

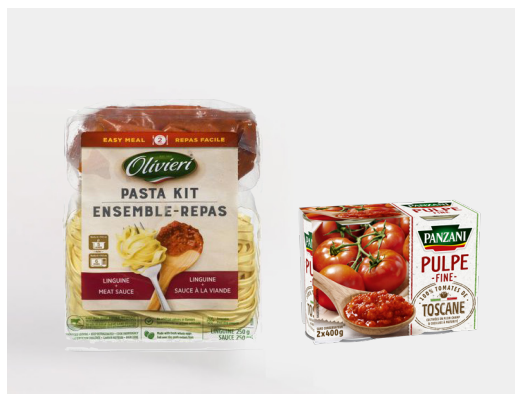
INDIVIDUAL ANNUAL ACCOUNTS

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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 instruments		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.

EBRO FOODS, S.A.

NOTES TO THE FINANCIAL STATEMENTS 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 Construções, 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 scanty 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 main 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 Construções, 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 12-31-2018
	BALANCE AT 12-31-2017	INCREASES	DECREASES	TRANSFERS	
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	ITEM				BALANCE AT 12-31-2019
	BALANCE AT 12-31-2018	INCREASES	DECREASES	TRANSFERS	
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 Construções, 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 Construções, 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)								
CATEGORIES	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, RECEIVABLES & DERIVATIVES		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
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)								
CATEGORIES	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, RECEIVABLES & DERIVATIVES		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
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)								
CATEGORIES	BANK BORROWINGS		BONDS AND OTHER MARKETABLE SECURITIES		DERIVATIVES AND OTHER ACCOUNTS PAYABLE		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
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)								
CATEGORIES	BANK BORROWINGS		BONDS AND OTHER MARKETABLE SECURITIES		DERIVATIVES AND OTHER ACCOUNTS PAYABLE		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
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 cancellation 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 Tradifin, S.L., which directly holds 12,248,809 (12,248,809) shares, representing a 7.961% interest (7.961%).
- ▶ Heralianz 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 OF THE SUGAR AND DAIRY BUSINESSES

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

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

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

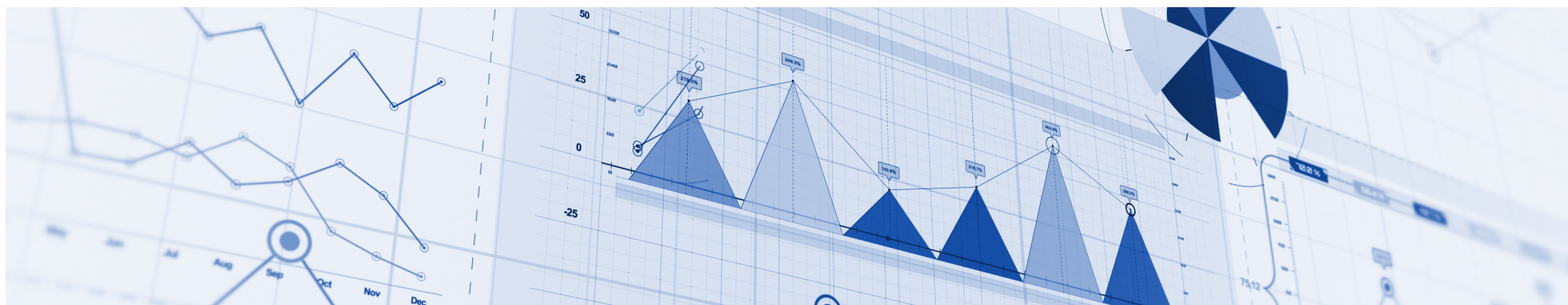
15.5 The breakdown of the permanent differences arising at Ebro Foods, S.A. in 2019 and 2018 is as follows:

	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 Construções, 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: 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) (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 Tradifin, 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 Tradifin, 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 Tradifin, 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.
- Heralianz 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 Heralianz 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 Heralianz 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 Heralianz 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
Hercalanz 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

(*) Hercalanz 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 TOTAL
	MALE	FEMALE	
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
	MALE	FEMALE	TOTAL
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 in 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.

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.

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

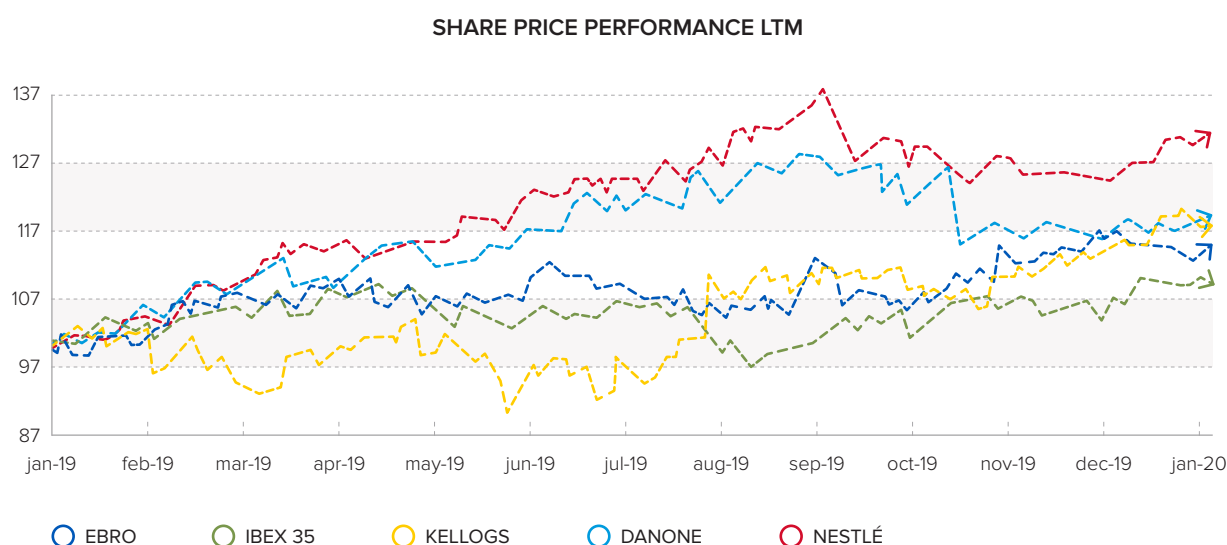
The Company paid its suppliers at 28 days on average in 2019.

	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 <u>may be transferred</u> 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 Heralianz 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 Heralianz 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.	MENDIBECA 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 Mendibeca 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.

Hercalanz Investing Group, S.L., Grupo Tradifin, 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:

Date of general meeting	Details of attendance				
	% 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
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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 Herculanz 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 Herculanz 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%.

Herculanz 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 ICADÉ; 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	<p>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.</p>
Executive Committee	<p>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.</p>

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
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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
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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 Tradifin, S.L. and Heralianz 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 Heralianz Investing Grupo, S.L. (Director), although they should also be considered related with the Director Grupo Tradifin, 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 Heralianz 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 services, 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 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 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

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 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 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

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 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 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 Explanation

14. The board should approve a policy for selecting directors which:
- Is specific and verifiable.
 - Ensures that nominations or proposals for re-election are based on a prior analysis of the board's needs.
 - 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:

- In companies with a high capitalisation, in which shareholdings legally considered significant are scarce.
- 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 [] 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 []

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 []

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 [] 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 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

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 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 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 []

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 []

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 []

45. The risk management and control policy should identify at least:

- a) The different types of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational) to which the company is exposed, including contingent liabilities and other off-balance-sheet risks among the financial or economic risks.
- b) The risk level that the company considers acceptable.
- c) The measures contemplated to mitigate the impact of the risks identified, should they materialise.
- d) The internal control and reporting systems to be used to control and manage those risks, including contingent liabilities and other off-balance-sheet risks.

Complies [X] Partial compliance [] Explanation []

46. Under the direct supervision of the audit committee or, as the case may be, an ad hoc committee of the board, there should be an internal risk management and control role exercised by an internal unit or department of the company expressly having the following duties:

- a) See that the risk management and control systems work properly and, in particular, that all the major risks affecting the company are adequately identified, managed and quantified.
- b) Participate actively in the preparation of the risk strategy and in the major decisions on their management.
- c) See that the risk management and control systems adequately mitigate the risks within the policy defined by the board.

Complies [X] Partial compliance [] Explanation []

47. Companies should ensure that the members of the nomination and remuneration committee -or the nomination committee and the remuneration committee, if they are separate- have adequate experience, skills and expertise for the duties they are to perform and that the majority of those members are independent directors

Complies [X] Partial compliance [] Explanation []

48. Companies with a high level of capitalisation should have a separate nomination committee and remuneration committee.

Complies [] Explanation [] Not applicable [X]

49. The nomination committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors.

And any director should be able to request the nomination committee to consider potential candidates to fill vacancies on the board, in case they were suitable in the committee's opinion.

Complies [X] Partial compliance [] Explanation []

50. The remuneration committee should perform its duties independently, having the following duties in addition to those assigned to it by law:

- a) Propose to the board the basic terms of contract of the senior executives
- b) See that the remuneration policy established by the company is observed
- c) Periodically review the remuneration policy applied to directors and senior executives, including the systems of payment with shares and their application, and ensure that their individual remuneration is in proportion to that paid to other directors and senior executives of the company
- d) Ensure that any conflicts of interest that may arise do not jeopardise the independence of the external counselling provided to the committee
- e) Check the information on the remuneration of directors and senior executives in the different corporate documents, including the annual report on directors' remuneration

Complies [X] Partial compliance [] Explanation []

51. The remuneration committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors and senior executives.

Complies [X] Partial compliance [] Explanation []

52. The rules of composition and procedure of the supervision and control committees should be included in the regulations of the board and be coherent with those applicable to the committees required by law according to the foregoing recommendations, including the following:

- a) The members should be exclusively non-executive directors, the majority independent directors.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of these committees on account of the expertise, skills and experience of the directors and the duties of each committee; and the committees should discuss its proposals and reports; and report on its activities at the first board meeting following their meetings, answering for the work done.
- d) The committees should be able to obtain external counselling whenever they may consider it necessary to perform their duties.
- e) Minutes should be issued of their meetings and made available to all directors.

Complies [] Partial compliance [] Explanation [] Not applicable [X]

53. The supervision of compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy should be assigned to one or distributed among several committees of the board, which may be the audit committee, the nomination committee, the corporate social responsibility committee, if any, or an ad hoc committee that the board, exercising its powers of self-organisation, may decide to set up. These committees should specifically have the following minimum duties:

- a) Oversight of compliance with the internal codes of conduct and the company's corporate governance rules.
- b) Supervision of the strategy of communication and relations with investors and shareholders, including small and medium-sized shareholders.
- c) Periodical assessment of the adequacy of the company's corporate governance system to ensure that it fulfils its mission of promoting corporate interests and takes account of the legitimate interests of the other stakeholders, where appropriate.
- d) Review of the company's corporate responsibility policy, making sure that it is geared towards creating value.
- e) Monitoring of the corporate social responsibility strategy and practices and assessment of the degree of compliance.
- f) Supervision and assessment of the processes of relations with different stakeholders.
- g) Assessment of everything related with non-financial risks in the company, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the reporting process for non-financial information and diversity, complying with the applicable legal provisions and international benchmark standards.

Complies [X] Partial compliance [] Explanation []

54. The corporate social responsibility policy should include the principles or commitments that the company voluntarily undertakes in its relationships with the different stakeholders and define at least the following:

- a) The corporate social responsibility goals and the development of supporting instruments.
- b) The corporate strategy related with sustainability, the environment and social issues.
- c) Specific practices in matters related with shareholders, employees, customers, suppliers, social issues, environment, diversity, tax responsibility, respect for human rights and prevention of unlawful conduct.
- d) The methods or systems for monitoring the results of applying the specific practices contemplated in the preceding paragraph, the associated risks and management thereof.
- e) The mechanisms for supervising non-financial risks, ethics and business conduct.
- f) The communication channels, participation and dialogue with stakeholders.
- g) Responsible communication practices to avoid manipulation of information and protect integrity and honour.

Complies [X] Partial compliance [] Explanation []

55. The company should inform, in a separate document or in the directors' report, on matters related with corporate social responsibility, using one of the internationally accepted methodologies.

Complies [X] Partial compliance [] Explanation []

56. The remuneration of directors should be high enough to attract and retain directors with the desired profiles and remuneration 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 [] 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 [] 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 []

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 [] Not applicable []

Of the two Executive Directors, only the Chairman of the Board of Directors, Antonio Hernández Callejas, receives remuneration for his executive duties. Hercalanz 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 []

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 [] 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 []

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 Tradifin, 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 Herculanz 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 north-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
[v] 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 its 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