

# **ANNUAL CORPORATE GOVERNANCE REPORT**

**LISTED COMPANIES**

**DETAILS OF ISSUER**

**YEAR ENDED: 31/12/2010**

**TAX REGISTRATION NUMBER: A47412333**

**Name: EBRO FOODS, S.A.**

## ANNUAL CORPORATE GOVERNANCE REPORT LISTED COMPANIES

Read the instructions at the end of this report to correctly understand and complete the form.

### 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:

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	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
CORPORACIÓN ECONÓMICA DAMM, S.A.	14,350,000	0	9.326
SOCIEDAD ANÓNIMA DAMM	0	14,350,000	9.326
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	13,315,016	8,654
HISPAFOODS INVEST S.L.	10,600,210	0	6,889
ALBA PARTICIPACIONES, S.A.	8,777,719	0	5,705
CORPORACIÓN FINANCIERA ALBA, S.A.	0	8,777,719	5,705

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
CASA GRANDE DE CARTAGENA, S.L.	7,693,290	0	5.000
LOLLAND, S.A.	0	7,693,290	5.000

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	Interest / total voting rights (%)
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	14,350,000	9.326
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	13,315,016	8.654
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	8,777,719	5.705
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	7,693,290	5.000

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

Name of shareholder	Date of transaction	Description of the transaction
CORPORACIÓN FINANCIERA ALBA, S.A.	09/09/2010	Raised interest to over 5% of the capital
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	01/06/2010	Interest lowered to below 3% of the capital
CAJA DE AHORROS DE SALAMANCA Y SORIA	09/09/2010	Interest lowered to below 3% of the capital

A.3. Complete the following tables on directors' voting rights corresponding to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.000
JOSE BARREIRO SEOANE	3,083	0	0.002
ALIMENTOS Y ACEITES, S.A.	13,315,016	0	8.654
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,284,750	0	1.485
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,588,347	10,600,210	15.721
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	113,000	1,427,007	1.001
JOSÉ NIETO DE LA CIERVA	8,880	0	0.006
LEOPOLDO DEL PINO Y CALVO-SOTELO	0	254,000	0.165
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	10	0	0.000
SOL DAURELLA COMADRÁN	0	1,307,367	0.850

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	% of total voting rights
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	10,600,210	6.889
SOL DAURELLA COMADRÁN	BEGINDAU, S.L.	1,227,617	0.798
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	1,127,007	0.732
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MENDIBEA 2002, S.L.	300,000	0.195
LEOPOLDO DEL PINO Y CALVO-SOTELO	SWIFT INVERSIONES SICAV, S.A.	254,000	0.165
SOL DAURELLA COMADRÁN	SURFUP SICAV, S.A.	79,350	0.052

<b>Total % of voting rights held by board members</b>	<b>27.883</b>
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Complete the following tables on directors with stock options in the company:

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

**Type of relationship:**

Corporate

**Brief description:**

LOLLAND, S.A. HOLDS AN INDIRECT INTEREST OF 100% IN CASA GRANDE DE CARTAGENA, S.L.

Name of related parties
LOLLAND, S.A.

**Type of relationship:**

Corporate

**Brief description:**

INSTITUTO HISPÁNICO DEL ARROZ, S.A. HOLDS 100% OF HISPAFOODS INVEST, S.L.: DIRECT INTEREST OF 51.62% AND INDIRECT INTEREST OF 48.38%

Name of related parties
INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Type of relationship:**

Corporate

**Brief description:**

SOCIEDAD ANÓNIMA DAMM HOLDS A DIRECT INTEREST OF 99.93% IN CORPORACIÓN ECONÓMICA DAMM, S.A.

Name of related parties
CORPORACIÓN ECONÓMICA DAMM, S.A.

**Type of relationship:**

Corporate

**Brief description:**

CORPORACIÓN FINANCIERA ALBA, S.A. HOLDS A DIRECT INTEREST OF 100% IN ALBA PARTICIPACIONES, S.A.

Name of related parties
CORPORACIÓN FINANCIERA ALBA, S.A.

**Type of relationship:**

Corporate

**Brief description:**

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HOLDS A DIRECT INTEREST OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

Name of related parties
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

A.5. Indicate 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:

A.6. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to the Securities Market Act s. 112. If any, describe them briefly and list the shareholders bound by the agreement:

NO

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

NO

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

A.7. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act:

NO

A.8. 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	0	0.000

(\*) Through:

<b>Total</b>	0
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Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	% of capital
13/09/2010	299,403	0	0.193

<b>Gain/(loss) obtained during the year on trading in own shares</b>	-2,202
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A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 1 June 2010 resolved, under item six on the agenda, to authorise the Board of Directors to buy back own shares 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

Authorisation to the Board of Directors to buy back own shares and to authorisation of subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, on one or several occasions, subject to the limits and other requisites stipulated in section 75 and other applicable provisions of the current (recast) Corporations Act:

- The par value of the shares acquired directly or indirectly, when added to the par value of any shares already held by the company and its subsidiaries, may not at any time exceed 10% of the capital.

- The acquisition, including any shares that the company or any person acting in his own name but on behalf of the company has acquired earlier and holds as treasury stock, does not reduce the equity to below the amount of capital plus legal or statutory undistributable reserves. For this purpose, equity shall be the amount calculated as such according to the criteria for drawing up the annual accounts, less any profits attributed directly thereto and plus any uncalled subscribed capital and the par value and share premiums of any subscribed capital that is accounted for as liabilities.

- The shares acquired must be fully paid up.
- The minimum and maximum price of the acquisition must be equivalent to the par value of the own shares bought back and their market price on an official secondary market, respectively, at the time of purchase.

b. Contents of the authorisation

- Authorisation of the Board to buy back own shares, by virtue of a direct decision or through delegation to the Executive Committee or such person or persons as the Board may authorise for this purpose, to hold those shares as treasury stock, dispose of them or, as the case may be, propose their redemption to the General Meeting, subject to the limits stipulated in law and the conditions established in this resolution. The authorisation is extended to the possibility of buying back own shares for delivery directly to employees or directors of the company or its group, on one or several occasions, or upon exercise of any stock options that they may hold.

This authorisation is granted for a period not exceeding five years from the date of the General Meeting and covers all trading in treasury stock made on the terms hereof, with no need to be repeated for each acquisition, and any funding or allocation of reserves made in pursuance of applicable laws.

- Authorisation of the Board to reduce the capital in order to redeem shares bought back by the company or acquired any of the companies in its group, against the capital (for their par value) and unappropriated reserves (for the amount of their acquisition in excess of that par value), in such amounts as may be deemed fit from time to time, up to the maximum of the own shares held from time to time.

- Delegation to the Board to execute the resolution to reduce the capital, so that it may do so on one or several occasions or decline to do so, within a period not exceeding 18 months from the date of this General Meeting, taking whatsoever actions may be necessary for this purpose or required by prevailing legislation.

c. Term of the authorisation

- The authorisation is granted for a maximum of eighteen months from the date of the General Meeting and covers all dealings in own shares effected on the terms and conditions stated herein, without having to be repeated for each acquisition, and any funding or allocation of reserves made in pursuance of the Corporations Act.

This authorisation rendered null and void the authorisation granted to the Board at the General Meeting held on 29 April 2009.

A.10. Indicate constraints stipulated in law or the company’s articles on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital. State whether there are any legal restrictions on the exercise of voting rights:

NO

<b>Maximum percentage of voting rights that one shareholder may exercise by legal restriction</b>	0
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State whether the articles of association establish any restrictions on the exercise of voting rights:

NO

<b>Maximum percentage of voting rights that one shareholder may exercise by restriction in the articles of association</b>	0
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State whether there are any legal restrictions on the acquisition or disposal of shares in the capital:

NO

A.11. Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

NO

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

## **B. MANAGEMENT STRUCTURE OF THE COMPANY**

### **B.1. Board of Directors**

B.1.1. State the maximum and minimum numbers of directors stipulated in the articles of association:

<b>Maximum number of directors</b>	14
<b>Minimum number of directors</b>	7

B.1.2. Give details of the board members:

<b>Name of director</b>	<b>Representative</b>	<b>Position on Board</b>	<b>Date first appointment</b>	<b>Date latest appointment</b>	<b>Election procedure</b>
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<b>Name of director</b>	<b>Representative</b>	<b>Position on Board</b>	<b>Date first appointment</b>	<b>Date latest appointment</b>	<b>Election procedure</b>
ANTONIO HERNÁNDEZ CALLEJAS	—	CHAIRMAN	01/01/2001	01/06/2010	VOTE AT AGM
JOSÉ BARREIRO SEOANE	—	VICE-CHAIRMAN	31/05/2005	01/06/2010	VOTE AT AGM
ALIMENTOS Y ACEITES, S.A.	FRANCISCO BALLESTEROS PINTO	DIRECTOR	23/07/2004	01/06/2010	VOTE AT AGM
DEMETRIO CARCELLER ARCE	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
EUGENIO RUIZ-GÁLVEZ PRIEGO	—	DIRECTOR	25/07/2000	01/06/2010	VOTE AT AGM
FERNANDO CASTELLÓ CLEMENTE	—	DIRECTOR	13/12/2000	01/06/2010	VOTE AT AGM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	FÉLIX HERNÁNDEZ CALLEJAS	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	—	DIRECTOR	13/12/2000	01/06/2010	VOTE AT AGM
JOSÉ NIETO DE LA CIERVA	--	DIRECTOR	29/09/2010	29/09/2010	COOPTATION
LEOPOLDO DEL PINO Y CALVO-SOTELO	—	DIRECTOR	18/04/2007	01/06/2010	VOTE AT AGM
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	—	DIRECTOR	23/02/2006	01/06/2010	VOTE AT AGM
RUDOLF-AUGUST OETKER	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
SOL DAURELLA COMADRÁN	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM

<b>Total number of directors</b>	13
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Indicate any retirements from the board during the year:

<b>Name of shareholder</b>	<b>Director status at date of retirement</b>	<b>Date of retirement</b>
FÉLIX HERNÁNDEZ CALLEJAS	PROPRIETARY	01/06/2010
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	PROPRIETARY	01/06/2010
JUAN DOMINGO ORTEGA MARTÍNEZ	INDEPENDENT	01/06/2010
CAJA DE AHORROS DE SALAMANCA Y SORIA	PROPRIETARY	21/09/2010
JAIME CARBÓ FERNÁNDEZ	EXECUTIVE	22/12/2010

B.1.3. Complete the following tables on the types of board members:

#### EXECUTIVE DIRECTORS

<b>Name of Director</b>	<b>Committee proposing appointment</b>	<b>Position in company's organisation</b>
ANTONIO HERNÁNDEZ CALLEJAS	NOMINATION AND REMUNERATION COMMITTEE	CHAIRMAN

<b>Total number of executive directors</b>	1
<b>% of board</b>	7.692

#### NON-EXECUTIVE PROPRIETARY DIRECTORS

<b>Name of Director</b>	<b>Committee proposing appointment</b>	<b>Name of significant shareholder represented or that proposed appointment</b>
ALIMENTOS Y ACEITES, S.A.	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
DEMETRIO CARCELLER ARCE	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
JOSÉ NIETO DE LA CIERVA	NOMINATION AND REMUNERATION COMMITTEE	CORPORACIÓN FINANCIERA ALBA, S.A.
LEOPOLDO DEL PINO Y CALVO-SOTELO	NOMINATION AND REMUNERATION COMMITTEE	LOLLAND, S.A.
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
RUDOLF-AUGUST OETKER	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM

<b>Total number of proprietary directors</b>	7
<b>% of board</b>	53.846

#### NON-EXECUTIVE INDEPENDENT DIRECTORS

##### Name of Director

JOSÉ BARREIRO SEOANE

##### Profile

Born in El Ferrol (La Coruña). Agricultural Engineer with B.A. in Commercial Management and Marketing (ESIC). Former Councillor for Agriculture in the Spain Mission to the World Trade Organisation and Secretary General of the Ministry of Agriculture, Food and Fisheries. Has held other important positions in different national and international organisations related with agriculture, food and fisheries.

##### Name of Director

FERNANDO CASTELLÓ CLEMENTE

##### Profile

Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer in the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merchpensión, S.A. and on the board of other consultancy and financial services companies.

##### Name of Director

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

##### Profile

Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña

and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitraje & Inversiones S.L.

**Name of Director**

SOL DAURELLA COMADRÁN

**Profile**

Born in Barcelona. BA in Business Studies and MBA (ESADE). Her professional career is closely linked with management of the family business of Coca Cola concessions on the Iberian peninsula and in Africa. Currently Vice-Chairman and CEO of Cobega, S.A. and Director of Casbega, S.A., Norbega, S.A., Refrige, S.A. and Banco de Sabadell.

<b>Total number of independent directors</b>	4
<b>% of board</b>	30.769

**OTHER NON-EXECUTIVE DIRECTORS**

<b>Name of Director</b>	<b>Committee proposing appointment</b>
EUGENIO RUIZ-GÁLVEZ PRIEGO	NOMINATION AND REMUNERATION COMMITTEE

<b>Total number of independent directors</b>	1
<b>% of board</b>	7.692

State 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**

EUGENIO RUIZ-GÁLVEZ PRIEGO

**Company, executive or shareholder with which he is related**

AZUCARERA EBRO, S.L.U.

**Profile**

Up to 30 April 2009, Eugenio Ruiz-Gálvez Priego was an 'Executive Director' because up to that date he was CEO of Azucarera Ebro, S.L.U., a company then wholly-owned by Ebro Foods, S.A. On 30 April 2009, Ebro Foods (then Ebro Puleva) sold all its shares in Azucarera, so Mr Ruiz Gálvez ceased to be an Executive Director and was classified as an "Other Non-Executive Director", since he cannot be considered independent.

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

B.1.4. Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital.

State whether 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.

NO

B.1.5. State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director.

YES

**Name of Director**

CAJA DE AHORROS DE SALAMANCA Y SORIA

**Reason for retirement**

SALE OF ALL SHARES IN EBRO FOODS, S.A. HELD INDIRECTLY BY CAJA DUERO THROUGH GRUPO DE NEGOCIOS DUERO, S.A.U.

**Name of Director**

CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD

**Reason for retirement**

PROGRESSIVE SALE OF SHARES IN EBRO FOODS, S.A. HELD BY CAJA ESPAÑA

**Name of Director**

FÉLIX HERNÁNDEZ CALLEJAS

**Reason for retirement**

PROFESSIONAL REASONS

**Name of Director**

JAIME CARBÓ FERNÁNDEZ

**Reason for retirement**

PROFESSIONAL REASONS

**Name of Director**

JUAN DOMINGO ORTEGA MARTÍNEZ

**Reason for retirement**

PROFESSIONAL REASONS

B.1.6. Indicate the powers delegated to the Managing Director(s), if any:

B.1.7. Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

<b>Name of director</b>	<b>Name of Group company</b>	<b>Position</b>
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BIOSEARCH, S.A.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN&CO LIMITED	DIRECTOR

B.1.8. Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

<b>Name of Director</b>	<b>Listed Company</b>	<b>Position</b>
DEMETRIO CARCELLER ARCE	COMPAÑÍA LOGÍSTICA DE HIDROCARBUROS CLH, S.A.	DIRECTOR

DEMETRIO CARCELLER ARCE	GAS NATURAL SDG, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SACYR VALLEHERMOSO, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	GRUPO FERROVIAL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	BANCO DE SABADELL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	BANCO GUIPUZCOANO, S.A.	DIRECTOR

B.1.9. Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES

<b>Explain the rules</b>
Article 25 of the Regulations of the Board (“General Duties of Directors”) provides in section 1 that Directors shall 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.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the company policies and general strategies that must be approved by the full Board:

<b>Investment and financing policy</b>	YES
<b>Definition of the structure of the group of companies</b>	YES
<b>Corporate governance policy</b>	YES
<b>Corporate social responsibility policy</b>	YES
<b>Strategic or business plan and the annual management objectives and budget</b>	YES
<b>Pay policy and performance rating of senior executives</b>	YES
<b>Risk management and control policy and regular monitoring of internal reporting and control systems</b>	YES
<b>Dividend policy, treasury stock policy and, in particular, the limits established</b>	YES



B.1.11. Complete the following tables on the aggregate directors' emoluments accrued during the year:

a) In the Company issuing this report:

<b>Emoluments</b>	<b>Thousand euro</b>
Fixed remuneration	1,245
Variable remuneration	1,678
Attendance fees	347
Emoluments stipulated in articles of association	2,565
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	5,835
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<b>Other Benefits</b>	<b>Thousand euro</b>
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

b) For company directors who are on other Boards and/or in the top management of group companies:

<b>Emoluments</b>	<b>Thousand euro</b>
Fixed remuneration	367

Variable remuneration	151
Attendance fees	8
Emoluments stipulated in articles of association	0
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	<b>526</b>
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<b>Other Benefits</b>	<b>Thousand euro</b>
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

c) Total emoluments by type of director:

<b>Types of Directors</b>	<b>Company</b>	<b>Group companies</b>
Executive	2,923	518
Non-executive proprietary	1,876	8
Non-executive independent	886	0
Other non-executive	150	0
<b>Total</b>	<b>5,835</b>	<b>526</b>

d) Directors' share in the profit of the parent company:

<b>Total directors' emoluments (thousand euro)</b>	6,361
<b>Total directors' emoluments / profit attributed to parent company (%)</b>	1.6

B.1.12. Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

<b>Name</b>	<b>Position</b>
NICOLÁS BAUTISTA VALERO DE BERNABÉ	DEPUTY TO THE CHAIRMAN
ANA MARÍA ANTEQUERA PARDO	MANAGER COMMUNICATIONS
LEONARDO ÁLVAREZ ARIAS	MANAGER I.T.
FRANCISCO JAVIER LOZANO VALLEJO	FINANCE MANAGER
ALFONSO FUERTES BARRÓ	MANAGER ECONOMY
GABRIEL SOLÍS PABLOS	TAX MANAGER
MIGUEL ANGEL PÉREZ ÁLVAREZ	SECRETARY
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY
GLORIA RODRÍGUEZ PATA	MANAGER CORPORATE ASSETS
JESÚS DE ZABALA BAZÁN	MANAGER AUDIT & COMPLIANCE

<b>Total remuneration top management (thousand euro)</b>	2,103
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B.1.13. Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

<b>Number of beneficiaries</b>	2
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	<b>Board of Directors</b>	<b>General Meeting</b>
<b>Body authorising the clauses</b>	YES	NO

Is the General Meeting informed on the clauses?	YES
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B.1.14. Explain the process for establishing the remuneration of the Board members and the relevant articles of the articles of association

<b>Process for establishing directors' emoluments and the relevant articles of the articles of association</b>
<p>The remuneration of Board members is regulated in Article 22 of the company's Articles of Association which, following amendment as agreed at the Annual General Meeting on 1 June 2010, establishes the following process:</p> <p>When approving the company's accounts for the previous year, the general meeting shall set aside for the directors a share of 2.5% (two and a half per cent) of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit for the year and after meeting the legal reserve requirements, setting aside for the shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The directors may waive this remuneration, in full or in part, when drawing up the accounts.</p> <p>The board shall distribute the aforesaid sum among its members, annually and at its discretion, according to the duties assumed by each director on the board.</p> <p>The directors shall also be entitled to a fee for attending meetings of the corporate bodies, the amount of which shall be established every year by the general meeting.</p> <p>Directors with executive duties in the company shall, regardless of the nature of their legal relationship with the latter, be entitled to remuneration for the performance of such duties, the amount of which shall be decided each year at the Annual General Meeting. This remuneration may contemplate welfare payments to cover any public/private pension schemes and insurance systems considered necessary or retirement from office.</p> <p>In addition and independently of the emoluments contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group. The general meeting shall decide if and when any of these remuneration systems are to be used, pursuant to the form, terms and conditions stipulated in law.</p> <p>If executive directors waive their share in the profits, as contemplated in the first paragraph of this article, the sums that would correspond to them as a share in the profits of the company will not be distributed among the remaining directors.</p> <p>On 28 February 2011, as proposed by the Nomination and Remuneration Committee, the Board resolved to set the share corresponding to the Chairman and executive directors in the 2010 profits at 2,565,454 euro and, consequently, to put to shareholders at the Annual General Meeting a proposal to apply 0.66% of the consolidated net profit attributed to the company in 2010 to such remuneration.</p> <p>As regards the distribution of the share in profits among the different members of the Board according to the duties assumed by each of the directors on the board and its different committees, the scale applicable for 2010, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:</p>

**Process for establishing directors' emoluments and the relevant articles of the articles of association**

- Member of the Board of Directors: 1 point
- Chairman of the Board: 1 point
- Vice-Chairman of the Board: 0.5 points
- Member of the Executive Committee: 1 point
- Committees other than the Executive Committee:
  - Member of the Committee: 0.2 points
  - Chairman of the Committee: 0.05 points per meeting
  - Committee members: 0.03 points per meeting

Finally, attendance fees for board meetings were maintained at 1,600 euro and the attendance fees for the different committees at 800 euro.

State whether the full Board has reserved approval of the following decisions:

<b>At the proposal of the CEO, the appointment and possible removal of senior officers and their compensation clauses</b>	YES
<b>Directors' emoluments and, for executive directors, the additional remuneration for their executives duties and other conditions to be respected in their contracts</b>	YES

B.1.15. Indicate whether the Board approves a detailed remuneration policy and what issues it defines:

YES

<b>Amount of fixed components, with breakdown, if appropriate, of attendance fees for board and committee meetings and an estimate of the resulting annual fixed remuneration</b>	YES
<b>Variable remuneration items</b>	YES
<b>Main features of the welfare system, estimating the amount or equivalent annual cost</b>	YES
<b>Conditions to be respected in the contracts of those exercising top management duties as executive directors</b>	YES

B.1.16. State whether the Board puts a report on the directors' remuneration policy to the vote at the General Meeting, as a separate item on the agenda and with advisory status. If so, explain the aspects of the report on the remuneration policy approved by the Board for future years, the most significant changes of those policies in respect of the policy applied during this period and an overall summary of how the remuneration policy was applied during the year. Describe the role of the Remuneration Committee and, if outside counselling has been used, name the external advisers who provided it:

YES

<b>Issues contemplated in the remuneration policy</b>
<ul style="list-style-type: none"> <li>- Background</li> <li>- Internal regulations applicable</li> <li>- Remuneration policy for 2010</li> <li>- Remuneration policy for future years</li> <li>- Other information</li> </ul>

<b>Role of the Remuneration Committee</b>
Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2010, to be submitted to the Board.

<b>Was any external counselling used?</b>	YES
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<b>Identity of the external advisers</b>
Garrigues Human Capital Services

B.1.17. Name any Board members who are also directors, executives or employees of companies holding significant interests in the listed company and/or companies in its group:

<b>Name of director</b>	<b>Name of significant shareholder</b>	<b>Position</b>
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DAMM, S.A.	CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	LOLLAND, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	CASA GRANDE DE CARTAGENA, S.L.	DIRECTOR

Describe any significant relationships other than those contemplated in the previous section between board members and significant shareholders and/or companies in their group:

**Name of director**

ANTONIO HERNÁNDEZ CALLEJAS

**Name of significant shareholder**

HISPAFOODS INVEST S.L.

**Description of relationship**

ANTONIO HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

**Name of director**

ANTONIO HERNÁNDEZ CALLEJAS

**Name of significant shareholder**

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Description of relationship**

ANTONIO HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Name of director**

ALIMENTOS Y ACEITES, S.A.

**Name of significant shareholder**

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

**Description of relationship**

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HAS A DIRECT HOLDING OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

**Name of director**

LEOPOLDO DEL PINO Y CALVO-SOTELO

**Name of significant shareholder**

CASA GRANDE DE CARTAGENA, S.L.

**Description of relationship**

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS AN INDIRECT HOLDING OF 13.68% IN CASA GRANDE DE CARTAGENA, S.L.

**Name of director**

LEOPOLDO DEL PINO Y CALVO-SOTELO

**Name of significant shareholder**

LOLLAND, S.A.

**Description of relationship**

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS AN INDIRECT HOLDING OF 13.68% IN LOLLAND, S.A.

**Name of director**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

**Name of significant shareholder**

HISPAFOODS INVEST S.L.

**Description of relationship**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

**Name of director**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

**Name of significant shareholder**

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Description of relationship**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

B.1.18. State whether any modifications have been made during the year to the Regulations of the Board:

NO

B.1.19. Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for appointment, re-election and removal of the directors are regulated in Articles 19 and 20 of the Articles of Association, and Articles 5, 21, 22, 23 and 24 of the Regulations of the Board.

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 appoint directors by cooptation, upon recommendation by the Chairman and subject to a report by the Nomination and Remuneration Committee. 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 persons nominated by the Board for appointment or re-appointment as directors must be persons of recognised standing, with adequate experience and expertise to be able to perform their duties.

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The Board regularly rates the Directors on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees, and if considered necessary it may propose any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in law, the Articles of Association or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in Article 24 of the Regulations of the Board.

B.1.20. Indicate the events in which directors are obliged to retire.



The retirement and resignation of directors are regulated in Article 24 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.

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 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.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

B.1.21. Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

YES

<b>Measures for limiting risks</b>
<p>With a view to establishing corrective measures in the articles of association to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 of the Articles of Association creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties.</p> <p>In accordance with this provision, the current Vice-Chairman of the Board, José Barreiro Seoane, is an independent director and performs the aforesaid duties.</p>

Indicate and if appropriate explain whether rules have been established authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

YES

**Explanation of the rules**

The Regulations of the Board specify the events in which directors may request the calling of a board meeting or inclusion of items on the agenda; this power is not limited to independent directors.

Article 9.2 of the Regulations establishes that one-third of the board members may, no less than six days prior to the scheduled date of the Board meeting, request the inclusion of any items they believe ought to be transacted.

Article 9.5 of the Regulations states that the board may discuss and resolve on issues included on the agenda and any others that all the directors present and represented agree to transact.

Article 25.2.b) stipulates that Directors shall also request meetings of the corporate bodies to which they belong whenever they consider this necessary in the interests of the Company, proposing whatever items they think should be included on the agenda.

Finally, Article 33.1 provides that if the Chairman of the Board is also the chief executive of the company, a Vice-Chairman must be appointed from among the non-executive directors with the power to request the calling of a board meeting or the inclusion of new items on the agenda, who may organise meetings to coordinate non-executive directors and will direct the Chairman performance rating.

B.1.22. Are special majorities differing from those stipulated in law required for any type of decision?

NO

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

**Description of the resolution:**

Ordinary resolutions.

<b>Quorum</b>	%
Quorum for attendance: one-half plus one of the Board members	51.00

<b>Majority</b>	%
These resolutions are adopted by absolute majority of the directors present or represented at each meeting.	51.00

**Description of the resolution:**

Resolutions delegating powers to the Executive Committee and Managing Director, or CEO, and appointing directors to those positions.

<b>Quorum</b>	%
Quorum for attendance: two-thirds of the Board members	66.66

<b>Majority</b>	%
These resolutions are adopted by a majority of two-thirds of the Board members	66.66

B.1.23. Are there any specific requirements, other than those established for directors, to be appointed Chairman?

NO

B.1.24. Does the Chairman have a casting vote?

YES

Matters on which there is a casting vote
All.

B.1.25. Do the Articles of Association or Regulations of the Board establish an age limit for directors?

NO

Age limit Chairman	Age limit Managing Director	Age limit Director
0	0	0

B.1.26. Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors?

NO

Maximum number of years in office	0
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B.1.27. If the number of female directors is small or non-existent, explain why and the initiative taken to remedy that situation.

Explanation of reasons and initiatives
Board members are appointed regardless of candidates' sex so there is no positive or negative discrimination of any nature in the election of directors.  María Blanca Hernández Rodríguez was appointed director in 2006 and Sol Daurella Comadrán was appointed director in 2010.

In particular, indicate whether the Nomination and Remuneration Committee has established procedures to ensure that the selection procedures are not implicitly biased against the selection of female directors and deliberately search for candidates with the required profile:

NO

<b>Describe the principal procedures</b>

B.1.28. Are there any formal procedures for the delegation of votes at Board meetings? If so, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 10) contemplate the possibility of directors attending Board meetings through a duly authorised proxy.

The proxy must be made in writing especially for each board meeting, in favour of another director.

The represented director may issue specific instructions on how to vote on any or all of the items on the agenda.

B.1.29. 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:

<b>Number of board meetings</b>	13
<b>Number of board meetings held without the chairman</b>	0

Number of meetings held by the different Committees of the Board:

<b>Number of meetings of the Executive Committee</b>	7
<b>Number of meetings of the Audit Committee</b>	7
<b>Number of meetings of the Nomination and Remuneration Committee</b>	6
<b>Number of meetings of the Nomination Committee</b>	0
<b>Number of meetings of the Remuneration Committee</b>	0

B.1.30. Number of meetings held by the Board during the period without the attendance of all its members. Proxies made without specific instructions will be considered absences:

<b>Number of absences of directors during the year</b>	0
<b>% absences to total votes during the year</b>	0.000

B.1.31. Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

NO

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

B.1.32. 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 19 of the Regulations of the Board, which stipulates in section 2 that 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 7.1 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 13.3 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 B.2.3).

B.1.33. Is the Secretary of the Board a Director?

NO

B.1.34. Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

<b>Appointment and removal procedure</b>
<p>The Secretary of the Board may or may not be a director, is appointed by the Board upon recommendation by the Nomination and Remuneration Committee, after ensuring that his/her professional profile is adequate to guarantee the best performance of the duties corresponding to this position by law, the Articles of Association and Regulations of the Board.</p> <p>The company has not established any procedure for removal of the Secretary of the Board other than that stipulated in law, although Article 24.3 of the Regulations of the Board submits the Secretary, regardless of whether or not he/she is also a director, to the same obligations as the directors of explaining to all the Board members the reasons for retirement or resignation prior to the end of his/her term of office.</p>

Does the Nomination Committee issue a report on the appointment?	YES
Does the Nomination Committee issue a report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board responsible especially for overseeing compliance with the recommendations on good governance?

YES

Comments
<p>Article 36.2 of the Regulations of the Board provides that in addition to the duties assigned by law and the Articles of Association, the Secretary of the Board shall, in particular:</p> <p>a) Ensure that the Board's actions:</p> <ul style="list-style-type: none"> <li>- Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs.</li> <li>- Conform to the company Articles of Association and the Regulations of the General Meeting, the Board and any other regulations the company may have.</li> <li>- Take account of the recommendations on good governance accepted by the company.</li> </ul> <p>b) Keep all company documents, duly record the proceedings of meetings in the corresponding minute books and certify the resolutions of those corporate bodies of which he/she is Secretary.</p> <p>c) Channel, generally, the Company's relations with Directors in all matters concerning the functioning of the Board and the Committees he/she is on, following the instructions of the respective Chairman.</p> <p>d) Implement and facilitate exercise by the Directors of their right to information on the terms stipulated in these Regulations.</p>

B.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

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, and any other issues relating to the auditing of accounts, and receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation.

Article 19 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of

the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 28.2 of the Articles of Association and Article 13.3 of the Regulations of the Board establish the following powers of the Audit and Compliance Committee in this respect:

- Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company, ensuring also that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility, if appropriate, of requiring the external auditors to make a limited audit thereof.
- Have contacts with the 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 Auditors in accordance with prevailing auditing standards and legislation.

B.1.36. Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

Explain any disagreements with the outgoing auditor:

NONE

B.1.37. 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

	Company	Group	Total
<b>Cost of work other than auditing (thousand euro)</b>	196	153	349
<b>Cost of work other than auditing / Total amount invoiced by the auditors (%)</b>	47.700	11.100	19.510

B.1.38. 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.

NO

B.1.39. 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:

	<b>Company</b>	<b>Group</b>
<b>Number of years in succession</b>	2	2

	<b>Company</b>	<b>Group</b>
<b>Number of years audited by current auditors / Number of years that the company has been audited (%)</b>	9.1	9.1

B.1.40. Indicate the stakes held by Board members in the capital of undertakings engaged in activities identical, similar or complementary to those comprising the objects of the Company and its Group, as far as the company has been notified. Indicate also the positions held or duties performed in those undertakings:

<b>Name of director</b>	<b>Name of company</b>	<b>% interest</b>	<b>Position or duties</b>
ANTONIO HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	CASARONE AGROINDUSTRIAL, S.A.	3.020	NO POSITION HELD
RUDOLF-AUGUST OETKER	DR. AUGUST OETKER KG	12.500	CHAIRMAN



B.1.41. Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES

<b>Details of procedure</b>
<p>The directors' right to counselling and information is regulated in Article 30 of the Regulations of the Board, which provides in 30.2 that:</p> <p>a. Any Director may, in the course of any specific duties commissioned to him on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as he may consider necessary, in order to assist him in the performance of his duties, provided such counselling is justified to resolve specific problems that are particularly complex and important.</p> <p>b. Considering the circumstances of the specific case, the Chairman may (i) deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall, provided the proposal is authorised, contract the expert in question; and (ii) put the proposal to the Board, which may refuse to finance the counselling if it considers it unnecessary for discharging the duties commissioned, or out of proportion with the importance of the matter, or if it considers that the technical assistance requested could be adequately provided by Company employees.</p>

B.1.42. 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

<b>Details of procedure</b>
<p>Article 25.2 a) of the Regulations of the Board establishes the duty of directors to request the necessary information to adequately prepare Board and Committee meetings.</p> <p>Articles 9.1 and 9.3 of the Regulations of the Board in turn establish that (i) directors shall receive information at Board meetings on the most important aspects of corporate management, any foreseeable risk situations for the company and its subsidiaries and the actions proposed by the Top Management in respect thereof; and (ii) whenever possible, any necessary information relating to the items on the agenda shall be sent to the Directors together with the notice of call.</p> <p>The procedure for informing directors is regulated in Article 30.1 of the Regulations of the Board, which provides that whenever so required in the performance of their duties, directors shall have the fullest powers to obtain information on any corporate affairs, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries.</p> <p>All requests for information shall be addressed to the Chairman and met by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the director's right to information.</p>

B.1.43. 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

<b>Explanation</b>
Article 22 of the Regulations of the Board, which regulates the incompatibilities of directors and establishes their obligations in respect of no competition, conflicts of interest and related-party transactions, also expressly stipulates that if a director is sued or tried for any of the offences contemplated in the Capital Companies Act s. 213, the Board shall examine the case as soon as possible and decide, in consideration of the specific circumstances, whether or not the Director in question should remain in office, including a reasoned account in the Annual Corporate Governance Report.

B.1.44. Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in section 124 of the Corporations Act?

NO

Has the Board studied the case? If so, indicate and explain the decision made as to whether or not the director should remain in office.

NO

<b>Decision adopted</b>	<b>Reasoned explanation</b>

## **B.2. Committees of the Board**

B.2.1. Give details of the different committees and their members:

### **EXECUTIVE COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	EXECUTIVE
ALIMENTOS Y ACEITES, S.A.	MEMBER	PROPRIETARY
DEMETRIO CARCELLER ARCE	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

**AUDIT COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
SOL DAURELLA COMADRÁN	CHAIRMAN	INDEPENDENT
EUGENIO RUIZ-GÁLVEZ PRIEGO	MEMBER	OTHER NON-EXECUTIVE
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

**NOMINATION AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	INDEPENDENT
DEMETRIO CARCELLER ARCE	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY
SOL DAURELLA COMADRÁN	MEMBER	INDEPENDENT

**STRATEGY AND INVESTMENT COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
DEMETRIO CARCELLER ARCE	CHAIRMAN	PROPRIETARY
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	EXECUTIVE
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MEMBER	PROPRIETARY
JOSÉ NIETO DE LA CIERVA	MEMBER	PROPRIETARY
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

B.2.2. State whether the Audit Committee has the following duties:

<b>Oversee 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 consolidated group and correct application of accounting principles</b>	YES
<b>Regularly check the internal control and risk management systems, ensuring that the principal risks are adequately identified, managed and reported</b>	YES
<b>Ensure the independence and efficacy of the internal audit duties; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports</b>	YES
<b>Establish and supervise a "whistle-blowing" procedure so employees can confidentially or, where appropriate, even anonymously report any irregularities they observe in the company's conduct, particularly in financial and accounting aspects.</b>	YES
<b>Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement</b>	YES
<b>Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations</b>	YES
<b>Guarantee the independence of the external auditor</b>	YES
<b>In the case of groups, encourage the group auditor to audit the different companies in the group</b>	YES

B.2.3. Describe the rules of organisation and procedure and the responsibilities attributed to each Committee

**Name of committee**

STRATEGY AND INVESTMENT COMMITTEE

**Brief description**

The Strategy and Investment Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors in accordance with the company's Articles of Association. The Committee meets whenever called by its Chairman or at the request of two of its members and whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Notices of call are issued by the Secretary by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the management team of the Company, who may speak but not vote. At the following Board meeting, the Chairman of the Strategy and Investment Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the

minutes of Committee meetings, through the Secretary of the Board. The Strategy and Investment Committee studies, issues reports and submits proposals for the Board on the following matters: a) Setting of targets for growth, yield and market share of the company. b) Development plans, new investments, and strategic restructuring processes. c) Coordination with subsidiaries in the matters contemplated a) and b), for the common interest and benefit of the Company and its subsidiaries. In the performance of its duties, it may, where necessary, obtain information and collaboration from the members of the Company management, through the Chairman of the Committee.

**Name of committee**

NOMINATION AND REMUNERATION COMMITTEE

**Brief description**

The Nomination and Remuneration Committee has a minimum of three and a maximum of five non-executive Directors, appointed by the Board of Directors in accordance with the company articles of association. This notwithstanding, the Company Secretary acts as Secretary of the Committee, with voice but no vote, issuing minutes of all resolutions adopted. The Committee appoints one of its members who is an independent director to be Chairman. The Committee meets whenever called by its Chairman or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Meetings are called by the Secretary of the Committee by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote.

At the following Board meeting, the Chairman of the Nomination and Remuneration Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board.

The Committee studies, issues reports and submits proposals for the Board on the following matters: a) Definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board and for selection of candidates to sit on the Board. It informs in advance on the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors. b) Appointment of the Chairman, Vice-Chairman, Managing Director if any, General Manager and Company Secretary, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee and such other advisory committees as the Board may create, as well as the appointment and possible removal of senior officers and their contractual clauses regarding severance pay. c) Position of the company on the appointment and removal of members of the governing bodies of its subsidiaries. d) Proposal of directors' emoluments, in accordance with the rules on remuneration established in the Articles of Association and the relations of executive directors with the company. The Committee must also inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the share price of the company or its subsidiaries, or consisting of the delivery of shares in the company or its subsidiaries or stock options. e) Preparation, if appropriate, of a proposal on the Statute of Senior Officers. f) Supervision of the Top Management remuneration and incentives policy, being informed and informing also on the criteria followed by the company's subsidiaries. g) Assessment of the principles of the policy regarding the training, promotion and selection of management personnel in the parent company and its subsidiaries, where appropriate. h) Examination and organisation, howsoever may be considered appropriate, of the succession of the Chairman and CEO and, where appropriate, submission of proposals to the Board to ensure that the succession is made in an orderly, well-planned fashion. i) Proposal for the appointment of senior executives of the Company and determination of their terms of contract and remuneration, considering this to include any executives with a rank equal to or higher than Department Manager, being informed and informing also on the appointments and terms of contract of the senior executives of the company's subsidiaries.

**Name of committee**

EXECUTIVE COMMITTEE

**Brief description**

In addition to the Chairman and the Vice-Chairman, other Directors may sit on the Executive Committee, up to a maximum of seven members, with the composition stipulated in the Articles of Association. All the members of this Committee are appointed by the Board, which also specifies what powers are delegated to it, in accordance with the Articles of Association and the Regulations of the Board, requiring votes in favour of at least two-thirds of the Board members to carry the relevant resolutions. Save otherwise resolved by the Board, all the powers of the Board that may be delegated according to law, the Articles of Association and the Regulations are deemed delegated to this Committee on its creation, subject to the limits established from time to time in the recommendations on good corporate governance. The Chairman and Secretary of the Board hold the corresponding positions on the Executive Committee. The Executive Committee generally meets once a month. Its meetings may be attended by such members of 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 being fully valid and effective without ratification by the Board, whenever circumstances so require, in the opinion of the Chairman or three members of the Committee, the resolutions adopted by the Executive Committee are submitted to the Board for ratification. This is also the case in matters which the Board has delegated the Committee to study, while reserving for itself the ultimate decision, in which case the Executive Committee merely submits the corresponding proposal to the Board. At the request of any of its members, the Directors will be informed at the first Board meeting following any meeting of the Executive Committee of all resolutions adopted by the latter since the previous Board meeting. Directors are granted access to the minutes of Executive Committee meetings whenever they so request of the Secretary of the Board. The Executive Committee has the following powers: a) Adopt resolutions corresponding to the powers delegated to it by the Board of Directors. b) Monitor and supervise the overall and day-to-day management of the Company, ensuring adequate coordination with the subsidiaries in the common interests of the latter and the company. c) Study and propose the guidelines defining the business strategy, supervising its implementation. d) Discuss and report to the Board on any matters related with the following business, regardless of whether or not they have been delegated by the Board: - Individual and consolidated annual budget of the company, specifying the amounts budgeted for each core business. - Monthly monitoring of the economic management, deviations from the budget and proposals for remedial measures, if necessary. - Significant material or financial investments and their corresponding economic justification. - Alliances and agreements with companies considered important for the company, by virtue of their amount or nature. - Financial transactions of economic importance for the company. - Programme of medium-term activities. - Assessment of the achievement of objectives by the different operating units of the company. - Monitoring and assessment of the aspects contemplated in d) in the subsidiaries. e) Adopt resolutions corresponding to the acquisition and disposal of treasury stock by the Company, in accordance with the authorisation granted by the General Meeting. A particular director may be appointed to execute and process decisions to buy or sell own shares, overseeing and, where necessary, authorising, provided it is lawful, any agreements that may be made by subsidiaries for the acquisition and disposal of own shares or shares in the company.

**Name of committee**

AUDIT COMMITTEE

**Brief description**

The Audit and Compliance Committee has a minimum of three and a maximum of five non-executive Directors appointed by the Board in accordance with the company Articles of Association. The Board appoints one of the Committee members who are independent directors Chairman of this Committee, to be replaced every four years and becoming eligible for re-election one year after his retirement as such. The Chairman of the Board may attend the meetings of this Committee, with voice but no vote. In the absence of the Chairman, he is provisionally substituted by the Committee member so appointed by the

Board, or otherwise by the oldest member of the Committee. The Company Secretary is Secretary of this Committee, with voice but no vote, issuing minutes of the resolutions adopted. The Committee meets as and when called by its Chairman, or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. The notice of call is issued by the Secretary of the Committee by order of the Chairman. Apart from the members, any company executive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wherever else the Chairman may indicate, specifying the venue in the notice of call, and are quorate when attended, in person or by proxy, by the majority of its members. Resolutions are adopted with the favourable votes of the majority of the members attending the meeting in question. In the event of a tie, the chairman or acting chairman has the casting vote. At the following Board meeting, the Chairman of the Audit and Compliance Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Audit and Compliance Committee has the following powers: a) Be informed of the procedures and systems used for drawing up the financial information of the Company, supervising the services of the Internal Audit Department. b) Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information. c) Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company, making sure that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility of requesting the external auditors to make a limited audit thereof. In this respect, it also sees that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the annual accounts of the company, supervising the policies and procedures established for ensuring due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties. Furthermore, whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote. d) Have contacts with the 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. e) Be informed of the decisions adopted by the top management according to recommendations made by the External Auditors in connection with the audit. f) Inform the Board before the latter body adopts any decision regarding related-party transactions submitted for authorisation. g) Establish an internal "whistle-blowing" procedure so employees can confidentially report any potentially important irregularities. h) Supervise compliance with the internal codes of conduct and the rules on good corporate governance.

**Name of committee**

MANAGEMENT COMMITTEE

**Brief description**

The Board appoints a Management Committee, consisting of the persons responsible for the principal management units and business areas of the Company and its subsidiaries and the executive directors proposed by the Nomination and Remuneration Committee, chaired by the Chairman of the Board or the Managing Director, as the case may be. The Company Secretary is Secretary of this Committee. The Management Committee prepares and follows up decisions within the management of the Company, regarding strategy, budget, finance and personnel, draws up business plans and controls their implementation, defining the Company's position in respect of its subsidiaries on these matters. The Committee meets whenever called by its Chairman and in any case whenever the Board or Committees of the Board request the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Committee meetings are called by the Secretary, by order of the Chairman.

B.2.4. Indicate, where appropriate, the advisory or counselling powers and delegations, if any, of each committee:

**Name of committee**

STRATEGY AND INVESTMENT COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 15 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

**Name of committee**

NOMINATION AND REMUNERATION COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 14 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

**Name of committee**

EXECUTIVE COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 12 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

**Name of committee**

AUDIT COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 13 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

B.2.5. 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.

**Name of committee**

STRATEGY AND INVESTMENT COMMITTEE

**Brief description**

There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 15).

The Regulations of the Board are available for consultation on the company's web site ([www.ebrofoods.es](http://www.ebrofoods.es)) and on the web site of the National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)).

**Name of committee**

NOMINATION AND REMUNERATION COMMITTEE

**Brief description**

There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 14).

**Name of committee**

EXECUTIVE COMMITTEE

**Brief description**

There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 12).



**Name of committee**

AUDIT COMMITTEE

**Brief description**

There is no separate text regulating the Audit Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 13).

**Name of committee**

MANAGEMENT COMMITTEE

**Brief description**

There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 16).

B.2.6. Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

YES

**C. RELATED-PARTY TRANSACTIONS**

C.1. Does the full Board reserve the right to approve, subject to a favourable report by the Audit and Compliance Committee or such other committee it may have commissioned, any transactions between the company and its directors, significant or represented shareholders or parties related thereto?

YES

C.2. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and controlling shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,593

C.3. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
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<b>Name of director or executive</b>	<b>Name of company or group company</b>	<b>Nature of the transaction</b>	<b>Type of transaction</b>	<b>Amount (thousand euro)</b>
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	CONTRACTUAL	Sale of goods (finished or otherwise)	977
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	CONTRACTUAL	Purchase of goods (finished or otherwise)	979
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EURIZA GMBH	CONTRACTUAL	Purchase of goods (finished or otherwise)	63
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EURIZA GMBH	CONTRACTUAL	Sale of goods (finished or otherwise)	63
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Receipt of services	25
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of tangibles, intangibles or other assets	4
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	524
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of goods (finished or otherwise)	3,889
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Leases	102
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	S&B HERBA FOODS LIMITED	CONTRACTUAL	Purchase of goods (finished or otherwise)	121
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	S&B HERBA FOODS LIMITED	CONTRACTUAL	Sale of goods (finished or otherwise)	121

C.4. List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

C.5. State whether any of the board members have entered into any conflicts of interest pursuant to s. 127 ter of the Corporations Act during the period.

YES

**Name of director**

ANTONIO HERNÁNDEZ CALLEJAS

**Description of the conflict of interest**

See section B.1.40 of this report concerning his interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. He also holds a 16.666% stake in Hispafoods Invest, S.L.

**Name of director**

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Description of the conflict of interest**

See section C.3 of this report concerning the related party transactions made with companies in the Ebro Foods Group.

**Name of director**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

**Description of the conflict of interest**

See section B.1.40 of this report concerning her interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. She also holds a 16.666% stake in Hispafoods Invest, S.L.

C.6. Explain the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders.

The Audit and Compliance Committee ensures that the internal audit procedures and internal control systems are adequate and informs the Board on the related-party transactions submitted for its consideration and control of any possible conflicts of interest.

Under Article 28 of the Articles of Association, the Audit Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and directors and controlling shareholders are made on arm's length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

Under Article 6 of the Regulations of the Board, the Board is competent, once a favourable report has been issued by the Audit and Compliance Committee, to authorise any related-party transactions between the company or group companies and directors, controlling shareholders or shareholders represented on the board. This authorisation is not necessary when the transactions meet all of the following three conditions:

- If the transactions are made under contracts with standard terms and conditions applied globally to many clients.
- If the transactions are made at prices or rates established generally by the supplier of the good or service in question.
- If the amount of the transaction is no more than 1% of the annual income of the company.

Article 22 of the Regulations of the Board establishes the following prohibitions and disqualifications, among others, for directors:

- Holding positions or duties of representation, management, counselling or rendering of services in rival companies or the holding or performance of such positions, duties or services in companies having a controlling stake in rival companies.

- Attendance and participation in the discussions of any of the corporate bodies concerning business in which the director personally, or a member of his/her family has an interest or a company in which the director has an executive position or a significant shareholding.

- Direct or indirect participation in related-party transactions with the company or other group companies without previously informing the Board and seeking its approval, except in the cases contemplated in Article 6.5 of these Regulations.

The article also bars from the board anyone who, personally or through an intermediary, holds office in or is a representative of or is otherwise related to companies that are habitual clients or suppliers of goods and services of the company, whenever this condition may give rise to a conflict or clash of interest with the Company or its subsidiaries; in such cases the Chairman shall be informed of the situation and request a report from the Audit and Compliance Committee. Financial institutions providing financial services for the company are excluded from the foregoing. Nor may anyone related through family, professional or commercial ties to executive directors or other senior officers of the Company be members of the Board unless, after informing the Chairman of this situation, a report is issued by the Audit and Compliance Committee excluding the specific case from this prohibition.

**C.7. Is more than one company of the Group listed in Spain?**

YES

Name the listed subsidiaries:

Listed subsidiary
BIOSEARCH, S.A.

State whether the respective areas of activity and possible business relations between them have been publicly defined, and those of the listed subsidiary with the other group companies:

YES

Define any business relations between the parent company and the listed subsidiary, and between the latter and other group companies
<p>Details are set out below of the significant transactions involving a transfer of resources or obligations made during 2010 between the Biosearch Group and the following companies wholly-owned by its controlling shareholder, Ebro Foods, S.A.: Puleva Food, S.L.U., Herba Ricemills, S.L.U., Boost Nutrition C.V., Riviana Foods Inc., SB Herba Foods, Ltd. and Dosbio.</p> <p>When preparing this information, the following variations in the Ebro Foods Group were taken into account:</p> <p>- On 1 July 2010 Biosearch, S.A. sold its interest in Española de ID, S.A. (sole subsidiary, with which it formed the Biosearch Group). Therefore, the related-party transactions of this subsidiary with the Ebro Foods Group, reported below, refer to the first six months of 2010.</p>

- On 2 September 2010 Ebro Foods, S.A. sold Puleva Food, S.L.U. to the Lactalis Group. The related party transactions between Biosearch, S.A. and Puleva Foods, S.L.U. described below were those made within the Group during the first 8 months of 2010.

There is a theoretical possibility of a conflict of interest deriving from the fact that the shareholders of Biosearch, S.A., which is also a listed company, do not entirely coincide with those of its parent company Ebro Foods, S.A. It is, therefore, essential that the terms of contract in all business relations between the different companies of the Ebro Foods group and the Biosearch Group are made strictly on arm's length terms, to avoid any detriment to the minority shareholders of either company, which are not represented on the boards of the contracting companies and, consequently, do not participate in the decision-making process.

During 2010, Biosearch, S.A. and Española de I+D, S.A. continued working with the companies in the Ebro Foods Group named above under different contracts signed with them:

#### 1. Relations between Puleva Food S.L.U. and Biosearch, S.A.

Biosearch S.A. provided R+D+I services for Puleva Food S.L.U. in 2010 under a number of project-specific contracts signed between the two companies, under the master agreement signed in 2001 for these counselling services. The different projects come within the following areas:

- Nutritional and clinical evaluation
- Development of new packaging technologies
- Development of new products
- Food safety and quality guarantee
- Product reformulation and authorisation of ingredients

The net turnover on services rendered during 2010 was 1,595 thousand euro.

In addition, during 2010 Biosearch sold Omega3 (EPA and DHA) and isoflavons to Puleva Food, S.L.U. for a sum of 1,866 thousand euro.

#### 2. Relations between Herba Ricemills, S.L.U. and Biosearch, S.A.

Under the contract of sale signed on 1 July 2010, Biosearch, S.A. sold to Herba Ricemills, S.L.U. (hereinafter Herba) 60% of the capital of Española de I+D, S.A. The total purchase price was 397 thousand euro.

During 2010, Biosearch, S.A. sold product to Herba for a value of 166 thousand euro.

Biosearch, S.A. also provided quality analysis services to Herba during 2010 for the value of 18 thousand euro, R+D services for 44 thousand euro and invoiced a further 4 thousand euro for other items.

#### 3. Relations between Herba Ricemills, S.L.U. and Española de I+D, S.A. (subsidiary of Biosearch, S.A.)

During 2010 Española de I+D, S.A. rendered services to Herba Ricemills S.L.U., up to the date of its purchase from Biosearch, S.A., for a value of 361 thousand euro.

These services were provided under the Consortium Agreement for the R+D+I Project (Cereals Project) signed on 22 February 2007 and presented to the Andalusian Technological Corporation and the Andalusian Innovation and Development Agency, according to which Herba Ricemills is the project leader and Española de I+D, S.A. provides work, resources and research and development services to the Project, according to the scientific and technical specifications and manpower requirements stipulated in the agreement, encompassed within the activity comprising its objects.

#### 4. Relations between Ebro Foods, S.A. and Biosearch, S.A.

Within the framework of the CMO sugar reform, Azucarera Ebro, S.L., then a subsidiary of the Ebro Group, presented its Northern Region Restructuring Plan at the end of 2007, undertaking to maintain a certain number of jobs at its plants in Castile-Leon, which derived in an undertaking by the Ebro Group to maintain 15 jobs in Peñafiel.

In February 2009, the Boards of Ebro Foods, S.A. and Biosearch, S.A. authorised an investment project to set up a plant to produce bioactive ingredients in Peñafiel. Ebro undertook to contribute the required land for Biosearch to install the necessary equipment for this project, which was to employ the number of persons that the Ebro Group had undertaken to maintain in Peñafiel.

On 1 January 2010, that group of 15 employees was effectively transferred to Biosearch, although 10 of those 15 employees subsequently left the company within a redundancy scheme, so there are currently 5 employees in active employment at the Peñafiel plant.

Under an agreement signed on 15 July 2010, Ebro Foods paid Biosearch a sum of 2,399 thousand euro to compensate the transfer of employees effective as of 1 January 2010.

Biosearch, S.A. received services from the holding Ebro Foods, S.A. during 2010 for a value of 131 thousand euro, in IT services and repercussion of the cost of insurance premiums payable on policies taken out for the Ebro Foods Group. Biosearch has also acquired intangibles from Ebro Foods with a value of 56 thousand euro.

#### 5. Other relations

During 2010, Biosearch, S.A. invoiced 8 thousand euro to Boost Nutrition C.V. for quality analysis services. It also provided different services for Riviana Foods Inc. and S&B Herba Foods Ltd valued at ..... thousand euro, respectively.

Up to the exclusion of Puleva Foods, S.L.U. from the consolidated Ebro Foods Group, there were current account agreements between Puleva Foods, S.L.U. and Ebro Foods, S.A. earning interest on arm's length terms on the balances deriving from any assignment or loan of cash between these companies and Biosearch, S.A. Biosearch, S.A. paid Puleva Food, S.L.U. financial expenses of 78 thousand euro for this interest in 2010.

Puleva Food, S.L.U. supplies certain goods and services to Biosearch, S.A., such as lease of the commercial offices and industrial buildings for the normal performance of its business, certain industrial supplies, counselling and administration services, etc. The total cost for Biosearch, S.A. of all these items during 2010 was 351 thousand euro.

Indicate the mechanisms in place for solving possible conflicts of interest between the listed company and other companies in the group:

#### **Mechanisms for solving possible conflicts of interest**

In its articles of association and regulations the company has commissioned the Audit and Compliance Committee, among other duties, to control any conflicts of interest that may arise.

The Articles of Association authorise the Audit and Compliance Committee to ensure that all transactions between the company and its subsidiaries, or between those companies and directors and controlling shareholders, are made on arm's length terms and respect the principle of equal treatment, thus controlling any conflict of interest that may arise in related-party transactions.

The Regulations of the Board establish that the Audit and Compliance Committee should report to the Board on any related-party transactions submitted for its consideration and on the control of any possible conflicts of interest.

See section C.6 of this Report in this regard.

## D. RISK CONTROL

D.1. General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with proof that those systems adapt to the profile of each type of risk.

Guided by the conceptual framework of the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO) report on internal control, the Ebro Foods Group has established systems for risk identification, assessment, management and information.

The ultimate purpose of these risk control systems is to defend the interests of our shareholders, customers, employees and social environment. At the said time, they provide a sustained guarantee of the corporate reputation and financial strength of the Ebro Foods Group.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial rice, pasta and dairy businesses. The risks covered by these systems affect food quality, environmental, business, credit (or counterparty), regulatory, social and political, financial (exposure to exchange rate fluctuations) occupational and technological issues.

The Group is a pioneer within its sector in the development and furtherance of R+D, environmental and food quality, and internal audit.

The Group has environmental and food quality, commercial or counterparty risk, occupational hazard prevention and research & development committees, which are responsible for preventing and mitigating the risks.

In addition, all investment projects incorporate a risk analysis, to enable their economic and strategic assessment prior to decision-making. Decisions are adopted by the corresponding body according to the limits established, the largest projects requiring approval by the Board.

Finally, the Group is also exposed to another two types of risk: regulatory risk, subject to the guidelines established in the Common Agricultural Policy (CAP) and country or market risk. These risks have been reduced over recent years, through a firm policy of business and geographical diversification, increasing our presence in Europe, America (United States), Asia (Thailand and India) and Africa (Egypt and Morocco).

Within the same spirit, the first actions were taken in 2010 with a view to clinching the deal to buy up a large rice group in Australia.

D.2. Have any of the different types of risk (operating, technological, financial, legal, reputational, tax...) affecting the company and/or its group materialised during the year?

YES

If so, indicate the underlying circumstances and whether the control systems worked.

**Risk materialised during the year**

Normal risks in the performance of the Ebro Foods Group activities.

**Underlying circumstances**

Normal course of Group business.

**Functioning of the control systems**

The prevention and control systems of those risks worked properly.

D.3. Is there a Committee or other governing body responsible for establishing and supervising the control systems?

YES

If so, describe its duties:

**Name of committee or body**

Audit and Compliance Committee

**Description of duties**

Analyse and assess the principal risks to which the Group may be exposed and the systems established for their management and control.

D.4. Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Group has a set of internal rules and procedures for its different activities, which are fully in keeping with the applicable legal provisions.

The reports of the Group's Internal Audit Department are prepared by experts independent from the business management and the department reports to the management bodies of the Group subsidiaries and the Audit and Compliance Committee of the parent company, Ebro Foods, S.A., on its conclusions and recommendations so that any remedies required may be taken and any necessary improvements implemented.

The board has also published a code of conduct and a corporate governance policy, by virtue of which we have been ahead of the legal requirements established from time to time.



**E. GENERAL MEETING**

E.1. Indicate the quorums for General Meetings established in the Articles of Association and the differences, if any, in respect of the minimums stipulated in the Corporations Act.

NO

	<b>% quorum differing from that stipulated in the Corporations Act s. 102 for ordinary resolutions</b>	<b>% quorum differing from that stipulated in the Corporations Act s. 103 for special resolutions</b>
<b>Quorum required on 1st call</b>	0	0
<b>Quorum required on 2nd call</b>	0	0

E.2. Are there any differences in respect of the system stipulated in the Corporations Act for adopting corporate resolutions? If so, explain.

NO

What differences exist in respect of the system stipulated in the Corporations Act?

E.3. Describe any shareholders' rights in respect of General Meetings differing from those established in the Corporations Act.

The Regulations of the General Meeting contain and develop, in the articles indicated below, all the shareholders' rights in respect of general meetings stipulated in law, thus complying with the rules and recommendations for good governance:

- Shareholders' right to information is exhaustively regulated in Articles 5 and 6.
- Shareholders' right to attend and be represented by proxies is regulated in Article 7.
- Shareholders' right to participate is set out in Articles 11 and 12.
- Shareholders' voting right is regulated in Article 14.
- Finally, Article 18 establishes the shareholders' right to be informed of the resolutions adopted by the general meeting by the legal means of publication or through the company's web site, where the full text of such resolutions must be published. Moreover, any shareholder may at any time obtain a certificate of the resolutions adopted and the minutes of the meeting.

E.4. Describe the measures adopted, if any, to encourage the participation of shareholders at General Meetings.

- Detailed, developed regulation of rights to information, attendance, proxy and voting contained in the Regulations of the General Meeting, as indicated above.
- Detailed notice of call to general meetings, clearly stating all the shareholders' rights and how they may be exercised.
- Publication of the corresponding notice in a specialist daily economic newspaper.
- Holding of general meetings where shareholders can easily attend, in the best and most comfortable conditions possible.
- Assistance for shareholders through the Shareholders' Office, where the team responsible for Investor Relations and other qualified staff are available to provide any assistance required by shareholders.
- Delivery of gifts to shareholders to encourage them to go to general meetings.

E.5. Are General Meetings presided by the Chairman of the Board and what measures, if any, are taken to guarantee the independence and proper functioning of the General Meeting?

YES

<b>Details of measures</b>
<p>The Regulations of the General Meeting regulate a number of measures regarding the organisation and procedure of the general meeting to guarantee its independence and proper functioning.</p> <p>Article 9 of said Regulations establishes the following measures in this regard:</p> <ul style="list-style-type: none"> <li>- General meetings shall be presided by the Chairman of the Board, or, in his absence, by the Vice-Chairman, or otherwise by a director elected in each case by the shareholders attending the meeting.</li> <li>- The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board, or the Vice-Secretary, if any, or otherwise such person as may be appointed at the general meeting.</li> <li>- Should the Chairman or Secretary of the general meeting have to leave during the meeting, his/their duties shall be taken over by the corresponding person or persons as above and the meeting shall continue.</li> <li>- The directors attending the general meeting shall form the Presiding Board.</li> </ul> <p>Article 10 of the Regulations establishes the procedure for drawing up the attendance list, which may be drawn up in a file or included on any kind of data carrier. Moreover, should the Chairman deem fit, he may appoint two or more shareholders to act as scrutineers, assisting the presiding board in drawing up the attendance list and, if necessary, in the counting of votes, informing the general meeting thereof once it has been declared quorate.</p>

The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations:

- Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated.
- Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting.
- Decide, where appropriate, on any extension of the time initially granted to shareholders to speak.
- Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking.
- Call the shareholders to order when their contributions are clearly made to filibuster or upset the normal course of the general meeting.
- Withdraw the floor at the end of the time assigned for each contribution or when, despite the admonitions made in pursuance of this article, the shareholder persists in his conduct, taking such measures as may be necessary to ensure that the general meeting resumes its normal course.
- Announce voting results.
- Resolve any issues that may arise during the general meeting regarding the rules established in these Regulations.

Finally, as regards the conclusion and minutes of general meetings, Article 15 of the Regulations establishes that after voting on the proposed resolutions, the general meeting shall conclude and the Chairman shall close the session. The minutes of the general meeting may be approved at the end of the meeting or within fifteen days thereafter by the Chairman of the General Meeting and two scrutineers, one representing the majority and the other representing the minority, who shall be appointed at the proposal of the Chairman after declaring the general meeting quorate. If the presence of a notary has been required to issue a certificate of the general meeting, the minutes set out in the certificate shall be notarial and, as such, shall not require approval by those attending or by scrutineers.

#### E.6. Indicate any modifications made during the year to the Regulations of the General Meeting.

At the Annual General Meeting held on 1 June 2010, shareholders agreed by majority vote to alter the Regulations of the General Meeting and approve the recast text.

This alteration was made to adjust the Articles of Association to several changes in law introduced by Act 3/2009 of 3 April on structural modifications of corporations and Act 16/2007 of 4 July reforming and adapting commercial law on accounting, making it necessary to adapt the Regulations of the General Meeting accordingly.

The articles of the Regulations of the General Meeting that were altered are set out below:

- Article 2. Competence of the General Meeting

Only paragraph e) was altered, giving it the following text:

'Resolve on the increase or reduction of capital and any other alteration of the Articles of Association, the issuance of debentures, elimination or restriction of the right of pre-emption over new shares, the conversion, merger or division of the company, the global transfer of assets and liabilities or moving the registered office to

another country and authorise or delegate the Board to adopt and execute resolutions within the times stipulated in law.'

- Article 6. Right to information as from calling of the general meeting

Only point 1 was altered, giving it the following text:

'Once the Annual General Meeting has been called, any shareholder shall be entitled to obtain from the registered office of the Company, immediately and free of charge, copies of all the documents that are to be laid before it for approval, together with the directors' report and auditors' report. The Annual Corporate Governance Report shall also be made available to shareholders for and at the Annual General Meeting.'

- Article 8. Quorum

The larger quorums previously required were eliminated, establishing those stipulated in law.

This article was reworded as follows:

'1. General Meetings shall be quorate on first call when attended, in person or by proxy, by shareholders representing at least twenty-five per cent of the subscribed voting capital. On second call, general meetings shall be quorate regardless of the capital attending.

2. In order to validly adopt resolutions an increase or reduction of the capital or any other alteration of the Articles of Association, the issuance of debentures, elimination or restriction of the right of pre-emption over new shares, the conversion, merger or division of the company, the global transfer of assets and liabilities or moving the registered office to another country, the meeting must be attended on first call, in person or by proxy, by shareholders representing at least fifty per cent of the subscribed voting capital. On second call the attendance of twenty-five per cent of that capital shall suffice.

3. The quorum shall not be affected by any shareholders who leave during the General Meeting.

4. If the attendance of a certain percentage of the capital is required by law or the Articles of Association in order to validly adopt a resolution on one or several items on the agenda for the General Meeting and that percentage is not reached, the General Meeting shall discuss only those matters for which there is sufficient quorum.

5. The provisions of this article are without prejudice to any higher quorums or voting majorities that may be established in law.'

- Article 14. Voting and resolutions

Point 1 was altered as a result of the elimination of the larger quorums.

This point was reworded as follows:

'1. Resolutions shall be carried with the votes in favour of the majority of voting capital present and represented at the general meeting, without prejudice to the quorums and voting majorities established for special resolutions in law.

Resolutions shall be adopted in accordance with the procedure and rules established below.

2. After due debate, the proposed resolutions shall be put to the vote.

The voting of resolutions shall follow the agenda set out in the notice of call, and if any motions have been submitted on issues that the general meeting is authorised to resolve without including them on the agenda, they shall be put to the vote after the proposals corresponding to the items on the agenda.

3. Once they have been read out by the Secretary, which formality may be omitted provided no shareholder objects, the general meeting shall vote first on the resolutions, if any, proposed by the Board and, otherwise, on any proposed by others, following the order established for this purpose by the Chairman.

Once a resolution has been approved, all other motions on the same issue that are incompatible with that resolution shall automatically be struck off the voting list.

4. Resolutions shall be adopted with the following voting system:

4.1. When voting on business included on the agenda, the votes corresponding to all shares present or represented at the general meeting shall be deemed to vote for the proposal in question, except a) the votes corresponding to shares whose holders or representatives notify the scrutineers and other assistants of the Presiding Board or the Notary, as the case may be, in a written communication or personal declaration, of their vote against, blank vote or abstention, and b) the votes corresponding to shares whose holders have voted against, cast a blank vote or abstained through the distance voting means contemplated in Article 13 bis of these Regulations.

4.2. When voting on business not included on the agenda, the votes corresponding to all shares present or represented at the general meeting shall be deemed to vote against the proposal in question, except a) the votes corresponding to shares whose holders or representatives notify the scrutineers and other assistants of the Presiding Board or the Notary, as the case may be, in a written communication or personal declaration, of their vote for, blank vote or abstention, and b) the votes corresponding to shareholders who have participated in the General Meeting through distance voting means.

4.3. For the purposes contemplated in 4.1 and 4.2 above, the shares attending the meeting shall be all those included on the attendance list, deducting those whose holders or representatives leave the meeting before the vote and who have declared this circumstance to the notary. For voting on decisions contemplated in s. 114.1 Securities Market Act, the shares corresponding to directors who may not vote pursuant to that provision shall not be considered shares attending.

5. The above notwithstanding, the Presiding Board may, if so required by prevailing circumstances, establish any other system of voting that allows confirmation of the necessary votes in favour for the adoption of resolutions, recording the voting results in the minutes.

6. Regardless of the system used to count the votes, the Presiding Board shall check that sufficient votes in favour have been cast to meet the majority stipulated in each case, enabling the Chairman to declare the corresponding resolution carried.

E.7. Give details of attendance of General Meetings held during the year:

Details of Attendance					
Date General Meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
01/06/2010	0.320	67.280	0.000	0.000	67.600

E.8. Give a brief account of the resolutions adopted at the general meetings held during the year and percentage of votes with which each resolution was passed.

All the resolutions proposed by the Board at the Annual General Meeting of Shareholders held on 29 April 2010 were approved on the terms and with the results indicated below:

#### ITEM ONE ON THE AGENDA

- To approve the annual accounts of EBRO FOODS, S.A. and its consolidated group for the year ended 31 December 2009.

- To approve the directors' reports on the year ended 31 December 2009 of both Ebro Foods, S.A. and its consolidated group, including the report issued under section 116 bis of the Securities Market Act and the Annual Corporate Governance Report, as drawn up by the Board of Directors.

These resolutions were approved by a majority of 99.93% of the voting capital present and represented.

#### ITEM TWO ON THE AGENDA

- To approve the management and all other actions by the Ebro Foods board during the year ended 31 December 2009.

This resolution was approved by a majority of 99.91% of the voting capital present and represented.

#### ITEM THREE ON THE AGENDA

- To approve the proposal for application of the profit for the year of Ebro Foods, S.A. as at 31 December 2009, according to the following details taken from the notes to the separate accounts, in thousand euro:

Base of application: 724,513

Unappropriated Reserves: 560,368

Balance of profit and loss account (profit): 164,145

- To approve the distribution of an ordinary dividend payable in cash against unappropriated reserves in a sum of 0.40 euro per share outstanding, in four quarterly payments of 0.10 euro each, on 5 April, 1 July, 1 October and 23 December 2010. Accordingly, to ratify the first of these four payments, made on 5 April. This dividend includes the proportional allocation that would correspond to the shares held as treasury stock.

These resolutions were approved by a majority of 99.93% of the voting capital present and represented.

#### ITEM FOUR ON THE AGENDA

- To ratify the sale of the dairy business, as arranged by the Board of Directors of Ebro Puleva, S.A., to Grupo Lactalis Iberia, S.A. for an estimated price of 630 million euro, without prejudice to the final adjustments of cash, debt and working capital at the date of concluding the transaction.

This resolution was approved by a majority of 99.87% of the voting capital present and represented.

#### ITEM FIVE ON THE AGENDA

- To approve an extraordinary dividend, payable in cash against unappropriated reserves, of 0.60 euro per share outstanding (in addition to the ordinary dividend), payable in 4 payments of 0.15 euro each. The first two payments will be made during 2010, on 1 October and 23 December, coinciding with the dates of the last two ordinary dividend payments; and the following two payments will be made on 4 April and 4 July 2011. This dividend includes the proportional allocation that would correspond to the shares held as treasury stock.

The effectiveness of this resolution and, therefore, payment of the extraordinary dividend, is subject to fulfilment of the condition precedent that the sale of the dairy business ratified by the General Meeting under item four on the agenda is completed.

To further authorise the Board to postpone the dates initially scheduled for the four payments if necessary, owing to a delay in completion of the sale.

This resolution was approved by a majority of 99.88% of the voting capital present and represented.

#### ITEM SIX ON THE AGENDA

- To authorise the Board to buy back own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or under any other title for a consideration, on one or several occasions, subject to the conditions established in law.

- The par value of the shares acquired directly or indirectly, when added to those already held by the company or its subsidiaries, shall not exceed 10% of the subscribed capital.

- As a result of the acquisition, including any shares which the company, or the person acting in its own name but for the company's account, has purchased earlier and holds as treasury stock, the equity does not fall below the amount of the capital plus legal reserves or any undistributable reserves established in the bylaws. For this purpose, equity shall be the amount recorded as such according to the principles applied when drawing up the annual accounts, less the amount of profit attributed directly to equity, plus the amount of uncalled subscribed capital and the par value and share premiums of subscribed capital recorded under liabilities.

- The shares acquired shall be fully paid up.

- The minimum and maximum price or consideration for the acquisition shall be, respectively, equivalent to the par value of the own shares purchased and to their price on an official secondary market at the time of purchase.

By virtue of this authorisation, the Board may, by direct resolution or by delegation to the Executive Committee or to such person or persons as the Board may authorise for this purpose, buy back own shares to hold them as treasury stock, dispose of them or, as the case may be, propose their redemption to the General Meeting, within the limits established in law and in fulfilment of the conditions stipulated in this resolution. This authorisation is also extended to the possibility of acquiring own shares to be delivered directly to employees or executives of the company or its group, on one or several occasions, upon exercise of any stock options they may hold, pursuant to section 75.1.1, paragraph 3 of the Corporations Act.

The authorisation contemplated in this resolution is granted for no more than five years from the date of this Annual General Meeting and covers all treasury stock transactions made on the terms stipulated herein, without having to be reiterated for each purchase or acquisition, and all transfers to or earmarking of reserves made in pursuance of the applicable laws.

When any acquisition is made by virtue of this authorisation, the directors will especially ensure that the conditions established at this general meeting and the requirements stipulated in the applicable laws are met.

The authorisation granted to the Board to buy back own shares approved at the Annual General Meeting held on 29 April 2009, was rendered null and void, without prejudice to the full execution of any resolutions adopted prior to this General Meeting.

- To reduce the capital to redeem the company shares acquired by the company or other companies in its Group, against the capital (for the par value) and unappropriated reserves (for the amount of the acquisition in excess of such par value), by such amounts as may be deemed fit from time to time, up to the maximum number of own shares held from time to time.

- To delegate to the Board the power to execute this resolution to reduce the capital, on one or several occasions, or to render it null and void, within a period not exceeding 5 years from the date of this AGM, doing whatsoever may be required by law for this purpose.

The Board was especially authorised, within the times and limits established in this resolution, to: (i) reduce the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the reduction of capital; (iii) specify the application of the amount of the reduction of capital, allocating it either to an undistributable reserve or to unappropriated reserves, complying as appropriate with the guarantees and other requirements stipulated in law; (iv) adapt Articles 6 and 7 of the Articles of Association in each case to reflect the new amount of capital and the 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 deemed fit to redeem the shares and reduce the capital accordingly, appointing individuals to do whatsoever may be necessary.

These resolutions were approved by a majority of 98.84% of the voting capital present and represented

#### ITEM SEVEN ON THE AGENDA

- To expressly authorise the Board, with the fullest powers necessary, to make one or several financial contributions to Fundación Ebro Puleva over forthcoming years, up to and not exceeding the sum of five hundred thousand euro (500,000 €), without prejudice to similar authorisations granted by the General Meeting in previous years for the Board to donate funds to Fundación Ebro Puleva.

This resolution was approved by a majority of 99.93% of the voting capital present and represented.

#### ITEM EIGHT ON THE AGENDA

- To approve the alteration of Article 1 ("Name").

This resolution was approved by a majority of 93.28% of the voting capital present and represented.

- To approve the alteration of the following articles: Article 9 ("General Meeting"); Article 11 ("Quorum"); Article 12 ("Quorum. Special Cases"); Article 17 ("Presiding board. Information, discussion and voting. Distance voting and proxies").

This resolution was approved by a majority of 93.28% of the voting capital present and represented.

- To approve the alteration of Article 22 ("Directors' Emoluments").

This resolution was approved by a majority of 93.28% of the voting capital present and represented.

- To approve the alteration of the following articles: Article 30 ("Annual Accounts"); Article 31 ("Contents of the Annual Accounts"); Article 32 ("Directors' Report").

This resolution was approved by a majority of 93.28% of the voting capital present and represented.



- To approve the alteration of the following articles: Article 36 ("Conversion, merger, division and global transfer of assets and liabilities"); Article 37 ("Winding-Up"); and Article 38 ("Liquidation").

This resolution was approved by a majority of 93.28% of the voting capital present and represented.

This alteration of the articles indicated was agreed subject to a written report by the directors justifying the proposed alterations, approved at the Board meeting on 28 April 2010, which was available for consultation by shareholders as from the date of call and was included in the documents delivered to them at the General Meeting.

The modified articles had the new text set out in the aforesaid directors' report.

- To approve the recasting in a single text of the different alterations made to the Bylaws such that they will be incorporated in a single public instrument.

This resolution was approved by a majority of 93.28% of the voting capital present and represented.

The recast text of the Bylaws was available for consultation by shareholders as from the date of call and was included in the documents delivered to them at the General Meeting.

#### ITEM NINE ON THE AGENDA

- To approve the alteration of the following articles of the Regulations of the General Meeting of Ebro Puleva, S.A.: Article 2 ("Powers of the General Meeting"); Article 6 ("Shareholders' right to information prior to General Meetings"); Article 8 ("Quorum"); and Article 14 ("Voting and adopting of resolutions").

This resolution was approved by a majority of 93.04% of the voting capital present and represented.

The alteration of the articles indicated was agreed subject to a written report by the directors justifying the proposed alterations, approved at the Board meeting on 28 April 2010 in pursuance of Article 19 of the Regulations of the General Meeting. This report was available for consultation by shareholders from the date of call and was included in the documents delivered to them at the General Meeting.

The modified articles had the new text set out in the aforesaid directors' report.

- To approve the recasting in a single text of the different alterations made to the Regulations of the General Meeting, such that they will be incorporated in a single public instrument.

This resolution was approved by a majority of 93.04% of the voting capital present and represented.

The recast text of the Regulations of the General Meeting was available for consultation by shareholders from the date of call and was included in the documents delivered to them at the General Meeting.

#### ITEM TEN ON THE AGENDA

- To approve the following remunerations of directors during the year ended 31 December 2009:

##### REMUNERATION OF THE BOARD AND OTHER BENEFITS (in thousand euro)

###### REMUNERATION

Expenses and attendance fees: 300

Share in profits stipulated in Bylaws: 2,332

Total non-executive directors: 2,632

Wages, salaries and professional fees: 7,298

Compensation and other transfer instruments: 0

Total executive directors: 7,298

TOTAL REMUNERATION 9,930

#### OTHER BENEFITS

Life and retirement insurance: 52

This resolution was approved by a majority of 93.41% of the voting capital present and represented.

- To approve the Report on the Directors' Remuneration Policy for 2009 prepared by the Board.

This resolution was approved by a majority of 93.41% of the voting capital present and represented.

- To authorise the Board so that it may, after completing any formalities required by law, establish an Incentive Scheme contemplating, in full or in part, the delivery of shares in the company, as a compulsory or optional alternative to payment in cash, to members of management, directors or otherwise, of the Group and its principal companies, in accordance with the following conditions:

1. The maximum number of company shares that may be included in that Scheme may not exceed 0.5% of the total outstanding shares in the company.
2. The beneficiaries of this Scheme will be selected among the members of management of both the company and its principal subsidiaries, regardless of whether they have an employment relationship or a commercial relationship with the Group.
3. The value of the shares to be delivered will be indexed to the average price over the 100 stock exchange sessions preceding the date of delivery.
4. The shares may be delivered within a minimum of two (2) years and a maximum of five (5) years from the creation of the corresponding Scheme.
5. All other aspects shall be decided by the Board, which shall be authorised to interpret, complete, develop and execute this resolution.

This resolution was approved by a majority of 93.41% of the voting capital present and represented.

#### ITEM ELEVEN ON THE AGENDA

- To approve the re-election of Antonio Hernández Callejas (Chairman) as executive director of the company for a period of four years.

This resolution was approved by a majority of 66.24% of the voting capital present and represented.

- To approve the re-election of José Barreiro Seoane (Vice-Chairman) as non-executive independent director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of Alimentos y Aceites, S.A. (Member) as non-executive proprietary director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of Caja de Ahorros de Salamanca y Soria (Member) as non-executive proprietary director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of Jaime Carbó Fernández (Member) as executive director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of Fernando Castelló Clemente (Member) as non-executive independent director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of José Ignacio Comenge Sánchez-Real (Member) as non-executive independent director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of Leopoldo del Pino y Calvo Sotelo (Member) as non-executive proprietary director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of Blanca Hernández Rodríguez (Member) as non-executive proprietary director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the re-election of Eugenio Ruiz-Gálvez Priego (Member) as "other non-executive" director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the appointment of Demetrio Carceller Arce as non-executive proprietary director of the company for a period of four years.

This resolution was approved by a majority of 98.16% of the voting capital present and represented.

- To approve the appointment of Sol Daurella Comadrán as non-executive independent director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the appointment of August Oetker as non-executive proprietary director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To approve the appointment of Instituto Hispánico del Arroz, S.A. as non-executive proprietary director of the company for a period of four years.

This resolution was approved by a majority of 98.24% of the voting capital present and represented.

- To set the number of Board members at fourteen, in accordance with the Corporations Act s. 123 and Article 19 of the Bylaws.

This resolution was approved by a majority of 98.24% of the voting capital present and represented,

#### ITEM TWELVE ON THE AGENDA

- To expressly authorise the Chairman, Secretary and Vice-Secretary of the Board, as extensively as may be required by law, so that any one of them, acting individually and with his/her sole signature, may execute, put on record and give notice of each and all of the resolutions adopted at this General Meeting, supplement, develop and remedy those resolutions, deliver them and secure their full or partial entry in the Trade Register or in any

other registers kept by the corresponding public or private institutions, execute and rectify any public or private documents of whatsoever nature and take such other action or actions as may be necessary.

This resolution was approved by a majority of 99.93% of the voting capital present and represented.

E.9. State the number of shares required to attend General Meetings, indicating whether any restrictions are established in the articles of association.

YES

<b>Number of shares required to attend general meeting</b>	100
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E.10. Describe and justify the company's policies on proxy votes at General Meetings.

Proxy votes are regulated in Article 7 of the Regulations of the General Meeting.

Any shareholder entitled to attend may be represented at general meetings by another person. The proxy shall be made in writing especially for each general meeting or, as the case may be, through distance communication means in accordance with the appropriate provisions of these Regulations and especially for each general meeting. This right to representation is without prejudice to the legal provisions established for family representation and the granting of general powers of attorney.

In any case, whether the proxy is voluntary or required by law, no shareholder may have more than one representative at any general meeting.

Proxies may be revoked at any time. Personal attendance at the general meeting by the represented shareholder shall have the effect of revoking the proxy.

In cases of public requests for representation, the document establishing the power of attorney shall contain or annex the agenda, together with the request for instructions to exercise the voting right and indications of how the representative will vote if no specific instructions are issued. Such public request shall be deemed to exist whenever any one person represents more than three shareholders.

The proxy may also include any points which, although not included on the agenda in the notice of call, are likely to be dispatched at the meeting, being so permitted by law.

If there are no voting instructions because the General Meeting is going to resolve on issues which, by law, do not need to be included on the agenda, the representative shall cast the vote howsoever he may consider his principal's interests best favoured.

If the represented shareholder has issued instructions, the representative may only vote otherwise in circumstances of which the shareholder was unaware at the time of issuing the instructions and when the represented shareholder's interests are in jeopardy.

In the last two cases, the proxy shall inform the represented shareholder forthwith, in writing, explaining the reasons for his vote.

E.11. Is the company is aware of the policies of institutional investors regarding their participation or otherwise in company decisions?

NO

#### E.12. Address and access to the corporate governance contents on the company's web site.

Ebro Foods's corporate web site <http://www.ebrofoods.es> is set up as a vehicle of continuous, up-to-date information for shareholders, investors and the financial market 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.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

<http://www.ebrofoods.es/informacion-para-accionistas-e-inversores/gobierno-corporativo/reglamento-de-la-junta-general/> or:

<http://www.ebrofoods.es/information-for-shareholders-and-investors/corporate-governance/regulations-of-the-general-meeting/>

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

- Regulations of the General Meeting
- General Meeting of Shareholders
- Shareholders' Agreements
- Board of Directors
- Corporate Governance Report
- Code of Conduct

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 accessibility, aiming to enable fast location and downloading of the required information.

## F. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with existing corporate governance recommendations. In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

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.

*See sections A.9, B.1.22, B.1.23, E.1 and E.2*

Complies

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.

*See sections C.4 and C.7*

Complies

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:
  - a) Conversion of listed companies into holdings, through spin-off or “subsidiarisation”, i.e. reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;
  - b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;
  - c) Any operations producing effects equivalent to liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 28, should be published simultaneously with the notice of call to the General Meeting.

Explanation

The proposed resolution to change the composition of the Board in item eleven of the Agenda was agreed by the Board after publication of the notice of call.

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:
  - a) To the appointment or ratification of directors, which should be voted individually;
  - b) In the case of Bylaw alterations, to each article or substantially independent group of articles.

*See section E.8*

Complies

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latter's instructions.

*See section E.4*

Complies

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.

It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the

sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

- a) General policies and strategies of the Company, particularly:
- i) The strategic or business plan, management objectives and annual budgets;
  - ii) Investment and financing policy;
  - iii) Definition of the structure of the corporate group;
  - iv) Corporate governance policy;
  - v) Corporate social responsibility policy;
  - vi) Policy on the remuneration and performance assessment of senior officers;
  - vii) Risk management and control policy and the regular monitoring of internal information and control systems;
  - viii) The dividend policy and treasury stock policy, particularly regarding limits.

*See sections B.1.10, B.1.13, B.1.14 and D.3*

b) The following decisions:

- i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses.

*See section B.1.14*

- ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts.

*See section B.1.14*

- iii) The financial information that listed companies are obliged to disclose periodically.
- iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;
- v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions").

This authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

- 1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;
- 2. Made at the general prices or rates established by the person supplying the good or service;
- 3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

*See sections C.1 and C.6*

Complies

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

*See section B.1.1*

Complies

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

*See sections A.2, A.3, B.1.3 and B.1.14*

Complies

11. If any non-executive director cannot be considered proprietary or independent, the company should explain this circumstance and the director's ties with the company or its executives, or with its shareholders.

*See section B.1.3*

Not applicable

12. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.  
This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:
1. In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.
  2. In companies with a plurality of unrelated shareholders represented on the Board.

*See sections B.1.3, A.2 and A.3*

Complies

13. The total number of Independent Directors should represent at least one-third of the total Directors.

*See section B.1.3*

Explanation

There are 4 independent directors, representing 30.769% of the total board members.

The company considers that the composition of the board reflects the composition of the shareholding body and that for the time being it is not necessary to appoint another independent director, owing to the very small difference in respect of the recommended percentage.

14. The Board should explain the nature of each Director at the General Meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why Proprietary Directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where 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.

*See sections B.1.3 and B.1.4*

Complies



15. When there are few or no female directors, the Board should explain the reasons for this situation and the steps taken to correct it. In particular, when vacancies arise on the Board, the Nomination Committee should ensure that:

- a) There is no hidden bias against women candidates in the selection procedures;
- b) The company makes a conscious effort to include women with the target profile among the candidates.

*See sections B.1.2, B.1.27 and B.2.3*

#### Explanation

Board members are appointed regardless of candidates' sex, so there is no positive or negative discrimination of any nature in the election of directors.

María Blanca Hernández Rodríguez was appointed director in 2006 and Sol Daurella Comadrán in 2010.

16. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.

*See section B.1.42*

#### Complies

17. When the Chairman of the Board is also the chief executive officer of the company, one of the Independent Directors should be authorised to request the calling of a Board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the Non-Executive Directors; and direct the assessment by the Board of its Chairman.

*See section B.1.21*

#### Complies

18. The Secretary of the Board should especially ensure that the Board's actions:

- a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;
- b) Conform to the company's Articles of Association and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;
- c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

*See section B.1.34*

#### Complies

19. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

*See section B.1.29*

Complies

20. 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 grant a proxy for any Board meeting, the appropriate instructions shall be issued.

*See sections B.1.28 and B.1.30*

Complies

21. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, those concerns should be put on record, at the request of those expressing them.

Complies

22. The full Board should assess once a year:

- a) The quality and effectiveness of the Board's actions;
- b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;
- c) The performance of its Committees, based on the reports issued by each one.

*See section B.1.19*

Complies

23. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Articles of Association or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

*See section B.1.42*

Complies

24. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

*See section B.1.41*

Complies

25. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies

26. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:
- a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;
  - b) Companies should limit the number of directorships that its Directors may hold.

*See sections B.1.8, B.1.9 and B.1.17*

Complies

27. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:
- a) At the proposal of the Nomination Committee, in the case of Independent directors.
  - b) Subject to a report by the Nomination Committee for other directors.

*See section B.1.2*

Complies

28. Companies should publish on their web sites and regularly update the following information on their directors:
- a) Professional and biographical profile;
  - b) Other directorships held, in listed or unlisted companies;
  - c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.
  - d) Date of first and subsequent appointments as company director; and
  - e) Company shares and stock options held.

Partial Compliance

This Recommendation is followed in all sections except b).

29. Independent directors should not remain on the Board as such for more than 12 years in succession.

*See section B.1.2*

Complies

30. 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.

*See sections A.2, A.3 and B.1.2*

Complies

31. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his duties or when he or she falls into any of the circumstances described in point III.5, definitions, of this Code.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 12.

*See sections B.1.2, B.1.5 and B.1.26*

Complies

32. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's 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 tried for any of the offences contemplated in section 124 of the Corporations Act, 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.

*See sections B.1.43 and B.1.44*

Complies

33. 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 regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies

34. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a significant event, the reason shall be indicated in the Annual Corporate Governance Report.

*See section B.1.5*

Not applicable

35. The remuneration policy approved by the Board should regulate at least the following aspects:
- a) Amount of fixed items, specifying the amount of attendance fees, if any, for Board and Committee meetings and estimating the fixed remuneration for the year;
  - b) Variable pay items, including, in particular:
    - i) Types of director to which they are applicable and an explanation of the relative weight of the variable pay items to the fixed items;
    - ii) Criteria for assessment of results on which any right to remuneration in shares, stock options or any other variable component is based;

- iii) Essential parameters and basis for any system of annual bonus payments or other non-cash benefits; and
- iv) An estimate of the aggregate sum of variable remunerations deriving from the proposed remuneration plan, according to the degree of fulfilment of the reference hypotheses or objectives.
- c) Principal terms of the welfare schemes (e.g. supplementary pensions, life assurance and similar), estimating the amount or equivalent annual cost.
- d) Conditions to be respected in top management and executive director contracts, including:
  - i) Term;
  - ii) Notice; and
  - iii) Any other clauses concerning golden hellos or golden parachutes for early termination of the contractual relationship between the company and the executive director.

*See section B.1.15*

Complies

36. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.  
This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

*See sections A.3 and B.1.3*

Complies

37. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies

38. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Not Applicable

39. In the case of variable remuneration, the pay policies should establish such precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies

40. The Board should submit to an advisory vote at the General Shareholders' Meeting, as a separate item on the agenda, a report on the directors' remuneration policy. This report should be made available to shareholders, as a separate document or in whatsoever other form the company may deem fit.  
The report should focus especially on the remuneration policy approved by the Board for the current year and that established, if any, for future years. It shall address all the issues contemplated in Recommendation 35, except those points that could entail disclosure of commercially sensitive information. It shall stress the most significant changes in such policies in respect of that applied during the previous year to which the General Meeting refers. It shall also include a global summary of implementation of the remuneration policy in the previous year.

The Board should also inform on the role played by the Remuneration Committee in defining the remuneration policy and, if external assistance has been used, the identity of the external advisers who provided such assistance.

*See section B.1.16*

Complies

41. The individual remunerations of directors during the year shall be disclosed in the Annual Report, including the following details:
- a) Breakdown of the remuneration of each director, including, where applicable:
    - i) Attendance fees and other fixed sums payable to directors;
    - ii) Additional compensation for being Chairman or member of one of the Committees of the Board;
    - iii) Payments made under profit-sharing or bonus schemes and the reasons for their accrual;
    - iv) Contributions on behalf of the director to defined-contribution pension schemes; or increase in the director's vested rights in contributions to defined-benefit schemes;
    - v) Any indemnities agreed or paid upon termination of their duties;
    - vi) Compensation received as director of other group companies;
    - vii) Remuneration received by executive directors as payment for their senior management duties;
    - viii) Any sums paid other than those listed above, regardless of the nature or the group company paying them, especially when it may be considered a related-party transaction or omission would distort the true and fair view of the total remuneration received by the director.
  - b) Breakdown for each director of any deliveries of shares, stock options or whatsoever other instrument linked to the value of the company's share, specifying:
    - i) Number of shares or options granted during the year and conditions for exercising the options;
    - ii) Number of options exercised during the year, indicating the corresponding number of shares and the exercise price;
    - iii) Number of options pending exercise at year end, indicating their price, date and other conditions for exercise;
    - iv) Any modification during the year of the conditions for exercising options granted earlier.
  - c) Information on the ratio during the previous year of remuneration received by the executive directors and the company's profits or any other measure of its earnings.

Complies

42. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board. The Secretary of the Board should be Secretary of the Executive Committee.

*See sections B.2.1 and B.2.6*

Complies

43. 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

44. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.  
The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

- a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their

proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.

- b) These Committees should have a minimum of three members, who should be exclusively Non-Executive Directors. This notwithstanding, Executive Directors or senior officers may attend their meetings when expressly so decided by the Committee members.
- c) The Committees should be chaired by Independent Directors.
- d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.
- e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

*See sections B.2.1 and B.2.3*

Complies

45. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

Complies

46. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies

47. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

Complies

48. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies

49. The risk management and control policy should define at least:
- a) The different types of risk (operating, technological, financial, legal, reputational...) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;
  - b) The level of risk that the company considers acceptable;
  - c) The measures envisaged to soften the effects of the risks identified, should they materialise;
  - d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

*See section D*

Complies

50. The Audit Committee should:

1. In connection with the internal reporting and control systems:
  - a) Supervise the preparation and integrity of the financial information on the company and, where appropriate, the group, checking for compliance with applicable legal provisions, adequate definition of the consolidated group and correct application of accounting standards.
  - b) Check internal control and risk management systems on a regular basis to ensure that the principal risks are adequately identified, managed and disclosed.
  - c) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.
  - d) Establish and supervise a "whistle-blowing" procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct., especially in financial and accounting aspects.
2. In connection with the external auditor:
  - a) Submit proposals to the Board on the nomination, appointment, reappointment and replacement of the external auditor and its terms of engagement.
  - b) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.
  - c) Guarantee the independence of the external auditor, and for this purpose:
    - i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content, if any.
    - ii) The company and the auditor should be ensured to respect all rules and regulations in place regarding the provision of services other than auditing services, limits on concentration of the auditor's services and any other rules established to guarantee the auditors' independence;
    - iii) Investigate the circumstances giving rise to resignation of any external auditor.
  - d) In groups, encourage the auditor of the group to audit the group companies.

*See sections B.1.35, B.2.2, B.2.3 and D.3*

Complies

51. 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

52. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

- a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.
- b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.
- c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

*See sections B.2.2 and B.2.3*

Complies



53. The Board should endeavour 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 shall clearly explain to the shareholders their content and scope.

*See section B.1.38*

Complies

54. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

*See section B.2.1*

Complies

55. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:
- a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.
  - b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.
  - c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.
  - d) Report to the Board on the gender issues contemplated in Recommendation 14.

*See section B.2.3*

Partial Compliance

All the duties contemplated in this Recommendation correspond to the Nomination and Remuneration Committee except the duty mentioned in d).

The Nomination and Remuneration Committee does not report to the board on the gender issues contemplated in Recommendation 14 of the Code of Good Governance because the company does not make any positive or negative discrimination in the election of directors, who are elected regardless of their sex, as indicated in section B.1.27 and in the explanation to Recommendation 14 of this Report.

56. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.  
Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies

57. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:
- a) Submit proposals to the Board on:
    - i) The remuneration policy for directors and senior officers;
    - ii) The individual remuneration of executive directors and other terms of contract.
    - iii) The basic conditions of senior executive contracts.
  - b) Ensure compliance with the remuneration policy established by the company.

*See sections B.1.14 and B.2.3*

Complies

58. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies

## G. OTHER INFORMATION OF INTEREST

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

### EXPLANATORY NOTE ONE, CONCERNING SECTION A.5.

For relations between the Ebro Foods companies and their significant shareholders, see section C.2 of this report.

### EXPLANATORY NOTE TWO, CONCERNING SECTION B.1.4.

No requests for presence on the board were made during 2010 by shareholders with interests equal to or greater than others at whose request, had it been made, proprietary directors would have been appointed.

### EXPLANATORY NOTE THREE, CONCERNING SECTION B.1.7.

María Blanca Hernández Rodríguez is also Chairman of the Board of Trustees of the Ebro Foods Foundation.

### EXPLANATORY NOTE FOUR, CONCERNING SECTION B.1.8.

Leopoldo del Pino y Calvo-Sotelo is not, strictly speaking, director of the listed company Grupo Ferrovial, S.A., but represents the corporate director Portman Baela, S.L.

### EXPLANATORY NOTE FIVE, CONCERNING SECTION B.1.11.

- Explanations concerning paragraphs a) and b) of this section:

Of the total remuneration of the executive directors in 2010 (€3,441 thousand), €437 thousand correspond to early settlement, in one case, of the Deferred Annual Remuneration Scheme under the Ebro Foods Group Strategic Plan for the period 2010-2012. The company's separate accounts for 2010 also include a provision of €445 thousand estimated for amounts payable under the Deferred Annual Remuneration Scheme corresponding to that year. This amount will be payable in 2012.

The Deferred Annual Remuneration Scheme is not linked to the value of the Ebro Foods share nor implies receipt by the beneficiaries of shares or any other rights thereover.

- Explanations concerning the following pay items and other benefits reflected in section B.1.11:

1. Provisions stipulated in the Articles: share in profits stipulated in Article 22 of the Articles of Association. See section B.1.14 of this Report.
2. Pension Funds and Schemes. Contributions: no Board members are beneficiaries of supplementary life and retirement insurance. The company has not granted any loans or advances to Board members or contracted any obligations on their behalf under guarantees or bonds.

#### EXPLANATORY NOTE SIX, CONCERNING SECTION B.1.12.

Of the total remuneration of executives (excluding Executive Directors) of the Ebro Foods Group included in the Deferred Annual Remuneration Scheme under the Group's Strategic Plan 2010-2011, a total provision of €680 thousand was made in 2010, which will be payable in 2012.

#### EXPLANATORY NOTE SEVEN, CONCERNING SECTION B.1.13.

The contracts of two executives contemplate guarantee clauses in the event of dismissal or takeover, the amount of which exceed the compensation established in the Workers' Statute.

The clauses initially established for other executives are below the compensation established in the Workers' Statute, owing to their accumulated seniority.

#### EXPLANATORY NOTE EIGHT, CONCERNING SECTION B.1.21.

Any of the directors, not only independent directors, may request the calling of a board meeting or inclusion of new items on the agenda.

#### EXPLANATORY NOTE NINE, CONCERNING SECTION B.1.40.

- Antonio Hernández Callejas and María Blanca Hernández Rodríguez hold an indirect interest in Ebro Foods, S.A. through the 15.720% interest held in the company by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

See sections A.3 and C.5 of this Report.

- In relation also to section B.1.8, Antonio Hernández Callejas and Demetrio Carceller Arce each hold a direct interest of 0.001% in SOS Corporación Alimentaria, S.A. acquired in 2011. Both these directors have been on the Board of that company since 20 January 2011.

#### EXPLANATORY NOTE TEN, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Foods, S.A. is called the Audit and Compliance Committee.

***[NOTA: La siguiente frase sobre la Comisión de Nombramientos y Retribuciones se ha omitido por ser innecesario en inglés]***

#### EXPLANATORY NOTE ELEVEN, CONCERNING SECTIONS C.2 AND C.3.

The sections on related-party transactions were completed taking into account the following changes in the composition of the Board and in the companies included in the Ebro Foods Group produced during 2010:

1. The significant shareholder Instituto Hispánico del Arroz, S.A. was appointed director on 1 June and the transactions effected between 1 January and 31 May (both inclusive) are listed below:

- Related-party contractual transaction (purchase of goods, finished or otherwise) with Boost Nutrition, C.V. for €314 thousand.

- Related-party contractual transaction (sale of goods, finished or otherwise) with Boost Nutrition, C.V. for €295 thousand.

- Related-party contractual transaction (receipt of services) with Herba Foods for €25 thousand.

- Related-party contractual transaction (purchase of goods, finished or otherwise) with Herba Ricemills, S.L.U. for €886 thousand.

- Related-party contractual transaction (sale of goods, finished or otherwise) with Herba Ricemills, S.L.U. for €673 thousand.

- Related-party contractual transaction (purchase of goods, finished or otherwise) with S&B Herba Foods, Ltd. for €589 thousand.

- Related-party contractual transaction (sale of goods, finished or otherwise) with S&B Herba Foods, Ltd. for €435 thousand.

2. Caja España de Inversiones left the Board as of 1 June 2010. The related-party transactions effected by this company between 1 January and 31 May (both inclusive) are listed below:

- Related-party contractual transaction (financing arrangements: loans-borrower) with Ebro Foods, S.A. for €34,390 thousand.

3. Caja de Ahorros de Salamanca y Soria left the Board as of 22 September. The related-party transactions effected by this company between 1 January and 21 September 2010 (both inclusive) are listed below:

- Related-party contractual transaction (financing arrangements: loans-borrower) with Ebro Foods, S.A. for €51,203 thousand.

4. Juan Domingo Ortega Martínez left the Board as of 1 June 2010. The related-party transactions effected between 1 January and 31 May (both inclusive) are listed below:

- Related-party contractual transaction (sale of goods, finished or otherwise) with Puleva Food, S.L.U. for €1,760 thousand.

Puleva Food, S.L. was sold on 2 September 2010, so only those related-party transactions with that company effected between 1 January and 1 September 2010 are included.

In addition to the related-party transaction with Juan Domingo Ortega Martínez, Puleva Food made a related-party contractual transaction (sale of goods, finished or otherwise) with Sociedad Anónima Damm for €325 thousand.

#### EXPLANATORY NOTE TWELVE, CONCERNING SECTION C.5.

Potential conflicts of interest are described in section C.5 of this Report.

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.

Binding definition of independent director:

State whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives which, if sufficiently large or significant, would have disqualified the director from being considered independent pursuant to the definition set out in section 5 of the Unified Code of Good Governance.

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the company on

30/03/2011.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO