in respect of 2019, which is exactly the same amount as it proposed in prior years, at the upcoming 2020 Annual General Meeting; 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 for 2019 (in thousands of euros) is provided below:

DIRECTOR	FIXED REMUNERATION	ATTENDANCE FEES	FIXED REMUNERATION FOR PERFORMANCE OF EXECUTIVE DUTIES	VARIABLE REMUNERATION FOR PERFORMANCE OF EXECUTIVE DUTIES	TOTAL
Hernández Callejas, Antonio	388	32	1,057	1,575	3,052
Carceller Arce, Demetrio	368	33	0	0	401
Alimentos y Aceites, SA	119	18	0	0	137
Barreiro Pérez-Pardo, Belén	155	23	0	0	178
Carceller Arce, María	119	18	0	0	137
Castelló Clemente, Fernando	198	28	0	0	226
Comenge Sánchez-Real, José Ignacio	150	20	0	0	170
Corporación Financiera Alba, S.A.	303	32	0	0	335
Costa García, Mercedes	197	28	0	0	225
Empresas Comerciales e Industriales Valencianas, SL	119	18	0	0	137
Grupo Tradifín, S.L.	190	28	0	0	218
Hercalianz Investing Group, S.L. **(*)**	150	20	0	0	170
Zorrero Camas, Pedro Antonio	272	29	0	0	301
TOTAL	**2,728**	**327**	**1,057**	**1,575**	**5,687**

(*) 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.

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 his executive duties in 2019, 788 thousand euros correspond to the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Business Plan in respect of 2017. That sum was provided for in the 2017 financial statements and paid in 2019.

Elsewhere, in relation to the total remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2019, the 2019 financial statements recognize a provision of 755 thousand euros in respect of the provisional estimate of the amount corresponding to 2019 under the Deferred Annual Bonus Scheme tied to the Group's 2019-2021 Plan (2019 being year one of that Plan). That figure will be paid in 2021

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 2019 these executives accrued aggregate remuneration (fixed wages and salaries and annual bonuses) of 2,226 thousand euros (2,050 thousand euros in 2018).

"Officers", "executives" or "senior management", indistinctly, 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 2019 and 2018. Their total aggregate remuneration in 2019 was 1,800 thousand euros, 847 thousand US dollars and 505 thousand Canadian dollars (1,597 thousand euros, 630 thousand US dollars and 472 thousand Canadian dollars in 2018), corresponding to fixed wages and salaries and annual bonuses.

Eleven Ebro Group officers (other than the Chairman of the Board of Directors) were covered by the Deferred Annual Bonus Scheme at December 31, 2019 (9 at year-end 2018). Total aggregate remuneration effectively collected under that scheme in 2019 (corresponding to that accrued in 2017) amounted to 825 thousand euros and 338 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 2017 financial statements.

In addition, the Group provisioned 769 thousand euros and 339 thousand US dollars in its 2019 financial statements for the remuneration accrued by these same Group officers under the Deferred Annual Bonus Scheme corresponding to that year. That sum is payable, under the rules of the Scheme, in 2021.

Note lastly for the record that Ebro Foods, S.A. has taken out director and officer liability insurance cover; those policies cover all of its subsidiaries up to an annual claims cap of 45 million euros. The policies cost 56 thousand euros in 2019 (61 thousand euros in 2018), are effective until April 30, 2020 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 mechanical 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.

Elsewhere, framed by the Group's commitment to making its packaging recyclable and, more specifically, its search for more sustainable solutions for its flexible containers, in 2019 it officially became a member of CEFLEX (https://ceflex.eu/), a European consortium of companies and associations representing the entire flexible packaging value chain that are collaborating to further enhance the performance of flexible packaging in the circular economy by designing and advancing better system solutions.

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:

- Thailand: Sustainable Aromatic Rice Initiative - Thailand (SARI-T):

  This is a joint initiative in collaboration with Mars Food, GIZ and the Thai Rice Department aimed at improving the livelihood of 1,200 rice farmers in the Roi Et province by helping them grow Hom Mali, a high-quality fragrant rice, in a sustainable manner.

  The project entails numerous interventions: it educates rice farmers on the SRP standard and farming technologies, provides them with new skills and access to top quality seeds; it also promotes gender equality by involving women in food safety and quality.

  The program completed its second year producing rice in 2019; it was deemed a success, marked by widespread adoption of the SRP standard by the rice growers, who received an average and verified score of 95/100.

- Spain: Oryzonte Program - carried out in the marshlands of the Guadalquivir River in Seville together with Mars Food and Danone.

  Started up in 2018, the project seeks to make rice-growing in the province of Seville (Andalusia, Spain) more sustainable. To that end, in 2018 and 2019 the project ran a training program devoted specifically to sustainable rice growing in which the main producers in the region participated. The training was provided by specialists from research centers and from the private sector who addressed issues such as how to optimize fertilizers, the sustainable use of plant-health products, the requirements under the sustainability standards applicable to rice growing and strategies for reducing the use of water and emission of greenhouse gases, among other topics.

  In both years, tests were carried out at small-sized commercial rice paddies to validate the viability of using different techniques to reduce the consumption of water and emission of greenhouse gases. Oryzonte is also sampling the greenhouse gases from different plots where different water management practices are employed with the aim of verifying whether those practices effectively reduce emissions, as predicted by the models developed by international universities and organizations. The practices yielding the best results have already begun to be implemented in pilot tests in commercial plots managed by different producers in order to further validate their viability in different farming conditions and encourage their adoption by the regional producers. The project managers are also running models to evaluate the benefits of implementing the identified techniques on a larger scale (estates, irrigation communities, etc.).

  Lastly, in 2019, Oryzonte identified and analyzed practices with the potential for favoring biodiversity in Seville's rice paddies, with plans for the introduction of specific initiatives to enhance the rice-growing region in 2020.

- Italy: Project SAIRISI:

  This project was created in 2016 with the aim of bringing together Italian rice producers to share sustainable water and soil management practices.

Thanks to the collaboration, together with the SAI Platform, of a group of people from the supply chain, including people from Ebro, this project has had an impact on over 600 rice growers since it was set up.

Some of the activities carried out by SAIRISI:

- Field visits and eight training sessions addressing all aspects of sustainable rice growing: conservation agriculture; biodiversity and economic sustainability for farmers.
- Drafting of a document setting out 12 best practices in sustainable rice farming in Italy. Those best practices are directly related with questions about the Farm Sustainability Assessment on the SAI Platform and are designed to get farmers to think about managing their crops in sustainability terms.
- Development of a group of farmers through the Italian national rice agency (the ENR), numerous community bulletins, WhatsApps and a dedicated website with links to resources.
- In order to develop the local ability to continue to make progress on the sustainability of rice farming in Italy, SAIRISI provided training to two agricultural engineers on effective implementation of the FSA.

- India: in 2019, Ebro India continued to work on three farmer training and technical assistance programs which cover the process from sowing to harvesting.
  - EKTA is a program for the provision of training to farmers for use in their everyday activities, teaching them about new farming practices and the optimal use of pesticides and fertilizers and helping them to reduce costs and attain higher crop yields.
  - Control Farming: one of the biggest challenges in India lies with compliance with the maximum residue levels permitted in the European Union. Through the Control Farming program Ebro is working in close collaboration with Indian farmers to closely monitor the practices employed from sowing to harvesting, educating them on the correct use of pesticides and fungicides in terms of quantity, quality and timing.
  - Organic Farming: we are working with around 1,500 farmers on the production of organic rice, both basmati and other varieties.

Note lastly, that the Ebro Group is part of the Forética Climate Change Cluster (www.foretica.org). Within that cluster, a group of large enterprises is working together to lead the strategic positioning of climate change within organizational management, debate and exchange opinions and good practices, participate in the global debate and provide input for the decisions taken at the government level.

25 NON-CURRENT ASSETS HELD FOR SALE AND PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS

As detailed in note 5, under IFRS 5, the income and expenses generated by the Bio Food business sold on September 30, 2019 (comprising three wholly-owned Group subsidiaries: Vegetalia, S.L. and Satoki, S.L. in Spain and Celnat, S.A. in France) have been reclassified in the 2019 and 2018 consolidated statement of profit or loss to 'Profit after tax from discontinued operations', as follows:

CELNAT, VEGETALIA AND SATOKI

	12-31-19	12-31-18
	9 MONTHS	12 MONTHS
Revenue	26,124	32,576
Change in inventories	(25)	1,335
Own work capitalized	13	25
Other operating income	47	602
	26,159	**34,538**
Raw materials and consumables used and other expenses	(14,250)	(19,066)
Employee benefits expense	(4,870)	(6,521)
Depreciation and amortization	(1,270)	(1,475)
External services	(4,652)	(4,975)
Other operating expenses	(100)	(934)
	(25,142)	**(32,971)**
OPERATING PROFIT	**1,017**	**1,567**
NET FINANCE COST	**(317)**	**(338)**
PROFIT/(LOSS) BEFORE TAX	**700**	**1,229**
Income tax	(435)	(603)
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	**265**	**626**
Pre-tax gain on the sale of the business	16,557	
Income tax effect of the gain generated by the sale	(779)	
TOTAL PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	**16,043**	**626**

(000€)

The sale of the business generated net cash of 58.7 million euros. Much of the gain is tax exempt under prevailing French tax legislation.

26 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 2019 and 2018 were as follows (in thousands of euros):

- The fees corresponding to auditing services provided in 2019 amounted to 2,001 (2018: 1,937) thousand euros; those corresponding to other assurance services amounted to 108 (2017: 153) thousand euros.
- The fees for tax advisory and and/other services totaled 245 (2018: 330) thousand euros.

27 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:

Disclosures for Ebro Foods, S.A.:

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OF BANK	DATE OPENED	BALANCE AT DEC. 31, 2019 (EUROS)	AVERAGE BALANCE 4Q19 (EUROS)	% INTEREST	CURRENCY
Semola, S.r.l.	IBAN	BCABIT21XXX	IT39D0350003205000000037267	Ubi Banco di Brescia SpA	Rome	Italy	Apr-13	179.760,67	206.432,01	100%	EUROS
Ebro Costa Rica S.L.	IBAN	BSNJCRSJXXX	CR62010200009036778881	BAC San Jose	San José	Costa Rica	Aug-06	0	0	100%	CRC
	IBAN	BSNJCRSJXXX	CR11010200009024954723	BAC San Jose	San José	Costa Rica	Aug-06	16.584,43	16.573,61	100%	USD
Ebro Riviana Guatemala SL	Other	INDLGTGCXXX	0011100015	Banco Industrial Guatemala	Guatemala City	Guatemala	Aug-06	334,87	583,25	100%	GTQ
	Other	INDLGTGCXXX	0000683771	Banco Industrial Guatemala	Guatemala City	Guatemala	Aug-06	531,39	3.973,26	100%	USD
EF Alimentación, S de R.L de CV.	CLABE	BCMRMXMM	187408390	BBVA BANCOMER, S.A.	Mexico City	Mexico	Aug-11	6.032,05	6.640,40	100%	MXP
	CLABE	BCMRMXMM	187409842	BBVA BANCOMER, S.A.	Mexico City	Mexico	Aug-11	36.170,78	36.170,78	100%	USD
Mundiriz	Other	BMCEMAMCXXX	0117350000012100006819.79	BMCE Bank	Larache	Morroco	Jun-05	853,21	939,49	100%	MAD
	Other	BMCEMAMCXXX	0117350000012100060709.11	BMCE Bank	Larache	Morroco	Jun-05	1.152.973,99	1.210.793,38	100%	MAD
	Other	BCMAMAMCXXX	007 640 0013709000000131 39	Attijariwafa Bank	TANGIER	Morroco	Jun-05	134.672,14	90.668,47	100%	MAD
	Other	BMCEMAMCXXX	011 735 0000 01 66600 60709 27	BMCE Bank	Larache	Morroco	Jul-05	456,86	992,81	100%	MAD
	Other	BMCEMAMCXXX	011 735 000 501 66500 12519 30	BMCE Bank	Larache	Morroco	Jul-05	285.348,92	283.622,25	100%	EUR
	Other	CDMAMAMCXXX	021 735 0000 080 030 167465 07	Crédit du Maroc	Larache	Morroco	Mar-18	58.690,52	101.952,71	100%	MAD
	Other	BMCEMAMCXXX	0117350000012100060728.51	BMCE Bank	Larache	Morroco	Jun-05	64.454,65	34.661,75	100%	MAD
	Other	BMCEMAMCXXX	011 735 0000 01 210 00 13562 26	BMCE Bank	Larache	Morroco	Feb-17	67.498,04	75.251,89	100%	MAD

Disclosures for other Group companies:

Refer to the Appendix following note 28.

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 2019 and 2018. Calculations made in accordance with the ICAC (Spanish Accounting and Audit Institute) Resolution.

	2018	2019
	DAYS	DAYS
Average supplier payment term	30,1	30,2
Paid transactions ratio	30,2	29,9
Outstanding transactions ratio	28,7	39,2
	AMOUNT	AMOUNT
Total payments made	304,145	313,733
Total payments outstanding	13,933	13,923

(000€)

28 EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organization escalated the status of the public health crisis triggered by the expansion of the coronavirus (COVID-19) to that of a global pandemic. The speed at which events are unfolding, in Spain and abroad, is causing an unprecedented health crisis that is set to impact the macroeconomic environment and the Group's business performance.

The Spanish government is passing a raft of measures to help mitigate the situation: it has declared of a state of alarm (via Royal Decree 463/2020, of March 14, 2020) and approved a series of extraordinary emergency measures to combat the economic and social ramifications of COVID-19 (via Royal Decree-Law 8/2020, of March 17, 2020).

The Group believes that these developments do not imply the need to make any adjustments to its financial statements for the year ended December 31, 2019; they could, however, have a significant impact on its operations and, by extension, on its future earnings and cash flows.

Given the complexity of the situation and the speed with which it is developing, it is not presently feasible to make a reliable quantitative estimate of its potential impact on the Group which, if any, would be recognized prospectively in the 2020 financial statements.

The Group is taking the steps required to tackle the situation and minimize its impact. It believes that the situation is circumstantial and, based on its most recent estimates and liquidity position as of the reporting date, will not compromise its ability to continue as a going concern.

There have been no other 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 (EXTENSION OF NOTE 27).

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OF BANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Herba Ricemills, S.L.U.	IBAN	CITIGB2L	GB42 CITI 1850 0811 2932 65	CITIBANK NA	London	United Kingdom	May-06	0.00	0.00	100%	GBP
	IBAN	CITIGB2L	GB20 CITI 1850 0811 2932 73	CITIBANK NA	London	United Kingdom	May-06	0.00	0.00	100%	USD
Herba Foods	IBAN	CITIGB2L	GB26 CITI 1850 0811 2301 15	CITIBANK NA	London	United Kingdom	May-06	(13,556,463.00)	8,461,989.75	100%	GBP
	IBAN	CITIGB2L	GB04 CITI 1850 0811 2301 23	CITIBANK NA	London	United Kingdom	May-06	(1,820,977.03)	(11,905,711.04)	100%	USD
	IBAN	CITIGB2L	GB48 CITI 1850 0811 2301 07	CITIBANK NA	London	United Kingdom	May-06	17,569,487.56	1,643,585.34	100%	EUR
Agromeruan	IBAN	BMCEMAMC	011735000001210000 6819.79	BMCE	Larache	Morroco	Jun-05	853.21	853.21	100%	MAD
Anglo Australian Rice LTD	IBAN	BARCGB22	GB93BARC20510130115193	BARCLAYS BANK	Liverpool	United Kingdom	Nov-86	15,032.00	15,032.00	100%	GBP
	IBAN	BARCGB22	GB54BARC20510159121999	BARCLAYS BANK	Liverpool	United Kingdom	Aug-01	0.00	0.00	100%	EUR
Arrozeiras Mundiarroz, S.A.	IBAN	CITIPTPX	PT50016900010003181600936	CITIBANK Internacional, plc	Lisbon	Portugal	Jul-06	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB88CITI18500811257226	CITIBANK NA	London	United Kingdom	Jul-06	0.00	0.00	100%	USD
	IBAN	CITIGB2L	GB40CITI18500811247905	CITIBANK NA	London	United Kingdom	Jul-06	0.00	0.00	100%	EUR
	IBAN	BESCPTPL	PT50000702450011754000839	NovoBanco (ex-Banco Espírito Santo)	Coruche	Portugal	Feb-94	185,882.06	71,893.81	100%	EUR
	IBAN	BESCPTPL	PT50000702450011754110158	NovoBanco (ex-Banco Espírito Santo)	Coruche	Portugal	Dec-97	0.00	0.00	100%	USD
	IBAN	BBVAPTPL	PT50001900000020004690004	Banco Bilbao Vizcaya Argentaria (Portugal)	Lisbon	Portugal	Feb-92	192.59	218.59	100%	EUR
	IBAN	BBVAPTPL	PT50001900000024000185188	Banco Bilbao Vizcaya Argentaria (Portugal)	Lisbon	Portugal	Feb-94	0.00	0.00	100%	USD
Bertolini Import und Export, GMBH	IBAN	COBADEFF	DE63 2004 0000 0623 7036 00	Commerzbank AG	Hamburg	Germany	Jan-13	72,206.78	59,033.51	100%	EUR

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OF BANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Boost Nutrition, C.V.	IBAN	CITIBEBX	BE53570128815553	CITIBANK NA	Brussels	Belgium	Jun-06	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB72CITI18500811229966	CITIBANK NA	London	UK	Jun-06	0.00	0.00	100%	USD
	IBAN	GKCCBEBB	BE73552273580060	Belfius bank	Antwerp	Belgium	May-96	536,422.56	284,723.52	100%	EUR
	IBAN	GKCCBEBB	BE73552273580060 USD	Belfius bank	Antwerp	Belgium	May-96	0.00	0.00	100%	USD
Ebro Foods GMBH (antes Birkel Teigwaren, GMBH)	IBAN	COBADEFF	DE05200400000623709300	Commerzbank	Hamburg	Germany	Jul-11	514,490.22	174,243.57	100%	EUR
Ebro Rice Handling, BVBA	IBAN	CITIBEBX	BE75570130425551	CITIBANK NA	Brussels	Belgium	Apr-08	0.00	0.00	100%	EUR
EF Alimentación, S de RL de CV	CLABE	BCMRMXMM	187408390	BBVA BANCOMER, S.A.	Mexico City	Mexico	Aug-11	6,032.05	6,640.40	100%	MXP
	CLABE	BCMRMXMM	187409842	BBVA BANCOMER, S.A.	Mexico City	Mexico	Aug-11	36,170.78	36,170.78	100%	USD
Ebrofrost Denmark A/S	IBAN	CITIGB2L	GB79CITI18500811230034	CITIBANK NA	London	United Kingdom	Jul-06	1,021,969.00	702,733.00	100%	EUR
	IBAN	CITIGB2L	GB79CITI18500813428915	CITIBANK NA	London	United Kingdom	Apr-13	5,416.00	102,176.00	100%	USD
	IBAN	JYBADKKK	DK5650600001063204	Jyske Bank A/S	Odense	Denmark	Jan-14	281,434.00	535,333.00	100%	DKK
	IBAN	JYBADKKK	DK3450600001063212	Jyske Bank A/S	Odense	Denmark	Jan-14	120,235.00	200,000.00	100%	EUR
Ebrofrost Germany, GmBH	IBAN	BYLADEM1GZK	DE83720518400000161315	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	Jun-13	1,868,714.77	1,832,234.26	100%	EUR
Ebrofrost Holding GmbH	IBAN	BYLADEM1GZK	DE49720518400040319345	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	Jun-13	1,000,686.49	1,014,701.17	100%	EUR
Ebrofrost UK Limited	IBAN	BYLADEM1GZK	DE28720518400005600028	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	Jun-15	184.52	184.52	100%	GBP
	IBAN	BYLADEM1GZK	DE27720518400040428187	Sparkasse Günzburg/ Krumbach	Günzburg	Germany	Oct-15	512,613.21	339,942.00	100%	EUR

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OF BANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Ebro India Private Limited	IBAN	HDFCINBB	50200001041939	HDFC Bank LTd	TARAORI	India	May-13	459,171.63	553,652.42	100%	INR
	IBAN	BARCINBBMUM	00004059881	Barclay bank	New Delhi	India	Jul-13	2,409.22	2,475.28	100%	INR
	IBAN	CITIINBX	521059001	Citi bank	New Delhi	India	Sep-13	94,515.12	48,917.22	100%	INR
	IBAN	CITIINBX	521059028	Citi bank	New Delhi	India	Sep-13	0.00	0.00	100%	USD
	IBAN	BOFA0ND6216	24871013	Bank of America	New Delhi	India	Aug-14	735,935.96	361,079.85	100%	INR
	IBAN	BOFA0ND6216	Loan	Bank of America	New Delhi	India	Aug-14	(9,184,669.61)	(11,303,945.88)	100%	USD
	Other	BOFA0ND6216	Loan	Bank of America	New Delhi	India	May-17	(11,598,902.47)	(3,866,300.82)	100%	USD
	IBAN	BNPAINBBDEL	0906511493200162	BNP PARIBAS	New Delhi	India	Oct-15	34,800.02	42,969.07	100%	INR
	Other	BNPAINBBDEL	Loan	BNP PARIBAS	New Delhi	India	Dec-16	(2,449,131.00)	(2,101,105.18)	100%	INR
	IBAN	INDB0000073	259996544504	IndusInd Bank	Karnal	India	Mar-17	12,612.85	12,749.69	100%	INR
	IBAN	UCBA0002323	23230210001110	UCO Bank	Karnal	India	May-17	23,503.99	23,759.32	100%	INR
	IBAN	HSBC0110005	054708284001	HSBC	New Delhi	India	Nov-18	260,520.87	199,131.69	100%	INR
	Other	HSBC0110005	Loan	HSBC	New Delhi	India	Nov-18	(4,988,775.26)	(1,662,925.09)	100%	INR
	Other	HSBC0110005	Loan	HSBC	New Delhi	India	Nov-18	(12,808,353.37)	3,361,768.29	100%	USD
	Other	CRLY0000002	Refer WCDL Sheet	Credit Agricole	New Delhi	India	Dec-19	(3,741,581.44)	(1,247,193.81)	100%	USD
	Other	DEUT0916CNN	5019310000	Deutsche Bank	New Delhi	India	Feb-19	2,872.78	2,903.98	100%	INR
	IBAN	CITIINBX	Loan	Citibank	New Delhi	India	Sep-13	(8,356,198.55)	(2,785,399.52)	100%	USD
Ebrosur, SRL	CBU	BSCHARBA	034753/2	Banco Santander Rio SA	Buenos aires	Argentina	Jun-16	315,930.67	657,367.10	100%	ARG
	CBU	BSCHARBA	034754/9	Banco Santander Rio SA	Buenos aires	Argentina	Jun-16	10,392.62	36,205.38	100%	USD
Euryza GMBH	IBAN	COBADEHHXXX	DE04200400000621702000	Commerzbank AG	Hamburg	Germany	Jun-05	47,319.89	33,928.99	100%	EUR
	IBAN	COBADEHHXXX	DE74 2004 0000 0621 7020 01	Commerzbank AG	Hamburg	Germany	May-16	462.35	331.54	100%	EUR
	IBAN	CITIDEFFXXX	DE83502109000214587009	Citigroup	Frankfurt	Germany	Feb-07	0.00	0.00	100%	EUR

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OF BANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Euro Rice Flour, B.V.	IBAN	ABNANL2A	NL15ABNA0240369394	ABN AMRO Bank NV	Amsterdam	Netherlands	Mar-10	94,459.62	9,550.52	100%	EUR
Fentus 61 GmbH	IBAN	COBADEFFXXX	DE63 2004 0000 0623 7036 00	Commerzbank AG	Hamburg	Germany	Feb-17	12,870.44	16,543.77	100%	EUR
Global Trade of Cereals, S.A.E.	IBAN	CITIEGCX	101575519	CITIBANK	Cairo	Egypt	Oct-15	0.00	0.00	100%	EGP
	IBAN	CITIEGCX	101575012	CITIBANK	Cairo	Egypt	Oct-15	0.00	0.00	100%	USD
Herba Bangkok, S.L.	otro	CITITHBX	5-126385-015	CITIBANK NA	Bangkok	Thailand	Jun-08	90,953.31	77,745.65	100%	THB
	Other	CITITHBX	0-126385-005	CITIBANK NA	Bangkok	Thailand	Jun-08	0.00	0.00	100%	THB
	Other	CITITHBX	5-126385-104	CITIBANK NA	Bangkok	Thailand	Sep-15	1,103,515.76	1,115,455.71	100%	USD
	Other	CITITHBX	N/A	CITIBANK NA	Bangkok	Thailand	Jun-08	7,661,229.99	7,282,158.71	100%	THB
	Other	BNPATHBK	00010 000632 040 83	BNP Paribas Bank	Bangkok	Thailand	Oct-06	5,426.17	4,926.21	100%	THB
	Other	BNPATHBK	00010 000632 000 09	BNP Paribas Bank	Bangkok	Thailand	Oct-06	1,496.33	1,496.33	100%	THB
	Other	BNPATHBK	00010 000632 040 83 USD	BNP Paribas Bank	Bangkok	Thailand	Jun-13	0.00	0.00	100%	USD
	Other	BNPATHBK	N/A	BNP Paribas Bank	Bangkok	Thailand	Oct-06	0.00	6,803,331.84	100%	THB
	Other	BOFATH2X	33243 017	Bank of America	Bangkok	Thailand	Aug-16	18,552.63	10,435.27	100%	THB
	Other	BOFATH2X	33243 025 USD	Bank of America	Bangkok	Thailand	Aug-16	392,105.59	1,049,790.20	100%	USD
	Other	BOFATH2X	N/A	Bank of America	Bangkok	Thailand	Aug-16	10,743,677.99	3,581,226.00	100%	THB
	Other	KRTHTHBK	092-0-03203-6	Krungthai Bank PCL.	MEA Ploenchit	Thailand	Aug-06	71,083.10	34,270.57	100%	THB

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Herba Egypt Ricemills, LTD	IBAN	CITIEGCX	101445127	CITIBANK	Cairo	Egypt	Oct-12	43,893.83	(999,631.24)	100%	EGP
	IBAN	CITIEGCX	101445119	CITIBANK	Cairo	Egypt	Oct-12	0.00	0.00	100%	EUR
	IBAN	CITIEGCX	101445003	CITIBANK	Cairo	Egypt	Oct-12	0.00	0.00	100%	USD
	IBAN	CITIGB2L	13619060	CITIBANK	London	UK	Sep-13	0.00	0.00	100%	USD
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	May-06	14,014.77	377,549.70	100%	EGP
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	Dec-18	0.00	0.00	100%	EUR
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	Dec-16	0.00	0.00	100%	USD
	IBAN	BCBIEGCX	19017175030	Barclays Bank-Egypt S.A.E	Cairo	Egypt	Dec-16	0.00	0.00	100%	GBP
	IBAN	BCBIEGCX	19017175050	Barclays Bank-Egypt S.A.E	Cairo	Egypt	Dec-16	0.00	0.00	100%	EUR
	IBAN	BCBIEGCX	19017171820	Barclays Bank-Egypt S.A.E	Cairo	Egypt	Dec-14	0.00	0.00	100%	USD
	IBAN	BCBIEGCX	19017171820	Barclays Bank-Egypt S.A.E	Cairo	Egypt	Mar-18	0.00	0.00	100%	EGP
	IBAN	BCBIEGCX	19017171820	Barclays Bank-Egypt S.A.E	Cairo	Egypt	Mar-07	0.00	0.00	100%	EUR
Herba Cambodia Co, Ltd	Other	ABAAKHPP	000206556	Advanced Bank Of Asia Ltd	Phnom Penh	Cambodia	Jul-16	31,134.41	31,707.18	100%	USD
	Other	ABAAKHPP	000373587	Advanced Bank Of Asia Ltd	Phnom Penh	Cambodia	Feb-18	447.48	447.12	100%	KMR
Herba Germany GMBH	IBAN	COBADEHHXXX	DE96200400000622005700	Commerzbank AG	Hamburg	Germany	Jun-05	-17.08	100.53	100%	EUR
	IBAN	CITIDEFFXXX	DE60502109000214588005	Citigroup	Frankfurt	Germany	Jun-06	0.00	0.00	100%	EUR
Herba Ingredients Belgium B, BVBA	IBAN	KREDBEBB	BE29735042745864	KBC Bank NV	Brussels	Belgium	Apr-16	2,465,438.06	258,529.38	100%	EUR

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Herba Ingredients Belgium C, BVBA	IBAN	KREDBEBB	BE11 7380 1830 6548	KBC Bank NV	Brussels	Belgium	Jun-06	1,455.40	52,920.58	100%	EUR
	IBAN	KREDBEBB	726-4201983-23	KBC Bank NV	Brussels	Belgium	Jul-06	0.00	0.00	100%	EUR
	IBAN	KREDBEBB	726-4529576-47	KBC Bank NV	Brussels	Belgium	Mar-07	0.00	0.00	100%	EUR
Herba Ingredients Belgium F BVBA	IBAN	KREDBEBB	BE55736064832844	KBC Bank NV	Brussels	Belgium	Dec-19	131,421.00	147,912.46	100%	EUR
Herba Ingredients, B.V.	IBAN	CITINL2X	NL08CITI0266059171	CITIBANK NA	Amsterdam	Netherlands	Jan-13	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB84CITI18500813594416	CITIBANK NA	London	United Kingdom	Jan-13	0.00	0.00	100%	USD
	IBAN	CITIGB2L	GB82CITI18500810232335	CITIBANK NA	London	United Kingdom	Dec-18	0.00	0.00	100%	GBP
	IBAN	KREDBEBB	BE19731041645812	KBC Bank NV	Brussels	Belgium	Jan-16	12,593.75	6,770.52	100%	EUR
Herba Ingredients, BVBA	IBAN	ABNANL2A	NL03ABNA0240369416	ABN AMRO Bank NV	Amsterdam	Netherlands	Mar-10	707.67	716.30	100%	EUR
	IBAN	KREDBEBB	BE56 7380 0432 3188	KBC Bank NV	Brussels	Belgium	Oct-01	986,432.41	66,589.46	100%	EUR
Herba Ingredients Netherlands, BV	IBAN	CITINL2X	NL45CITI0266065295	Citibank	Amsterdam	Netherlands	Feb-12	0.00	0.00	100%	EUR
Herba Ricemills Rom, SRL	IBAN	CITIROBU	RO63CITI0000000724691005	CITIBANK Citibank Europe plc, Dublin - Romania Branch	Bucharest	Ireland, Romanian Branch	Jul-07	182,885.49	191,005.68	100%	RON
	IBAN	CITIROBU	RO41CITI0000000724691013	CITIBANK Citibank Europe plc, Dublin - Romania Branch	Bucharest	Ireland, Romanian Branch	Jul-07	51,906.66	77,135.06	100%	EUR
International Pulse Ingredients Company, BV	IBAN	ABNANL2A	NL37ABNA0240369386	ABN AMRO Bank NV	Amsterdam	Netherlands	Mar-10	13,679.85	13,114.23	100%	EUR
Joseph Heap Property	IBAN	BARCGB22	GB52BARC20510170619930	BARCLAYS BANK	Liverpool	United Kingdom	Feb-04	0.00	0.00	100%	GBP
Joseph Heap&Sons, LTD	IBAN	BARCGB22	GB41BARC20510170416428	BARCLAYS BANK	Liverpool	United Kingdom	Nov-86	0.00	0.00	100%	GBP
	IBAN	BARCGB22	GB70BARC20510187433877	BARCLAYS BANK	Liverpool	United Kingdom	May-00	0.00	0.00	100%	EUR
Katania Magrheb, SARL	IBAN	CNCAMAMR	011 735000001210001356226	BMCE	Larache	Morroco	Feb-17	128,016.12	138,534.46	100%	MAD

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La Loma Alimentos, S.A.	CBU	SCBLUS33XXX	000 - 000336637	Banco Santander Rio SA	Buenos Aires	Argentina	Jul-13	364.86	883.63	100%	ARG
	CBU	BSCHARBA	000-00035161/0	Banco Santander Rio SA	Buenos Aires	Argentina	Jan-17	1,550.22	1,641.85	100%	ARG
	CBU	BSCHARBA	000-036430/6	Banco Santander Rio SA	Buenos Aires	Argentina	May-18	0.00	0.00	100%	USD
	CBU	BSCHARBA	000-036429/0	Banco Santander Rio SA	Buenos Aires	Argentina	May-18	0.00	0.00	100%	USD
	CBU	BERAARBAXXX	42006614643	Nuevo Banco de Entre Ríos	Entre Rios	Argentina	May-02	22,878.98	21,623.24	100%	ARG
	CBU	BFRPARBAXXX	068-000848/6	BBVA Banco Francés S. A.	Buenos Aires	Argentina	Oct-18	21,642.78	96,576.88	100%	USD
	CBU	BFRPARBAXXX	068/0314544/9	BBVA Banco Francés S. A.	Buenos Aires	Argentina	Oct-18	64,587.00	48,259.43	100%	ARG
	CBU	BFRPARBAXXX	068/314545/6	BBVA Banco Francés S. A.	Buenos Aires	Argentina	Oct-18	2.79	5.36	100%	ARG
			20339	Fondo Comun de Inversion DELTA PESOS CLASE B	Comision Nacional de Valores	Argentina	Dec-19	194,008.84	194,008.84	100%	ARG
	Pre-funding			BBVA Banco Francés S.A.	Buenos Aires	Argentina		(445,077.44)	(1,543,330.16)	100%	USD
Lassie Nederland, BV	IBAN	CITINL2X	NL37CITI0266064566	Citibank	Amsterdam	Netherlands	Jan-12	0.00	(2,641.10)	100%	EUR
	IBAN	CITIGB2L	GB83CITI18500814059840	Citibank	London	United Kingdom	Dec-14	0.00	0.00	100%	USD
	IBAN	RABONL2U	NL25RABO0310990335	Rabobank	Utrecht	Netherlands	Jul-16	462.37	1,326.99	100%	USD
Mediterranean Food Labels, BV	IBAN	CITINL2X	NL59CITI0266064558	Citibank	Amsterdam	Netherlands	Jan-12	0.00	0.00	100%	EUR
Middle East Trade of Cereals, SAE	IBAN	CITIEGCX	101576019	CITIBANK	Cairo	Egypt	Oct-15	0.00	0.00	100%	USD
	IBAN	CITIEGCX	101576507	CITIBANK	Cairo	Egypt	Oct-15	0.00	0.00	100%	EGP

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Mundi Riso, S.R.L.	IBAN	CITIITMX	IT12D0356601600000122474011	CITIBANK NA	Milan	Italy	Jun-06	(99.96)	(419.99)	100%	EUR
	IBAN	CITIGB2L	GB22CITI18500811257250	CITIBANK NA	London	United Kingdom	Jun-06	0.00	0.00	100%	USD
	IBAN	BAPPIT21I87	IT32Q0503410000000000005783	BANCA POPOLAE DI NOVARA	Vercelli	Italy	Mar-96	32,030.16	102,460.93	100%	EUR
	IBAN	BAPPIT21I87	IT76U0503410000USD100003375	BANCO BPM S.P.A.	Vercelli	Italy	Jan-17	648.76	642.40	100%	USD
Mundi Riz, S.A.	IBAN	BMCEMAMC	0117350000012100060709.11	BMCE	Larache	Morroco	Jun-05	1,639,540.19	1,690,670.74	100%	MAD
	IBAN	BCMAMAMC	007.735.0004359000000131.93	AWB	Larache	Morroco	Jun-05	134,672.14	90,668.47	100%	MAD
	IBAN	BMCEMAMC	011 735 0000 01 66600 60709 27	BMCE	Larache	Morroco	Jul-05	456.86	992.81	100%	MAD
	IBAN	BMCEMAMC	011 735 000 501 66500 12519 30	BMCE	Larache	Morroco	Jul-05	285,348.92	283,622.25	100%	EUR
	IBAN	CDMAMAMC	021 735 0000 080 030 167465 07	CDM	Larache	Morroco	Mar-18	179,654.44	221,572.81	100%	MAD
Neofarms Bio, S.A.	CBU	BFRPARBAXXX	0170068826000000084796	BBVA Banco Francés S.A.	Concordia	Argentina	Oct-08	25.24	25.80	100%	USD
	CBU	BFRPARBAXXX	0170068820000031454182	BBVA Banco Francés S.A.	Concordia	Argentina	Oct-08	49,383.14	35,543.61	100%	ARG
	CBU	BFRPARBAXXX	0170068820000031454250	BBVA Banco Francés S.A.	Concordia	Argentina	Oct-08	0.00	0.00	100%	ARG
	CBU	BFRPARBAXXX	0170068821000000000296	BBVA Banco Francés S.A.	Concordia	Argentina	Jan-19	1,317.59	1,339.84	100%	EUROS
	Pre-funding			BBVA Banco Francés S.A.	Concordia	Argentina		0.00	(647,430.64)	60%	UDS
N&C Boost, NV	IBAN	GKCCBEBB	BE49552273940071	Belfius bank	Antwerp	Belgium	May-96	1,280,233.29	1,212,521.93	100%	EUR
	IBAN	GKCCBEBB	BE12055950094292	Belfius bank	Antwerp	Belgium	May-96	0.00	0.00	100%	EUR
Reiskontor Handels, GMBH	IBAN	COBADEHHXXX	DE04200400000621701200	Commerzbank AG	Hamburg	Germany	Jun-05	23,271.24	22,310.20	100%	EUR
Riceland Magyarorszag	IBAN	CITIHUHX	HU96 10800007 54873009 00000000	Citibank	Budapest	Hungary	Apr-06	390,004.60	73,714.51	100%	HUF
	IBAN	CITIHUHX	HU19 10800007 74873025 00000000	Citibank	Budapest	Hungary	Apr-06	1,512.77	1,512.77	100%	HUF
	IBAN	CITIHUHX	HU09 10800007 64873017 00000000	Citibank	Budapest	Hungary	Apr-06	0.00	0.00	100%	EUR
Risella OY	IBAN	CITIFIHX	FI9571307001700049	Citibank Int. Plc Finland Branch	Helsinki	Finland	May-06	0.00	0.00	100%	EUR

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Rivera del Arroz, S.A.	IBAN	BMCEMAMC	011735000012100060728.51	BMCE	Larache	Morroco	Jun-05	64,454.65	34,661.75	100%	MAD
SBS Commodities, BV	IBAN	ABNANL2A	NL34ABNA0240369440	ABN AMRO Bank NV	Amsterdam	Netherlands	Mar-10	22,758.17	2,218.33	100%	EUR
Suntra Rice BV	IBAN	ABNANL2A	NL56ABNA0240369432	ABN AMRO Bank NV	Amsterdam	The Netherlands	Mar-10	22,291.83	2,650.98	100%	EUR
S&B Herba Foods, Ltd.	IBAN	CITIGB2L	GB04CITI18500811230026	CITIBANK NA	London	United Kingdom	Feb-06	0.00	0.00	100%	GBP
	IBAN	CITIGB2L	GB06CITI18500811229990	CITIBANK NA	London	United Kingdom	Jun-12	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB18CITI18500811247913	CITIBANK NA	London	United Kingdom	Feb-06	0.00	0.00	100%	USD
	IBAN	BARCGB22	GB66BARC20000020118044	BARCLAYS BANK	London	United Kingdom	Apr-92	70,210.00	54,206.00	100%	GBP
	IBAN	BARCGB22	GB42BARC20000085332255	BARCLAYS BANK	London	United Kingdom	Oct-98	0.00	1,972.00	100%	EUR
	IBAN	BARCGB22	GB85BARC20000055842899	BARCLAYS BANK	London	United Kingdom	Dec-92	0.00	0.00	100%	USD
	IBAN	BARCGB22	GB19BARC20000086447199	BARCLAYS BANK	London	United Kingdom	Apr-92	0.00	0.00	100%	USD
TAG Nahrungsmittel, GMBH	IBAN	COBADEFFXXX	DE12200400000623705100	Commerzbank	Hamburg	Germany	Aug-11	5,859.28	5,108.41	100%	EUR
TBA Suntra Beheer B.V.	IBAN	ABNANL2A	NL25ABNA0240369408	ABN AMRO Bank NV	Amsterdam	Netherlands	Mar-10	261.40	470.11	100%	EUR
TBA Suntra B.V.	IBAN	ABNANL2A	NL59ABNA0240369378	ABN AMRO Bank NV	Amsterdam	Netherlands	Mar-10	104,742.98	37,151.13	100%	EUR
	IBAN	ABNANL2A	NL11ABNA0242125360	ABN AMRO Bank NV	Amsterdam	Netherlands	Apr-11	5,749.84	5,749.84	100%	USD
	IBAN	CITINL2X	NL62CITI0266064698	CITIBANK NA	Amsterdam	Netherlands	Feb-12	0.00	0.00	100%	EUR
	IBAN	CITIGB2L	GB88CITI18500813090817	CITIBANK NA	London	United Kingdom	Feb-12	0.00	0.00	100%	USD
	IBAN	KREDBEBB	BE09 7381 0728 5557	KBC Bank NV	Brussels	Belgium	Oct-99	2,670.42	2,832.08	100%	EUR

COMPANY	ACCOUNT ID CODE	BIC CODE	ACCOUNT CODE	BANK	BRANCH	COUNTRY OF LOCATION OF BANK	DATE OPENED	BALANCE AT DEC. 31 (EUROS)	AVERAGE BALANCE LAST QUARTER (EUROS)	% INTEREST	CURRENCY
Transimpex Warenhandelsgesell-Schaft, GmbH	IBAN	COBADEFFXXX	DE70 5454 0033 0703 0075 00	Commerzbank AG	Ludwigshafen	Germany	Oct-17	606,451.06	862,213.50	100%	EUR
	IBAN	SOLDAES1HDB	DE47 6725 0020 0009 1217 22	Sparkasse	Heidelberg	Germany	Jul-08	134,903.99	330,126.36	100%	EUR
	IBAN	COBADEFF545	DE14 5454 0033 0209 9901 00	Comerzbank AG	Ludwigshafen	Germany	Mar-06	174,703.78	372,175.53	100%	EUR
	IBAN	GENODE61MA2	DE11 6709 0000 0015 1800 05	VR Bank Rhein-Neckar eG	Mannheim	Germany	Mar-96	74,945.56	151,254.93	100%	EUR
	IBAN	HYVEDEMM489	DE40 6702 0190 0007 0683 28	Hypo Vereinsbank	Mannheim	Germany	Jun-99	1,473,674.78	2,624,765.35	100%	EUR
	IBAN	HYVEDEMMXXX	DE03 7002 0270 0874 3304 42	Hypo Vereinsbank	Mannheim	Germany	Oct-99	12,813.71	153,352.14	100%	USD
	IBAN	HYVEDEMM489	DE05 6702 0190 0023 0897 69	Hypo Vereinsbank	Mannheim	Germany	Oct-14	2,932.92	39,115.48	100%	USD
Vogan, LTD	IBAN	BARCGB22	GB23BARC20748190929786	BARCLAYS BANK	Sandy	United Kingdom	Jun-87	0.00	0.00	100%	GBP
	IBAN	BARCGB22	GB87BARC20748172495433	BARCLAYS BANK	St Neots	United Kingdom	Jan-01	0.00	0.00	100%	EUR

EBRO FOODS, S.A.

2019 MANAGEMENT REPORT
(FIGURES IN THOUSANDS OF EUROS)

1 COMPANY SITUATION

ORGANIZATIONAL STRUCTURE AND BUSINESS MODEL

The Ebro Foods Group (“Ebro Foods”, the “Group” or the “Ebro Group”) is Spain’s largest food group, the world’s largest rice producer and its second-biggest producer of dry and fresh pasta. Through its network of 30 subsidiaries, it has a commanding 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.

The Group’s model is multi-company, multi-country and multi-brand. Its culture is accordingly characterized by decentralization, giving each subsidiary autonomy in certain managerial areas such as sales and marketing, logistics, procurement, human resources and environmental management; each company’s business focus is nuanced by country specifics in terms of idiosyncratic customs, legislative context, etc. At the helm is the Parent, Ebro Foods, S.A., which is endowed with a light and dynamic structure and tasked with defining overall Group structure and management guidelines. Decision-making is spearheaded by the Parent’s Board of Directors.

The Ebro Foods Group structures its management around business areas that combine business activities and their geographic location. The core business areas are:

a. **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 and Thailand (via the Herba Group companies) and North and Central America, the Caribbean and Middle East (via the Riviana Group).
b. **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 the Garofalo Group (rest of world).
c. **Health and organic food:** the activities carried out in the bio and organic health food areas.

As noted above, decision-making is spearheaded by the Board of Directors of the Group 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 managerial decisions taken by the various business areas. 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 for 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 of the consolidated financial statements (Segment reporting) overviews the key activities, brands and market shares of each business area

GLOBAL FOOTPRINT

The Ebro Group operates globally, leveraging a portfolio of more than 70 brands which it sells in 84 countries. It has a manufacturing and sales presence in 15 of those markets. In the remaining 69 it has a sales presence only. Its manufacturing operations encompass a total of 74 facilities, including factories, offices and warehouses.

LIST OF COUNTRIES WITH A SALES AND MANUFACTURING PRESENCE				
Germany	Canada	US	India	Portugal
Belgium	Denmark	France	Italy	UK
Cambodia	Spain	Netherlands	Morocco	Thailand

LIST OF COUNTRIES WITH A SALES PRESENCE ONLY				
Angola	South Korea	Indonesia	Mauritania	Saint Martin
Saudi Arabia	Ivory Coast	Reunion Island	Mexico	Saint Lucia
Algeria	Curacao	Iceland	Mozambique	Senegal
Austria	United Arab Emirates	Israel	Nigeria	South Africa
Bahamas	Slovakia	Jamaica	Oman	Sweden
Bahrain	Estonia	Japan	Panama	Switzerland
Barbados	Finland	Jordan	Peru	Taiwan
Belize	Gabon	Kuwait	Poland	Trinidad and Tobago
Benin	Ghana	Lebanon	Qatar	Tunisia
Brazil	Greece	Libya	Republic of Congo	Turkey
Cambodia	Guinea	Lithuania	Czech Republic	Ukraine
Chile	Haiti	Madagascar	Romania	Yemen
Colombia	Hungary	Mauritius	Russia	Djibouti

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 preventive 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 stable communication channels and providing them with thorough, accurate and relevant information about the Group's activities in a timely and transparent manner.

Growth drivers

1. Search for organic and M&A-led growth in markets with high consumption levels, coupled with expansion in high-potential developing markets.
    - Penetration of new markets and product categories with a strategic focus on fresh products (aperitifs, crisps, omelettes, sandwiches, pizzas, ready meals) 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 Bertagni and Tilda acquisitions.
    - 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: pasta in India; product range expansion in the Middle East/Eastern Europe; development of the pan-fry gnocchi range in Canada.

2. Significant positioning in the health and organic food segments by leveraging new concepts based on ancient grains, organic foods, gluten-free foods, quinoa, etc. across out entire brand portfolio.

3. Product differentiation and innovation. The product development strategy is structured around two articulating lines of initiative:
    - Research and development (R&D): it has five 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.

4. 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) low leverage in order to withstand episodes of financial turbulence; (iii) new sources of supply; and (iv) the establishment of long-term relationships with its stakeholders (customers, suppliers, governments, employees, society).

5. 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

The global economy took a turn in 2019. The previous years had been marked by dynamic, albeit nuanced, growth subject (different rates of growth in Europe, the US, China and their neighboring countries relative to the rest of the developing economies). A sense of a change became increasingly widespread from the second quarter of 2019. Although global GDP growth remained at 2.4%, the economy clearly began to slow. Confidence indicators started to drop, particularly in some of the most important exporting countries, as trade wars and uncertainties arising from other geopolitical problems (Brexit, conflict with Iran, wars and immigration) made their presence felt.

The slowdown reached every corner of the world, even the US which, having digested the biggest tax cuts in its history (giving consumption and certain manufacturing sectors a one- off boost) and set the tone for a Federal rate cut, started to show signs of sluggishness.

That situation has been exacerbated in 2020 by the health crisis sparked by the global spread of the coronavirus from February, which is threatening a major crisis as the hardest hit countries are being forced to virtually shut down their economies.

CONSUMER TRENDS

2019 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, sustainability 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 2019, 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.

Note, lastly, that at the time of writing we are faced with uncertainty regarding the impacts the coronavirus pandemic will have on the economy in general and consumer conduct in particular.

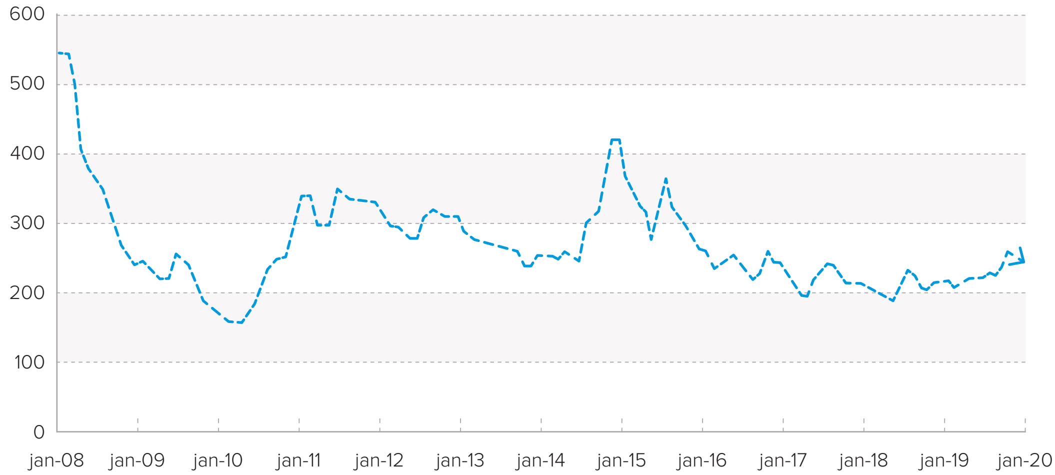
COMMODITY MARKETS

The World Bank's Commodity Price Index started the year relatively stable. However, during the second half of the year commodity prices trended lower. Lingering international tensions and the economic slowdown hit fuel prices particularly hard (buoyed only temporarily by supply interruptions in Saudi Arabia following attacks on oil facilities) and metal prices followed suit.

The grain prices included in the index (wheat, corn, soy and rice) also trended lower over the course of the year, shaped by benign weather (no major crop devastation) pointing to healthy harvests in line with those of recent years.

Durum wheat prices in particular extended the stability of recent seasons, moving slightly higher in the wake of the summer harvest which revealed certain quality shortcomings in some markets with a potential knock-on effect on carryover stocks:

DURUM WHEAT PRICES €/MT

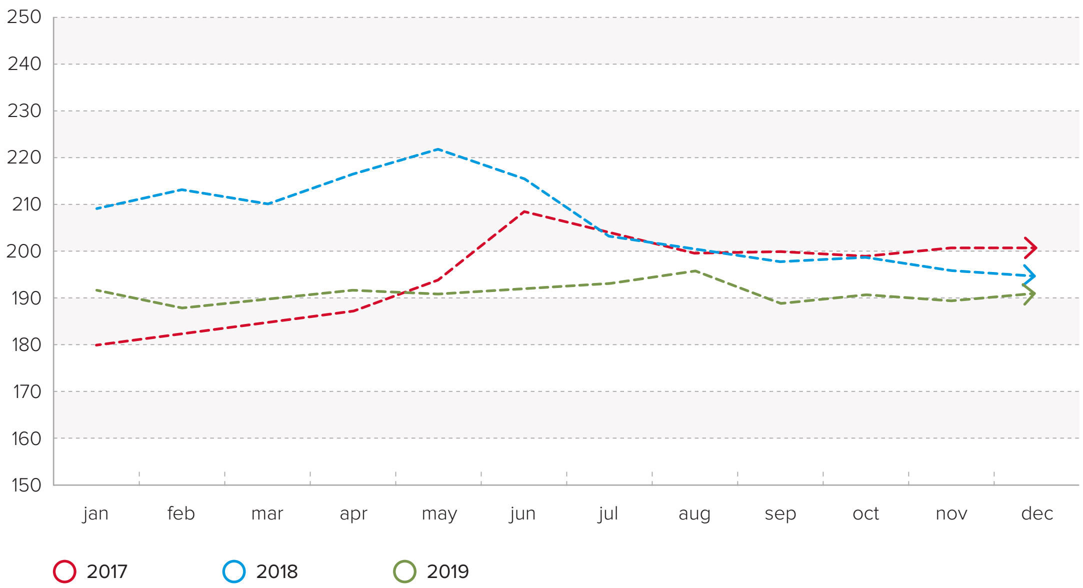


Source: Terre.net and Ebro data

The 18/19 rice season and the forecasts for 19/20 point to continued record harvests. According to data published by the Food and Agriculture Organization (FAO), 2019 production is estimated at 512 million tonnes of white rice equivalent, which is virtually the same as the record level observed in 2018. It is worth highlighting the bright outlook for the harvest in India, set to offset lower yields in other rice-producing nations such as Thailand.

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



In short, the chart reflects global price stability. With respect to specific developments in certain producer markets of significance in the global market, it is worth noting the downtrend in American long-grain rice prices during the harvesting season ended in the summer of 2019, in turn driving a reduction in cultivated area and in output for the season unfolding. That development could put a little upward pressure on prices, albeit of limited impact due to the fact that other markets are expected to pick up the slack. Lastly prices were stable across the aromatic varieties, with scope for a slight correction in 2020.

GROUP EARNINGS PERFORMANCE

Below are the Group's key earnings metrics (the 2017 and 2018 figures have been restated to eliminate the discontinued Bio Food business):

PROFIT AND LOSS	2017	2018	*2018/2017*	2019	*2019/2018*	CAGR 2019-2017
Revenue	2,473,381	2,613,947	5.7%	2,813,298	7.6%	***6.7%***
Advertising	(92,551)	(89,014)	3.8%	(91,477)	(2.8%)	***(0.6%)***
As a % of revenue	*(3.7%)*	*(3.4%)*	*3.8%*	*(3.3%)*		
EBITDA-A	354,884	307,468	(13.4%)	342,726	11.5%	***(1.7%)***
As a % of revenue	*14.3%*	*11.8%*		*12.2%*		
EBIT-A	276,784	220,131	(20.5%)	231,085	5.0%	***(8.6%)***
As a % of revenue	*11.2%*	*8.4%*		*8.2%*		
Profit before tax	263,035	211,721	(19.5%)	198,478	(6.3%)	***(13.1%)***
As a % of revenue	*10.6%*	*8.1%*		*7.1%*		
Income tax	(33,828)	(63,036)	(86.3%)	(64,233)	(1.9%)	***37.8%***
As a % of revenue	*(1.4%)*	*(2.4%)*		*(2.,3%)*		
Profit for the year from continuing operations	229,207	148,685	(35.1%)	134,245	(9.7%)	***(23.5%)***
As a % of revenue	*9.3%*	*5.7%*		*4.8%*		
Net profit	220,600	141,589	(35.8%)	141,752	0.1%	***(19.8%)***
As a % of revenue	*8.9%*	*5.4%*		*5.0%*		

STATEMENT OF FINANCIAL POSITION	12-31-17	12-31-18	*2018/2017*	12-31-19	*2019/2018*
Equity	2,074,637	2,162,334	*4.2%*	2,262,203	*4.6%*
Net debt	517,185	704,621	*(36.2%)*	999,849	*(41.9%)*
Average net debt	426,042	627,350	*(47.3%)*	871,658	*(38.9%)*
Leverage **(3)**	20.5%	29.0%		38.5%	
TOTAL ASSETS	**3,663,133**	**3,834,069**	***4.7%***	**4,374,073**	***14.1%***

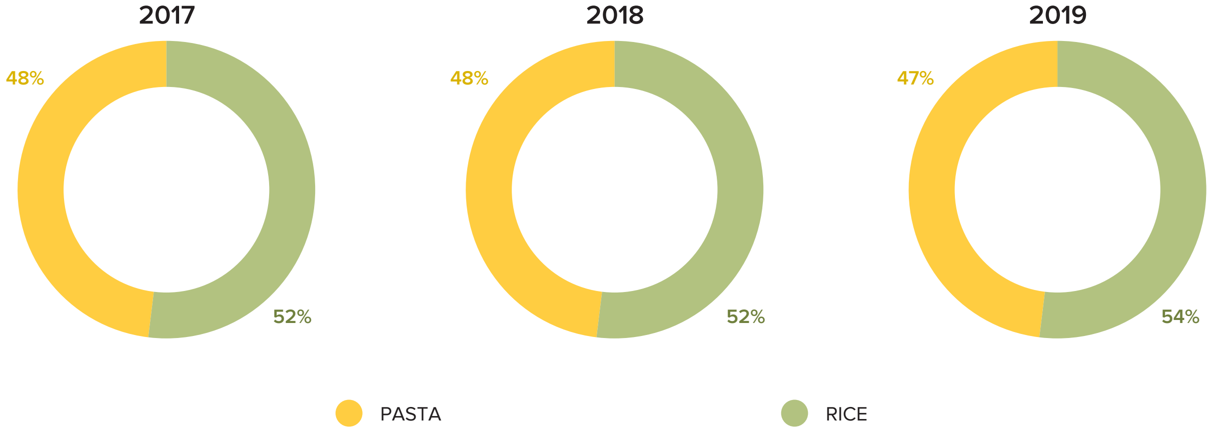
	12-31-17	12-31-18	*2018/2017*	12-31-19	*2019/2018*
Average working capital	506,803	588,403	*(16.1%)*	643,139	*(9.3%)*
Average capital employed	1,678,670	1,805,986	*(7.6%)*	2,080,166	*(15.2%)*
ROCE-A **(1)**	16.6	12.3		11.1	
Capex **(2)**	120,671	138,930	*15.1%*	148,705	*7.0%*
Average headcount	6,344	7,153	*12.8%*	7,522	*5.2%*

(1) ROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed
(2) Capex = Cash outflows for investment purposes
(3) Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

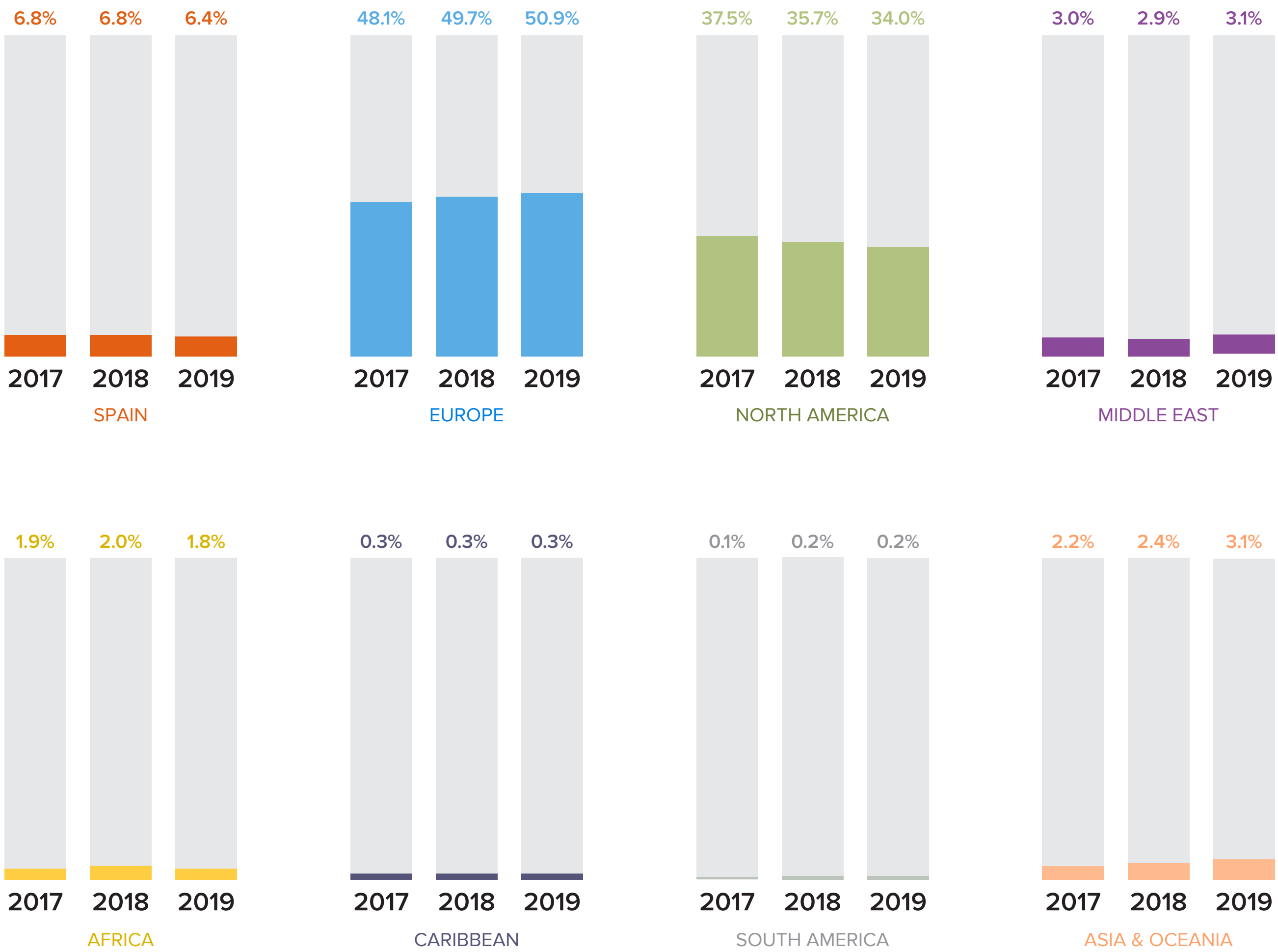
Group **revenue** was 7.6% higher year-on-year. The full-year contribution by Bertagni boosted revenue by 20 million euros, while the newly acquired Tilda Group (at the end of August 2019) added 56 million euros to the topline.

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 (Tilda, Bertagni), the breakdown by business remains balanced, with the rice business accounting for 54% of the total.

In terms of **EBITDA-A**, 2019 was a year of clearcut recovery, the Group having successfully addressed the various challenges outlined in last year's report. Specifically, this profit metric registered growth of 11.5% to 342.7 million euros. The impact of exchange rate movements accounted for 6.9 million euros; the change in accounting treatment in the wake of initial application of IFRS 16 contributed 13 million euros; and the recently-acquired Tilda Group contributed another 6 million euros during the last quarter of the year. Organic growth was driven by: (i) the US rice business, hit hard in 2018, and despite significant paring back of volumes in certain lines which were not sufficiently profitable at prevailing prices; and (ii) a spectacular performance at Bertagni.

Margins widened thanks to the recovery in profitability. By way of example, the EBITDA-A ratio in the US expanded by over three points. The newly acquired businesses are also contributing to margin expansion (Bertagni has a margin of over 17%). However, the efforts to make the Group more efficient and sustainable generated additional non-recurring charges, including restructuring charges, operations start-up expenses and expenses related with the Group's M&A activity.

Profit before tax was slightly higher than in 2018 due to (i) higher depreciation and amortization charges attributable to new acquisitions and heavy capital expenditure in recent years; and (ii) the above-mentioned increase in non-recurring charges.

Tax expense was largely stable; the effective rate increased due to the decision not to recognize the tax assets corresponding to certain tax losses incurred in 2019 in certain markets in light of prevailing uncertainty as to the ability to utilize them within a reasonable period of time

Profit for the year was flat year-on-year once the gain on the sale of the Bio Food business is added to the profit from continuing activities (refer to the notes to the consolidated financial statements for further details).

The **ROCE-A** declined to 11.2%, as the investments made have yet to have a significant impact in terms of the return on assets.

STATEMENT OF FINANCIAL POSITION METRICS

Highlights:

- The first-time consolidation of Bertagni and La Loma, which increased assets by a net 143 million euros (affecting property, plant and equipment, intangible assets, goodwill, net current assets and borrowings) in 2018, and of the Tilda Group in 2019, which boosted assets by 292 million euros.
- A significant increase in capex in the last three years (149, 139 and 121 million euros in 2017, 2018 and 2019, respectively).
- The impact of the trend in the US dollar rate on the dollar balances of the subsidiaries exposed to this currency (the exchange rate went from €/$1.20 at year-end 2017 to 1.14 at year-end 2018 and 1.12 at year-end 2019).
- The initial application of IFRS 16 Leases, prompting the recognition of right-of-use assets and financial liabilities of 88 and 90 million euros, respectively (refer to note 10 of the consolidated financial statements).

- An increase in working capital in prior years (in 2019 the increase is attributable to the first-time consolidation of Tilda), due to: (i) a slight increase in general rice prices; (ii) a significant increase in the prices of the aromatic varieties; and (iii) the need to comply with increasingly stringent pesticide and fungicide waste regulations which are requiring increasingly intense management of these resources for compliance and quality purposes.

Other assets and other liabilities mainly comprise deferred taxes, provisions for pension obligations and provisions for charges (notes 19, 20 and 21 of the consolidated financial statements).

STATEMENT OF FINANCIAL POSITION

	2017	2018	*2018/2017*	2019	*2019/2018*
Intangible assets	428,248	439,270	11,022	538,116	98,846
Property, plant and equipment	758,739	858,092	99,353	1,029,957	171,865
Investment properties	23,780	23,439	(341)	23,322	(117)
PP&E AND INTANGIBLE ASSETS	**1,210,767**	**1,320,801**	**110,034**	**1,591,395**	**270,594**
Financial assets	**69,007**	**64,338**	**(4,669)**	**63,034**	**(1,304)**
Goodwill	**1,037,889**	**1,154,939**	**117,050**	**1,267,066**	**112,127**
Other funds	**49,757**	**52,884**	**3,127**	**57,252**	**4,368**
Inventories	558,990	594,804	35,814	621,012	26,208
Trade receivables, Group companies	0	0	0	0	0
Trade receivables	375,141	402,501	27,360	441,891	39,390
Other accounts receivable	89,592	71,854	(17,738)	79,637	7,783
Trade payables, Group companies	0	0	0	0	0
Trade payables	(336,478)	(344,017)	(7,539)	(347,752)	(3,735)
Other accounts payable	(120,467)	(114,604)	5,863	(127,523)	(12,919)
NET CURRENT ASSETS (WORKING CAPITAL)	**566,778**	**610,538**	**43,760**	**667,265**	**56,727**
NET INVESTMENT	**2,934,198**	**3,203,500**	**269,302**	**3,646,012**	**442,512**
Capital	92,319	92,319	0	92,319	0
Reserves	1,761,718	1,928,426	166,708	2,028,132	99,706
Profit attributable to owners of the parent	220,600	141,589	(79,011)	141,752	163
Less: Interim dividend	0	0	0	0	0
Less: Own shares	0	0	0	0	0
CAPITAL AND RESERVES	**2,074,637**	**2,162,334**	**87,697**	**2,262,203**	**99,869**
Non-controlling interests	**47,288**	**27,868**	**(19,420)**	**29,467**	**1,599**
Other funds	**295,088**	**307,874**	**12,786**	**354,493**	**46,619**
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	677,526	705,346	27,820	990,568	285,222
Special financing	109,070	171,528	62,458	261,353	89,825
Less: Cash on hand and at banks	(268,439)	(144,982)	123,457	(160,839)	(15,857)
Less: Short-term investments	(972)	(26,468)	(25,496)	(91,233)	(64,765)
NET BORROWINGS	**517,185**	**705,424**	**188,239**	**999,849**	**294,425**
TOTAL FUNDS	**2,934,198**	**3,203,500**	**269,302**	**3,646,012**	**442,512**

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						
	2017	2018	*2018/2017*	2019	*2019/2018*	CAGR 2019-2017
Revenue	1,345,026	1,412,702	*5.0%*	1,566,239	*10.9%*	***7.9%***
Advertising	(28,088)	(26,969)	*4.0%*	(33,010)	*(22.4%)*	***8.4%***
EBITDA-A	205,988	162,065	*(21.3%)*	192,263	*18.6%*	***(3.4%)***
EBIT-A	172,522	123,990	*(28.1%)*	143,060	*15.4%*	***(8.9%)***
Operating profit	174,027	125,392	*(27.9%)*	134,445	*7.2%*	***(12.1%)***
Capex	65,807	64,583	*(1.9%)*	75,160	*16.4%*	***6.9%***

(000€)

As already noted, prices were stable across the main rice varieties during the year although the prices of long-grain rice grown in Vietnam and Thailand fell.

In the US, long-grain rice prices fell as a result of the excellent 18/19 harvest: as is customary, that record yield prompted a decrease in cultivated area the following year so that it is likely that prices will recover, as was already beginning to be observed in trading prices towards the end of 2019.

US HARVEST PRICES					
	19/20 (*)	18/19	17/18	16/17	15/16
Average price	13	12.6	12.9	10.4	12.2
Long grain	12	10.8	11.5	9.64	11.2
Medium grain	16.1	18.5	16.2	12.9	15.3

$/cwt

(*) Estimated range
August-July
(source: USDA)

Revenue in the rice business increased sharply, in part due to the acquisition of the Tilda Group, which contributed 55.6 million euros to the topline in four months; that contribution was buoyed by the application of new prices and promotions introduced at the start of 2019 and the impact of the average exchange rate, which went from €/$1.18 to 1.12 for an impact of 31 million euros.

Sales growth in the microwaveable rice segment - one of the Group's priority niches - remained in the double digits. To meet that demand, in 2019 the Group completed the expansion of its microwaveable rice facilities at the Memphis factory and started work on a new factory in San José de la Rinconada, which is expected to be ready in the middle of 2020. Another product that continued to gain momentum was the Sabroz range, which registered double-digit growth in Spain. The Spanish market as a whole registered volume growth of 3.2% (Nielsen 52-week scantrack) and the Group remained the clearcut leader among branded products.

EBITDA-A in the rice business registered year-on-year growth of 18.6% thanks to: (i) the first-time consolidation of Tilda, which contributed 6.1 million euros in four months; (ii) the impact of the new lease standard (4 million euros); and (iii) positive exchange rate effects of 5 million euros. The 2019 result implied virtual recovery of 2017 profitability, having endured a particularly difficult 2018 in the US, prompting it to reorganize production at one of the factories (Freeport) and cope with general price inflation, particularly in staff and logistics costs.

Nevertheless, profitability in the US rice segment was slightly lower in 2019 than in 2017 due to: (i) internal logistics problems affecting certain products (gluten-free) which share production lines with other products in the Memphis factory; and (ii) problems with the start- up of a new logistics center covering the northeastern region in August and September which implied delays and the need to recalibrate certain deliveries in the distribution network. Having addressed these issues, the outlook is for continued growth underpinned by very solid foundations.

The breakdown of the contribution by the non-US rice business to the unit's EBITDA-A, excluding the Tilda Group, was as follows:

	2017	%	2018	%	2019	%
Spain	28,382	32.6%	30,902	34.8%	25,471	28.7%
Europe	48,577	55.7%	47,779	53.8%	52,520	59.3%
Other	10,210	11.7%	10,143	11.4%	10,644	12.0%
TOTAL EBITDA-A	**87,169**	**100.0%**	**88,824**	**100.0%**	**88,635**	**100.0%**

The breakdown is similar to that of 2018, although it is worth highlighting the higher contribution by the 'Rest of Europe' driven by (i) a very healthy performance in organic rice varieties; (ii) growth in the pulse products introduced in recent years which are classified in this segment; and (iii) a terrific performance in frozen rice and pasta products in Europe.

The Spanish contribution declined somewhat due to: (i) certain costs associated with the production of the cupped products related with their restructuring; and (ii) a slight increase in the cost of certain varieties which in 2018 had been more profitable than usual. Productivity is expected to increase with the new factory in Rinconada.

In 2019 the Group completed several investments in Argentina which position that market as a significant source of organic varieties with scope for stepping in for similar varieties grown in Spain in the event of drought or increased salinity. It also invested in new facilities in Southeast Asia to increase the Group's supply of long-grain varieties and its ability to manage increasingly demanding pesticide and fungicide waste requirements.

The trend in **operating profit** was similar to that in EBITDA-A, except for a slight increase in depreciation charges on the back of the investments made in recent years and in non- recurring charges related with restructuring work and new activities launched in the US and Europe.

Capital expenditure remained high, evidencing the Group's strategic commitment to the high-growth business lines. Investments in the rice business were concentrated on: (i) the start of work on the new microwaveable cup factory in Spain; (ii) capacity expansion work in the US; and (iii) the start of work on a new pulse-based ingredients factory.

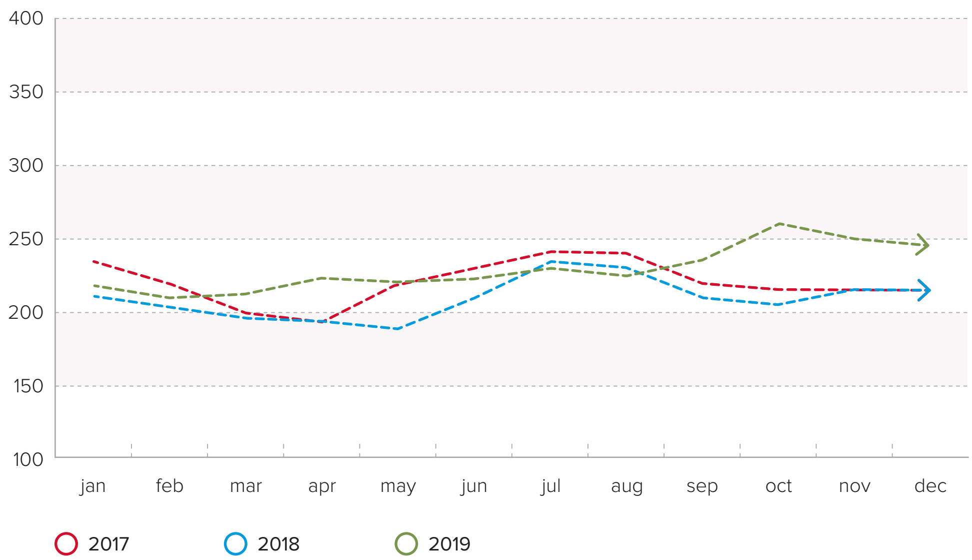
PASTA BUSINESS

PROFIT AND LOSS						
	2017	2018	*2018/2017*	2019	*2019/2018*	CAGR 2019-2017
Revenue	1,184,816	1,265,970	*6.8%*	1,311,925	*3.6%*	***5.2%***
Advertising	(65,571)	(62,688)	*4.4%*	(60,404)	*3.6%*	***(4.0%)***
EBITDA-A	158,861	153,156	*(3.6%)*	162,419	*6.0%*	***1.1%***
EBIT-A	114,890	104,532	*(9.0%)*	101,481	*(2.9%)*	***(6.0%)***
Operating profit	100,604	97,834	*(2.8%)*	90,106	*(7.9%)*	***(5.4%)***
Capex	52,855	73,946	*39.9%*	71,772	*(2.9%)*	***16.5%***

(000€)

Durum wheat prices were stable until the summer of 2019. Prices rebounded slightly in the wake of the new harvest, as the quality of the European harvest was slightly below usual. However, prices had once again stabilized by the end of the year.

DURUM WHEAT PRICES, €/MT



Source: Terre.net

Revenue in the pasta business increased by 3.6%. It is worth highlighting the impact of the full-year's contribution by Bertagni, of approximately 20 million euros, plus organic growth at this company, worth another 20 million euros. The trend in the US dollar against the euro also had a positive impact on the topline, of around 13 million euros.

By market:

- In France, the brand segments were stable or contracting, except for the fresh pasta segment, which registered year-on-year growth of 4.9%, driven by the ongoing success of the pan-fried gnocchi category, which registered growth in sales volumes of 10.5%.
- Garofalo registered continued growth in sales by value and volume. Its main brand recorded growth of 3.9% by volume and increased its share (by volume) of the Italian premium pasta segment to 5.5% from 5.3% (Nielsen 52-week tracker). Sales of fresh pasta products were launched in some markets in an attempt to maximize the return on the investment in this category: sales volumes increased by 32% year-on-year.

- Bertagni is worthy of special mention, proving a runaway success from its acquisition marked by revenue growth of 20% in its first full year within the Group, driven by customer growth and product range expansion in its branded products and its ability to strike agreements with retailers for the build-up of its premium fresh pasta category.
- United States. This market was flat and the Group's share dipped slightly to 18% by volume and value. The healthy pasta product category, to which our brands are particularly exposed, was hit particularly hard.
- Canada. The dry pasta market registered growth in volume and value terms and the Group increased its share to 30.5% and 37.3% by volume and value (Nielsen 52- week tracker), outperforming all the market players.

  The fresh pasta segment registered continued strong growth by volume and value of 5.3% and 6.5%, respectively, and Olivieri defended its leadership, with a market share of 46.5% (by volume), underpinned by innovation and, especially, the gnocchi segment, in which it is spearheading the category's growth, driven in part by the fact that the pan-fried gnocchi line is fully operational.

The trend in **EBITDA-A** reversed, marked by growth of 6%, fueled above all by the contribution by Bertagni, which increased by 7 million euros from 2018, thanks to both the impact of the full-year's consolidation and the above-mentioned organic sales growth. The first-time application of IFRS 16 had an impact of 8 million euros, while exchange rate trends had a positive impact of 1 million euros.

By geography, the contribution by the US pasta business increased: some of the inflation and infrastructure issues affecting the rice business in 2018 had also affected the pasta business; once those issues were resolved, profitability in the pasta business began to improve, offsetting the disappointing revenue performance.

There was no major change in the contribution by the Canadian business, with the fresh pasta segment once again detracting: despite efficiency improvements and the fact that the company is spearheading market developments by introducing entirely new concepts such as pan-fried gnocchis, competition from other supermarket products remains intense.

France's contribution was also stable year-on-year, as this business continues to be penalized by the difficulties facing Roland Monterrat, whose core sandwich production and sale business continues to face fierce competition. The business has surmounted the issues deriving from the new promotions regulations issued by the French government, which meant challenging negotiations with certain significant supermarket chains which continue to reduce the number of branded products they carry as they prioritize private label products.

Lastly, leaving aside the fantastic contribution by Bertagni, detailed above, Garofalo's contribution declined year-on-year as a result of: (i) a degree of tension in the market for raw materials following the obligation imposed in Italy to indicate the origin of the durum wheat used to make the pasta; (ii) a significant growth effort; (iii) upgrade of the international dry pasta and new fresh pasta platform; and (iv) warehouse issues derived from the expansion of production and warehousing capacity at the factory in Granniano.

The trend in **operating profit** was largely similar to that in EBITDA, albeit boosted by the absence of non-recurring charges this year (in 2018, the Group recognized impairment losses on certain North American brands).

Capex was concentrated in: (i) the new logistics warehouse for the pasta business in France; (ii) the new dry pasta line and capacity expansion at the Garofalo factory; and (iii) completion of the facilities for the new gnocchi production 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 investment closed in 2019 was the acquisition of the companies and assets comprising the Tilda business worldwide from Hain Celestial of 100%. In total, the Group invested 292,234 thousand euros for 100% of the business (before potential debt and working capital adjustments, which are still under negotiation but are not expected to be material). The acquisition was financed using a mix of equity and debt.

The most significant disposal completed in 2019 was the sale of the Bio Food business, which closed on September 30, 2019 at a price of 57.5 million euros (debt-free). That disposal generated a gain of 16,043 thousand euros.

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
2017	120,671
2018	138,930
2019	148,705

(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					
	2017	2018	2018/2017	2019	2019/2018
Equity	2,074,637	2,162,334	*4.2%*	2,262,203	*4.6%*
Net debt	517,185	704,621	*36.2%*	999,849	*41.9%*
Average net debt	426,042	627,350	*47.3%*	871,658	*38.9%*
Leverage	24.9%	32.6%	*30.7%*	44.2%	*35.6%*
Leverage (average net debt) **(1)**	20.5%	29.0%	*41.3%*	38.5%	*32.8%*
EBITDA-A	354,884	307,468	*(13.4%)*	342,726	*11.5%*
Coverage	1.46	2.29		2.92	

(000€)

(1) Leverage = 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 165 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					
	2017	2018	*2018/2017*	2019	*2019/2018*
Cash from operating activities	196,719	211,708	*7.6%*	250,458	*18.3%*
Cash used in investing activities	(145,254)	(216,872)	*49.3%*	(356,692)	*64.5%*
Cash used in share-based transactions	(94,308)	(96,165)	*2.0%*	(99,187)	*3.1%*
FREE CASH FLOW	**(42,843)**	**(101,329)**		**(205,421)**	

(000€)

Cash generation increased in 2019 thanks to earnings (EBITDA-A) growth and control over working capital; the growth in working capital was attributable to the Tilda acquisition, whereas in prior years the working capital requirement had increased due to rice price trends and the need to adapt the supply chain to meet new plant health rules.

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 2019, this heading includes the payment for the Tilda acquisition and in 2018, for the Bertagni acquisition.
- 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 Group is currently in the process of launching a new version of its risk map which is intended to emphasize aspects that have grown in importance in recent times, approaching them holistically. More specifically, it will focus on the risks associated with climate change, social and human rights issues and changes related with new technologies and new social and consumer habits.

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. Although this risk factor has been classified within the Group's operational risks, its impacts are multiple, affecting the four dimensions defined in the risk map (operational, financial/reporting, compliance and strategic), which is why it is one of the risk areas currently under special review.

  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 the 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 fungicide/pesticide 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 it 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 12.3 of the consolidated financial statements.

5 EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organization escalated the status of the public health crisis triggered by the expansion of the coronavirus (COVID-19) to that of a global pandemic. The speed at which events are unfolding, in Spain and abroad, is causing an unprecedented health crisis that is set to impact the macroeconomic environment and the Group's business performance.

The Spanish government is passing a raft of measures to help mitigate the situation: it has declared of a state of alarm (via Royal Decree 463/2020, of March 14, 2020) and approved a series of extraordinary emergency measures to combat the economic and social ramifications of COVID-19 (via Royal Decree-Law 8/2020, of March 17, 2020).

The Group believes that these developments do not imply the need to make any adjustments to its financial statements for the year ended December 31, 2019; they could, however, have a significant impact on its operations and, by extension, on its future earnings and cash flows.

Given the complexity of the situation and the speed with which it is developing, it is not presently feasible to make a reliable quantitative estimate of its potential impact on the Group which, if any, would be recognized prospectively in the 2020 financial statements.

The Group is taking the steps required to tackle the situation and minimize its impact. It believes that the situation is circumstantial and, based on its most recent estimates and liquidity position as of the reporting date, will not compromise its ability to continue as a going concern.

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

6 GROUP OUTLOOK

At the start of this report, we remarked that despite the slowdown affecting the world's largest economies in 2019, the outlook in early 2020 pointed to a very soft landing, the worst risks of Brexit and the trade wars having dissipated. However, the recent events unfolding in the wake of the spread of the coronavirus pandemic mark a significant twist that generates major uncertainty. Most governments have rolled out emergency measures whose potential impact on the various economies is hard to calibrate. Just as complex is any attempt at estimating the duration or incidence of the pandemic.

Leaving that uncertainty aside, with respect to the commodity markets of importance to the Group's performance, what we can say is that global rice harvests remain at record levels, so that global price tension is not anticipated. There could be the odd episode of tightening as a result of the drop in cultivated area in long-grain rice in the US or the possible impact of drought on the Spanish varieties. Other varieties such as basmati are performing well and prices could ease. Note however, that basmati prices remain high despite trading below their high of two years ago. This outlook is dependent on quality sampling confirming compliance with stringent pesticide trace standards.

At any rate, the Group views its situation as adequate: it is long in the varieties that could be more sensitive to market changes and it boasts a broad number of supply points through proprietary facilities (Spain, Italy, Morocco, Argentina, India, Thailand and Cambodia) or representation offices and local contacts (Pakistan and Myanmar).

As for durum wheat, having begun to rise at the end of 2019 in the wake of the harvest, prices have since taken a breather, pointing to adequate carryover levels through to the new harvest season, The Group has taken positions contemplating possible price tension pending the new harvest.

From a sales standpoint, the feedback in the early part of the year indicates strong demand for our products, unquestionably prompted by the social alarm deriving from the pandemic and the ease of storage of the non-perishable products we sell.

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 has begun work on a new microwaveable rice factory in San José de la Rinconada, which will complement the expansion work completed at the US plant.

For our assessment of the outlook for Brexit, refer to note 12.3 of the consolidated financial statements.

In the US, we launched an unprecedented number of new products in 2019 (including nine microwavable varieties) and expect this sales and marketing effort to translate into a boost in turnover in these rejuvenated ranges.

PASTA BUSINESS

The key objectives in the European pasta business are:

- Defending profitability in the traditional dry products ranges and eking out continued growth in the premium segment, led by the Garofalo brand.
- Continuing to develop the fresh pasta segment, which is being led by Bertagni and its new products, focusing on previously unserved niches, such as fresh pasta for vegans and fresh pasta with innovative fillings.

In the US, we plan to focus on developing relations with local retailers inclined to stock a wider product base and to continue to launch our pasta & sauce packs. We will also focus strategically on building the Garofalo brand in the US market, expanding its footprint, reinforcing its use in the premium end of the dry pasta segment and introducing it in the fresh pasta segment.

7 HEADCOUNT AND ENVIRONMENTAL DISCLOSURES

This information is provided in the Non-Financial Statement, which is part of this Management Report, and in note 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 2019.

In total, R&D expenditure totaled 5.3 million euros in 2019 (2.9 million euros of which funded internally and 2.4 million euros, externally). Investment in R&D totaled 12 million in 2018 and mostly corresponded to payments made during the year for the new IQF rice and pasta product facilities in the US and for new filled fresh pasta processes in France.

The Group has articulated its R&D engine around its research centers in France, the US, Netherlands and Spain, which was joined last year (or in 2018) by the R&D center in Arcugnano, Italy, focused on research in the fresh pasta field. These centers and their main projects in 2019 were:

1. The Panzani Group's R&D Center, with locations in Marseille and Lyon. This center focuses its research effort on developments in the durum wheat category: dry and fresh pasta, couscous, pulses, other grains and new food transformation technology applied to cereals.

   In 2019, it expanded its efforts on (i) extension of the pre-cooked pasta range; (ii) process improvements, particularly in terms of energy usage; (iii) a number of additions to the side sauce range, dry pasta with the quality of fresh pasta, pesticide-free pasta, etc.

2. Bertagni R&D Center in Arcugnano. This facility focused on technology patented by Bertagni for double-layer product sealing and the development of a new product category containing fish and another targeted at vegans.

3. United States. The US Research Department focuses on developing new and adapting existing products, processes and technologies for the US rice and pasta divisions, Its work in 2019 focused on developing: (i) a new range of cereals and pulses that cook in 10 minutes; (ii) robust local development of microwavable cup products for uses and customs in the US market; (iii) new pasta & sauce packs in a range of varieties; (iv) extensive fine-tuning of recipes and textures in pasta-based products.

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 at these centers include: (i) research into hydrothermal, thermomechanical and chemical modification of rice starches to obtain functional features suitable for application in the industry; (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) the development of vegetable and pulse-based convenience foods for vegans that are 100% organic, additive free and high in nutritional content.

9 OWN SHARE TRANSACTIONS

In 2019, 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 2019, the Company bought back 58,000 shares, sold 28,250 and, under the scope of the employee share plan, delivered 29,750 own shares to employees, The Company did not hold any own shares at December 31, 2019.

10 OTHER RELEVANT DISCLOSURES

AVERAGE PAYMENT PERIOD

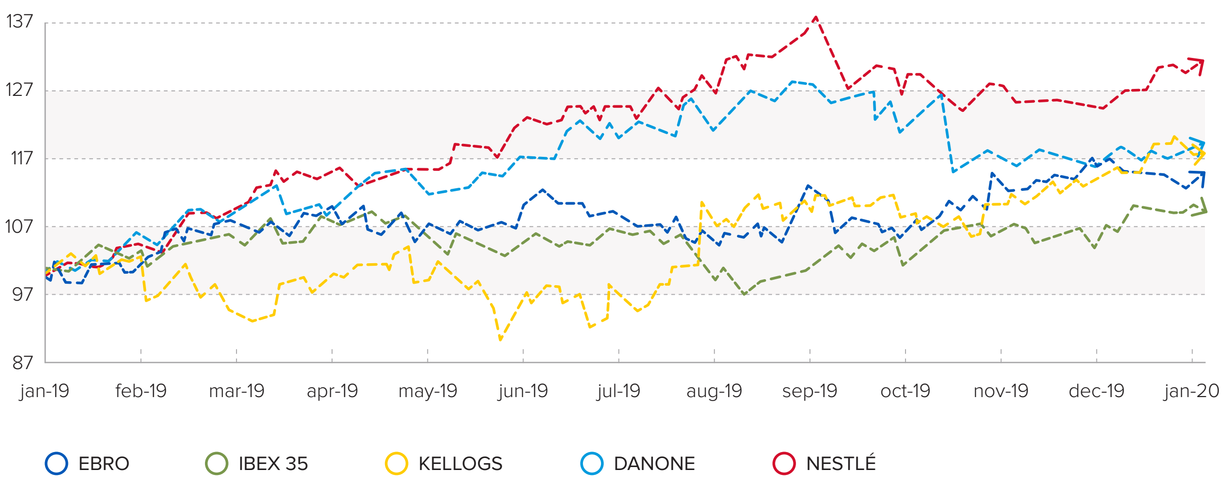
As required under the Spanish Corporate Enterprises Act, it is hereby noted that the average payment period of the companies domiciled in Spain was 30 days in 2019 and 2018, Calculations made in accordance with the ICAC (Spanish Accounting and Audit Institute) Resolution.

	2018	2019
	DAYS	DAYS
Average supplier payment term	30.2	30.1
Paid transactions ratio	29.9	30.2
Outstanding transactions ratio	39.2	28.7
	AMOUNT	AMOUNT
Total payments made	313,733	304,145
Total payments outstanding	13,923	13,933

(000€)

SHARE PRICE PERFORMANCE

SHARE PRICE PERFORMANCE LTM



The share price outperformed the Spanish market, except for the market correction observed during the summer, after which the market went on to rally. In general investors saw the sector as a source of stability in the midst of market volatility.

DISTRIBUTION OF DIVIDENDS

At the Annual General Meeting of June 4, 2019, the Company's shareholders ratified the motion to pay a cash dividend with a charge against 2018 profit and unrestricted reserves of 0.57 euros per share, 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 1, June 29 and October 1, 2019.

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-A. Adjusted EBITDA, Earnings before interest, tax, depreciation and amortization and before earnings not related with the operations that generate the regular cash flows associated with the core business (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-A and operating profit is provided below:

	2017	2018	*2018/2017*	2019	*2019/2018*
EBITDA-A	**354,884**	**307,468**	**(47,416)**	**342,726**	**35,258**
Depreciation and amortization	(78,100)	(87,337)	(9,237)	(111,641)	(24,304)
EBIT-A	**276,784**	**220,131**	**(56,653)**	**231,085**	**10,954**
Non-recurring income	11,110	8,702	(2,408)	9,077	375
Non-recurring expenses	(18,261)	(12,272)	5,989	(27,721)	(15,449)
OPERATING PROFIT	**269,633**	**216,561**	**(53,072)**	**212,441**	**(4,120)**

EBIT-A. Adjusted EBIT, calculated by subtracting depreciation and amortization from EBITDA-A.

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.

	12-31-17	12-31-18	12-31-19
(+) Non-current financial liabilities	472,353	533,612	826,725
(+) Other current financial liabilities	310,194	342,694	424,967
(–) Deposits payable	(98)	(97)	(97)
(–) Cash and cash equivalents	(269,411)	(171,450)	(252,072)
(–) Derivatives – assets	(146)	(498)	(714)
(+) Derivatives – liabilities	4,293	360	1,040
TOTAL NET DEBT	**517,185**	**704,621**	**999,849**

Average net debt. Net debt, as above, calculated on a 13-month moving average basis.

Capex. Payments for investments in productive fixed assets, Refer to the cash flow statement.

ROCE-A. 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. This metric was calculated in the same manner as in prior years.

Capital employed (average). The sum of intangible assets, property plant and equipment and working capital on a moving 13-month moving average basis, It is therefore not a simple arithmetic average or a calculation based solely on the financial information presented in the consolidated financial statements, It is not therefore possible to provide a direct reconciliation with headings, sub-totals or totals presented in the financial statements.

Working capital (average). The sum of inventories and trade and other receivables less trade and other payables on a 13-month moving average basis, As with capital employed, this metric not a simple arithmetic average or a calculation based solely on the financial information presented in the consolidated financial statements, It is not therefore possible to provide a direct reconciliation with headings, sub-totals or totals presented in the financial statements.

Leverage. A measure of creditworthiness calculated as the ratio of average net debt to equity.

Non-Financial Statements

EBRO FOODS, S.A.

ABOUT THIS REPORT

This report (the **"Report"**) contains the Non-Financial Statements of Ebro Foods, S.A. (the **"Company"**) and is part of the Management Report in the Consolidated Annual Accounts of the Company, as parent of the Ebro multinational group (the **"Ebro Group"** or the **"Group"**).

REPORTING PERIOD
2019

REPORTING FRAMEWORK
In this statement we report on the social, environmental and/or economic aspects that are important for the Ebro Group. The report has been prepared, in all material aspects, in accordance with the stipulations of prevailing commercial law and following the criteria of the selected GRI standards, as well as other criteria described according to the relevant provisions in the "Index of contents required by Act 11/2018 of 28 December on non-financial information and diversity".

SCOPE AND COVERAGE OF THE REPORT
The report presents on a consolidated level the non-financial indicators of all the companies and industrial sites operating the core businesses of the Ebro Group except for the Tilda Group, a rice business specialising mainly in the basmati variety, which was acquired on 28 August 2019 and its final consolidation on a non-financial level was not completed until practically the end of the year. Consequently, it will be included in the Non-Financial Report of the Consolidated Group as from 2020.

The offices of Ebro Foods, S.A. in Granada, Neofarms Bio (Argentina), Herba Ricemills Romania and Transimpex in Hamburg (all leased) and the three industrial plants of La Loma Alimentos, S.A. (Argentina) have also been excluded from the environmental report because their quantitative data had not been received by the closing date for this report (see Annex 1).

CHANGES IN THE REPORTING PERIMETER IN RESPECT OF 2018
The main changes in the perimeter for consolidated reporting are:

1. Exclusion of JILOCA, S.A., CELNAT, S.A.S., VEGETALIA, S.L. and HERBA EGYPT. The first three were sold and the fourth was shut down during 2019.
2. Inclusion of TRANSIMPEX, GMBH, LA LOMA ALIMENTOS, S.A. and NEOFARMS BIO, S.A., which were incorporated in the Ebro Group during the second half of 2018, so they are included in the consolidated report for the first time in 2019.

CONTACT POINT FOR ISSUES REGARDING THE REPORT OR ITS CONTENTS
Ebro Foods, S.A.
Dirección de Comunicación and Responsabilidad Social Corporativa
Paseo de la Castellana, 20 – 3ª planta
28046 Madrid Spain
E-mail: comunicacion@ebrofoods.es

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 Group has a multi-company, multi-country and multi-brand business model. It has a decentralised culture in each of its subsidiaries for certain management areas, such as Commercial and Marketing, Logistics, Procurements, Human Resources and Environment, with a clear focus on the business while taking account of the specific idiosyncrasies, laws, etc. of each country. At a higher level, the parent company (Ebro Foods, S.A.), with a light, dynamic structure, is responsible for defining the Group's overall strategy and management guidelines. Decision-making is prompted by the parent's board of directors.

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:** This includes the activities related with health and organic products in all our subsidiaries.

GLOBAL PRESENCE

The Ebro Group operates worldwide through a portfolio of over 70 brands, in 84 countries, with industrial and commercial facilities in 15 of them. In the remaining 69 countries, we only engage in commercial activity. Our industrial park comprises some 74 sites, including production plants, offices and warehouses.

LIST OF COUNTRIES WITH COMMERCIAL AND INDUSTRIAL PRESENCE

Germany	Canada	US	India	Portugal
Belgium	Denmark	France	Italy	UK
Cambodia	Spain	Netherlands	Morocco	Thailand

LIST OF COUNTRIES WITH A SALES PRESENCE ONLY				
Angola	South Korea	Indonesia	Mauritania	Saint Martin
Saudi Arabia	Ivory Coast	Reunion Island	Mexico	Saint Lucia
Algeria	Curacao	Iceland	Mozambique	Senegal
Austria	United Arab Emirates	Israel	Nigeria	South Africa
Bahamas	Slovakia	Jamaica	Oman	Sweden
Bahrain	Estonia	Japan	Panama	Switzerland
Barbados	Finland	Jordan	Peru	Taiwan
Belize	Gabon	Kuwait	Poland	Trinidad and Tobago
Benin	Ghana	Lebanon	Qatar	Tunisia
Brazil	Greece	Libya	Republic of Congo	Turkey
Cambodia	Guinea	Lithuania	Czech Republic	Ukraine
Chile	Haiti	Madagascar	Romania	Yemen
Colombia	Hungary	Mauritius	Russia	Djibouti

FINANCIAL METRICS

In 2019, the Ebro Group's net turnover grew by 7.6% year on year to €2,813.3 million. Its adjusted EBITDA was €342.7 million, up 11.5% on 2018. Net profit totalled €141.7 million, more or less on a par with the previous year, while net debt rose by €295 million to €999.8 million.

At 31 December 2019, the company had a market capitalisation of €2,968 million.

ENVIRONMENT AND TRENDS

The consumption patterns described in earlier reports continued throughout 2019 in the following areas:

MORE PERSONAL CONSUMER EXPERIENCE

Consumers now have greater decision-making capacity, more information and more shopping tools, and they are willing to pay more for products they can relate to. This is associated with:

- Demand for quality products that are easy to prepare and immediately satisfy their wishes.
- Preference for natural, healthy, organic products. The increased consumption of fresh products and the importance given to small companies and start-ups that make consumers feel in touch with nature are very much in tune with this sentiment.
- Search for sustainable products corresponding to the circular economy that include different players in their preparation and sale.
- Desire for a greater choice. Quality private label brands have broadened their customer base, spanning practically all social classes and segments of population.

SOCIAL CHANGES

- Ageing population, increased power of older generations. The baby boomers have transformed this segment of the population; their purchasing power has increased and their aspirations and needs (activity and health) differ from those traditionally associated with this social group.
- Smaller families, with a constant growth in the number of single-member households; new formats and customised goods and services.
- The younger generations are more concerned about social and environmental issues.
- Increased mobility and immigration in many developed countries, accompanied by new tastes and ways of preparing food.

CONNECTIVITY

The relentless penetration of mobility in internet access (more than 4 billion people with access to internet at year-end 2018, a very large proportion of whom connect through their mobiles or tablets) makes shopping faster and more universal. This, together with growing automation (self-driving cars, drones, etc.) and interchange platforms that put consumers in touch with the producers of goods and services, herald a change in food consumption and shopping habits (customised promotions, access to all sorts of food delivery services, crossing the last mile barrier in distribution, etc.).

NEW CHANNELS AND SERVICES

- Growth of local supermarkets, with more frequent shopping and increased availability (24-hour opening, alliances with filling stations or other high-traffic points).
- Consolidation of virtual stores (such as Amazon) on the distribution market along with the new consumer trends and use of technology.
- New ways of cooking or consuming food (by order, through vending machines, snacks as meal substitutes, etc.).

All these changes have brought new challenges for distributors and producers, who are forced to use totally different marketing techniques from those prevailing up to a decade ago to reach consumers and achieve customer loyalty, and where the use of Big Data and the speed and customisation of marketing actions are becoming increasingly important.

Finally, at the date preparing this report the impact of the coronavirus pandemic on the economy in general and consumer behaviour is uncertain.

STRATEGY

The Group's strategy focuses on becoming 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 step up 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 economic risks, including tax risks, as well as social and environmental 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 business and the large groups of agents directly and indirectly related with the Group.
- Generate a framework of labour relations that favours training and personal and professional development, respects the principles 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 our 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 communication channels and providing stakeholders regularly and transparently with rigorous, accurate, important information on the Group's activities.

GROWTH LEVERS

- Organic and inorganic growth in countries with high levels of consumption 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 that tastes as good as 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:
        - Seeking 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).
        - Expanding into new business segments within markets in which we are already present: pasta in India, broadening the range of products in the Middle East or Eastern Europe, and developing the skillet gnocchi range in Canada.

- Significant positioning in the healthy and organic foods segment in all our brands, through new concepts based on ancient grains, organic, gluten free, quinoa, etc.
- Differentiation and innovation, investing in two aspects to enhance our product range:
    - Research, development (R&D) and innovation through our 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 and the 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.

EBRO FOODS, S.A.

CORPORATE SOCIAL RESPONSIBILITY MODEL

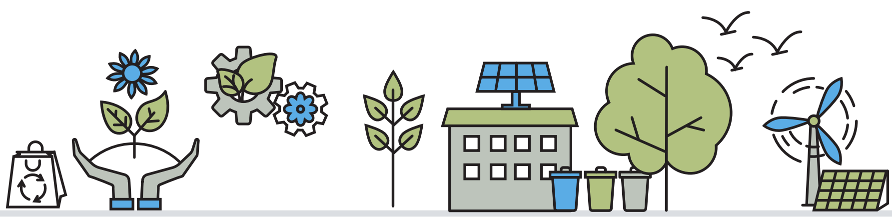
The Ebro Group considers sustainable growth one of the basic pillars of its management strategy, to secure its consolidation as a benchmark business group in its areas of activity and position itself as a global, sound, innovative, responsible enterprise committed to social well-being, environmental 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.

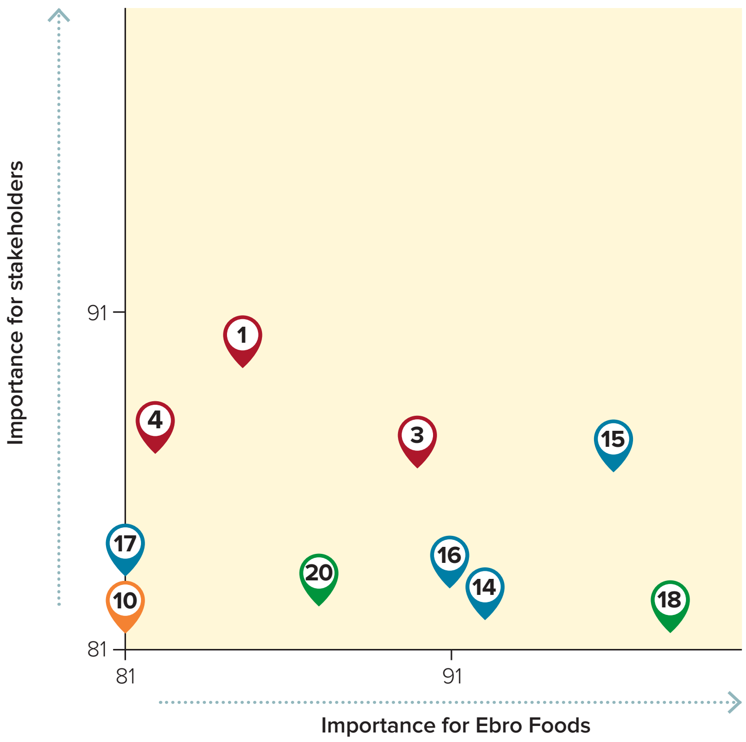
The Group has followed a four-stage procedure to define and design this CSR model:

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 management, 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.

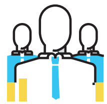


GLOBAL MATERIALITY MATRIX



Three aspects stand out for their importance for the organisation and its stakeholders:

Maximising the sustainability, quality and safety of food throughout the value chain



Preventing and avoiding accidents and damage by improving the safety of direct and indirect jobs (manufacturing and distribution)

Implementing environmental policies (especially those related with climate change and water)

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

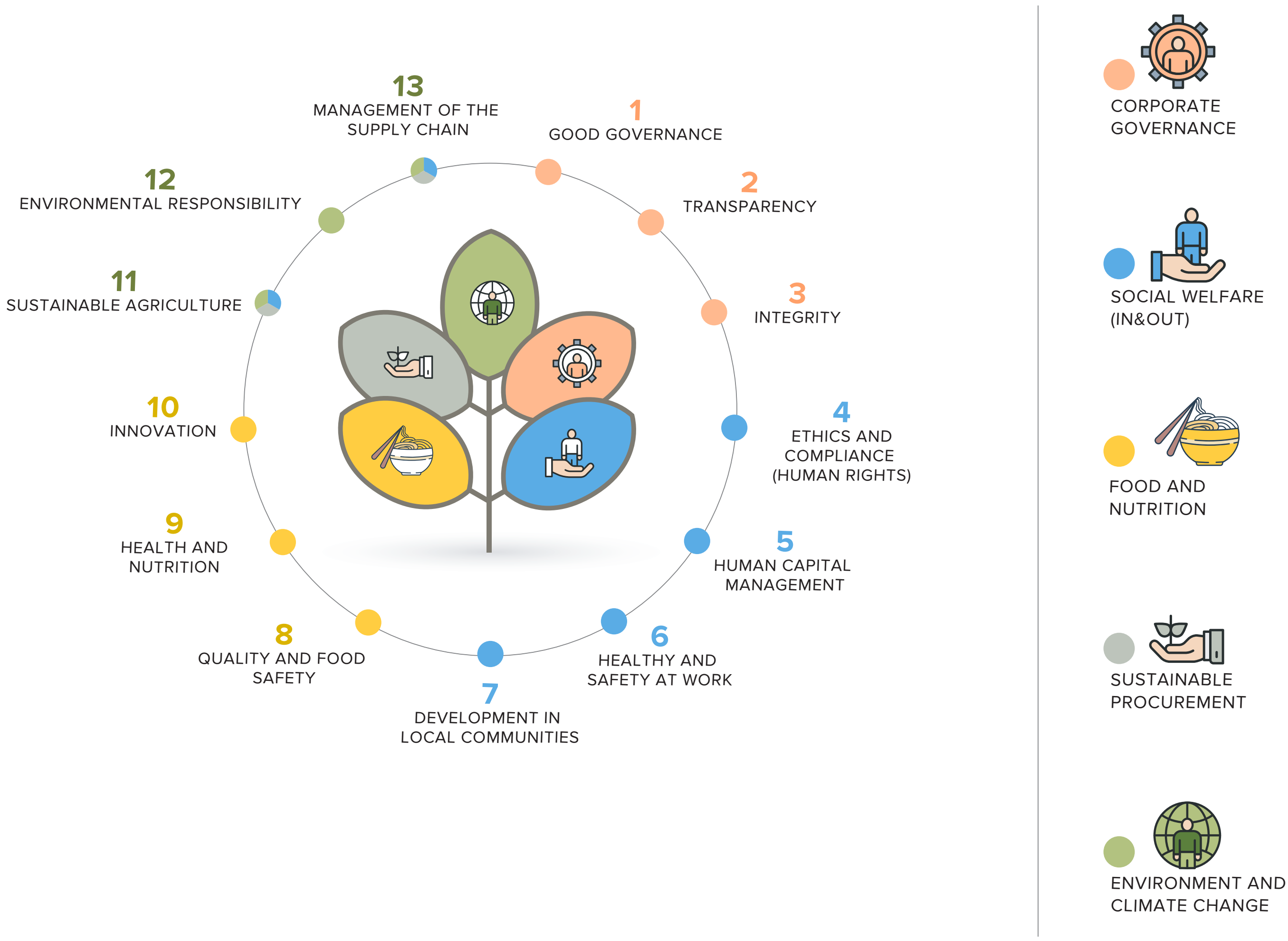
IMPLEMENT ENVIRONMENTAL POLICIES

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.

CSR Model



To make these 13 priorities effective, during 2019 we embarked on the Global Sustainability Plan HEADING FOR 2030 ["RUMBO A 2030"], with the slogan **Caring for you and the Planet**. This Plan lays down the guidelines and action plans that the Ebro Group will implement from 2019 to 2030 to meet the demands and expectations expressed by our stakeholders in the materiality analysis, contribute towards achievement of the Agenda 2030 and minimise the negative impacts that our operations may have on the environment while maximising the positive effects of those activities.

The three main pillars of action of HEADING FOR 2030 are people, health through food and the planet.

With regard to people, the Plan promotes the well-being at work of our professionals, supporting ongoing training and professional development to retain talent, seeking ways to achieve a good work-life balance and ensuring equal opportunities, diversity and health and safety at work. It also continues to implement actions that contribute towards social and economic development in our areas of influence.

Our primary goals in caring for the planet are to guarantee the environmental efficiency of all the Group's operations, working to mitigate and adapt to the effects of climate change and the sustainability of our principal raw materials.

As for the third pillar, with the aim of securing the health and well-being of our consumers, in addition to its heavy investment in R&D and innovation to guarantee a broad range of safe, healthy products, the Group will continue to oversee the quality and food safety of those products while actively promoting healthy eating habits and lifestyles.

2019 was the starting point for this Plan and the definition of part of the indicators that will monitor the progress achieved in each of the goals up to 2030. We will be able to report on the progress towards each goal as from 2020. During this year, 2020, we will also complete quantification of the goals yet to be determined within HEADING FOR 2030, essentially those referring to the environment. In addition, a specific microsite has been set up on the domain caringforyouandtheplanet.com as an information and monitoring tool for the Plan.

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/
Sedex	Sedex https://www.sedexglobal.com/es/
ecovadis	Ecovadis https://www.ecovadis.com/es/
CEFLEX A CIRCULAR ECONOMY FOR FLEXIBLE PACKAGING	Ceflex https://ceflex.eu/

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. Our inclusion in this index verifies that we are 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 the Selection and Diversity of Directors
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

In addition to the foregoing, in 2019 the Board of Directors of Ebro approved the Group's Policy against Corruption and Bribery.

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 Group made an audit of its security and drew up an action plan that contemplated: (i) ongoing 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.** Global warming is a serious threat to the Group owing to our direct dependence and impact on natural resources such as land or water and their importance for the proper development of our business activities. Accordingly, we have set up a task force to study and classify the potential impacts that climate change may have on our organisation and assign to each one the appropriate mitigation and/or adaptation measures, based on a prior matrix of risks already identified*. Our sustainability plan HEADING FOR 2030 (caringforyouandtheplanet.com), started up in 2019, contemplates a number of actions and goals for these measures, such as: 1) making a more efficient consumption of water and energy; 2) reducing, recovering and re-using waste; 3) recycling packaging; 4) optimising logistics; and 5) using new sustainable agriculture models and technologies.

* Initial matrix of potential risks deriving from climate change

TYPES OF RISK	RISKS	IMPACTS	MEASURES
Financial Operational Strategic	Extreme weather events: droughts, torrential rain, hurricanes...	1. Changes in the quality and quantity of harvests 2. Raw material price volatility 3. Production shutdown due to damage to own and/or external infrastructures 4. Rise in consumer prices	1. Geographical diversification for sourcing 2. Diversification of product portfolio 3. Anticipation of possible risks of weather perils when choosing workplace locations 4. Permanent innovation
Strategic Operational	Rising temperatures	1. Smaller consumption of seasonal products 2. Changes in consumer habits 3. Greater energy consumption 4. Changes in crop yields	1. Diversification of product portfolio 2. Innovation 3. Improvement of energy efficiency 4. Innovation in agricultural technology and seed varieties 5. Sustainable agriculture
Financial	Higher taxes and rates for energy, water or transport	Smaller profits, new investments to adapt to changing market circumstances	1. Improvement of energy efficiency 2. Optimisation and sustainability of logistics 3. Promotion of and incentive to improve sustainability in the company
Financial Compliance	Laws or Regulations imposing limits on emissions and fines for exceeding them	Financial, need for additional investments to adapt to the new laws/regulations	1. Anticipation of new legal requirements, analysing trends, participating in forums, etc. 2. Consistent internal regulation of the matter 3. Promotion of and incentive to improve sustainability in the company
Reputational Strategic	Negative reputation for lack or breach of commitments regarding climate change	1. Brand image, reputation 2. Loss of business	1. Publication of the company's good environmental practices 2. Participation in sectoral forums and entities related with the environment
Reputational Financial	Withdrawal of investment funds/ shareholders due to non-compliance with required ESG criteria	1. Image, reputation 2. Market instability	1. Consistent internal regulation of the matter 2. Publication of the company's good practices 3. Proactive communication attitude

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 product, 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.

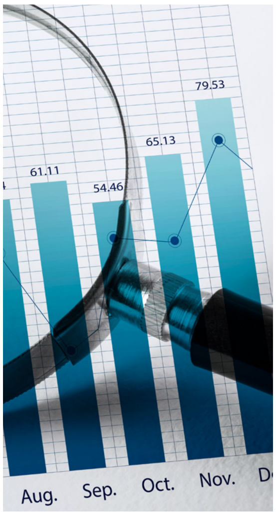
3. **Tax laws.** Any change in the tax laws or their interpretation or application by the competent authorities in the countries in which the Group operates could affect our earnings.

   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: *Further information on the description of risks and risk control and management system is available in section 4 of the Management Report and section E of the Annual Corporate Governance Report, both available on the corporate website.*

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 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/csr-in-ebro/codes-and-policy/).

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 Chair 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 Chair 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.

Four incidents of discrimination were reported in Riviana Foods (USA) during 2019. Three incidents has already been investigated and solved (two in favour of Riviana and one in favour of the employee) and the other one is pending solution.

2019					
COMPANY	MEN	WOMEN	ADDRESSED	SOLVED	TOTAL GRIEVANCES
Riviana	3	1	4	3	**4**

2018					
COMPANY	MEN	WOMEN	ADDRESSED	SOLVED	TOTAL GRIEVANCES
Riviana	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

COMPANY	SITE	COUNTRY	DATE	TYPE OF AUDIT	AUDIT COMPANY
Geovita	Bruno (AT)	ITALY	14/02/2020	SMETA	SGS Italy
Herba Ingredients BV	Plants B, C, E, F	BELGIUM	20/12/2019	SMETA	SGS CBE Belgium
S&B Herba Foods	Regent Mill	UNITED KINGDOM	08/08/2019	SMETA	BVCERT 4 Pillar Audits
S&B Herba Foods	Fulbourn Mill	UNITED KINGDOM	16/05/2019	SMETA	BVCERT 4 Pillar Audits
Ebro India	Ebro India	INDIA	10/07/2019	SMETA	DNV GL
Herba Ricemills	La Rinconada	SPAIN	18/06/2019	SMETA	Intertek Spain
Herba Ricemills	San Juan de Aznalfarache	SPAIN	25/04/2019	WCA	Intertek
Bertagni	Vicenza	ITALY	27/02/2019	WCA	Intertek
Garofalo	Gragnano	ITALY	21/01/2019	SA8000	DNV GL
Garofalo	Gragnano	ITALY	30/07/2019	SA8000	DNV GL
Herba Bangkok	Nong Khae	THAILAND	16/11/2018	BSCI	BureauVeritas
Herba Bangkok	Nong Khae	THAILAND	13/09/2019	Fair Trade	Flocert
Lassie	Wormer	NETHERLANDS	06/12/2019	SMETA	SGS
Riviana (pasta business)	Winchester	USA	05/03/2019	SMETA	SGS North America, Inc.

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	2019				2018			
	NO. EMPLOYEES TRAINED	NO. HOURS	TOTAL EMPLOYEES	% OF TOTAL EMPLOYEES	NO. EMPLOYEES TRAINED	NO. HOURS	TOTAL EMPLOYEES	% OF TOTAL EMPLOYEES
Ebro India	151	302	151	100.00%	123	246	123	100.00%
Garofalo					134	1	193	69.43%
Herba Bangkok	124	1	227	54.63%	188	1	188	100.00%
Herba Cambodia	6	3	6	100.00%	6	3	6	100.00%
Lassie	71	71	71	100.00%				
S&B Herba Foods	4	1	106	3.77%	8	2	104	7.69%
Transimpex	64	1	64	100.00%				

The Ebro Group did not have any security personnel on its payroll during 2019.

HUMAN RIGHTS DUE DILIGENCE

To support the Group's commitment to Human Rights, the Sustainability Plan HEADING FOR 2030 contemplates a specific working area in Human Rights for the coming years. Accordingly, the main actions that will be taken as from this year 2020 are: (i) a due diligence process to identify the possible impacts of our organisation on Human Rights and draw up a map of significant issues in this area, for both our businesses and the value chain; and (ii) further awareness and training programmes promoted by the parent in addition to those already in place.

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 grievance channel through which any interested person may confidentially inform the parent company of any potential infringement of the Code.

The general regulation set out in the Code of Conduct is supplemented on a corporate level with the Policy against Corruption and Bribery approved by the parent's board of directors in April 2019. All the principles, values and rules for action established in the Code of Conduct for combating corruption and fraud are developed in the specific, verifiable terms of that Policy.

The global regulation of the Code of Conduct and the principles set out in the Policy against Corruption and Bribery are 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 committing 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. During 2019, the existing criminal risk map was reviewed and updated with counselling from external specialists. That work is expected to be completed during the first half of 2020. Within that review and updating process, a specific training plan is to be designed for employees, which will include training on the prevention of corruption and fraud, owing to its importance.

- 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 its 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. All new hires in the Group's Indian subsidiary receive specific information within their inception training on combating corruption, including the general rules established in the Code of Conduct, the specific rules of the Vigil Mechanism and the hierarchical structure for reporting suspicious conduct. Also within that policy, due diligence is conducted on potential overseas customers and they are required to certify that they do not participate and have not participated in any acts of corruption or bribery.
- In France, in pursuance of the local laws (SAPIN 2 Act of 10 December 2016), the Panzani Group implemented a Code of Conduct to combat and prevent corruption as of 1 January 2020. The aim of that Code of Conduct is to make employees aware of the prohibited conduct and the best practices for dealing with potentially hazardous situations within their professional activity. The Code was defined and implemented based on the corruption risk map drawn up by Panzani with specialist external counselling. The regulation contained in that Code is supplemented with the Guide for Use of the "Ethical Alert device" (*dispositif d'alerte Professionnelle "Alerte Ethique"*), an internal channel within Panzani through which any employee in that group can confidentially report any indication of infringement of the Code of Conduct, with guaranteed protection from reprisals.

In the same context, just as in 2018, the companies Riviana Foods, Catelli Foods Corporation and Ebro India provided anti-corruption training for their employees in 2019. That ongoing training is included in regular training plans, thus ensuring the constant updating of employee knowledge on the matter. Other subsidiaries that have also provided training in this area are Herba Bangkok (Thailand), Lassie (Netherlands) and S&B Herba Foods (UK).

COMPANY	2019			2018		
	NO. EMPLOYEES	NO. EMPLOYEES RECEIVING ANTICORRUPTION TRAINING	% OF EMPLOYEES TRAINED	NO. EMPLOYEES	NO. EMPLOYEES RECEIVING ANTICORRUPTION TRAINING	% OF EMPLOYEES TRAINED
Catelli	369	369	100.00%	368	368	100.00%
Ebro India	151	151	100.00%	123	123	100.00%
Herba Bangkok	227	124	54.63%			0.00%
Lassie	71	71	100.00%			0.00%
Riviana	1,214	1,214	100.00%	1,274	1,274	100.00%
S&B Herba Foods	106	106	100.00%	104	0	0.00%

In France, employees are to receive tutorials and specific training in the prevention of corruption during 2020.

No cases of corruption have been reported in any companies of the Ebro Group. Nor have any of the Group's business partners reported any cases of this nature.

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.

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

	2019	2018*
Economic value generated		
Net turnover	2,813,298	2,613,947
Other income	11,840	37,370
Interest income	24,954	22,862
Share of profits of associates	5,243	5,017
	2,855,335	**2,679,196**
Economic value distributed		
Consumption & other external expenses	(1,518,029)	(1,443,203)
Employee benefits	(388,751)	(353,975)
Other operating expenses	(597,010)	(547,961)
Interest expense	(40,476)	(31,290)
Corporate income tax	(64,233)	(63,036)
Net income from discontinued operations	16,043	626
Contribution to not-for-profit entities	(2,734)	(2,280)
Dividends **(**)**	(98,588)	(95,566)
	(2,693,778)	**(2,536,685)**
ECONOMIC VALUE RETAINED	**161,557**	**142,511**

(000€)

(*) The information for 2018 does not include the businesses in which we divested during 2019

(**) Dividends paid in the corresponding year

TAX INFORMATION

With a view to guaranteeing responsible compliance with the tax laws in place in the jurisdictions in which it operates, the Ebro Group has developed several procedures to secure transparent, honest tax management and payment of taxes.

The Ebro Group does not use opaque structures consisting of interposing base companies in low-tax or non-tax countries and/or territories not cooperating with the tax authorities. Nor does it engage in any business in any of the jurisdictions listed as tax havens in Supplementary Provision 1 of the Spanish Tax Fraud Prevention Measures Act 36/2006, as amended by Final Provision 2 of Act 26/2014 of 27 November.

In 2019, the Ebro Group directly paid €63.8 million to the tax authorities in the different countries in which it operates. This was more than the tax paid in the previous year, mainly due to the increase in taxable income in the USA and the smaller rebates in Spain for advance tax paid in earlier years.

BREAKDOWN OF TAX PAYMENTS

	2019	2018
Income Tax paid	53,506	31,490

TAXES PAID, BY COUNTRIES				
	2019		2018	
	NET IT	OTHER TAXES	NET IT	OTHER TAXES
Spain	2,734	445	(17,323)	1,039
Rest of Europe	21,431	6,003	30,876	6,185
America	28,550	3,939	16,445	4,837
Asia	219	0	1,065	47
Africa	572	0	427	111
TOTAL	**53,506**	**10,387**	**31,490**	**12,219**

MOST SIGNIFICANT COUNTRIES	IT	OTHER TAXES
Spain	2,734	445
France	12,629	5,853
Italy	4,164	150
USA	26,502	3,371
UK	2,651	0

(000€)

PRE-TAX PROFIT, BY COUNTRIES

	2019
	PRE-TAX PROFIT
Spain	(801)
Rest of Europe	91,333
America	106,682
Asia	2,133
Africa	(869)
TOTAL	**198,478**

MOST SIGNIFICANT COUNTRIES	PRE-TAX PROFIT
Spain	(801)
France	46,943
Italy	20,321
USA	103,891

(000€)

PUBLIC GRANTS RECEIVED

	2019	2018
Capital grants received	6,375	131
Operating grants received	427	537

(000€)

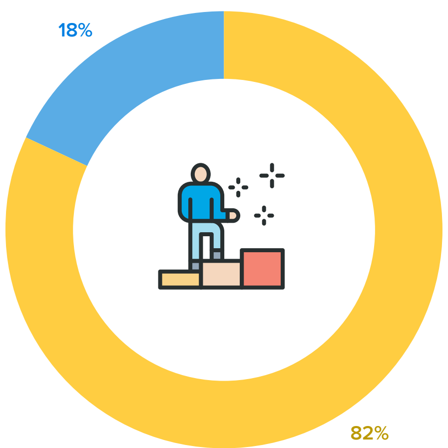
COMMITMENT TO THE DEVELOPMENT OF LOCAL COMMUNITIES

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 €2,734,272 to implementing this commitment in 2019. 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.

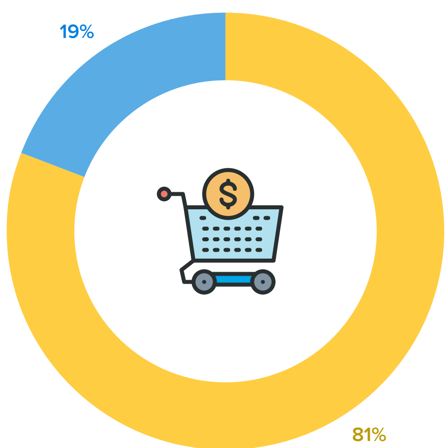
The Ebro Group has not received any grievances or claims regarding possible negative impacts on the local communities in which it operates.

SOCIAL CONTRIBUTIONS IN 2019



FOOD DONATIONS   WELFARE PROGRAMMES

TYPE OF CONTRIBUTIONS



CONTRIBUTIONS IN KIND (FOOD)   CASH CONTRIBUTIONS

DONATIONS OF FOOD

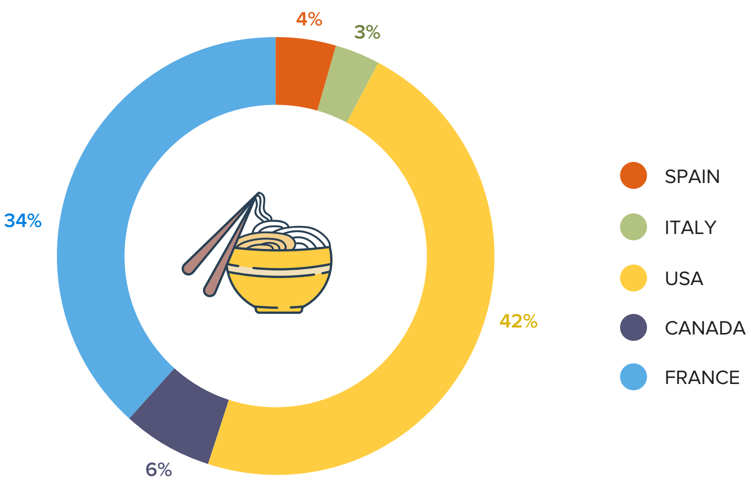
One of the Ebro Group's main lines of social action is the donation of food, either to the food banks in the principal countries in which it operates or to different welfare organisations and associations, mainly in Spain.

Donations to food banks

Total donations to food banks by Group companies in Spain, France, USA, Canada and Italy amounted to €2,177,067 in 2019, with almost 2,000 tonnes of food delivered.

COUNTRY	COMPANY	AMOUNT
Spain	Herba Ricemills	97,084,79 €
USA	Riviana Foods	1,034,684,00 €
Canada	Catelli Foods	147,330,00 €
Italy	Garofalo	74,259,67 €
France	Panzani	823,709,00 €
	TOTAL	**2,177,067,46 €**

FOOD DONATIONS BY REGION



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 2019.

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 2019

1 — €557,204 INVESTMENT

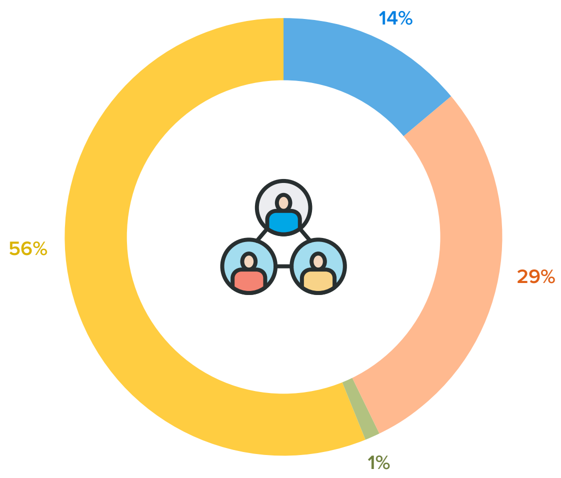
2 — 52 ENTITIES SUPPORTED

3 — 59 PROJECTS

4 — 3 COUNTRIES

5 — 15.241 BENEFICIARIES

TYPES OF WELFARE PROGRAMMES



SOCIAL WELL-BEING · EDUCATION & EMPLOYMENT · SUSTAINABLE AGRICULTURE · FOOD & NUTRITION

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.

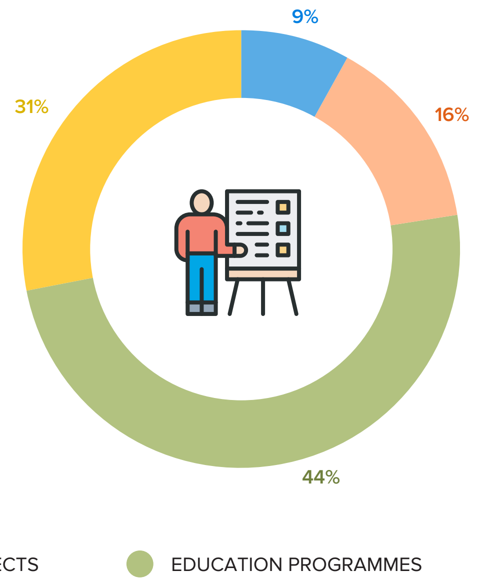
The global investment made in this area in 2019 was €303,656.

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 €160,611, distributed as follows:

TYPES OF ACTIVITIES



3. Sustainable agriculture

The Foundation also supports 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 by the Foundation in this area in 2019 was €7,546, since most of the items were implemented directly by Group companies.

NB: *Information on all our sustainable agriculture projects is set out in the chapter "Commitment to the Environment" in this Report.*

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 especially 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 2019, the Foundation allocated €75,381.11 to supporting different entities in Seville, Madrid, Valencia, India and Morocco.

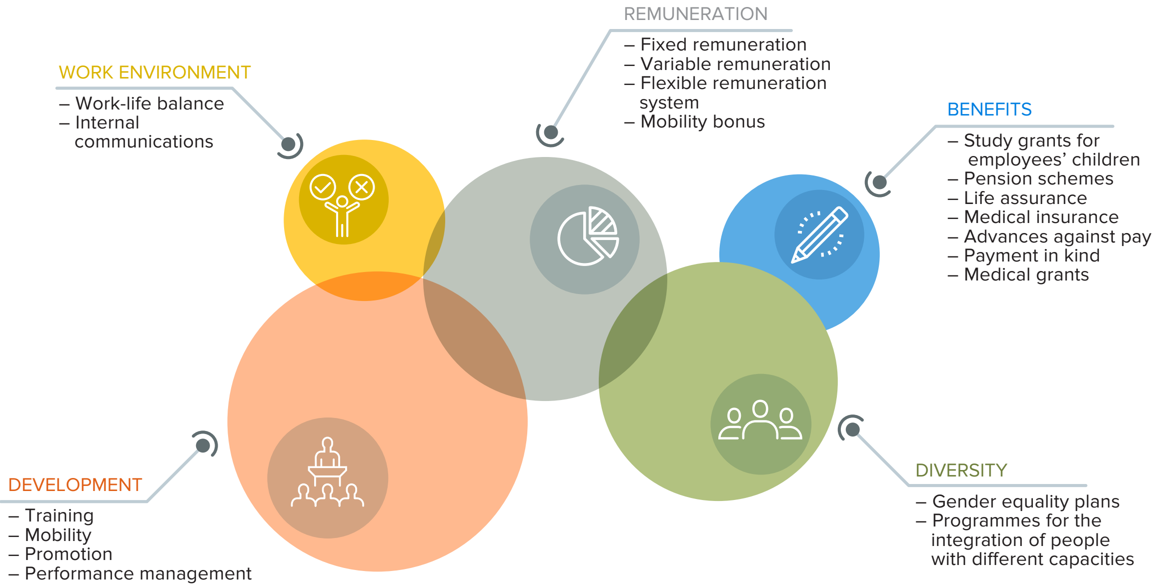
One of the main sources of value generation in the Ebro Group lies in its 7,304 professionals, 6,117 direct employees of the company and 1,187 contracted through different external agencies. A very close-knit team of professionals with enormous talent potential aligned with the organisation's strategy. 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 company/employee relationships, but also specific guidelines on Occupational Health & Safety, 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 duties, but also serves as a reference to define the minimum objectives of the employment policy and guarantees, namely:

1. Occupational health and safety
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.



At present, only two companies in the Ebro Group have implemented policies on disconnection from work, Panzani and Lustucru, within their Work Life Quality Action.

A. EMPLOYMENT

The employee numbers indicated in the following tables refer to the average workforce of the Ebro Group during 2019.

TOTAL NUMBER AND DISTRIBUTION OF EMPLOYEES BY GENDER

GENDER	2019		2018	
	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT
Men	4,315	70.54%	4,323	71.56%
Women	1,802	29.46%	1,718	28.44%
TOTAL EMPLOYEES	**6,117**		**6,041**	

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 within the Ebro Group overall are men, 50% of whom are factory employees.*

BREAKDOWN OF EMPLOYEES BY AGE GROUP

AGE GROUP	2019		2018	
	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT
<=30	1,015	16.59%	953	15.78%
30 - 50	3,112	50.87%	3,192	52.84%
>= 50	1,990	32.53%	1,896	31.39%
TOTAL EMPLOYEES	**6,117**		**6,041**	

BREAKDOWN OF EMPLOYEES BY COUNTRY

COUNTRY	2019		2018	
	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT
Argentina	93	1.52%	---	---
Belgium	97	1.61%	96	1.59%
Cambodia	6	0.10%	6	0.10%
Canada	369	6.13%	368	6.09%
Denmark	50	0.83%	47	0.78%
Egypt	---	---	53	0.88%
France	1,575	26.15%	1,647	27.26%
Germany	166	2.76%	88	1.46%
Hungary	5	0.08%	5	0.08%
India	151	2.51%	123	2.04%
Italy	649	10.77%	580	9.60%
Morocco	258	4.28%	266	4.40%
Netherlands	136	2.26%	127	2.10%
Portugal	67	1.11%	67	1.11%
Romania	11	0.18%	9	0.15%
Spain	920	15.27%	978	16.19%
Thailand	227	3.77%	188	3.11%
United Kingdom	123	2.04%	119	1.97%
USA	1,214	20.15%	1,274	21.09%
TOTAL EMPLOYEES	**6,117**		**6,041**	

BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY

PROFESSIONAL CATEGORY	2019		2018	
	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT	TOTAL EMPLOYEES	% OF TOTAL GROUP HEADCOUNT
Executives	157	2.57%	168	2.78%
Middle management	821	13.42%	843	13.95%
Administrative staff	727	11.88%	737	12.20%
Auxiliary staff	1,400	22.89%	1,256	20.79%
Sales representatives	270	4.41%	263	4.35%
Others	2,742	44.83%	2,774	45.92%
TOTAL EMPLOYEES	**6,117**		**6,041**	

TOTAL NUMBER AND BREAKDOWN OF EMPLOYEES BY TYPE OF CONTRACT

	TOTAL NUMBER OF CONTRACTS
Indefinite / permanent contracts	4,046
Fixed-term / temporary contracts	436
At Will contracts	1,598
TOTAL NUMBER OF CONTRACTS	**6,080**

NB:

(i) *This table does not include the temporary contracts of Herba Ricemills, because the final numbers were not available at the date of issuing this report.*

(ii) *This table shows the total number of contracts as of 31/12/2019.*

ANNUAL AVERAGE CONTRACTS BY GENDER

AVERAGE CONTRACTS BY GENDER					
PERMANENT CONTRACT		TEMPORARY CONTRACT		PART-TIME	
MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
3,990	1,901	420	287	78	109

NB:
(i) *The average number of part-time contracts is also included in the average number of permanent and temporary contracts.*
(ii) *The At Will contracts are included in permanent contracts.*
(iii) *The average number of temporary contracts does not include the temporary contracts of Herba Ricemills, because the final numbers were not available at the date of issuing this report.*

ANNUAL AVERAGE CONTRACTS BY AGE GROUP

AGE								
PERMANENT CONTRACT			TEMPORARY CONTRACT			PART-TIME		
<= 30	30 - 50	>= 50	<= 30	30 - 50	>= 50	<= 30	30 - 50	>= 50
794	2,846	2,251	181	291	235	31	60	96

NB:
(i) *The average number of part-time contracts is also included in the average number of permanent and temporary contracts.*
(ii) *The At Will contracts are included in permanent contracts.*
(iii) *The average number of temporary contracts does not include the temporary contracts of Herba Ricemills, because the final numbers were not available at the date of issuing this report.*

ANNUAL AVERAGE CONTRACTS BY PROFESSIONAL CATEGORY

	AVERAGE PERMANENT CONTRACTS
Executives	166
Middle management	880
Administrative staff	767
Auxiliary staff	1,379
Sales representatives	285
Others	2,415
TOTAL	**5,892**

NB:
(i) *The At Will contracts are included in permanent contracts.*
(ii) *This average includes both full-time and part-time permanent contracts.*

	AVERAGE TEMPORARY CONTRACTS
Executives	27
Middle management	99
Administrative staff	27
Auxiliary staff	53
Sales representatives	49
Others	452
TOTAL	**707**

NB: *This average includes both full-time and part-time temporary contracts.*

	AVERAGE PART-TIME CONTRACTS
Executives	7
Middle management	19
Administrative staff	50
Auxiliary staff	32
Sales representatives	10
Others	69
TOTAL	**187**

NB: *This average includes both permanent and temporary part-time contracts.*

NUMBER OF DISMISSALS BY GENDER, AGE AND PROFESSIONAL CATEGORY

PROFESSIONAL CATEGORY	2019							2,018						
	MEN			WOMEN			TOTAL	MEN			WOMEN			TOTAL
	< 30	>30 Y <50	> 50	< 30	>30 Y <50	> 50		<30	>30 Y <50	>50	<30	>30 Y <50	>50	
Executives	0	1	1	0	0	0	2	0	1	1	0	0	0	2
Middle management	0	8	7	0	3	0	18	1	3	7	2	3	3	19
Administrative staff	4	10	2	1	2	5	24	1	4	1	1	6	2	15
Auxiliary staff	22	26	9	6	12	4	79	43	52	27	10	16	4	152
Sales representatives	0	0	0	1	0	1	2	0	3	0	0	1	2	6
Others	13	17	5	3	8	1	47	10	7	8	0	1	0	26
TOTAL EMPLOYEES DISMISSED	**39**	**62**	**24**	**11**	**25**	**11**	**172**	**55**	**70**	**44**	**13**	**27**	**11**	**220**

B. ORGANISATION OF WORK

ORGANISATION OF WORKING TIME

The organisation of 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

In the Group overall, absenteeism totalled 442,208 hours.

These hours of absenteeism correspond to the Group's own employees and include grounds such as injury, occupational disease, sick leave and doctor's appointments, etc., although they exclude authorised absence such as for parental, holiday or study leave.

WELFARE BENEFITS FOR EMPLOYEES

The following table shows, by company, the benefits provided for employees:

COMPANY	WELFARE BENEFITS	TYPE OF EMPLOYEE
Arrozeiras Mundiarroz	Parental leave	All employees
	Disability/invalidity cover	All employees
	Medical insurance	Full-time employees
Bertagni	Parental leave	All employees
	Medical insurance	All employees
Boost Nutrition	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Catelli Foods Corporation	Parental leave	Full-time employees
	Disability/invalidity cover	Full-time employees
	Pension fund	Full-time employees
	Life insurance	Full-time employees
	Medical insurance	Full-time employees
Ebro Foods Holding	Parental leave	All employees
	Disability/invalidity cover	All employees
	Reimbursement children's education and medical expenses	All employees
Ebro India	Parental leave	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Geovita	Fondo Assistenza Sanitaria Alimentaristi [Healthcare Fund for Food Industry]	Part-time employees
Herba Bangkok	Parental leave	All employees
	Disability/invalidity cover	Full-time employees
	Pension fund	Full-time employees
	Life insurance	Full-time employees
	Medical insurance	Full-time employees
Herba Ingredients	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Herba Ricemills	Shares	All employees
	Parental leave	All employees
	Disability/invalidity cover	All employees
	Life insurance	All employees
	Medical insurance	All employees
Herba Ricemills Romania	Medical insurance	Full-time employees

COMPANY	WELFARE BENEFITS	TYPE OF EMPLOYEE
La Loma Alimentos	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Lassie	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Lustucru	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Mundi Riso	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Medical insurance	All employees
	Welfare Bit cover	All employees
Mundi Riz	Parental leave	All employees
	Disability/invalidity cover	All employees
	Medical insurance	Full-time employees
Panzani	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Pastificio Lucio Garofalo	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Rivera del Arroz	Parental leave	All employees
	Disability/invalidity cover	All employees
	Medical insurance	Full-time employees
Riviana Arroz	Parental leave	Full-time employees
	Disability/invalidity cover	Full-time employees
	Pension fund	All employees
	Life insurance	Full-time employees
	Medical insurance	Full-time employees

COMPANY	WELFARE BENEFITS	TYPE OF EMPLOYEE
Roland Monterrat	Parental leave	Full-time employees
	Disability/invalidity cover	All employees
	Pension fund	Full-time employees
	Life insurance	All employees
	Medical insurance	Full-time employees
S&B Herba Foods	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Transimpex	Parental leave	All employees
	Medical insurance	All employees

NB: *"All employees" includes both full-time and part-time employees.*

WORK-LIFE BALANCE

The Group continues to seek ways of improving its employees' work-life balance, developing measures that give them greater flexibility to cope with their personal circumstances, such as parental leave or compassionate leave (to look after sick relatives, childcare, etc.).

One of the measures contemplated in the Sustainability Plan HEADING FOR 2030 in this regard is the progressive introduction of homeworking in the jobs in which this is possible. Although this option is already available for specific days in most of our companies, to enable employees to cope with certain needs, in some companies the first steps were taken in 2019 to implement this alternative as a regulated procedure.

EMPLOYEES WITH HOMEWORKING OPTIONS

	2019		
PROFESSIONAL CATEGORY	MEN	WOMEN	TOTAL
Administrative staff	0	3	3
Sales representatives	6	4	10
Executives	5	4	9
Middle management	44	74	118
NO. EMPLOYEES W ITH HOMEWORKING OPTIONS	**55**	**85**	**140**

PARENTAL LEAVE

	2019			2018		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Employees who took leave/employees entitled to leave (%)	92%	100%	96%	96%	100%	98%

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 resources and external firms. In addition, 91% of the workforce is represented on the Health and Safety Committees in the different companies.

HEALTH AND SAFETY ASPECTS COVERED IN FORMAL AGREEMENTS WITH UNIONS

The health and safety aspects covered by formal agreements with unions are:

- Global agreements: in accordance with ILO principles, 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.

Several investments have been made in health and safety over the year, mainly for the purchase of personal protection equipment, machinery protection, regular inspections of safety equipment, first aid training and materials, medical examinations, etc.

WORKPLACE SAFETY

All our employees are covered by occupational hazard prevention measures, provided with both internal resources and through external firms.

The following figures correspond to employees on the Group's payroll:

	2019	
	MEN	WOMEN
Number of lost time injuries	162	36

	2019	
	MEN	WOMEN
Injury rate	22.88	13.43

	2019	
	MEN	WOMEN
Lost day rate	0.66	0.52

NB:

(i) *The 2018 figures are not shown because last year's report only included the figures for Herba Ricemills, Lustucru, Panzani, Riviana Foods, Pastificio Lucio Garofalo and Bertagni.*

(ii) *The rates were calculated using the following formulas:*

– Injury rate = (total no. lost time injuries/total no. hours worked) x1000000

– Lost day rate = (no. lost days due to lost time injuries/total no. hours worked) x1000

	2019	
	MEN	WOMEN
Number of employees with occupational disease	11	6

NB: *"Occupational disease" is disease arising from work activities.*

There are no jobs within the Group with a high risk of occupational disease.

There were no work-related fatalities within the Group in 2019.

D. LABOUR RELATIONS

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

70% 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 30% 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), those of Herba Bangkok, Herba Cambodia, Mundiriz, Rivera del Arroz and Ebro India, where they are not used either, and those of Herba Ricemills Romania and Riceland Magyarorzag, since they have fewer employees than the number required by law for these collective agreements. 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.

COUNTRY	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENT OR OTHER ARRANGEMENTS
Argentina	100.00%
Belgium	100.00%
Canada	66.40%
Denmark	100.00%
France	100.00%
Germany	42.17%
India	0.00%
Italy	100.00%
Morocco	0.00%
Netherlands	100.00%
Portugal	100.00%
Spain	100.00%
Thailand	0.00%
UK	22.64%
USA	33.20%

E. TRAINING

The Ebro Group encourages its employees to improve their skills and abilities, offering training to give them the technical qualifications they need to perform their duties while fostering the enhancement of attitudes and skills for their professional and personal development. This commitment is set out in section IV, point 11 of the company's Code of Conduct.

During 2019, 67% of our employees participated in the training schemes put in place in the different Group companies, 7% more than in the previous year.

A total of 145,092 hours of training were given, around 15% more than in 2018.

TOTAL HOURS TRAINING OF OUR EMPLOYEES BY PROFESSIONAL CATEGORY

	2019		2018	
PROFESSIONAL CATEGORY	MEN	WOMEN	MEN	WOMEN
Executives	1,186	350	1,029	826
Middle management	9,263	4,334	8,571	3,996
Administrative staff	4,239	5,285	4,430	6,915
Auxiliary staff	74,385	25,580	59,617	17,943
Sales representatives	1,627	745	1,219	593
Others	15,802	2,298	16,778	2,328
TOTAL HOURS TRAINING	**106,501**	**38,591**	**91,644**	**32,601**

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 its 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, work began in 2019 on drafting the Corporate Equality Plan, which we expect to be completed during 2020.

DIVERSITY IN GOVERNING BODIES AND WORKFORCE

	2019			
	MEN	WOMEN	MEN / TOTAL (%)	WOMEN / TOTAL (%)
Board of Directors	8	5	61.54%	38.46%

GENDER	2019 TOTAL EMPLOYEES	2019 % TOTAL WORKFORCE GROUP	2018 TOTAL EMPLOYEES	2018 % TOTAL WORKFORCE GROUP
Men	4,315	70.54%	4,323	71.56%
Women	1,802	29.46%	1,718	28.44%
TOTAL EMPLOYEES	**6,117**		**6,041**	

EMPLOYEES WITH DIFFERENT ABILITIES

	2019		2018	
	MEN	WOMEN	MEN	WOMEN
No. employees with different abilities	81	31	78	33

During 2019, the Ebro Group 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).

ENTITY	ITEM	AMOUNT (€)
C.E.E. CADEMADRID	Printing work	1,591.22
FUNDACIÓN PRODIS	Sundry printing work	2,019.49
C.E.E. INSERCIÓN PERSONAL DISCAPACITADOS " IPD"	Cleaning head offices in Madrid	75,390.12
	TOTAL	**79,000,83**

With regard to the universal accessibility and integration of persons with different abilities in physical environments, for example, we strive to eliminate any architectural barriers when searching for and opening new head offices or making alterations or refurbishments at existing offices. We also take into account other criteria such as ease of access by public transport to facilitate access by Ebro employees.

REMUNERATION

The basic salary is identical for men and women in all the companies of the Ebro Group.

Average remuneration by professional category

Since not all Group companies have the same professional categories, it is not possible to offer a consolidated average per category that accurately reflects the Group's remuneration policy. Therefore, we disclose the average remuneration by companies. We will endeavour to define a common set of professional categories for all our companies for 2020.

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
Arotz Foods	Senior management	171,654
	Administrative staff	41,049
	Sales representatives	32,573
	Others	19,621
Arrozeiras Mundiarroz	Senior management	103,998
	Sales representatives	33,356
	Executives	30,361
	Administrative staff	18,279
	Auxiliary staff	15,564
	Others	13,801

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
Bertagni	Senior management	90,296
	Executives	86,030
	Office staff	30,902
	Factory workers	26,436
Boost Nutrition	Senior management	103,708
	Executives	82,216
	Sales representatives	49,255
	Administrative staff	46,686
	Auxiliary staff	43,015
Catelli	Senior management	247,578
	Executives	96,924
	Professionals	70,373
	Administrative staff	45,470
	Artisans	42,902
	Skilled workers	32,700
	Factory workers	29,343
	Unskilled workers	25,546
Ebro Foods	Masters graduates	182,433
	Grade 1 skilled workers	89,527
	Bachelor graduates	69,494
	Drivers/Chauffeurs	49,292
	Senior managers	47,664
	Grade 2 skilled workers	18,492
	Cleaning staff	15,800
	Auxiliary administrative staff	12,600
Ebro Frost Denmark	Senior management	160,633
	Executives	74,962
	Office staff	61,442
	Factory workers	44,977
Ebro Frost Germany	Senior management	176,871
	Sales representatives	104,501
	Executives	103,391
	Administrative staff	37,160
	Others	36,047
	Auxiliary staff	4,767
Ebro Frost UK	General management	71,000
	Executives	38,088
Ebro India	General Manager	61,177
	Executives	30,654
	Middle management	12,636
	Administrative staff	6,723
	Factory workers	5,142
Euryza	Senior management	250,004
	Sales representatives	208,718
	Executives	90,535
	Administrative staff	83,983

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
Garofalo	Senior management	166,221
	Executives	54,947
	Administrative staff	33,627
	Factory workers	56,776
Geovita	Executives	71,367
	Administrative staff	30,180
	Sales representatives	28,355
	Factory workers	21,770
Harinas Santa Rita	Senior management	130,482
	Accountant	57,016
	Drivers	27,323
	Foremen	21,720
	Administrative staff	21,174
	Warehouse workers	17,559
Herba Bangkok	General management	73,080
	Executives	34,220
	Sales representatives	12,705
	Administrative staff	8,114
	Auxiliary staff	7,629
Herba Cambodia	General management	81,282
	Executives	34,220
	Sales representatives	12,705
	Administrative staff	11,678
	Auxiliary staff	7,629
Herba Ingredients	Senior management	204,439
	Executives	118,817
	Sales representatives	58,985
	Administrative staff	54,938
	Factory workers	43,594
Herba Ricemills	Senior and middle management	163,516
	Technical, admin. & commercial staff	30,879
	Production staff	27,828
	General services	25,959
	Maintenance staff	25,117
	Administrative staff	20,362
Herba Ricemills Romania	Senior management	108,669
	Executives	44,486
	Sales representatives	24,800
	Administrative staff	17,966
La Loma Alimentos	Middle management	10,988
	Skilled workers	10,361
	Administrative staff	7,429
	Factory workers	6,730
	Others	5,115

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
Lassie	Executives	77,280
	Plant managers	70,403
	Sales representatives	58,867
	Quality control	56,222
	Finance and Administration	54,847
	HR and services	54,630
	Technical staff	52,292
	Production staff	44,656
Lustucru	Senior management	121,539
	Executives	54,735
	Administrative staff	46,863
	Sales representatives	42,169
	Auxiliary staff	33,991
	Others	31,548
Mundi Riso	General management	86,203
	Executives	65,170
	Sales representatives	46,962
	Administrative staff	38,450
	Factory workers	35,430
	Others	22,995
Mundi Riz	Executives	43,867
	Middle management	17,649
	Administrative staff	14,247
	Auxiliary staff	9,016
	Sales representatives	6,965
	Others	3,606
Neofarms Bio	General manager	76,664
	Executives	10,571
	Administrative staff	9,731
	Others	2,728
Panzani	Senior management	172,168
	Executives	58,767
	Sales representatives	44,954
	Administrative staff	37,968
	Others	36,788
	Auxiliary staff	35,853
Riceland Magyarorzag	General management	73,739
	Executives	25,074
Rivera del Arroz	Executives	29,001
	Middle management	15,713
	Administrative staff	8,775
	Others	3,138

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
Riviana	Senior management	295,950
	Executives	112,126
	Professionals	66,274
	Artisans	61,679
	Administrative staff	45,534
	Technical staff	43,330
	Factory workers	43,289
	Unskilled workers	38,610
Roland Monterrat	Executives	53,782
	Administrative staff	35,240
	Auxiliary staff	24,656
	Others	23,940
S&B Herba Foods	Senior management	243,588
	Executives	66,921
	Middle management	43,025
	Factory workers	33,203
	Administrative staff	24,325
Transimpex	Sales representatives	68,833
	Administrative staff	41,537
	Others	28,480
	Auxiliary staff	5,620

NB:

(i) *No comparison with 2018 is provided because this is the first year that this indicator has been reported.*

(ii) *The calculation of this average remuneration is based on the average annual gross salaries of the employees (men and women) in each category.*

The gross salary includes the sum of the basic salary plus bonuses, such as seniority, cash bonuses and bonuses in kind (e.g. shares), overtime and any other work-related benefit, such as transport, housing benefits, child benefits, etc.

Average remuneration by age group

	AGE GROUP		
	<30	>30 AND <50	>50
Annual average remuneration (€)	26,317	44,351	52,217

NB:

(i) *No comparison with 2018 is provided because this is the first year that this indicator has been reported.*

(ii) *The calculation of this average remuneration is based on the average annual gross salaries of the employees (men and women) in each age group.*

Average remuneration by gender and pay gap

	2019	
	MEN	WOMEN
Average annual remuneration (€)	47,341	34,244

NB: *The calculation of this average remuneration is based on the average annual gross salaries of the employees, which include the basic salary plus bonuses, such as seniority, cash bonuses and any other welfare benefit.*

	2019
Pay gap	0.28

NB: *The pay gap was calculated using the following formula: (average remuneration men - average remuneration women)/ average remuneration men.*

Average remuneration of directors, by gender

	2019		2018	
	MEN	WOMEN	MEN	WOMEN
Average remuneration directors	270	179	256	197

(000€)

NB: *The 2019 remuneration of directors 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 2019, published on the website of the CNMV (www.cnmv.es) and the corporate website (www.ebrofoods.es). The remuneration of directors for their duties as such is established with no consideration for the gender of the person holding office.*

Average remuneration of executives, by gender

The following table shows the average annual remuneration of our professionals in Senior and Middle Management (Division Managers) in all Group companies in 2018 and 2019.

	2019		2018	
	MEN	WOMEN	MEN	WOMEN
Average annual remuneration directors (€)	90,714	73,698	85,503	66,525

NB: *This average annual remuneration was calculated as the basic salary plus bonuses, such as seniority, cash bonuses and any other welfare benefit.*

DESCRIPTION OF THE SUPPLY CHAIN

The suppliers of the Ebro Group are classified into four categories:

1. Rice or durum wheat suppliers
2. Other raw material suppliers
3. Packaging suppliers
4. Service providers

Approximately 70% of them are in Europe, 10% in North America and 20% distributed among Africa, India and south-east Asia, according to the locations of our companies Ebro India, Herba Bangkok, Herba Cambodia and Mundiriz.

SUPPLIER MANAGEMENT MODEL

Since the Group has decentralised certain management areas, such as the Procurements Area, to its respective companies, each subsidiary has in the past had its own procurement policies and criteria, in keeping with the laws and characteristics of the countries in which they operate. Above them all, the Supplier Code of Conduct of Ebro Foods regulates the minimum criteria and rules of conduct in labour and environmental aspects that must be met by the Group's suppliers.

With a view to addressing globally the integral management of the supply chain, in 2019 we embarked on a work plan to: 1) make sure that all our suppliers comply with the Group's Supplier Code of Conduct and 2) require them to complete a questionnaire on ethics. The replies to this questionnaire will enable us to identify the critical issues and risks we need to address in order to guarantee the sustainability of our supply chain, designing, together with our companies, 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.

We have another two corporate tools we can use to achieve this goal: on the one hand, the Procurement Departments of the different subsidiaries visit and hold meetings with their suppliers; and on the other hand, the Sedex Platform, to which the suppliers of the different Group companies are gradually signing up, and who are in turn audited by an independent external firm.

In this area, we made 11 SMETA audits in 2019 on suppliers in Greece, Italy, France, Thailand, Pakistan and Hungary

COUNTRY	DATE	AUDIT FIRM
Greece	21/11/2019	Intertek Bulgaria
Greece	20/11/2019	Intertek Bulgaria
France	14/11/2019	BVCERT 4 Pillar Audits
Thailand	12/09/2019	SGS Thailand
Italy	06/06/2019	BVCERT 4 Pillar Audits
Italy	17/05/2019	Intertek Italy
Italy	04/04/2019	SGS Italy
Hungary	27/03/2019	BVCERT 4 Pillar Audits
Italy	27/03/2019	Intertek Italy
Italy	01/02/2019	SGS Italy
Pakistan	23/01/2019	Elevate Limited

In the area of agricultural raw materials, more specifically in rice production, Herba Bangkok, Herba Ricemills, Mundiriso and Riviana are developing programmes to assess and verify the sustainability of the crop using the FSA standard of the SAI Platform (Sustainable Agriculture Initiative) and the SRP standard of the Sustainable Rice Platform.

No adverse environmental impacts were detected in our supply chain during 2019.

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.

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 139 certifications between them (Annex 2).

The companies also make regular assessments of their products to promote their safety and improvement. During 2019, the subsidiaries Arrozeiras Mundiarroz (Portugal), Catelli Foods (Canada), Geovita (Italy), Lassie (Netherlands), Lustucru and Riviana Foods (USA) 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 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, 6 incidents were registered in 2019, 3 of which corresponded to Geovita (Italy), 1 to Garofalo (Italy) and the remaining 2 to Roland Monterrat (France). Of those, 3 were related with labelling and product name issues, and the other 3 with voluntary product recalls.

CLAIMS FROM END CONSUMERS

The following table shows the number of claims (packaging defects, requests for information, sensory properties, etc.) handled during 2019, by company.

COMPANY	COUNTRY	NUMBER OF INCIDENTS 2019	NUMBER OF INCIDENTS 2018
Arrozeiras Mundiarroz	Portugal	109	104
Bertagni	Italy	245	270
Boost Nutrition	Belgium	219	164
Catelli - Olivieri	Canada	2,129	2,239
Euryza	Germany	457	408
Garofalo	Italy	617	518
Herba Ricemills	Spain	474	1.091
Lassie	Netherlands	264	328
Lustucru	France	1,443	1,448
Panzani	France	5,952	6,709
Riceland	Hungary	60	75
Risella	Finland	352	123
Riviana	USA	14,386 11,624	12,826 (rice) 17,508 (pasta)

None of the companies in the Ebro Group received any notification from customers during 2019 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 67 of the 74 production plants and offices that the Ebro Group has through its different companies.

The comparison of 2019 and 2018 is distorted by the changes in the perimeter for consolidated reporting in respect of 2018, as mentioned at the beginning of this report.

REGION	NO. SITES REPORTING	COMPANIES
EUROPA	**49**	
Spain	14	Harinas Santa Rita (1), Herba Ricemills (10), Arotz Foods (1), Ebro Foods (2)
Portugal	1	Arrozeiras Mundiarroz
UK	4	Ebrofrost UK (1), S&B Herba Foods (3)
Italy	8	Bertagni (2), Pastificio Lucio Garofalo (1), Mundiriso (1), Geovita (4)
France	10	Lustucru (3), Panzani (6), Roland Monterrat (1)
Belgium	4	Boost Nutrition (1), Herba Ingredients (3)
Netherlands	2	Lassie, Herba Ingredients
Germany	4	Ebrofrost Germany (1), Transimpex (2), Euryza (1)
Denmark	1	Ebrofrost Denmark
Hungary	1	Riceland Magyarorzag
NORTH AMERICA	**14**	
USA	11	Riviana (10), Ebrofrost NA (1)
Canada	3	Catelli
SOUTH AMERICA	**0**	
Argentina		
AFRICA	**1**	
Morocco	1	Mundiriz
ASIA	**3**	
Thailand	1	Herba Bangkok
India	1	Ebro India
Cambodia	1	Herba Camboya

NB: *The following workplaces have been excluded from this environmental report because there were no quantitative data available when the Report was closed:*
– The office of the parent, Ebro Foods, S.A., in Granada
– The sales office of Neofarms Bio (Argentina)
– The sales office of Transimpex in Hamburg
– The sales office of Herba Ricemills in Romania
– The 3 industrial plants of La Loma Alimentos, S.A.

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 the consumption of 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 negligible (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

Thirteen of the 28 companies covered by this report have reported investments in measures to reduce / optimise energy consumption, water consumption and GHG emissions:

- Herba Ricemills
- Panzani
- Lustucru
- Mundiriso
- Catelli
- Arrozeiras Mundiarroz
- Boost Nutrition
- Pastificio Lucio Garofalo
- Lassie
- Ebro Frost UK
- Herba Bangkok
- Roland Monterrat
- Riviana Pasta (pasta business)

	2019	2018
Expenditure in management and control	785,390 €	307,519 €
Investment to minimise impact	740,748 €	2,740,761 €
TOTAL	**1,526,138 €**	**3,147,106 €**

The investments reported here include measures to reduce particle emissions, reduce water consumption, improve heat insulation, reduce noise, improve effluent treatment facilities, install LED lighting, and improve waste management, inspection of equipment, measurements and analyses. They also include initiatives to adapt to climate change, such as the Oryzonte project, which aims to reduce water consumption and GHG emissions.

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 ASSESSMENT AND CERTIFICATION 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

In 2019, 3 plants reported mild breaches of environmental laws and regulations. One of them incurred a small fine.

COMPANY	PLANT	NON-COMPLIANCE	FINE/SANCTION
Boost Nutrition	Plant A	PH3 aeration procedure	Modification of the procedure and improvement of ventilation in silos
Riviana Foods	Freeport	Exceeding the annual assignment for use of solvents Over-performance in loading on trains and trucks	Notice of enforcement
Herba Ricemills	Algemesi	Incorrect effluent due to breakage of settling cone in the wastewater treatment plant	€ 1,384

The following production plants have environmental management systems certified under UNE-EN-ISO 14.001:

YEAR	COMPANY	COUNTRY	PLANT	CERTIFICATION
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 are 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.

In early 2019, seeking sustainable alternatives for our flexible packaging, we formally joined CEFLEX (https://ceflex.eu/), a European consortium of companies, associations and organisations representing the entire value chain of flexible packaging that join forces to enhance the contribution of flexible packaging to the circular economy in Europe by designing innovative solutions.

The CEFLEX Vision is that by 2020, there will be a comprehensive sustainability and circular economy roadmap for flexible packaging in Europe. This includes widely recognised design guidelines and a robust approach to measure, demonstrate and communicate the significant value flexible packaging adds to the circular economy. Moreover, by 2025 there will be an established collection, sorting and reprocessing infrastructure/economy across Europe, based on end of life technologies and processes which deliver the best economic and environmental outcome for a circular economy.

In the second half of the year, we put two initiatives in place to change our packaging material from plastic to paper for two our dry rice brands, La Fallera (Spain) and Risella (Finland), thus reducing the use of polypropylene by 40%. The total saving achieved through these initiatives will be known in 2020.

In addition, we have optimised the thickness of the plastic wrap used in our packaging, thus reducing its weight by 10% in comparison with 2016.

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 food banks.

The 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.

In this context, the Group runs consumer awareness campaigns through its corporate blog and social networks.

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. During 2019, Ebro India, Mundi Riso and Herba Ricemills reported husk consumption, or wood consumption in the case of Ebro Frost, as a source of energy for generating heat.

In 2019 Herba Ricemills, in alliance with other companies, presented a circular economy project in the 2019 LIFE Programme to create a new fireproof material with heat and sound insulating properties from rice husk and straw. This project was not selected, so we will study other alternatives for the use of rice straw.

WATER DISCHARGE

WATER DISCHARGE (M^3)	2019	2018
Sewage	159,350	76,598
Process water	2,039,680	2,385,391
TOTAL WATER DISCHARGE	**2,199,031**	**2,461,989**

DESTINATION INDUSTRIAL EFFLUENT (M^3)	2019	2018
Sewerage system or treatment facility	2,012,624	2,311,010
Inland waters	27,056	15,889
Marine waters	0	58,492
TOTAL	**2,039,680**	**2,385,391**

WASTE GENERATION

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)	2019	2018
Hazardous	45	7,238
Non-hazardous	28,267	37,240
TOTAL WASTE	**28,312**	**44,478**

NON-HAZARDOUS WASTE (T)	2019	2018
Recycling	4,889	11,650
Reuse	730	3,567
Landfill	10,876	9,953
Composting	3,252	1,954
Incineration	900	3,696
Other	7,619	3,318
TOTAL NON-HAZARDOUS WASTE	**28,267**	**34,137**

HAZARDOUS WASTE (T)	2019	2018
Recycling	16	7,035
Solidification & stabilization	0	5
Incineration	10	78
Pyrolysis	0	0
Landfill	1	1
Other	18	106
TOTAL HAZARDOUS WASTE	**45**	**7,225**

NB: *The information on the destination of waste was incomplete in 2018, accounting for slight variations in the figures.*

SIGNIFICANT SPILLS

There were no spills in 2019.

SUSTAINABLE USE OF RESOURCES

RAW MATERIALS

The raw materials used are divided into two major categories, those used in the preparation of finished goods and the packaging materials

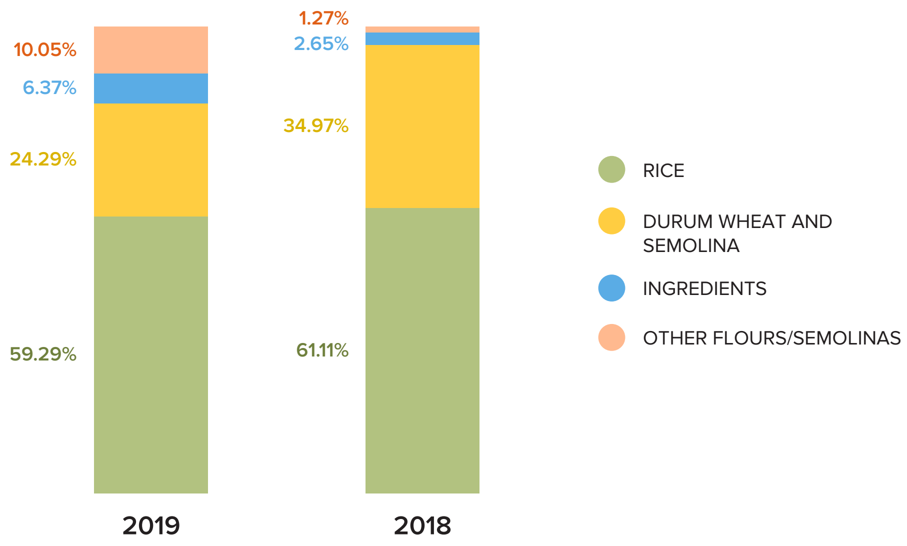
The raw materials used in finished goods are divided into two categories.

- Agricultural: rice, durum wheat and quinoa
- Processed: flours or semolinas and other ingredients (ready-to-serve)

RAW MATERIALS (T)	2019	2018
Rice	2,015,838	1,774,534
Durum wheat and semolina	825,858	1,015,509
Quinoa	6,311	4,164
Ingredients	210,090	72,715
Other flours/semolinas	341,707	36,830
TOTAL	**3,399,804**	**2,903,752**

NB: *We discovered a mistake in the 2018 calculations for "durum wheat and semolina" (799,956 t), which is corrected in this report.*

RAW MATERIALS



NB: *Considering the negligible amount of quinoa within the total quantity of raw materials, we have included it in "Ingredients" to improve the visibility of the graph*

Although only minimal quantities of raw materials of animal origin (eggs, meat, dairy) are used in our products, the Ebro Group has undertaken to use exclusively ingredients from cage-free eggs in the production of any foods requiring that raw material as from 2025. This undertaking is extended to all the Group's companies in Spain and has also been adopted by Panzani in France. In Spain, the use of ingredients from cage-free eggs was already up to 50% in 2019.

The packaging materials for finished products are mainly paper, cardboard and plastic.

INPUT MATERIALS FOR PACKAGING (T)	2019	2018
Paper	20,938	17,825
Cardboard	44,099	44,661
Plastic	45,641	46,144
Glass	54.39	0
Metal	7.769	0
Others	1,469	2,321
TOTAL	**112,209**	**110,951**

RECYCLED INPUT MATERIALS

Based on the information received from the suppliers of packaging materials regarding the composition of their materials, we have calculated the recycled fibre content of the different types of packaging we use.

RECYCLED FIBRE CONTENT IN PACKAGING MATERIALS (T)	2019	2018
Recycled paper	3,201	2,212
Recycled cardboard	31,280	16,820
Recycled plastic	100	216
Recycled glass	0	0
Recycled metal	0	0
TOTAL	**34,581**	**19,248**

ENERGY CONSUMPTION

The total energy consumption for the Ebro Group is shown below:

Direct consumption

CONSUMPTION NON-RENEWABLE ENERGY SOURCES (GJ)	2019	2018
Natural Gasl	3,514,700	3,268,551
Others	40,419	53,460
TOTAL DIRECT CONSUMPTION NON-RENEWABLES	**3,555,119**	**3,322,011**

CONSUMPTION RENEWABLE ENERGY SOURCES (GJ)	2019	2018
Biomass	100,468	93,146
TOTAL DIRECT CONSUMPTION RENEWABLES	**100,468**	**93,146**
TOTAL DIRECT CONSUMPTION	**3,655,587**	**3,415,157**

The energy consumption was calculated with the consumption of each fuel, normally provided by suppliers in their invoices, and the NCV of the respective fuels (see Annex 3).

Biomass includes rice husk, a by-product of our industrial processes, and wood in the case of Ebro Frost.

Indirect consumption

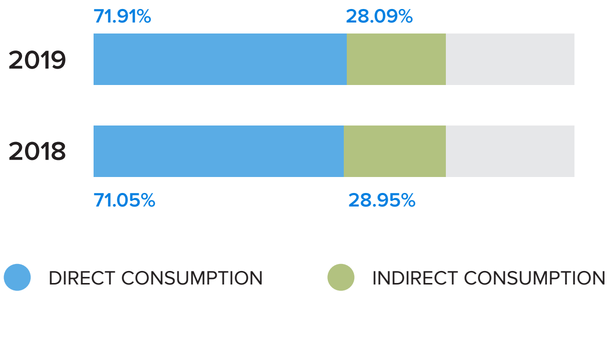
In 2019, 12% of the electricity consumed was green energy, i.e. generated from 100% renewable sources.

Three of the Group companies –Garofalo, Geovita and Mundiriso– also have renewable energy generation facilities, with a total output of 20,470 GWh in 2019.

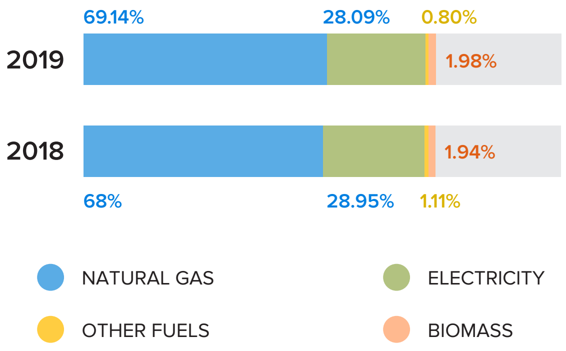
INTERMEDIATE ENERGY ACQUIRED AND CONSUMED (GJ)	2019	2018
Electricity	1,427,637	1,391,809
TOTAL INDIRECT CONSUMPTION (ELECTRICITY)	**1,427,637**	**1,391,809**
Of which green energy	176,827	
	12.39%	

	2019	2018
TOTAL ENERGY CONSUMPTION DIRECT + INDIRECT (GJ)	**5,083,224**	**4,806,966**

ENERGY CONSUMPTION/DIRECT AND INDIRECT



ENERGY CONSUMPTION BY SOURCE



Energy intensity

ENERGY INTENSITY (GJ/T PRODUCT)	2019	2018
Total produced (t)	3,290,565	2,671,856
Total energy consumed (GJ)	5,083,224	4,806,966
ENERGY INTENSITY (GJ/T PRODUCT)	**1.54**	**1.80**

ENERGY INTENSITY (GJ/T PRODUCT)

Reduction of energy consumption

Seven group companies have reported different initiatives to reduce their energy consumption, by a total of €227,262.

COMPANY	INITIATIVE	COST
Arrozeiras Mundiarroz	Replacement of luminaires with LED lighting	€ 2,051
Boost Nutrition	Modification of milling process, installation of inverters	€ 15,400
Catelli	Replacement of luminaires with LED lighting	€ 25,870
Lassie	Replacement of luminaires with LED lighting	€ 30,000
Lustucru	Replacement of luminaires with LED lighting	€ 70,217
Panzani	Replacement of luminaires with LED lighting	€ 27,000
Panzani	Waterproofing of roofs	€ 35,644
Panzani	Installation of vacuum pumps	€ 21,000
Roland Monterrat	Installation of heat pumps	€ 80
	TOTAL	**€ 227,262**

NB: *This amount is included in Resources allocated to environmental risk prevention*

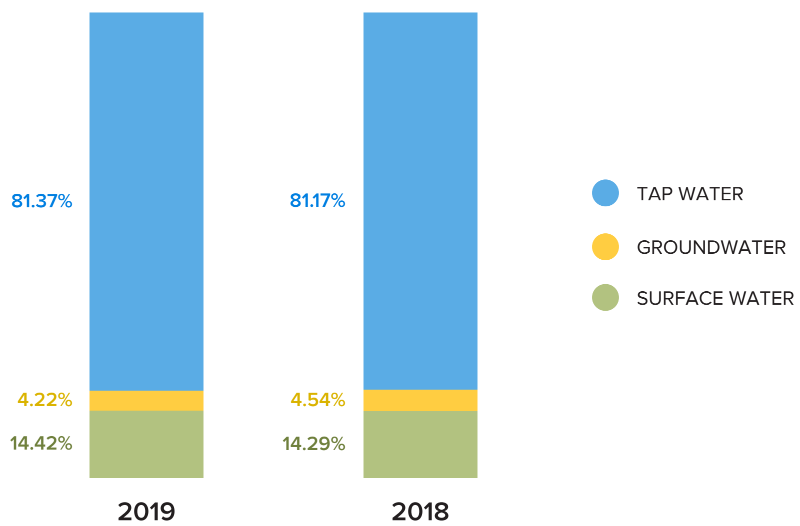
WATER CONSUMPTION

TOTAL VOLUME OF WATER WITHDRAWN (M^3)	2019	2018
Tap water	2,981,480	2,843,088
Groundwater	871,575	902,660
TOTAL INDUSTRIAL PROCESSES	**3,853,055**	**3,745,748**
Surface water	16,824,000	16,150,000
TOTAL WATER WITHDRAWN	**20,677,055**	**19,895,748**

NB: *Surface water is not consumed in our industrial processes, but in the agricultural activity performed by the Mundiriz Group in Morocco.*

TOTAL WATER WITHDRAWN (M^3) / TOTAL (%)	2019	2018
Tap water	14.42%	14.29%
Groundwater	4.22%	4.54%
Surface water	81.37%	81.17%

WATER CONSUMPTION



Water recycled and reused

TOTAL VOLUME OF WATER RECYCLED AND REUSED (M^3)	2019	2018
Recycled water	69,804	400,054
Reused water	51,281	0
TOTAL	**121,085**	**400,054**

WATER RECYCLED AND REUSED / GLOBAL CONSUMPTION (%)	2019	2018
Recycled water	1.81%	10.68%
Reused water	1.33%	0.00%
TOTAL	**3.14%**	**10.68%**

We highlight the initiative taken by Catelli, which has installed a system at its Montreal plant that will enable it to reduce its annual water consumption by 50,000 m^3.

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 continues its “Nature” programme 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:

- **Thailand: Sustainable Aromatic Rice Initiative of Thailand (SARI-T):**

  Joint project with Mars, GIZ and the Thai Rice Department to enhance the economic viability of 1,200 rice growers in the province of Roi Et and the sustainable production of high quality Hom Mali aromatic rice.

  The project organises numerous activities, such as teaching farmers about the Sustainable Rice Platform (SRP) standard and agronomic technologies, providing access to high quality seeds, improving growers’ skills and enhancing gender equity for reasons of food security and quality.

  The programme completed its second year of rice production in 2019, with a massive impact and widespread adoption of the SRP standard by farmers, who have obtained an average verified score of 95/100.

- **Spain: Oryzonte Programme: developed at the Guadalquivir Marshes (Seville) together with Mars Food and Danone.**

  This project, which began in 2018, seeks to improve the sustainability of the rice crop in the province of Seville (Andalusia, Spain). During 2018 and 2019 the project ran a specific training programme on Sustainability in the Rice Crop, in which the principal rice-growers in the region participated. The training was given by specialists from both research facilities and the private sector, and covered areas such as optimising fertilization, sustainable use of plant protection products, sustainability standard requirements applicable to the rice crop and strategies for reducing water consumption and greenhouse gas emissions, among others.

  During 2018 and 2019, the project ran tests on commercial rice fields, confirming the feasibility of using different techniques to reduce water consumption and GHG emissions. Oryzonte is also sampling GHG emissions from rice fields where different water management practices are implemented, with a view to checking that those practices do actually reduce emissions, as anticipated by the models developed by universities and international organisations. The practices giving the best results are now being implemented as pilot projects in commercial fields managed by different producers in an effort to confirm their viability in different agronomic conditions and foster their implementation by local farmers. The project is also developing models to assess the benefits of using those techniques on larger scales, rather than individual fields (entire farms, irrigation communities...).

  Finally, during 2019 Oryzonte identified and analysed practices that could potentially favour biodiversity in the Sevillian rice fields, seeking to implement specific actions in 2020 to improve the rice-growing area.

- **Italy: SAIRISI Project:**

  This project began in 2016 with the intention of bringing Italian rice growers together to share sustainable practices in water management and soil quality.

  Thanks to the collaboration of a group of members throughout the supply chain –including Ebro– with the SAI Platform, the project has had an impact on more than 600 growers up to the end of 2019.

  Some of the activities developed by SAIRISI are:

  – Field visits and 8 training classes on all aspects of sustainable rice growing: conservation agriculture, biodiversity and economic sustainability of growers.

  – Preparation of a document explaining the 12 best practices for sustainable rice growing in Italy. These best practices are directly linked to questions in the Farm Sustainability Assessment (FSA) of the SAI Platform, forcing farmers to think about management of their crops in terms of sustainability.

  – Development of a growers' group through the National Rice Board (ENR), with numerous newssheets for the community, a WhatsApp group and a specific website for resources.

  – In order to develop local capacity to advance further in Italian rice sustainability, SAIRISI has trained two agronomists to implement the FSA standard effectively.

- **India: During 2019, our subsidiary Ebro India continued developing three projects providing training for growers and technical assistance for the entire process, from sowing to harvesting.**
  - EKTA: A training programme for growers in their everyday farming activities, educating them in the latest agricultural practices and the optimum use of pesticides and fertilizers, and helping them to increase the yield from their crops and lower costs.
  - Control Farming: One of the greatest challenges in India is compliance with the MRL (maximum residue limits) permitted in the European Union. Through the control farming programme we work closely with the growers, monitoring all the agricultural practices they use from sowing to harvesting and educating them in the correct use of pesticides and fungicides in terms of quantity, quality and timing.
  - Organic farming: We work with around 1500 growers for the production of organic basmati and non-basmati rice.

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.

OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS OR AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Only the Riviana plant in Freeport, Texas is adjacent to a wetland with protected area status, Brazos River.

Significant impacts of activities, products, and services on biodiversity

There have been no impacts in any areas considered of high biodiversity value.

Habitats protected or restored

No restoration measures have been implemented in protected habitats.

Water sources significantly affected by water withdrawal

There has been no impact on water bodies or habitats of high biodiversity value.

Significant spills and water bodies affected by water discharges and/or runoff

There have been no significant spills or any impact on habitats of high biodiversity value.

POLLUTION

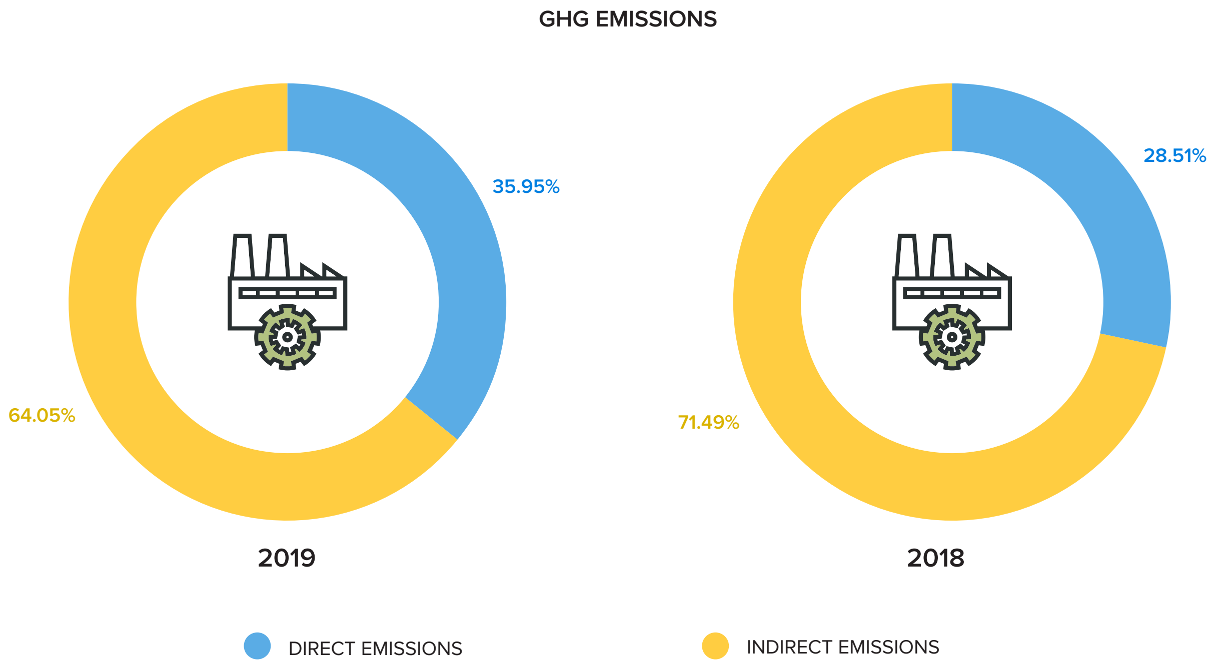
Direct and indirect GHG emissions (Scopes 1 and 2)

The direct emissions were calculated according to *Tier 1 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*, with average values of the Emission Factors for each fuel.

The indirect emissions were calculated with the Emission Factors of electricity indicated by the supply undertakings or, failing this, with the Emission Factors published by an official organisation.

The Emission Factors used and the source are set out in Annex 3.

GHG EMISSIONS (T CO_2-EQ)	2019	2018
Direct emissions	199,893	186,993
Indirect emissions	356,092	468,782
TOTAL EMISSIONS	**554,985**	**655,775**



Other indirect GHG emissions (Scope 3)

In 2015, the Group's rice division contracted its main shipping logistics provider, EccoFreight, to calculate the carbon footprint of shipping our raw materials and other products.

This is calculated with the Eccoprint tool 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 2019, EccoFreight handled approximately 56% of the shipments of the entire rice division, with 247,672 tonnes shipped (13,548 TEUs) and GHG emissions of 57,246 tonnes of CO2eq.

By choosing more efficient routes instead of other alternative routes available with larger carbon footprints, we avoided the emission of 9,044 t CO2eq, with is a 13.64% reduction of our Scope 3 emissions.

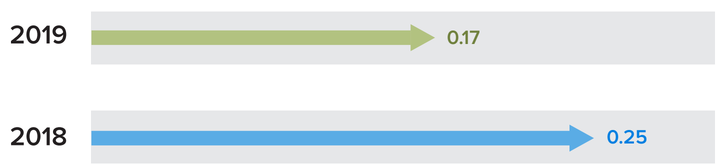
In 2019, Ebro Foods confirmed its participation in the AECOC Lean & Green Programme to calculate the carbon footprint of its domestic overland logistics and we will begin this work next year.

The company also signed a collaboration agreement during the year with the Spanish Royal Academy of Engineering to study “GHG emissions in the Spanish and European agri-food sector”, in which the carbon footprint will be calculated for the sector as a whole and, in particular, for rice and other cereals in which the Group has an interest.

GHG emissions intensity

	2019	2018
Total produced (t)	3,290,565	2,671,856
Total GHG emissions (t CO_2-eq)	555,985	655,775
GHG EMISSIONS INTENSITY (T CO_2-EQ /T PRODUCT)	**0.17**	**0.25**

GHG EMISSIONS INTENSITY
(T CO_2-EQ /T PRODUCT)



Emissions of ozone-depleting substances

The figure reported is only partial, as only 11 of the 28 companies included in this report have provided details of their consumption of refrigerants.

The refrigerants included in this calculation are the gases and mixes regulated in the Kyoto Protocol. The emission factors used (GWP) are those set out in the report *UK Government Conversion Factors for greenhouse gas (GHG) reporting (DEFRA) v.1.2, 2019*.

The CO_2-equivalent emissions total 3,349 tonnes. This quantity is not included in the Scope 1 emissions.

NOx, SOx and other significant air emissions

In accordance with the applicable environmental laws and regulations, regular inspections and measurements are made by an external company to check compliance. No non-compliance was detected during the year.

We continue analysing the materiality of this indicator. Since we have no continuous measurements of these parameters, we can only give an estimate.

GREENHOUSE GAS REDUCTION GOALS

One of the areas of action contemplated in our Sustainability Plan HEADING FOR 2030 launched during 2019 is minimising our environmental impact and, accordingly, reducing our GHG emissions. No global target for reducing our GHG emissions had yet been quantified by the date of issuing this report. We are studying the possibility of using Science Based Targets for this, which we plan to do in 2020.

EBRO FOODS, S.A.

ANNEX 1

LIST OF GROUP SUBSIDIARIES

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
Ebro Foods, S.A.	Spain	Parent (Holding)
Ebrofrost Holding, GmbH	Germany, Denmark and UK	Rice, pasta and frozen food
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 Ingredients, B.V.	Netherlands and Belgium	Ingredients
Herba Ricemills, S.L.U.	Spain	Rice
Herba Ricemills Rom, S.R.L.	Romania	Rice
Lassie, B.V.	Netherlands	Rice
La Loma Alimentos, S.A.	Argentina	Rice
Lustucru Frais, S.A.S.	France	Rice and pasta
Mundi Riso, S.R.L.	Italy	Rice
Mundi Riz, S.A.	Morocco	Rice
Neofarms BIO, S.A.	Argentina	Rice
Panzani, S.A.S.	France	Pasta
Pastificio Lucio Garofalo, S.p.A.	Italy	Pasta
Riceland Magyarorzag, KFT	Hungary	Rice
Riviana Foods, Inc.	USA	Rice and pasta
Roland Monterrat, SA.S	France	Fresh food
Santa Rita Harinas, S.L.U.	Spain	Others
Stevens&Brotherton Herba Foods, Ltd.	UK	Rice
Transimpex, GMBH	Germany	Rice

LIST OF INDUSTRIAL FACILITIES (PRODUCTION PLANTS AND WAREHOUSES) AND OFFICES OF THE EBRO GROUP

COMPANY	COUNTRY	WORKPLACE
Arrozeiras Mundiarroz	Portugal	Coruche
Arotz	Spain	Navaleno
Bertagni	Italy	Avio
		Vicenza
Boost Nutrition	Belgium	Merksem
Catelli Foods Corporation	Canada	Montreal
		Delta
		Hamilton
Ebro Foods Holding	Spain	Madrid
		Granada
		Barcelona
Ebro India	India	Taraori
Ebrofrost Denmark	Denmark	Orbaek
Ebrofrost Germany	Germany	Offingen
Ebrofrost UK	UK	Beckley
Euryza	Germany	Sales office
Geovita	Italy	Bruno
		Nizza Monferrato
		Verona
		Villanova Monferrato
Herba Bangkok	Thailand	Nong Khae
Herba Cambodia	Cambodia	Phnom Penh
Herba Ingredients	Belgium	Schoten
	Netherlands	Wormer
Herba Ricemills	Spain	Coria del Río
		San Juan de Aznalfarache
		Jerez de la Frontera
		Silla
		Algemesí
		La Rinconada
		Los Palacios
		Isla Mayor
		L'Aldea
		Cotemsa
		La Raza
Lassie	Netherlands	Wormer
La Loma Alimentos	Argentina	Los Charrúas
		Chajarí
		Los Conquistadores
Lustucru	France	Saint Genis Laval
		Lorette
		Communay
Mundi Riz	Morocco	Larache
Mundiriso	Italy	Vercelli

COMPANY	COUNTRY	WORKPLACE
Panzani	France	La Montre
		Gennevilliers
		Nanterre
		Littoral
		Saint Just
		Vitrolles
Pastificio Lucio Garofalo	Italy	Gragnano
Riceland	Hungary	Sales office
Riviana	USA	Memphis
		Brinkley
		Clearbrook
		Alvin
		Carlisle
		Freeport
		Hazen
		Saint Louis
		Winchester
		Fresno
Roland Monterrat	France	Feillens
S&B Herba Foods	UK	Cambridge
		Liverpool
		Orpington
Santa Rita Harinas	Spain	Loranca de Tajuña
Transimpex	Germany	Lambsheim (office)
		Lambsheim (plant)
		Hamburg (office)

LIST OF FOOD SAFETY AND QUALITY CERTIFICATIONS OF THE GROUP'S SUBSIDIARIES

COMPANY	COUNTRY	WORKPLACE	CERTIFICATIONS
ARROZEIRAS MUNDIARROZ	PORTUGAL	CORUCHE	ISO 9001
			ISO 22000
			FOOD PRODUCT CERTIFICATION
			IFS
AROTZ	SPAIN	NAVALENO	IFS
BERTAGNI	ITALY	AVIO	BRC
			IFS
		VICENZA	BIOS - ORGANIC CERTIFICATION
			BRC
			IFS
BOOST NUTRITION	BELGIUM	MERKSEM	IFS
			KOSHER
			FCA
			ORGANIC CERTIFICATION
CATELLI FOODS CORPORATION	CANADA	MONTREAL	SQF
		DELTA	BRC
		HAMILTON	BRC
EBRO INDIA	INDIA	TARAORI	ISO 22000
			ORGANIC CERTIFICATION
			BRC
			IPQC
			PPQS
			KOSHER
			ISO-17025 (LAB.)
EBROFROST DENMARK	DENMARK	ORBAEK	BRC
			KOSHER
			ORGANIC CERTIFICATION
EBROFROST UK	UK	BECKLEY	BRC
EBROFROST NORTHAMERICA	USA	MEMPHIS	SQF
FALLERA NUTRICIÓN	SPAIN	SILLA	ISO 9001
GEOVITA	ITALY	BRUNO	ISO 9001
		NIZZA MONFERRATO	ISO 9001
		VERONA	ISO 9001
		VILLANOVA MONFERRATO	ISO 9001

COMPANY	COUNTRY	WORKPLACE	CERTIFICATIONS
HERBA BANGKOK	THAILAND	SARABURI	ISO 9001
			BRC
			ORGANIC CERTIFICATION
			HALAL
			KOSHER
			GMP & HACCP
			GLUTEN FREE CERTIFICATION
			FAIR TRADE&FLOCERT CERTIFICATION
			FAIR TRADE-ECO SOCIAL STANDARD CERTIFICATION
HERBA CAMBODIA	CAMBODIA	PHNOM PENH	ISO 9001
			ORGANIC CERTIFICATION (EU)
			ORGANIC CERTIFICATION (NOP)
			GMP & HACCP
HERBA INGREDIENTS	BELGIUM	SCHOTEN	ORGANIC CERTIFICATION
	BELGIUM	SCHOTEN	IFS
			GMP
			KOSHER
	BELGIUM	SCHOTEN	IFS
			GMP
			KOSHER
			ECOLOGICAL CERTIFICATION
	NETHERLANDS	WORMER	IFS
			GMP
			KOSHER
			HALAL
			ORGANIC CERTIFICATION
			CHINESE ORGANIC

COMPANY	COUNTRY	WORKPLACE	CERTIFICATIONS
HERBA RICEMILLS	SPAIN	CORIA DEL RÍO	ISO 9001
			ECOLOGICAL CERTIFICATION
			KOSHER
		SAN JUAN DE AZNALFARACHE (Ready foods plant and Rice plant)	ISO 9001
			BRC
			IFS
			ECOLOGICAL CERTIFICATION
			KOSHER (rice)
		JEREZ DE LA FRONTERA (Ready foods plant)	ISO 9001
			BRC
			IFS
		SILLA	ISO 9001
			BRC
			IFS
		ALGEMESÍ (Ready foods plant)	ISO 9001
			IFS
			BRC
		ALGEMESÍ (Rice plant)	ISO 9001
			KOSHER
		ALGEMESÍ (Flour mill)	IFS
			KOSHER
		LA RINCONADA	IFS
			ECOLOGICAL CERTIFICATION
			KOSHER
		LOS PALACIOS	ISO 9001
			ECOLOGICAL CERTIFICATION
			KOSHER
LASSIE	NETHERLANDS	WORMER	ORGANIC CERTIFICATION
			IFS
			GMP FEED
LUSTUCRU	FRANCE	SAINT GENIS LAVAL (Fresh pasta plant)	IFS
		LORETTE (Fresh pasta plant)	IFS
		COMMUNAY (Fresh pasta plant)	IFS
MUNDI RIZ	MOROCCO	LARACHE	ISO 22000
MUNDIRISO	ITALY	VERCELLI	IFS
			BRC
			ISO 22000
			ORGANIC CERTIFICATION
			KOSHER

COMPANY	COUNTRY	WORKPLACE	CERTIFICATIONS
PANZANI	FRANCE	LA MONTRE	FSSC 22000
			IFS
		GENNEVILLIERS	IFS
			ISO14001
		NANTERRE	IFS
			FSSC 22000
		LITTORAL	IFS
			ISO 14001
		SAINT JUST	IFS
		VITROLLES	IFS
			ORGANIC CERTIFICATION
		LYON	ORGANIC CERTIFICATION
PASTIFICIO LUCIO GAROFALO	ITALY	GRAGNANO	KOSHER
			HALAL
			PASTA DI GRAGNANO IGP
			ORGANIC (reg CE 834/07)
			ORGANIC (JAS)
			BRC
			IFS
			NO GMO VERIFIED
			VEGAN
RIVIANA (RICE BUSINESS)	USA	MEMPHIS	SQF
		BRINKLEY	SQF
		CLEARBROOK	SQF
		ALVIN	SQF
		CARLISLE	SQF
		FREEPORT	SQF
RIVIANA (PASTA BUSINESS)	USA	SAINT LOUIS	SQF
		WINCHESTER	SQF
		FRESNO	SQF
ROLAND MONTERRAT	FRANCE	FEILLENS	IFS
S&B HERBA FOODS	UK	CAMBRIDGE	BRC
			KOSHER
		LIVERPOOL	BRC
			KOSHER
TRANSIMPEX	GERMANY	LAMBSHEIM	IFS FOOD
			IFS BROKER
			ORGANIC
			ORGANIC NATURLAND

EBRO FOODS, S.A.

ANNEX 3

ELECTRICITY AND FUELS EMISSION FACTORS

TABLE 1. EMISSION FACTORS - ELECTRICITY

COMPANY	PLANT	COUNTRY	EF ELECTRICITY (T CO_2/KWH)	SOURCE OF EF
Arotz	Arotz	Spain	0.0000380	Supplier
Arrozeiras Mundiarroz	Coruche	Portugal	0.0004780	Supplier
Bertagni	Vicenza	Italy	0.0003120	ISPRA 2018
	Avio	Italy	0.0003120	ISPRA 2019
Boost Nutrition	Plant A	Belgium	0.0002100	Supplier
Catelli	Montreal	Canada	0.0000060	www.HydroQuebec.com
	Delta	Canada	0.0000093	www.carbonfootprint.com
	Hamilton	Canada	0.0030000	Supplier
EbroFrost Denmark	Orbaek	Denmark	0.0003830	Supplier
Ebro Frost Germany	Offingen	Germany	0.0004280	Supplier
EbroFrost UK	Beckley	UK	0.0002556	DEFRA UK 2019 Emission Factors
Ebro Foods	Madrid	Spain	0.0000000	Miteco - Emission Factors April 2019 v.12
	Barcelona	Spain	0.0003800	Miteco - Emission Factors April 2019 v.12
Ebro India	Taraori	India	0.0010000	CO_2 baseline database for Indian power sector
Euryza	Euryza	Germany	0.0003240	Supplier
Garofalo	Gragnano	Italy	0.0003683	ISPRA
Geovita	Bruno	Italy	0.0003000	carbonfootprint.com
	Nizza Monferrato	Italy	0.0003000	carbonfootprint.com
	Verona	Italy	0.0003000	carbonfootprint.com
	Villanova Monferrato	Italy	0.0003000	carbonfootprint.com
Harinas Sta Rita	Plant A	Spain	0.0003500	Supplier
Herba Bangkok	Nong Khae	Thailand	0.0006933	Carbon Label & Carbon Footprint for Organization,Thailand
Herba Cambodia	Phnom Phen	Cambodia	0.5990000	see factor document
Herba Ingredients	Plant B	Belgium	0.0002570	Government
	Plant C	Belgium	0.0002570	Government
Herba Ricemills	San Juan	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Jerez	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Coria	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Isla Mayor	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Silla	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Algemesi/Saladar	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Aldea	Spain	0.0003800	Ministry Environment, April 2019 v.12
	La Rinconada	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Los Palacios	Spain	0.0003800	Ministry Environment, April 2019 v.12
	Warehouses (Cotemsa &Raza)	Spain	0.0003800	Ministry Environment, April 2019 v.12

COMPANY	PLANT	COUNTRY	EF ELECTRICITY ($T\ CO_2/KWH$)	SOURCE OF EF
Lassie	Wormer	Netherlands	0.0004854	Supplier
Lustucru	St Genis Laval (Lus.)	France	0.0000178	Supplier
	Lorette (Lus.)	France	0.0000178	Supplier
	Communay (Lus.)	France	0.0000178	Supplier
Mundi Riso	Vercelli	Italy	0.0003900	Supplier
MundiRiz	Larache	Morocco	0.0800000	Supplier
Panzani	Saint Just	France	0.0000164	Supplier
	Littoral	France	0.0000164	Supplier
	Gennevilliers	France	0.0000178	Supplier
	Nanterre	France	0.0000178	Supplier
	La Montre	France	0.0000164	Supplier
	Vitrolles	France	0.0000164	Supplier
Riceland Magyarorzag	Riceland Magyarorzag	Hungary	0.0003750	official study
Riviana Arroz	Memphis (MPH)	USA	0.0007070	epa.gov
	Carlisle (CAR)	USA	0.0007793	epa.gov
	Brinkley (BRI)	USA	0.0007793	epa.gov
	Hazen (HZN)	USA	0.0007793	epa.gov
	Clearbrook (CBK)	USA	0.0004645	epa.gov
	Freeport (FPT) - AmRi	USA	0.0007794	epa.gov
	Alvin (AL)	USA	0.0007794	epa.gov
Riviana Pasta	Winchester	USA	0.0003653	EPA
	Fresno	USA	0.0002398	EPA
	St Louis	USA	0.0007331	EPA
Roland Monterrat	Feillens (RM)	France	0.0000470	www.carbonfootprint.com (EF 2019)
S&B Herba Foods	Cambridge	UK	0.0000240	Supplier
	Liverpool	UK	0.0000240	Supplier
	Orpington	UK	0.0003240	Supplier
Transimpex	Lambsheim Plant	Germany	0.0002800	Supplier
	Lambsheim Office	Germany	0.0002800	Supplier

TABLE 2. EMISSION FACTORS - FUELS

FUEL	NCV	UNITS	SOURCE
Naturalgas	0.038	GJ/Nm3	Table 1.2 Ch.1- 2006 IPCC Guidelines
LPG	47.3	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Coal	29.5	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Butane	44.2	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Biomass (husk)	11.6	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Biomass (wood)	15.6	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Propane	25.25	GJ/Nm3	
Diesel	35.28	GJ/Nm3	
Gasoline	33.67	GJ/Nm3	

EBRO FOODS, S.A.

ANNEX 4

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	P.4-10	
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	P.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	P.11-17	
	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	P.13-14	
	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	P.18-24	

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	P.71-73	
	Environmental **certification or assessment procedures**	ISO 14001	P.73	
	Resources employed for preventing environmental risks	Internal framework: Accounting	P.72	
	Application of the **precautionary principle**	GRI 102-11	P.73-74	
	Quantity of **provisions and guarantees** for environmental risks	Internal framework: Insurance policy for third-party liability and accidental pollution damage	P.72-73	
Pollution	**Measures** to prevent, reduce or remedy carbon emissions (including noise and light pollution)	Internal framework: CSR internal reporting tool	P.84-87	
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	P.74-75	
	Actions to combat food waste	Internal framework: 1) CSR internal reporting tool 2) Donations to food banks	P.75-76	
Sustainable use of resources	**Water consumption** and water supply within local limits	GRI 303-1	P.83-84	
	Consumption of raw materials	GRI 301-1, 301-2	P.77-79	
	Measures taken to make the use of water more efficient	GRI 302-4	P.79	
	Direct and indirect energy **consumption**	GRI 302-1, 302-2, 302-3	P.79-81 ANNEX 3	
	Measures implemented to enhance energy efficiency	GRI 302-4	P.82	
	Use of renewable energies	GRI 302-1	P.80	
Climate change	Important **elements** of the GHG emissions generated	GRI 305-1, 305-2, 305-3	P.87-90	
	Measures taken to adapt to the consequences of climate change	Internal framework: 1) Sustainable agriculture projects 2) Climate change risk matrix	P. 84-87	
	Reduction **goals** established voluntarily	GRI 305-5, 301-1	P.90	
Protection of biodiversity	**Measures** taken to preserve or restore biodiversity	Internal framework: CSR internal reporting tool	P.84-87	
	Impacts caused by activities or operations in protected areas	Internal framework: CSR internal reporting tool	P.87	

SOCIAL AND LABOUR 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	P.41-43	
	Total **number** and distribution of types of employment contract	GRI 401-1	P.43	
	Annual **average** of permanent, temporary and part-time contracts by gender, age and professional category	GRI 401-1, 405-1	P.43-45	
	Number of dismissals by gender, age and professional category	GRI 401-1	P.45	
	Pay gap	GRI 405-2	P.61	
	Average **remuneration** by gender, age and professional category	GRI 405-2	P-55-61	
	Average **remuneration** of directors by gender	GRI 102-35	P.61	
	Average **remuneration** of executives by gender	GRI 102-35	P.62	
	Implementation of **policies** on disconnection from work	Internal framework: CSR internal reporting tool	P.41	
	Employees with disability	GRI 405-1	P.55	
Organisation of work	**Organisation** of working time	Internal framework: CSR internal reporting tool	P.46	
	Number of hours absenteeism	GRI 403-2	P.46	
	Measures to facilitate work-life balance and responsible joint exercise of those measures by both parents	GRI 401-2, 401-3	P.50	
Health and safety	**Conditions** of health and safety at work	Internal framework: CSR internal reporting tool	P.51	
	Number of occupational injuries and disease by gender, frequency rate and severity by gender	Internal framework: CSR internal reporting tool	P.51-52	
Labour relations	**Organisation** of social dialogue	GRI 402-1, 403-1, 403-4	P.52	
	Percentage of employees covered by collective agreements by country	GRI 102-41	P.52-53	
	Balance of collective agreements, particularly in the area of health and safety at work	GRI 102-41, 403-4	P.47-50	
Training	**Policies** implemented in the training area	Internal framework: 1) Corporate Code of Conduct 2) CSR internal reporting tool	P.53	
	Total **hours** training by professional category	GRI 404-1	P.53-54	
Universal accessibility by persons with disability		Universal accessibility by persons with disability	P.55	

AREA		REPORTING FRAMEWORK	REFERENCE	COMMENTS / REASON FOR OMISSION
Equality	**Measures** implemented to promote equal treatment and opportunities between women and men	Internal framework: 1) Corporate Code of Conduct 2) CSR internal reporting tool	P.54	
	Equality plans Measures taken to promote employment, protocols against sexual and gender-related harassment	Internal framework: 1) Corporate Code of Conduct 2) CSR internal reporting tool	P.54	
	Integration and universal accessibility of persons with different abilities	GRI 405-1	P.55	
	Policy against all forms of discrimination and, where appropriate, diversity management	Internal framework: 1) Corporate Code of Conduct 2) CSR internal reporting tool	P.54-55	

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	P.28	
Prevention of the risks of violating human rights and, where necessary, **measures** to mitigate, manage and redress possible abuse committed	GRI 412-2	P.25-28	
Complaints of violation of human rights	GRI 406-1	P.26	
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	Internal framework: Corporate Code of Conduct	P.25	

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	P.28-30	
Anti-money laundering **measures**	GRI 205-2, 419-1	P.31	
Contributions to foundations and not-for-profit entities	GRI 201-1, 413-1	P.32-33	

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	P.35-40	
	Impact of the company's activities on local populations and region	Internal framework: CSR internal reporting tool	P.35-40	
	Relations with local communities and forms of dialogue with them	GRI 102-43	P.35-40	
	Association or sponsorship **actions**	GRI 203-1, 102-12, 102-16, 102-13	P.35-40	
Outsourcing and suppliers	**Inclusion** in the procurement policy of social, gender equality and environmental issues	Internal framework: Supplier Code of Conduct CSR internal reporting tool	P.63-64	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	Internal framework: Supplier Code of Conduct CSR internal reporting tool	P.63-64	
	Supervision and audit **systems** and results	Internal framework: CSR internal reporting tool	P.64	
Consumers	**Measures** to guarantee consumer health and safety	GRI 416-1	P.65-66 ANNEX 4	
	Grievance **systems**	GRI 416-2, 418-1	P.66-67	
	Complaints received and solution provided	GRI 103-2, 416-2, 417-2	P.67-68	
Tax information	**Profit** obtained, country by country	Internal framework: Tax and Finance Departments	P.35	
	Corporate income **tax** paid	Internal framework: Tax and Finance Departments	P.34	
	Government **grants** received	Internal framework: Tax and Finance Departments	P.35	

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

Building a better working world

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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, 2019, 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 Annex I "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 Annex I: "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 2019. 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 assurance 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 gain knowledge on 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 2019 NFS based on the materiality analysis made by the Group and described in the section "Social Responsibility Model," considering the content required by prevailing mercantile regulations.

- Analyzing the processes for gathering and validating the data included in the 2019 Non-Financial Statement.

- Reviewing the information on the risks, policies, and management approaches applied in relation to the material aspects included in the 2019 NFS

- Checking, through tests of a selected sample, the information related to the content of the 2019 NFS and its correct compilation from the data provided.

- Obtaining a representation letter from the Directors and Management

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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 2019 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 Annex I: "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.

(Signed on the original in Spanish)

Alberto Castilla Vida

April 2, 2020

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DETAILS OF ISSUER

Year Ended: 31/12/2019

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		% 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
ARTEMIS INVESTMENT MANAGEMENT, LLP	0.00	4.25	0.00	0.00	4.25

Details of indirect holdings:

Name of indirect holder	Name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% 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
ARTEMIS INVESTMENT MANAGEMENT, LLP	ARTEMIS INVESTMENT MANAGEMENT, LLP	4.25	0.00	4.25

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

Principal movements
In December 2019, the indirect interest held by José Ignacio Comenge Sánchez-Real exceeded the 5% 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	0.05	0.00	0.00	0.05	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	5.13	0.00	0.00	5.13	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	54.91

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
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	0.05	0.00	0.05	0.00
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.	5.13	0.00	5.13	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 2019, 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 Compañía 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 2019, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several commercial transactions (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 and comments set out in section D.3 of this Report.
GRUPO TRADIFÍN, S.L.	Contractual	During 2019, 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 and comments set out in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Commercial	During 2019, 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 and comments set out in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Contractual	During 2019, 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 and comments set out 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
ANTONIO HERNÁNDEZ CALLEJAS	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	Antonio Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. He does not hold any office in that company.
FÉLIX HERNÁNDEZ CALLEJAS	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	Félix Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. He is Managing Director of that company.
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	Blanca Hernández Rodríguez has a direct interest of 33.25% in Grupo Tradifín, S.L. She is Managing Director of that company.
JAVIER FERNÁNDEZ ALONSO	CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Javier Fernández Alonso has an employment relationship with Corporación Financiera Alba, S.A. He is Investment Manager of that company.
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%. Mr Carceller Arce has a 0.875% interest in Corporación Económica Delta, S.A., of which he is Chairman of the Board. He is also Executive Chairman of the Board of Sociedad Anónima Damm.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
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%. Ms Carceller Arce has a 0.05% interest in Corporación Económica Delta, S.A. and represents the director Seegrund BV on the Board of Directors of Corporación Económica Delta, S.A. and Sociedad Anónima Damm.
ALIMENTOS Y ACEITES, S.A.	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	Sociedad Estatal de Participaciones Industriales has a direct interest of 91.9625% in Alimentos y Aceites, S.A.
MARÍA JESÚS GARRIDO SOLÍS	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	María Jesús Garrido Solís is a proprietary director and Deputy Director of Investee Companies of Sociedad Estatal de Participaciones Industriales.
JAVIER GÓMEZ-TRENOR VERGÉS	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Javier Gómez-Trenor Vergés has an indirect interest of 12.586% in Empresas Comerciales e Industriales Valencianas, S.L. through the direct interest of 50.415% he has in Inversiones Caspatró, S.L., which in turn has a direct interest of 24.964% in Empresas Comerciales e Industriales Valencianas, S.L. Inversiones Caspatró, S.L. is a director of Empresas Comerciales e Industriales Valencianas, S.L. Javier Gómez-Trenor Vergés is Chairman of the Board of Inversiones Caspatró, S.L. and represents the director Cultivos Valencia, S.L. on 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
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	MENDIBEA 2002, S.L.	José Ignacio Comenge Sánchez-Real has an indirect interest of 73% in La Fuente Salada, S.L. through his direct interest of 73% in Mendibea 2002, S.L., which in turn owns 100% of La Fuente Salada, S.L. José Ignacio Comenge Sánchez-Real is the Sole Director of La Fuente Salada, S.L.

Hercalianz Investing Group, S.L., Grupo Tradifín, S.L., Corporación Financiera Alba, S.A., Alimentos y Aceites, S.A., Empresas Comerciales e Industriales Valencianas, S.L. and José Ignacio Comenge-Sánchez Real are directors and significant shareholders of Ebro Foods, S.A. See section A.3 of this report.

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 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.

The resolutions adopted at the General Meeting on 3 June 2015 on treasury stock, reduction of capital and delegation to the Board rendered void, to the extent that they had not been used, those adopted on the same issues at the General Meeting of 15 June 2011 and at the date of this report they are still in force, not having been revoked.

A.11. Estimated free float:

	%
Estimated free float	29.15

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				
			% distance voting		
Date of general meeting	% in person	% by proxy	Electronic vote	Others	Total
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
01/06/2019	29.12	51.48	0.01	0.10	80.71
Of which free float	0.17	15.37	0.01	0.10	15.65

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/en/) 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-2019/. There is also a direct link to the General Meeting of this year from the home page (http://www.ebrofoods.es/en/).

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
BELÉN BARREIRO PÉREZ-PARDO		Independent	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
DEMETRIO CARCELLER ARCE		Proprietary	VICE-CHAIRMAN	01/06/2010	05/06/2018	RESOLUTION PASSED AT AGM
ANTONIO HERNÁNDEZ CALLEJAS		Executive	CHAIRMAN	24/01/2002	05/06/2018	RESOLUTION PASSED AT AGM
PEDRO ANTONIO ZORRERO CAMAS		Independent	DIRECTOR	13/12/2018	04/06/2019	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		Independent	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM
MARÍA CARCELLER ARCE		Proprietary	DIRECTOR	21/03/2018	05/06/2018	RESOLUTION PASSED AT AGM
MERCEDES COSTA GARCÍA		Independent	LEAD INDEPENDENT DIRECTOR	27/07/2016	01/06/2017	RESOLUTION PASSED AT AGM
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

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
ALIMENTOS Y ACEITES, S.A.	MARÍA JESÚS GARRIDO SOLÍS	Proprietary	DIRECTOR	23/07/2004	05/06/2018	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

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
No details					

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	Executive 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, Officer 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, the Gold Medal of the city of Seville and the Manuel Clavero Award. 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 an executive of a subsidiary in the Ebro Group and director of several group companies.

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. will 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 Administration from the Private Financial Studies University 'Colegio Universitario de Estudios Financieros' (CUNEF) of Universidad Complutense de Madrid. He subsequently did an MBA at Duke University (Fuqua School of Business). He is Executive Chairman of Sociedad Anónima Damm and Chairman of Corporación Económica Delta, SA. and DICSA Corporación Petrolífera, S.A. He is also Vice-Chairman and member of the Executive Committee of Sacyr, S.A. and Director of Freixenet ('cava' producers). In 2019, he was elected Chairman of Cerveceros de España (Spanish Brewers Association). He also chairs the Board of Trustees of the Damm Foundation.
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.
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 has a degree 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.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
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., Rioja Acquisition, S.à.r.L., Artá Capital S.G.E.I.C., S.A. and Deyá Capital IV S.C.R., S.A. and on the Investment Committee of Artá Capital, among other responsibilities. He has been on the boards of several companies including, among others, Acerinox, S.A., Actividades de Construcción y Servicios, S.A. and Parques Reunidos Servicios Centrales, S.A. He speaks English.
ALIMENTOS Y ACEITES, S.A.	ALIMENTOS Y ACEITES, S.A.	María Jesús Garrido Solís (representative of the director Alimentos y Aceites, S.A.) was born in Madrid. She has a BA in Business Studies and Law E-3 ICADE; MBA-Business Administration, Master in Taxation from the Postgraduate Institute of Universidad Pontificia Comillas and 'Programa Promociona' organised by ESADE. She has a lengthy track record in business administration, management and control within the government institutions and as a lecturer of public management and management control, among other subjects, at Universidad Carlos III in Madrid. She is a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) on several boards of directors. At present, she is proprietary director and Deputy Director of the Investees Department at SEPI.
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. He has a lengthy track record in the business sector, as executive and director of numerous companies in the beverages, agricultural, livestock and concentrated juice sectors. He is currently the representative of the corporate Chairman of the Board of Empresas Comerciales e Industriales Valencianas, S.L. and the corporate Vice-Chairman of the Board of Olive Partners S.A., he is Chairman of the Board of Inversiones Caspatró, S.L. and is on the boards of several financial investment, property and agricultural companies.
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. She is Founder and Managing Director of Magallanes Value Investors, S.A., S.G.I.I.C. and Director of PharmaMar, S.A. She is on the Board of Trustees of Proyecto Hombre and the Capacis Foundation, and chairs the Ebro Foods Foundation.

Total number of proprietary directors	7
% of board	53.85

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 is CEO and founding member of 40dB., a social and market research agency.
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. In the private sector, he has extensive experience in agricultural engineering, having designed several technical projects in the agricultural sector and 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 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 Boards of several companies in the wine sector and others engaged in alternative energies and construction.
MERCEDES COSTA GARCÍA	Mercedes Costa García was born in Lleida. 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
No details			

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 (%)			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary	3	3	3	2	42.86	42.86	50.00	33.33
Independent	2	2	2	1	50.00	50.00	50.00	25.00
Other non-executive					0.00	0.00	0.00	0.00
Total	5	5	5	3	38.46	38.46	41.67	23.08

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 (five of the thirteen members are women), 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 latest 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 the Executive 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	VOGAN, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	GEOVITA FUNCTIONAL INGREDIENTS, S.R.L	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA INGREDIENTS BELGIUM B, B.V.B.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	A.W. MELLISH, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFALO, S.P.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTAGNI 1882, S.P.A	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR	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	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR	YES

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARRROZ, S.A.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT AND SEVERAL DIRECTOR	YES

Antonio Hernández Callejas is a director of 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. Riso Scotti, S.p.A. is an Italian company engaged in an activity similar to the objects of Ebro Foods, S.A.

He is also a member of the Board of Trustees of the Ebro Foods Foundation.

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
DEMETRIO CARCELLER ARCE	SACYR, S.A.	VICE-CHAIRMAN
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	ENERGÍA Y CELULOSA, S.A. (ENCE)	REPRESENTATIVE OF DIRECTOR
JAVIER FERNÁNDEZ ALONSO	EUSKALTEL, S.A.	REPRESENTATIVE OF DIRECTOR
CORPORACIÓN FINANCIERA ALBA, S.A.	EUSKALTEL, S.A.	DIRECTOR

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.
- 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)	5,687
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)
ANA MARÍA ANTEQUERA PARDO	COMMUNICATIONS AND CSR MANAGER
LUIS PEÑA PAZOS	SECRETARY OF THE COMPANY AND BOARD
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER (COO)
ALFONSO FUERTES BARRO	FINANCE MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY OF THE BOARD
GLORIA RODRÍGUEZ PATA	CORPORATE ASSETS MANAGER
JESÚS DE ZABALA BAZÁN	INTERNAL AUDIT MANAGER
MANUEL GONZÁLEZ DE LUNA	INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS MANAGER
MARÍA JOSÉ GARRETA RODRÍGUEZ	PATENTS AND TRADEMARKS MANAGER
Total remuneration top management (thousand euro)	2,226

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

Description of modifications

On 30 April 2019, in consideration of the favourable report issued by the Nomination and Remuneration Committee, the Board of Directors unanimously resolved to amend Article 41 ("Directors' Remuneration") of the Regulations of the Board for the sole purpose of adapting its contents to the new wording of Article 22 of the Articles of Association on directors' remuneration, due then to be laid before the Annual General Meeting on 4 June 2019. The effectiveness of the amended Regulations was made conditional on approval by the General Meeting of the alteration of Article 22 of the Articles of Association.

The amendment to Article 41 of the Regulations of the Board became fully effective when, on 4 June 2019, the General Meeting approved the alteration of Article 22 of the Articles of Association, and the shareholders were informed of that amendment in Item Eleven on the Agenda for that General Meeting.

The purpose of the alteration of Article 22 of the Articles of Association and, consequently, the amendment to Article 41 of the Regulations of the Board, was to modify the remuneration of directors for their duties as such, as follows:

- replace the former profit-sharing system with a simpler, more direct system of fixed assignment for the Board as a whole; and
- maintain the attendance fees for board and committee meetings.

So after the alteration of Article 22 of the Articles of Association and the amendment of Article 41 of the Regulations of the Board, the remuneration of directors for their duties as such consists of two pay items: a fixed annual assignment for the Board as a whole and attendance fees for board and committee meetings.

The amounts corresponding to each of these items is decided by the General Meeting, while the Board is responsible for distributing the fixed assignment among the directors (according to objective criteria) and deciding when such payments are to be made.

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
The annual assessment of the Board, Committees and Chairman made in 2019 in respect of 2018 did not reveal the need for any major changes in the Company's internal organisation or the procedures applicable to its activities.

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. 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 methods used in the previous year by the external adviser that assisted the Company in this process were repeated, as far as possible, in the assessment process conducted in 2019 in respect of 2018.

- The directors (and representatives of corporate directors) completed a questionnaire previously approved by the Nomination and Remuneration Committee, which was essentially the same as the one used by the external adviser for the assessment made in the previous year. The questionnaires were especially adapted to the condition of each director.

- Once all the questionnaires had been completed, the data collected were sent to the Secretary of the Nomination and Remuneration Committee who, after analysing them, drew up a summary of the replies (anonymous) for the Committee, which then issued the corresponding Assessment Report that was finally submitted to the Board.

In the assessment process made in 2019, it was not considered appropriate to supplement the results of the questionnaires with a personal interview with the Lead Independent Director, since that director, Mercedes Costa García, had participated intensely in the assessment process as a member of the Nomination and Remuneration Committee.

- Both the questionnaires completed by all the directors and the Assessment Report have been filed by the Secretary of the Board.

C. Areas assessed:

- Board of Directors: assessment by all the directors of: (i) the quantitative and qualitative composition of the Board, (ii) the balance and diversity of expertise on the Board, (iii) the independence and dedication of the directors, (iv) the adaptation of the Board procedures to the provisions of law, articles and regulations applicable to the Board, and v) the calling and holding of meetings and transaction of business within the governing body.

- Committees of the Board: assessment by all the directors of the existing committees, their composition and work (and reporting to the Board) from the point of view of the Board as recipient of that work.

- Executive Committee: assessment by the members of the Executive Committee of specific issues regarding its internal procedures, composition and powers.

- Audit and Compliance Committee: assessment by the members of the Audit and Compliance Committee of specific issues regarding its internal procedures, composition and powers and its relationships with other committees in the company (the Risks Committee and Compliance Unit) and the external auditor.

- Nomination and Remuneration Committee: assessment by the members of the Nomination and Remuneration Committee of specific issues regarding its internal procedures, composition and powers.

- Strategy and Investment Committee: assessment by the members of the Strategy and Investment Committee of specific issues regarding its internal procedures, composition and powers.

- Executive Chairman: assessment by all the directors (except the Executive Chairman) of different aspects of the Chairman both in his duties as such (aspects relating to management of the Board) and as chief executive of the group (aspects regarding the rendering of accounts and reporting on management affairs).

- Lead Independent Director: assessment by all the directors (except the Lead Independent Director) of the performance by the Lead Independent Director of her duties.

- Decision-making: assessment by all the directors of the information they receive and how especially important matters are processed (depth, time, debate) within the Board.

- Measures adopted in the wake of the assessment of 2017 made in 2018: assessment by all directors of the measures adopted by the Board, at the proposal of the Nomination and Remuneration Committee based on the recommendations of the external adviser, following the assessment of 2017 made in 2018.

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.

N/A

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	1

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

Number of meetings of the Audit and Compliance Committee	6
Number of meetings of the Strategy and Investment Committee	4
Number of meetings of the Nomination and Remuneration Committee	7
Number of meetings of the Executive Committee	8

C.1.26 State the number of meetings held by the Board during the period and details of attendance by its members:

Number of meetings attended by at least 80% of the directors	10
Attendance / total votes during the year (%)	93.71
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

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 (ICFR), 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.

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)	119	234	353
Charge for non-audit work / Total amount invoiced by auditors (%)	32.69	11.76	15.00

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	6	6

	Separate	Consolidated
Number of years audited by current auditors / Number of years that the company has been audited (%)	20.70	20.70

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.

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 Ebro Foods, S.A. 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
N/A	N/A

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
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent
FERNANDO CASTELLÓ CLEMENTE	MEMBER	Independent
MERCEDES COSTA GARCÍA	CHAIRMAN	Independent
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary

% 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 2019, 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, review of and reporting on the corporate policies within its area of competence, and compliance.

The Committee also approved its 2018 activity report, made available for shareholders for the Annual General Meeting of 4 June 2019.

The Company will issue a detailed report of all the activities performed by the Audit and Compliance Committee during 2019, which will be made available to all shareholders prior to the forthcoming Annual General Meeting 2020.

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	PEDRO ANTONIO ZORRERO CAMAS / FERNANDO CASTELLÓ CLEMENTE / MERCEDES COSTA GARCÍA / CORPORACIÓN FINANCIERA ALBA, S.A. / GRUPO TRADIFÍN, S.L. /
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
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	Proprietary
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
HERCALIANZ INVESTING GROUP, S.L.	MEMBER	Executive

% 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 2019, the Strategy and Investment Committee analysed the reflections of the Executive Chairman on fulfilment of the Strategic Plan of the Ebro Foods Group 2016-2018, completed preparation of the Strategic Plan of the Ebro Foods Group 2019-2021 to be submitted to the Board for approval, and analysed possible investment and divestment strategies in different business lines.

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

% 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 2019, 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) re-election and appointment of one director and their assignment to the different Committees of the Board of Directors, and appointment of the representative of a different corporate director;

(ii) self-assessment procedure for the Board of Directors, Chairman and Committees for 2018;

(iii) review and favourable report on the alteration of Article 22 of the Articles of Association and Article 41 of the Regulations of the Board, both concerning directors' remuneration;

(iv) review and assessment of the modification to the Directors' Remuneration Policy for 2019-2021;

(v) remuneration systems and remuneration of directors, including the Executive Chairman, and of the key executives of the Company and Group;

(vi) Corporate Governance Report and Directors' Remuneration Report for 2019;

(vii) Share Delivery Plan for Group employees for 2019.

The Committee also approved its 2018 activity report, made available for shareholders for the Annual General Meeting of 4 June 2019.

The Company will issue a detailed report of all the activities performed by the Nomination and Remuneration Committee during 2019, which will be made available to all shareholders for the forthcoming Annual General Meeting 2020.

Executive Committee		
Name	Position	Category
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	Executive
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary

% 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 2019, 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							
	2019		2018		2017		2016	
	No.	%	No.	%	No.	%	No.	%
Audit and Compliance Committee	2	40.00	2	40.00	3	60.00	2	40.00
Strategy and Investment Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	3	60.00	3	60.00	2	50.00	1	25.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

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 2019 to the regulations of the Committees.

Both the Articles of Association and the Regulations of the Board are available for consultation on the corporate 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 corporate 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)	6,287
CORPORACIÓN ECONÓMICA DELTA, S.A.	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	10,249
ARTEMIS INVESTMENT MANAGEMENT, LLP	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	3,250

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)
GRUPO TRADIFÍN, S.L.	REAL CLUB DE GOLF DE SEVILLA, S.L.	CORPORATE	Services received	18
GRUPO TRADIFÍN, S.L.	CABHER 96, S.L.	CORPORATE	Purchase of goods (finished or otherwise)	113
GRUPO TRADIFÍN, S.L.	---	---	Dividends and other distributions	6,982
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	393
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Purchase of goods (finished or otherwise)	3,767
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services rendered	9
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services received	136
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sale of goods (finished or otherwise)	1,354
ANTONIO HERNÁNDEZ CALLEJAS	CARDENAL ILUNDAIN 4, S.L.	CORPORATE	Sale of goods (finished or otherwise)	2
ANTONIO HERNÁNDEZ CALLEJAS	HACIENDA CASTEAS, S.L.	CORPORATE	Sale of goods (finished or otherwise)	2
ANTONIO HERNÁNDEZ CALLEJAS	HERGÓN 96, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Operating leases	42
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	48
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	51
ALIMENTOS Y ACEITES, S.A.	---	---	Dividends and other distributions	9,086
FERNANDO CASTELLÓ CLEMENTE	---	---	Dividends and other distributions	1,315
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	---	---	Dividends and other distributions	2

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	CORPORATE	Dividends and other distributions	3,257
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	---	---	Dividends and other distributions	6,864
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	CORPORATE	Dividends and other distributions	57
MARÍA CARCELLER ARCE	---	---	Dividends and other distributions	4
CORPORACIÓN FINANCIERA ALBA, S.A.	---	---	Dividends and other distributions	12,282

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., 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 2019 have been reported 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 2019 Ebro Foods, S.A. distributed a sum of 22 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 2019 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): 876 thousand euros

- Sale of goods (finished or otherwise): 1,439 thousand euros

- Services rendered (income): 3 thousand euros

- Dividends and other distributions (income): 1,400.

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.	3
FÉLIX HERNÁNDEZ CALLEJAS	Services received (expense) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	297

Hernández Barrera Servicios, S.A. is closely related to Félix Hernández Callejas, who represents the corporate 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.

Every year, when preparing the Financial Reporting, annual accounts and Annual Corporate Governance Report, the Directors (and representatives of corporate directors) are asked for information on: (i) any transactions that they may have made with the Company and/or other companies in the Group (the same information is also requested of the significant shareholders of the company); (ii) possible conflicts of interest as per section 229 of the Corporate Enterprises Act directly or indirectly involving the director, its representative or related parties; and (iii) any other possible conflicts of interest.

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. There is currently a Plan under way to make a complete review of the business risks map, aimed especially at improving our adjustment to risks such as climate change, cybersecurity and the different changes required in our business models in the wake of the digital transformation. This work is expected to be concluded during 2020.

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 and Audit and Compliance 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 2019, further details of which are provided in Explanatory Note Four in Section H of this Report:

- Supply risks

- Country risk

- Competition / market risk

- Operations and logistics 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 (ICFR)

Describe the mechanisms comprising the internal control over financial reporting (ICFR) 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 ICFR, (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 (ICFR).

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 ICFR 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 ICFR, 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 ICFR, 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 ICFR 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 ICFR 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 ICFR, 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 ICFR, 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 has implemented a system to control the separation of duties and access to critical functions of the SAP GRC SoD system in certain subsidiaries - currently in

Riviana Foods Inc and Catelli Foods, and there is a plan to extend this implementation to the other major subsidiaries. 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 has implemented the SAP GRC SoD system throughout the Group for the IT Department and is in the process of rolling it out in all subsidiaries, 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 best practices and management following the ITIL methods.

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 Foods has a cybersecurity policy based on several fundamental pillars for the security of our systems. This includes endpoint security, of both users and servicers, identity security -especially important in view of the increasingly more common cloud migration strategies-, perimeter security for access to our network and data security. Ebro Foods uses the leading tools available on the market and procedures based on best practices to minimise the risk in each of these areas.

vi) 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 ICFR

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 ICFR. 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 ICFR 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 (ICFR). Inform also on the scope of the ICFR 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 2019, 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 ICFR 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.

However, 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 (80.7053% at the last AGM held on 4 June 2019), 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 2020, 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 [ ] Explanation [X]

The number of independent directors (4) is considerably lower than one-third (4.3) of the total Board members (13) recommended for companies which, like Ebro Foods, S.A., are not high-cap.

It should be borne in mind in this regard that the percentage of capital represented on the Board is 70.848%.

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 [ ] Partial compliance [X] 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 undertak 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 remunerat dedication, qualification and responsibility required by their office, but not so high as to jeopardise the independence of 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 [ ]   Partial compliance [X]   Explanation [ ]   Not applicable [ ]

The company complies with all the sections of this Recommendation except (b).

At present, the remuneration of the Executive Chairman (the only director with executive duties) does not include any non-financial criteria tied to the creation of long-term value, as he is a major shareholder.

This notwithstanding, in view of the imminent transposition of EU laws on the remuneration of directors, the Nomination and Remuneration Committee of the Company is assessing the possibility of including non-financial criteria in the variable remuneration scheme of the Executive Chairman, with a view to implementing those criteria when the transposition becomes effective.

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 2019 and are linked to the achievement of pre-established measurable, quantifiable objectives related with financial factors that promote profitability and the creation of sustainable value in the Company and Group in the long term.

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, taking account of the fact that the executive director is a major shareholder and 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 Company's and Group's interests.

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.1.10

This note is included to indicate the positions held by Félix Hernández Callejas in the subsidiaries of the Ebro Foods Group.

As indicated elsewhere in this report, it should be borne in mind that Félix Hernández Callejas represents the corporate director Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A. and that said director is classified as an executive director by virtue of the fact that its representative is an executive in Group subsidiary/ies.

- Anglo Australian Rice, LTD. Director. Executive duties
- Arrozeiras Mundiarroz, S.A. Director. Executive duties
- Boost Nutrition, CV. Director. Executive duties
- Española de I+D, S.A. Joint and Several Director. Executive duties
- Eurodairy, S.L.U. Joint and Several Director. Executive duties
- Formalac, S.L.U. Joint and Several Director. Executive duties
- Fallera Nutrición, S.L.U. Joint and Several Director. Executive duties
- Herba Foods, S.L.U. Joint and Several Director. Executive duties
- Herba Ingredients Belgium B, BVBA. Director. Executive duties
- Herba Nutrición, S.L.U. Joint and Several Director. Executive duties
- Herba Trading, S.L.U. Joint and Several Director. Executive duties
- Joseph Heap & Sons, Ltd. Director. Executive duties
- Nuratri, S.L.U. Joint and Several Director. Executive duties
- Nutramas, S.L.U. Joint and Several Director. Executive duties
- Nutrial, S.L.U. Joint and Several Director. Executive duties
- Panzani, S.A.S. Director. No executive duties
- Pronatur, S.L.U. Joint and Several Director. Executive duties
- Risella, OY. Chairman and CEO. Executive duties
- Riviana Foods, Inc. Director. No executive duties
- S&B Herba Foods, Ltd. Director. Executive duties
- Santa Rita Harinas, S.L. Chairman. No executive duties
- Vitasan, S.L.U. Joint and Several Director. Executive duties
- Vogan, Ltd. Director. Executive duties
- Yofres, S.L.U. Joint and Several Director. Executive duties

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. This set of risks also includes the risks relating to the security of the IT systems and data (cybersecurity) of the Group, which is considering whether or not these risks should be considered an individual risk in the ongoing revision of the Group's risk map.

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. Other strategic and operating risks are also assessed, such as possible changes in consumer habits as a result of alterations in the temperature, or the need to make specific investments.

- Competition risk. In general, 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. During 2019, the Compliance Unit conducted a review and update of its criminal risk map and mechanisms for mitigating those risks, assisted by an external expert. At the date of this report, this work is in its final stage and the action plan, if any, considered necessary by the expert will be put into place to complete the update of the criminal risk map and the Model overall.

- 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 with 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 2019, listed in section E.5 of this Report.

SUPPLY RISKS

Overall, there have been no significant variations in respect of the previous year. The prices of most materials remained stable over the year, except pork, in which there was a hike as prices were pushed up by the increased demand in the wake of an outbreak of swine flu in China. That commodity affects a minor part of our product range.

Another issue that has recurred in recent years is the risk of drought in Spain, aggravated by the gradual reduction of availability and supply of rice in Spain (especially the Puntal variety and pearl rice varieties in general), thus reducing the volumes to which the Group has access and pushing prices up. To mitigate this risk, the Group has set up a subsidiary in Argentina to encourage growers there the sow rice varieties similar to the "Spanish" ones, thus completing supplies and reducing our dependence on production in Spain.

COUNTRY RISK

During 2019, the Group has kept an eye on the situation deriving from the UK's exit from the EU. Markets stabilised once the UK's exit from the EU became effective as of 31 January 2020 and the transition period up to the end of this year. However, the Group has maintained its currency hedges in view of the volatility of markets, while searching for alternative sourcing for its British subsidiaries. In any case, the scenario will not necessarily be adverse, considering the Group's presence in several countries that have preferential agreements with the UK.

COMPETITION/MARKET RISK

In this section, we should mention the loss of some important clients for our businesses in Canada and France, through the fierce competition in those markets between branded and private label producers, which represents a commercial and strategic challenge. Mitigation measures were put into place in all cases and the impact was reduced thanks to the shift in consumption to other Group products. In addition, we are working on recovering those clients or securing new ones during 2020.

OPERATION AND LOGISTIC RISK

Several product delivery problems arose during the year related with internal organisation difficulties, especially in the production of certain listings sharing the same production line at the Memphis plant and at our distribution hubs. In August, problems that were entirely beyond the Group's control were also encountered owing to the change of distribution hub in nor-east USA (an area of high consumption), which caused delays in product deliveries and even some failed deliveries. The internal problems were solved with alternative solutions. It took a month to stabilise the service at the new warehouse, although a compensation was obtained from the owner of the warehouse that mitigated the financial aspect of the incident.

Although recent and reported in 2020, contingency measures are being put into practice for the new coronavirus situation in respect of both preventive and operational aspects and others are designed to meet the needs of the market.

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 (COO), the Company Secretary and Secretary of the Board and the heads of the principal business units of the Ebro Foods Group, even though they do not all have a special senior management relationship.

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:

[25/03/2020]

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.

Audit Report on the "2019 Disclosures Regarding the Internal Control over Financial Reporting (ICFR) 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.

To the Board of Directors of Ebro Foods S.A.,

As per the request of the Board of Directors of EBRO FOODS, S.A. (hereinafter, the Company) and our proposal letter of December 20, 2019, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2019, 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 for 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 system 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 product 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 or effective functioning in respect of the Company's 2019 financial disclosures, as described in the accompanying ICFR disclosures. Consequently, had we performed additional procedures to those stipulated in the above-mentioned CNMV report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters 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. Reading and understanding the information prepared by the Company in relation to the ICFR System - which is disclosed in the Management Report - and assessing whether this information meets all the minimum reporting requirements needed to fill out section F on the ICFR system in the Annual Corporate Governance Report template established in CNMV Circular No. 5/2013 (of June 12, 2013), as amended by Circular No. 7/2015 (of December 22, 2015) and then again by Circular No. 2/2018 (of June 12, 2018) (hereinafter, the CNMV Circulars).

2. Questioning of the 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 experts.

4. Comparing the information detailed in item 1 above with our knowledge of the Company's ICFR System 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.

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This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV Circulars related to the description of the ICFR System in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Ramón Masip López

March 24, 2020

DISCLAIMER

DISCLAIMER BY THE DIRECTORS OF EBRO FOODS, S.A.

REGARDING THE CONTENTS OF THE ANNUAL FINANCIAL REPORT 2019

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 2019 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 2019, as authorised for issue by the Board of Directors of the Company on the 25th of March of 2020.

I, the Secretary, issue this note to certify and put on record that this disclaimer is signed by each and all of the directors, personally or through their representatives, against their respective names and surnames on the following page.

Madrid, 25 March, 2020.