

REPORT BY THE BOARD OF DIRECTORS OF EBRO FOODS, S.A. REGARDING THE PROPOSAL FOR RATIFICATION OF THE APPOINTMENT BY COOPTATION, RE-ELECTION AND APPOINTMENT OF MARÍA CARCELLER ARCE AS DIRECTOR.

1. Introduction

On 21 March 2018, the Board of Directors of Ebro Foods, S.A. (“**Ebro**” or the “**Company**”) resolved to appoint María Carceller Arce, by cooptation as proprietary Director to fill the vacancy produced by the resignation tendered that day by Corporación Económica Delta, S.A., proprietary Director by virtue of its status as significant shareholder of Ebro. María Carceller Arce had previously been the representative of Corporación Económica Delta, S.A. on the Company’s Board of Directors.

Corporación Económica Delta, S.A., represented by María Carceller Arce, had been appointed proprietary Director by the Board on 28 June 2017 by cooptation, to fill the vacancy produced following the resignation tendered by Dr August Oetker, also a proprietary Director, with effect from 1 June 2017.

The appointment by cooptation of María Carceller Arce was approved in view of the favourable reports issued by the Nomination and Remuneration Committee and the Board of Directors, pursuant to section 529 decies, paragraphs 4, 5 and 6 of the Corporate Enterprises Act, which were appended to the minutes of that Board meeting.

At the date of this report, María Carceller Arce’s appointment as Director of the Company is pending registration in the Madrid Trade Register.

As the first general meeting of shareholders following the appointment by cooptation of María Carceller Arce as Director is scheduled for 5 June 2018 on first call, and 6 June 2018 on second call, the Board is considering tabling a motion at the forthcoming AGM for ratification of the appointment by cooptation and re-election and appointment of María Carceller Arce as Director for the statutory term of four years, in the terms set out in **Annex 1** hereto.

The motion to be tabled at the AGM for the ratification, re-election and appointment of María Carceller Arce as Director has been previously assessed and a favourable report issued by the Nomination and Remuneration Committee pursuant to section 529 decies, paragraphs 6 of the Corporate Enterprises Act and Article 25.4(a) of the Regulations of the Board. A copy of the report by the Nomination and Remuneration Committee, containing an analysis of the composition and present needs of the Board, in accordance with the Company’s Policy for Selecting Directors, is appended in **Annex 2** hereto.

The professional profile of María Carceller Arce is also appended hereto, in **Annex 3**.

This report and the annexes hereto will be made available to shareholders through their publication on the corporate website www.ebrofoods.es, coinciding with the publication of the notice of call to the forthcoming Annual General Meeting 2018. They will also be

incorporated in the corresponding minutes of the Board of Directors and General Meeting of shareholders 2018.

2. Legal and regulatory aspects

2.1. Category of Director

Pursuant to the Corporate Enterprises Act, section 529.duodecies.3, proprietary Directors are those with a shareholding interest equal to or greater than that considered by law as significant, or appointed by virtue of their status as shareholders, even though their interest does not reach that level, and those representing shareholders as above.

Accordingly, María Carceller Arce will be a proprietary Director as long as she continues to be nominated for Director by the significant shareholder Corporación Económica Delta, S.A.

2.2. Ratification, re-election and appointment by the general meeting of a Director

Pursuant to the Corporate Enterprises Act, section 529 decies, the Board members of a listed Company must be appointed by the General Meeting of Shareholders.

That section 529 decies also establishes, in paragraphs 4, 5 and 6, that (i) the Board is competent to propose the appointment of non-independent Directors (paragraph 4); and (ii) that proposal must necessarily be accompanied by a supporting report by the Board assessing the competence, experience and merits of the proposed candidate, which will be appended to the minutes of the general meeting or Board meeting, as the case may be (paragraph 5) and preceded by a report by the Nomination and Remuneration Committee (paragraph 6).

Similarly, Article 25.4(a) of the Regulations of the Board provides that the Nomination and Remuneration Committee shall inform always prior to submission to the General Meeting of any proposal regarding the appointment of Directors.

Article 20 of the Company's Articles of Association sets the term of Directors' appointment at four years, after which they will be eligible for re-appointment on one or several occasions for terms of an equal duration.

3. Justification of the motion

The Board considers the re-election of María Carceller Arce as Director appropriate by virtue of her nomination by the significant shareholder of the Company, Corporación Económica Delta, S.A., and the assessment made in this report.

4. Assessment of the competence, experience and merits of the candidate

The Board considers that María Carceller Arce has the necessary competence, experience and merits to continue as Director on the Board of Directors of Ebro, in view of the following qualities:

- She has a broad, thorough knowledge of the Ebro Foods Group, having been on the Board since 28 June 2017.
- Her academic qualification as BA in Business Studies and her specific qualifications in marketing and international business, as well as her extensive experience in the administration and management of different companies in the food and drinks sector, both national and international, make her a valuable asset for the Board, favouring the diversity of knowledge within this body.
- Her continuity on the Board is in keeping with the principles of the Company's Policy for Selecting Directors and in particular, enables the Company to maintain the female presence on the Board (the gender least represented on the Board) above 30% of the total Board members, set as a goal for 2020, although it has already been met.

In accordance with (i) the Company's Policy for Selecting Directors, (ii) Article 32.2 of the Regulations of the Board and (iii) Recommendation 25 of the Good Governance Code for Listed Companies, María Carceller Arce has informed the Company that she is sufficiently available to be able to correctly perform her duties.

5. Conclusion

In view of the foregoing, the Board considers that:

- 5.1. It is appropriate to table a motion at the AGM for ratification of the appointment by cooptation of María Carceller Arce as Director, made by the Board on 21 March 2018, and re-elect and appoint her Director of the Company for the statutory term of four years. María Carceller Arce is classified as a proprietary Director.
- 5.2. Said proposal complies with the requirements established by the Corporate Enterprises Act, the Articles of Association and the Regulations of the Board, and with the principles established in the Company's Policy for Selecting Directors.
- 5.3. The appointment is in keeping with the composition and present needs of the Board, previously analysed by the Nomination and Remuneration Committee.
- 5.4. María Carceller Arce is nominated by the significant shareholder Corporación Económica Delta, S.A.
- 5.5. In the Board's opinion, with the appointment of María Carceller Arce as proprietary Director, the composition of the Board reflects the relationship between the percentage of capital controlled by significant shareholders and the percentage held by institutional investors and minority shareholders.

- 5.6. María Carceller Arce has the qualifications and professional expertise required for the position taking account of the Board's needs, and is sufficiently available to guarantee due performance of her duties.
- 5.7. The ratification and appointment of María Carceller Arce as Director is in line with the principles of the Policy for Selecting Directors. In particular, it favours the diversity of knowledge, experience and gender on the Board and enables the Company to maintain the female presence on the Board (the gender least represented on the Board) above 30% of the total Board members, set as a goal for 2020, although it has already been met.

In short, the Board considers María Carceller Arce a suitable candidate to be Director of the Company and that, as such, she would be a proprietary Director.

Madrid, 25 April 2018.

Annexes:

Annex 1. Proposed resolution submitted to the General Meeting

Annex 2. Report by the Nomination and Remuneration Committee

Annex 3. Professional profile of María Carceller Arce

**The English version of this document and annexes is purely informative.
In the event of any discrepancy between the Spanish and English versions
of this document, the Spanish version will prevail.**

Annex 1

Proposed resolution submitted to the General Meeting

“Ratification of the appointment by cooptation, and re-election and appointment of María Carceller Arce as Director.

To ratify the appointment by cooptation of María Carceller Arce as Director, made by the Board on 31 January 2018, and re-elect and appoint her Director of the Company for the statutory term of four years. María Carceller Arce is classified as a proprietary Director.”

Annex 2

REPORT BY THE NOMINATION AND REMUNERATION COMMITTEE OF EBRO FOODS, S.A. ON THE RATIFICATION OF THE APPOINTMENT BY COOPTATION, RE-ELECTION AND APPOINTMENT OF MARÍA CARCELLER ARCE AS DIRECTOR.

1. Introduction

On 21 March 2018, the Board of Directors of Ebro Foods, S.A. (“**Ebro**” or the “**Company**”) resolved to appoint María Carceller Arce, by cooptation as proprietary Director to fill the vacancy produced by the resignation tendered that day by Corporación Económica Delta, S.A. María Carceller Arce had previously been the representative of Corporación Económica Delta, S.A. on the Company’s Board of Directors.

The appointment by cooptation of María Carceller Arce was approved in view of the favourable reports issued by the Nomination and Remuneration Committee and the Board of Directors, pursuant to section 529 decies, paragraphs 5 and 6 of the Corporate Enterprises Act and Article 25.4(a) of the Regulations of the Board.

The Board is considering tabling a motion at the forthcoming Annual General Meeting (AGM) of shareholders of the Company, to be held on 5 June 2018 on first call or 6 June 2018 on second call, for ratification of the appointment by cooptation of María Carceller Arce and her re-election and appointment as Director for the statutory term of four years. For this purpose, pursuant to section 529 decies of the Corporate Enterprises Act, in addition to the corresponding report by the Board on the competence, experience and merits of the proposed candidate (paragraph 5), the motion must also be preceded by a report by the Nomination and Remuneration Committee (paragraph 6).

In addition, Article 25.4(a) of the Regulations of the Board of Directors of Ebro provides that said committee shall inform always prior to submission to the General Meeting of any proposal regarding the appointment of Directors.

In compliance with the aforesaid legal and regulatory provisions, the Nomination and Remuneration Committee issues this report on the proposal submitted to the AGM for ratification of the appointment by cooptation of María Carceller Arce and her re-election and appointment as Director for the statutory term of four years.

2. Analysis of the composition and present needs of the Board

The Nomination and Remuneration Committee analyses the composition and present needs of the Board, in accordance with the Company’s Policy for Selecting Directors.

At the date of the last AGM, on 1 June 2017, the Board was made up of twelve members (of a total of thirteen), two of whom were classified as executive Directors, six as proprietary Directors and four as independent Directors, and there were three women on the Board at that time.

The changes produced within the Board from 1 June 2017 to the date of this report are summarised below:

- Resignation by the proprietary Director Dr August Oetker on 1 June 2017, after the General Meeting of shareholders held on that day.
- Appointment by cooptation of Corporación Económica Delta, S.A. (represented by María Carceller Arce) as proprietary Director on 28 June 2017 to fill the vacancy produced by the resignation of Dr August Oetker.
- Resignation by the proprietary Director Javier Fernández Alonso on 31 January 2018.
- Appointment by cooptation of Corporación Financiera Alba, S.A. (represented by Javier Fernández Alonso) as proprietary Director on 31 January 2018 to fill the vacancy produced by the resignation of Javier Fernández Alonso.
- Resignation by the proprietary Director Corporación Económica Delta, S.A. (represented by María Carceller Arce) on 21 March 2018.
- Appointment by cooptation of María Carceller Arce as proprietary Director on 21 March 2018 to fill the vacancy produced by the resignation of Corporación Económica Delta, S.A.

At the date of issuing this report, the Board has twelve members (of a total of thirteen), two of whom were classified as executive Directors, six as proprietary Directors and four as independent Directors, and there are five women on the Board.

With this composition of the Board: (i) the four independent Directors represent 30.77% of the total positions on the Board (33.33% considering only the twelve positions filled) so Ebro, considered a small cap, complies with the recommendation of the Code of Good Governance for the number of independent Directors to represent at least one-third of the total Directors; and (ii) the female presence on the Board represents 38.46% of the total positions on the Board (41.67% considering only the twelve positions filled), which is higher than the goal set in the Policy for Selecting Directors, for the gender least represented on the Board to account for at least 30% of the total number of Directors by 2020, a goal that was reached in January 2017 and exceeded in June 2017.

The Nomination and Remuneration Committee considers that with this composition the Board will have an adequate level of stability and balance and, therefore, with a view to the forthcoming AGM scheduled for 5 June 2018 on first call and 6 June 2018 on second, it has decided to recommend and, in the case of non-independent Directors, issue a favourable report to the Board: (i) re-election of all the Directors whose appointments expire as of the date of the forthcoming AGM and (ii) ratification, re-election and/or appointment, for the statutory term of four years, of all the Directors appointed by cooptation since the last AGM.

The Nomination and Remuneration Committee has also taken into account that all the Directors have been appointed considering their expertise, skills, professional experience, availability and suitability to be adequate for the performance of their duties.

In view of the different professional profiles of the Directors (all specialists in very different, but complementary, sectors, such as economic, financial, legal, industrial, consumer and distribution markets, beverages, rice and pasta) and the thorough knowledge some of them have of the Group overall, the Nomination and Remuneration Committee considers that the composition of the Board has an adequate diversity of professional experience and expertise to suit the interests of the Company and the Group..

3. Analysis of the motion tabled by the Board at the Annual General Meeting for ratification of the appointment by cooptation and re-election and appointment of María Carceller Arce as Director

The Nomination and Remuneration Committee took the following into consideration to issue this favourable report:

- a) In the opinion of the Committee, since she joined the Board on 28 June 2017, María Carceller Arce has amply demonstrated her capacity and professional worth in the performance of her duties. In this regard, the Nomination and Remuneration Committee considers the appointment of María Carceller Arce very positive, owing to her valuable contribution to the Board and the knowledge she has acquired of the activities of the Ebro Group.
- b) María Carceller Arce's academic qualification as BA in Business Studies and her specific qualifications in marketing and international business, as well as her extensive experience in the administration and management of different companies in the food and drinks sector, both national and international, make her a valuable asset for the Board, favouring the diversity of knowledge within this body.
- c) María Carceller Arce is a proprietary Director because she was nominated by Corporación Económica Delta, S.A., a significant shareholder of Ebro.
- d) It is convenient for María Carceller Arce to remain on the Board in order to maintain optimum stability and balance in the composition of this body.
- e) The appointment of María Carceller Arce is in line with the principles of the Company's Policy for Selecting Directors and in particular, enables the Company to maintain the female presence on the Board (the gender least represented on the Board) above 30% of the total Board members, set as a goal for 2020, although it has already been met.

4. Conclusions

Following the analysis and assessment made, the Nomination and Remuneration Committee unanimously resolved on 25 April 2018 to submit a favourable report to the Board on the motion to be tabled at the AGM for ratification of the appointment by cooptation of María Carceller Arce as Director (resolved by the Board on 21 March 2018), and her re-election and appointment as Director for the statutory term of four years. María Carceller Arce is a proprietary Director.

Madrid, 25 April 2018

Annex 3**Professional profile of María Carceller Arce**

(Madrid, 07-10-1970)

She has a BA in Business Studies from the European Business School, specialist in marketing and international business, with a postgraduate degree from IESE (Management Development Programme PDD-C).

She has over 20 years' professional experience in national and international companies in the food and drink sector.

She has been on the Food and Drink Advisory Board of the IESE Business School since 2001.

Since January 2012, she has been Managing Director of Grupo Rodilla.

Before joining Grupo Rodilla, she held different management positions in Pepsico and McDonald's, where she received prizes such as the President Award. She had previously been Manager in the Commercial and Marketing areas of several prestigious companies in the sector, such as Yoplait and Bodegas y Bebidas, S.A.

She is bilingual Spanish-German and also speaks English.