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BUSINESS MODEL

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Business model

DEFINITION OF THE MODEL

The Ebro Foods Group is the leading food group in Spain, global leader in the rice sector and has a prominent global position in the categories of premium and fresh pasta, leader in the countries in which it operates. Through a network of 34 subsidiaries, it operates in the principal rice and pasta markets in Europe, North America and South East Asia, with a growing presence in other countries.

The main mission of the Ebro Group is to research, create, produce and put on the market high value-added foods that satisfy people's nutritional needs while improving their health and well-being, endeavouring at the same time to secure a transparent, efficient, sustainable business model.

The Group has a multi-company, multi-country and multi-brand business model. It has a decentralised culture in each of its subsidiaries for certain management areas, such as Commercial and Marketing, Logistics, Procurements, Human Resources and Environment, with a clear focus on an adequate business for each country, taking account of its specific idiosyncrasies, culture, laws, etc. At a higher level, the parent company (Ebro Foods, S.A.), with a light, dynamic structure, is responsible for defining the Group's overall strategy and management guidelines. Decision-making is prompted by the parent's board of directors.

The Ebro Foods Group is managed by business areas that combine the type of activity they perform and their geographical location. Our core business areas are:

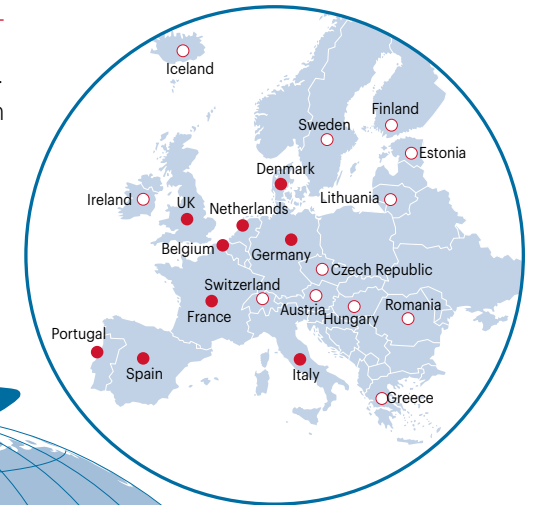
- ➔ **Rice:** This covers the production and distribution of different rice varieties and their by-products and culinary supplements. The industrial and brand business follows a multi-brand model. It is present throughout Europe, the Mediterranean Arc, Southern Cone and South East Asia through companies in the Herba Group, and in North and Central America, the Caribbean and the Middle East through the Riviana Group.
- ➔ **Fresh and premium pasta:** This includes the production and marketing of premium dry pasta and fresh pasta. The fresh pasta business is conducted through the Ebro Premium Foods Group in France and Benelux, the Bertagni Group in a large number of countries and the Riviana Group with the Olivieri brand in North America. The business in the premium dry pasta segment is conducted through Garofalo (Italy and rest of world).

In both businesses, in keeping with the Group's undertaking to promote healthy eating, practically all our brands include a range of products in the *health, bio and organic* categories.

GLOBAL PRESENCE

The Ebro Group operates through a portfolio of 85 brands in 60 countries, with industrial and commercial facilities in 16 of them. In the remaining, we only engage in commercial activity. Our industrial park comprises some 78 sites, including production plants, offices and warehouses.

- Commercial and industrial presence
- Commercial presence



STRATEGY

The Group's strategic objective is to be a benchmark player in the rice, fresh pasta, premium dry pasta and healthy grains markets and in other cross-cutting segments with convenience in common. Framed by this strategy, the Group's strategic objectives include:

- Building strong positioning in its core markets, keeping the door open to the introduction of complementary products.
- Cementing its position as a benchmark business group across its various businesses, leading the markets in which the Group sees potential.
- Spearheading innovation in the geographies in which it is present.
- Positioning the Group as a responsible firm committed to social wellbeing, environmental equilibrium and economic progress.

In order to execute and fine-tune its strategy, the Group is pursuing a series of general lines of initiative and leveraging growth drivers in order to add value to the business and further the organisation's commitment to sustainable development.

GOVERNING PRINCIPLES

- Fostering ethical management based on good governance practices and fair play.
- Complying with prevailing legislation, at all times taking a preventive approach. The Group strives to minimize risks, not only economic risks but also legal, social and environmental risks, including tax risks.
- Generating returns on the Group's investments while guaranteeing the operational and financial solidity of our business activities. Nurturing profitability as one of the tenets for the ongoing sustainability of the organisation and the multiple stakeholders that engage directly and indirectly with it.
- Generating a labour relations framework that is propitious to learning and personal and professional development, respects the equal opportunities principle and promotes diversity and a safe and healthy workplace.
- Rejecting any form of abuse or violation of the fundamental and universal rights, in keeping with international law and practices.
- Promoting a mutually beneficial relationship with the communities in which the Group is present, which means being sensitive to their culture, context and needs.
- Satisfying and anticipating the needs of the Group's customers and of the end consumers of its products by offering a broad portfolio of products under the premise of healthy and differentiated food options.
- Articulating the organisation's processes, activities and decisions not only around profit generation but also environmental and community protection, responsible use of natural resources and the preservation of biodiversity.
- Communicating responsibly, accurately and transparently with stakeholders by establishing stable communication channels and providing them with thorough, accurate and relevant information about the Group's activities in a timely and transparent manner.

To achieve its strategic growth and sustainable leadership objectives and ensure compliance with the above guiding principles, the Group pursues the following lines of initiative:

1. Searching for **organic and M&A-led** growth in markets with high consumption levels and/or high growth potential.
 - Identifying and developing new markets and product categories with a strategic focus on new fresh products, convenience products and new and more value-added ingredient ranges.
 - Developing products that offer a fuller culinary experience by adding new formats, flavours and meal solutions.
 - Leading in mature markets by focusing strategically on product and service quality-based differentiation. Expanding and spearheading the premium category by leveraging the huge potential implicit in the Group's flagship brands.
 - Expanding its geographic footprint and rounding out the product/country matrix:
 - Searching for business opportunities in mature markets with business profiles similar to that of Spain and in niche markets that enable the Group to take a qualitative step forward in its strategy of shifting away from its generalist positioning to positioning as a multi-specialist (individual solutions).
 - Expanding its presence in new business segments in existing markets and in high-growth markets.
2. **Product differentiation and innovation.** The product development strategy is structured around two articulating lines of initiative:

- Research and development (R&D): proprietary R&D centres. The organisation's investment policy is designed to foster the crystallisation of new ideas and consumer needs into tangible solutions for its customers and end consumers.
- The Group aims to have the leading brands in their respective segments, underpinned by the required advertising budgets.

3. **Low risk exposure.** The Ebro Group's attitude towards shifts in its consumer and financial markets is marked by a strong commitment to continuous adaptation and long-term sustainability.

To this end it seeks: (i) balanced sources of recurring income (markets, currencies); (ii) low leverage in order to withstand episodes of financial turbulence; (iii) new sources of supply; and (iv) long-term relationships with its stakeholders (customers, suppliers, governments, employees and consumers).

4. **Implementation of sustainability criteria throughout the entire supply chain ("from the fields to the table").** Framed by its commitment to managing the business sustainably and responsibly, the Group is working to integrate sustainability criteria into all operations and strategic decisions. To that end, the Group's Sustainability Plan, HEADING TOWARDS 2030, guides its actions all along the value chain, from production to the consumer experience. HEADING TOWARDS 2030 focuses on three main lines of initiative:

- **People.** The Group is implementing plans specifically designed to foster its professionals' wellbeing at work by committing strategically to continuous learning and career development in order to retain talent, while seeking out novel ways of achieving work-life balance, flexibility, equality, inclusion, diversity and occupational health and safety. Within this line of action, the Group is also backing a number of programmes and initiatives designed to foster respect for human rights, social wellbeing, equal opportunities, education and socio-economic progress in its business communities.
- **Health and wellbeing.** The Group's commitment to the promotion of healthy materialises in a broad range of healthy, natural and differentiated products that help consumers follow healthy diets and lifestyles, while enjoying what they eat. The R&D Department's work is guided by these aims and the brands' various

communication channels focus their messaging on healthy habits and creative ways of eating by means of recipes, blogs and advertising campaigns.

- **Our planet.** In order to preserve and protect the environment, the Group is working actively to minimize its impact by addressing its productive processes, as well as its logistics and supply operations. Specifically, it is collaborating with different stakeholders on sustainable farming programmes, paying particular attention to mitigating and adapting for the effects of climate change and is going to lengths to reduce its carbon footprint, by fostering energy efficiency measures, embracing clean energy and pursuing a number of initiatives designed to ensure the Group's transition to a circular economy model, such as making its packaging recyclable, replacing plastics, actively managing food waste and recovering waste.

VALUE CREATION: R&D&I

R&D&I is particularly valuable to get ahead of the competition and develop unique products and technologies to anticipate and meet the needs of our customers and consumers, providing them with a broad array of differentiated, high value-added products.

NB: Further details on our R&D and innovation activity can be consulted in Chapter 5.1 of the Company's Non-Financial and Sustainability Statement: Sector-Specific - R&D&I, and in point 7 of the Consolidated Annual Accounts: R&D&I Activity.

