

Supply chain managemet

Ebro Foods, S.A.

SUPPLY CHAIN MANAGEMENT



A. Supplier management

DESCRIPTION OF THE SUPPLY CHAIN

The suppliers of the Ebro Group are classified into four categories:

1. Rice or durum wheat suppliers
2. Other raw material suppliers
3. Packaging suppliers
4. Service providers

Approximately 40% of the rice and durum wheat suppliers are in Europe, 30% in North America and 30% distributed among India, Pakistan, South America and South East Asia, corresponding to the location of our subsidiaries Ebro India, Herba Bangkok, La Loma Alimentos and Herba Cambodia.

SUPPLIER MANAGEMENT MODEL

Since the Group has decentralised certain management areas, such as the Procurements Area, to its respective companies, each subsidiary has in the past had its own procurement policies and criteria, in keeping with the laws and characteristics of the countries in which they operate. Above them all, the Supplier COC of Ebro Foods regulates the minimum criteria and rules of conduct in labour and environmental aspects that must be met by the Group's suppliers.

With a view to establishing globally the integral management of the supply chain, in 2019 we embarked on a work plan to: 1) make sure that all our suppliers comply with the Group's Supplier COC and 2) require them to complete a questionnaire on ethics. The replies to this questionnaire will enable us to identify the critical issues and risks we need to address in order to guarantee the sustainability of our supply chain, designing, together with our companies, a roadmap to achieve the goal set in our Global Sustainability Plan HEADING FOR 2030, that 100% of our suppliers and service providers will have signed the Group's Supplier COC by 2030 or incorporated ESG criteria in their policies

In this context, during 2020, 6.5% of our suppliers and service providers signed the Supplier COC and completed the ethics questionnaire. Around half of them supply raw materials.

In addition, have another two corporate tools we can use to guarantee the Sustainability of our supply chain: 1) visits and meetings of the Procurement Departments of the different subsidiaries with their suppliers, and 2) our corporate account in the Sedex Platform, to which all the Group companies and the suppliers of our subsidiaries are gradually signing up, and who are in turn audited by an independent external firm.

In this area, we made 12 SMETA audits in 2020 on suppliers in Pakistan, Thailand, Turkey, Greece, Italy, Germany, France and USA.

COUNTRY	DATE	AUDITORS
PAKISTAN	08-10-2020	ALGI Pakistan
THAILAND	07-10-2020	SGS Thailand
TURKEY	21-07-2020	SGS Turkey
GREECE	24-07-2020	Intertek Bulgaria
ITALY	20-01-2020	Intertek Italy
ITALY	06-11-2020	Bureau Veritas - EMEA
ITALY	08-09-2020	SGS Italy
GERMANY	26-05-2020	SGS Germany
GERMANY	21-10-2020	Intertek Germany
GERMANY	08-10-2020	Intertek Germany
FRANCE	03-03-2020	SGS France
USA	05-03-2020	Intertek Peru

In the area of agricultural raw materials, more specifically in rice production, Herba Bangkok, Herba Ricemills, Mundiriso and Riviana are developing programmes to assess and verify the Sustainability of the crop using the FSA standard of the SAI Platform (Sustainable Agriculture Initiative) and the SRP standard of the Sustainable Rice Platform.

Panzani is implementing the NATURE project in durum wheat and tomatoes, with the aim of achieving zero pesticide residue in both these commodities.

In 2020, Herba Bangkok identified two suppliers at risk of violating their employees' right to freedom of association and collective bargaining. In both cases, corrective measures were taken, setting up a social committee with free elections to guarantee employee participation.

We have not identified any adverse environmental impacts in our supply chain. We highlight in this regard the sustainable agriculture projects that we are developing in some of our principal sourcing areas, one of the principal goals of which is to work with our agricultural suppliers to minimise environmental impact.

B. Management of the supply chain for agricultural raw materials

DETAILS OF OUR SUPPLY CHAIN

The information reported in this section only takes into account the supply chains of the agricultural raw materials rice, durum wheat and quinoa, which account for the bulk of the raw materials used by the Ebro Group.

Both rice and durum wheat are purchased from three types of 1st tier suppliers, which may vary according to the countries in which the raw material is sourced:

- Farmers or cooperatives
- Millers and/or plants
- Traders

Quinoa is mainly purchased from farmer cooperatives and millers.

There is relatively little variation from one year to the next in the pool of countries where we source materials but do not operate, the direct suppliers we use in those countries and the volumes purchased per supplier category. However, within those categories, the operators from whom we buy and the volumes bought from each one may vary considerably depending on our needs in respect of price, quality, customer specifications, etc.

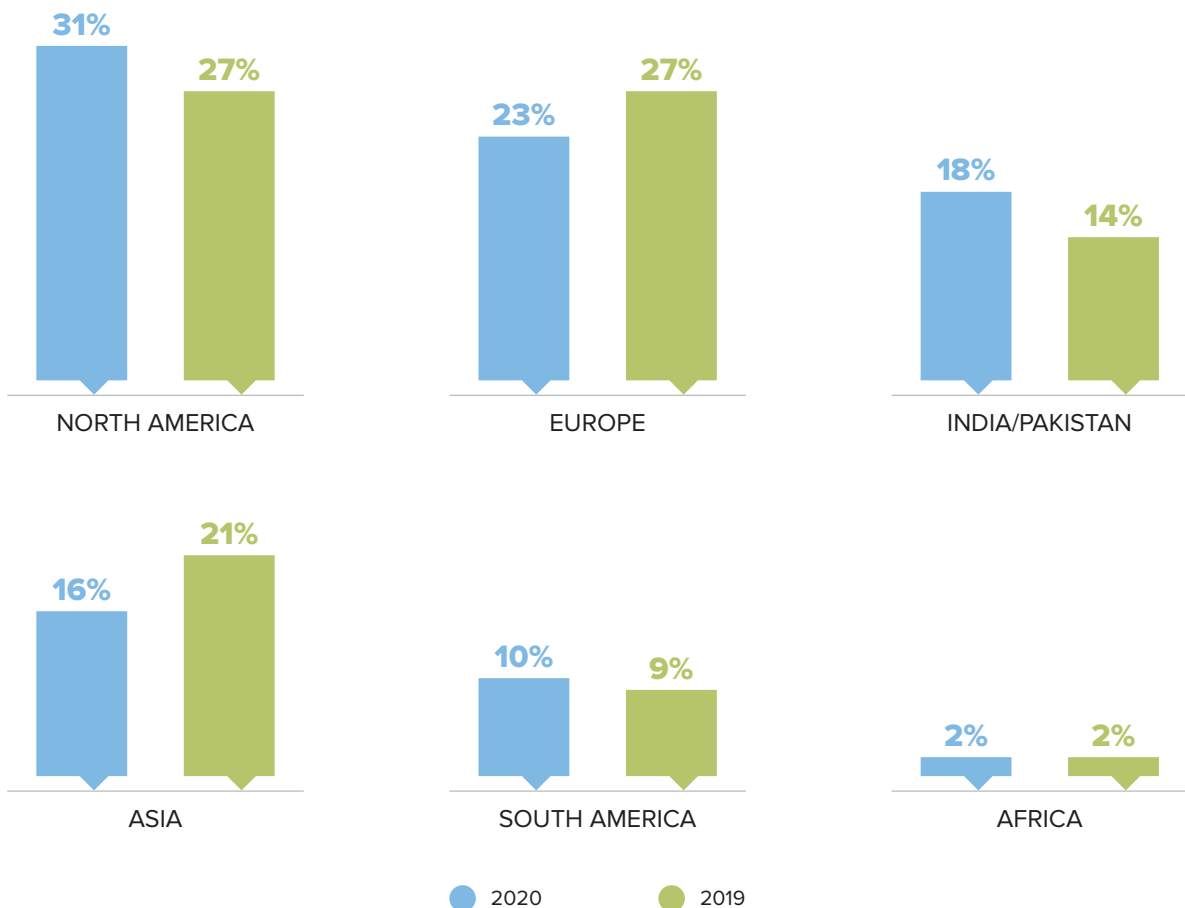
VOLUMES BY ORIGIN

Rice

The rice supplies for the Ebro Group have been very stable over the past two years in both total volume and volume by origin, our most important sourcing regions being North America and Europe.

	2020		2019	
	TONNES	%	TONNES	%
North America	513,302	31%	414,545	27%
Europe	379,953	23%	404,696	27%
India/Pakistan	298,004	18%	209,010	14%
Asia	267,151	16%	327,342	21%
South America	171,586	10%	134,198	9%
Africa	27,245	2%	35,771	2%
TOTAL	1,657,241		1,525,561	

RICE SOURCING / ORIGINS

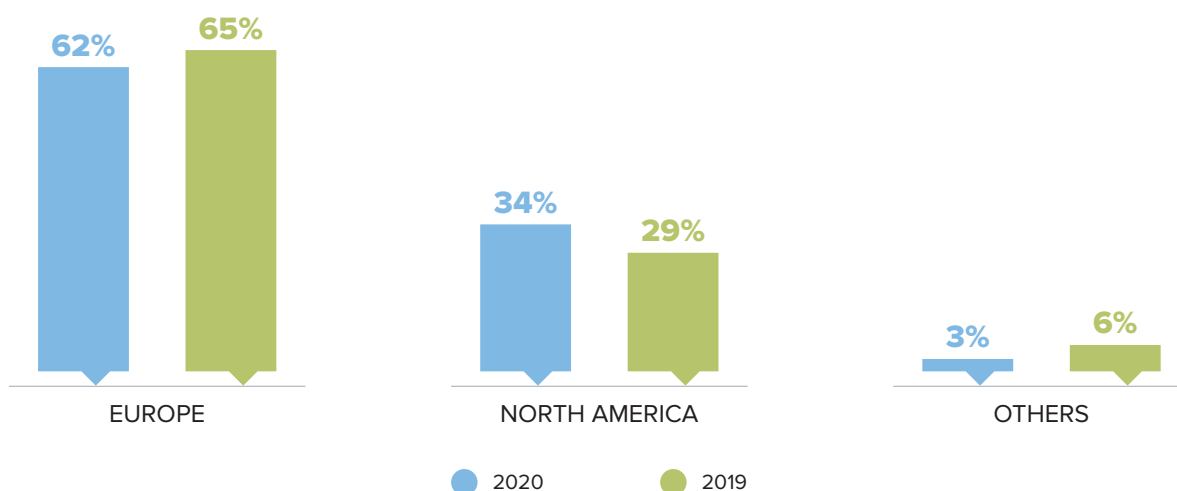


Durum wheat

The Ebro Group sources its durum wheat mainly in Europe and North America, the largest quantities being purchased in France and the USA.

	2020		2019	
	TONNES	%	TONNES	%
Europe	594,540	62%	491,282	65%
North America	327,249	34%	217,554	29%
Others	30,981	3%	45,994	6%
TOTAL	952,770		754,830	

DURUM WHEAT SOURCING / ORIGINS

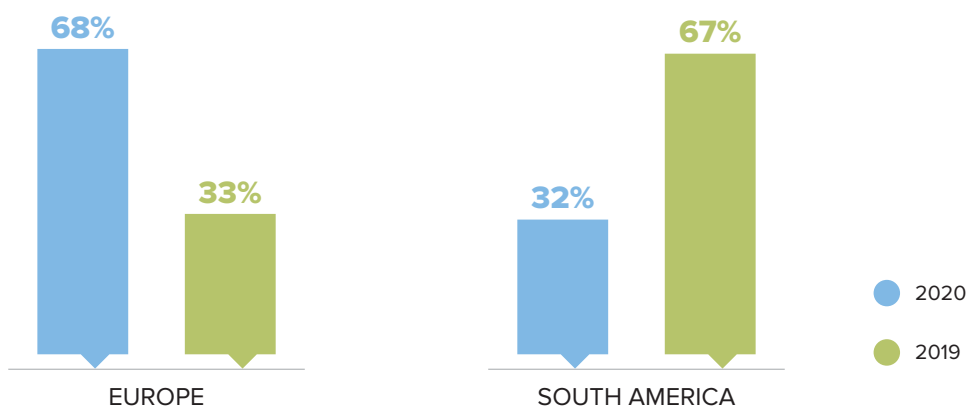


Quinoa

The Ebro Group sources its quinoa in South America and Europe.

	2020		2019	
	TONNES	%	TONNES	%
Europe	1,310	68%	862	33%
South America	624	32%	1,778	67%
TOTAL	1,934		2,640	

QUINOA SOURCING / ORIGINS



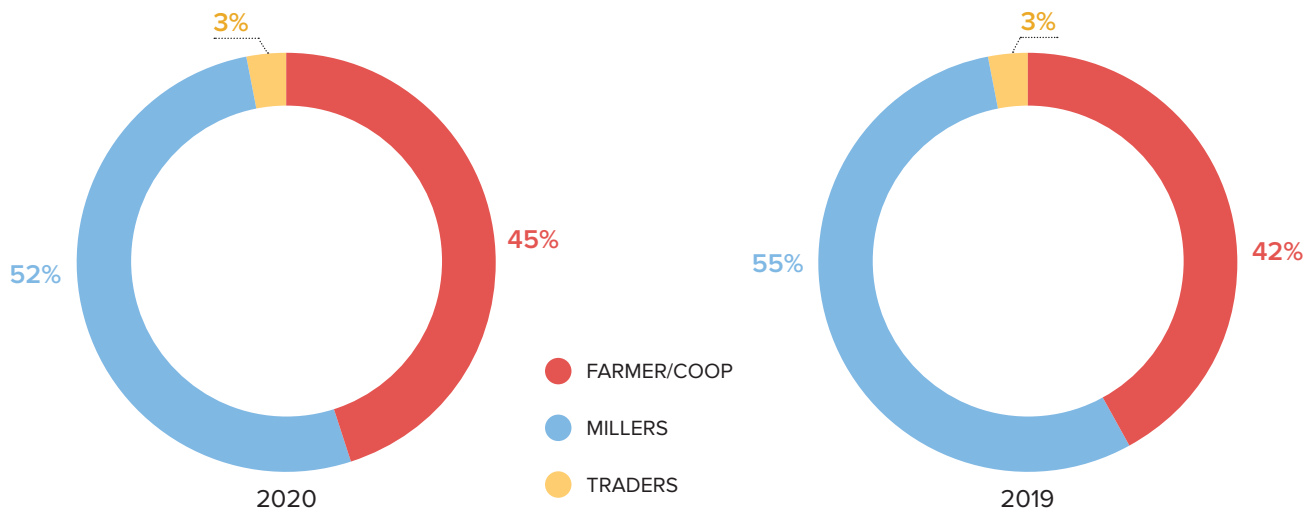
VOLUME BY SUPPLIER

Rice

On a global level, rice is bought directly from farmers, cooperatives and millers, and a very small quantity is purchased from traders.

	2020		2019	
	TONNES	%	TONNES	%
Farmer/Coop	750,379	45%	640,230	42%
Millers	859,750	52%	839,197	55%
Traders	47,111	3%	46,134	3%
TOTAL	1,657,241		1,525,561	

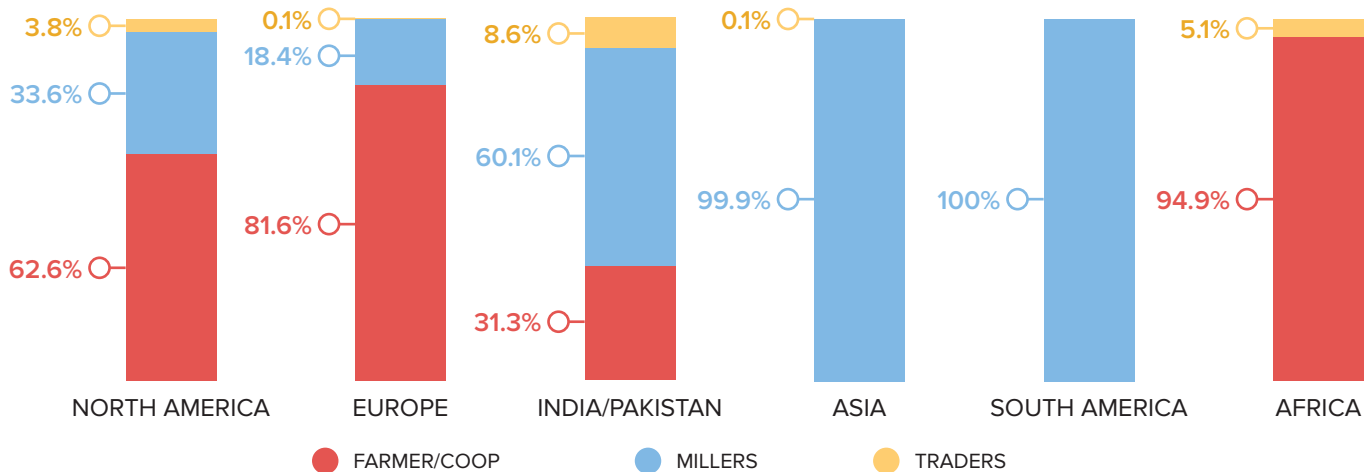
RICE SOURCING / 1ST TIER SUPPLIERS



At a disaggregated level, this volume/supplier distribution varies considerably from one geographical region to another.

	2020					
	NORTH AMERICA	EUROPE	INDIA/PAKISTAN	ASIA	SOUTH AMERICA	AFRICA
TOTAL (T)	513,302	379,953	298,004	267,151	171,586	35,771

RICE SOURCING 2020 / 1ST TIER SUPPLIERS / ORIGINS

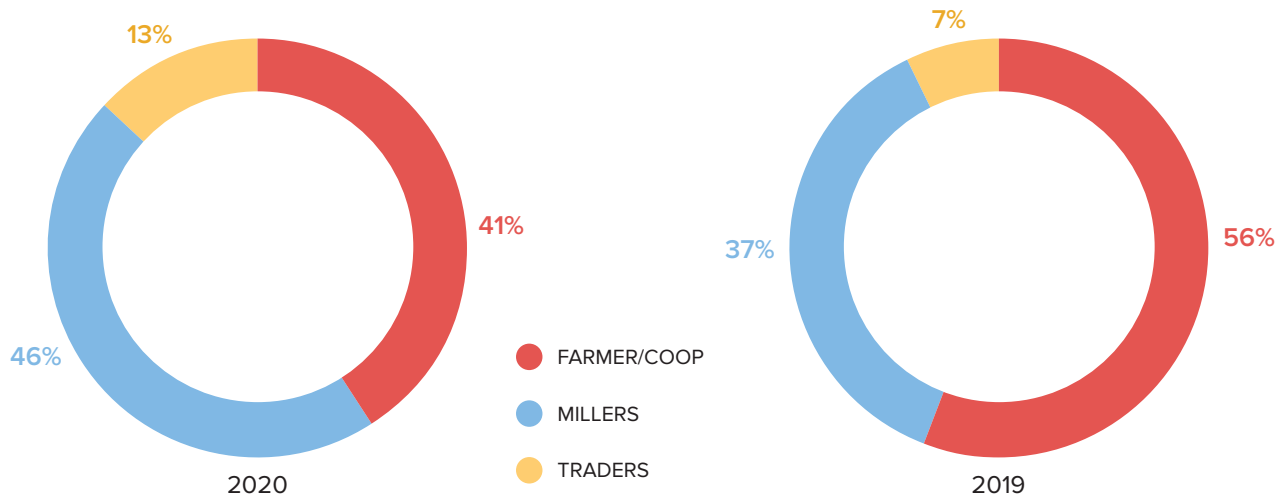


Durum wheat

On a global level most of the wheat was sourced from farmers, cooperatives and millers in 2020.

	2020		2019	
	TONNES	%	TONNES	%
Farmer/Coop	391,859	41%	423,184	56%
Millers	437,517	46%	281,747	37%
Traders	123,394	13%	49,899	7%
TOTAL	952,770		754,830	

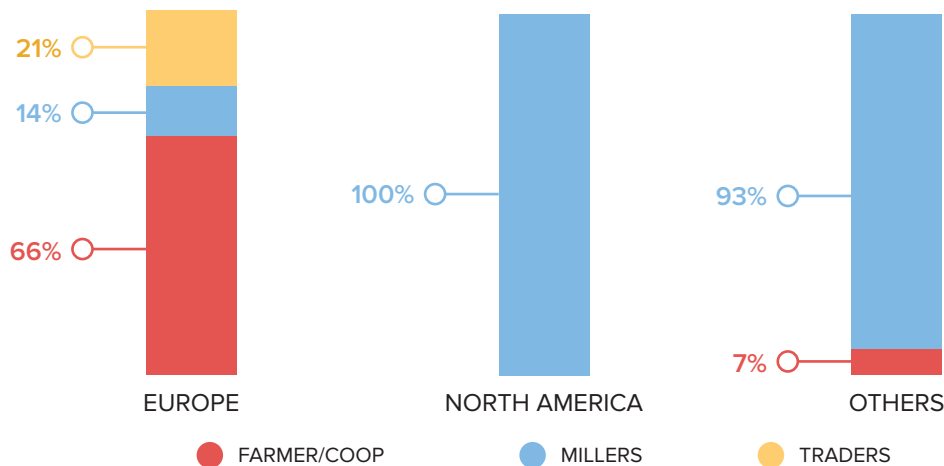
DURUM WHEAT SOURCING / 1ST TIER SUPPLIERS



At a disaggregated level, the direct suppliers are totally different for each geographical region: mainly farmers or cooperatives in Europe and millers and/or traders in North America.

	2020		
	EUROPE	NORTH AMERICA	OTHERS
TOTAL (T)	594,540	327,249	30,981

DURUM WHEAT SOURCING 2020/ 1ST TIER SUPPLIERS / ORIGINS

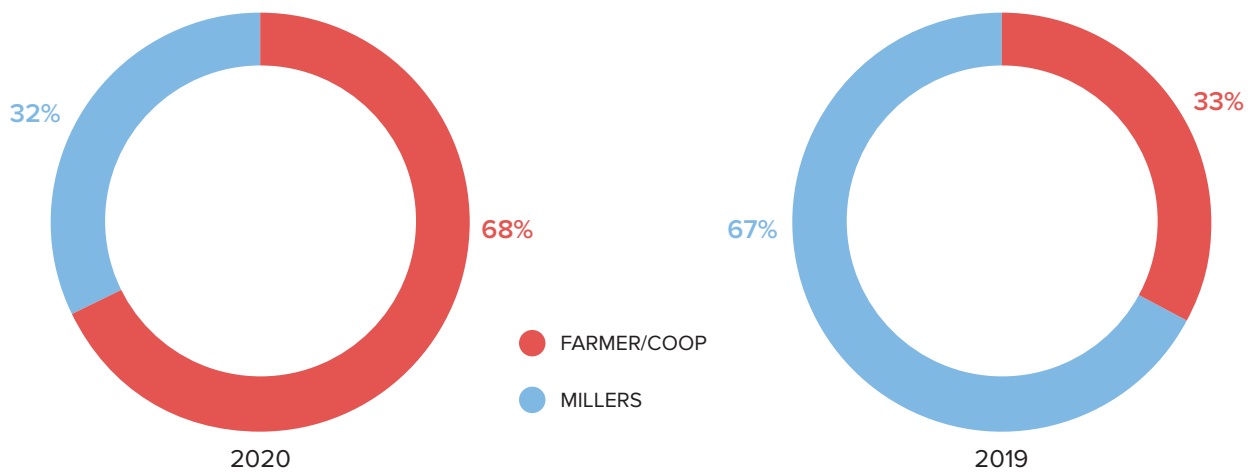


Quinoa

In 2020 most of the quinoa was sourced directly from mills and/or plants.

	2020		2019	
	TONNES	%	TONNES	%
Farmer/Coop	1,310	68%	862	33%
Millers	624	32%	1,778	67%
Traders	0	0%	0	0%
TOTAL	1,934		2,640	

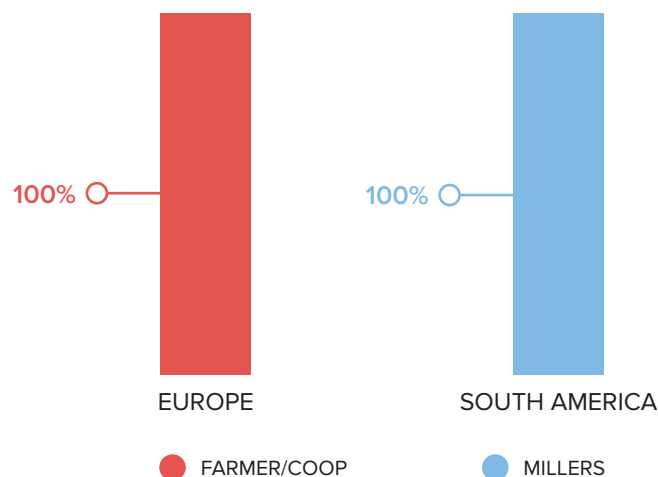
QUINOA SOURCING / 1ST TIER SUPPLIERS



At a disaggregated level, the direct suppliers are entirely different for each geographical region: farmers or cooperatives in Europe and millers in South America.

	2020	
	EUROPE	SOUTH AMERICA
TOTAL (T)	1.310	624

QUINOA SOURCING 2020/ 1ST TIER SUPPLIERS / ORIGINS



SOURCING OF SUSTAINABLE RAW MATERIALS

In 2020, the Group bought 512,057 tonnes of sustainable raw material, with the following distribution:

- Rice: 248,057 tonnes
- Durum wheat: 180,000 tonnes
- Tomatoes: 84,000 tonnes

DISTRIBUTION OF SOURCING OF SUSTAINABLE RAW MATERIALS IN 2020

