

A photograph of two copper pots filled with quinoa, resting on a wooden cutting board. The quinoa is light-colored and appears to be cooked or rinsed. The background is a dark, textured surface. The text "GOVERNANCE MODEL" and "EBRO 2016" is overlaid in white, bold, sans-serif font. There are two horizontal lines, one above and one below the text. A small white icon of a square with a diagonal line is positioned below the text.

GOVERNANCE MODEL
EBRO 2016

GOVERNANCE BODIES

OWNERSHIP STRUCTURE AND STOCK PERFORMANCE

RISK MANAGEMENT

Governance Bodies

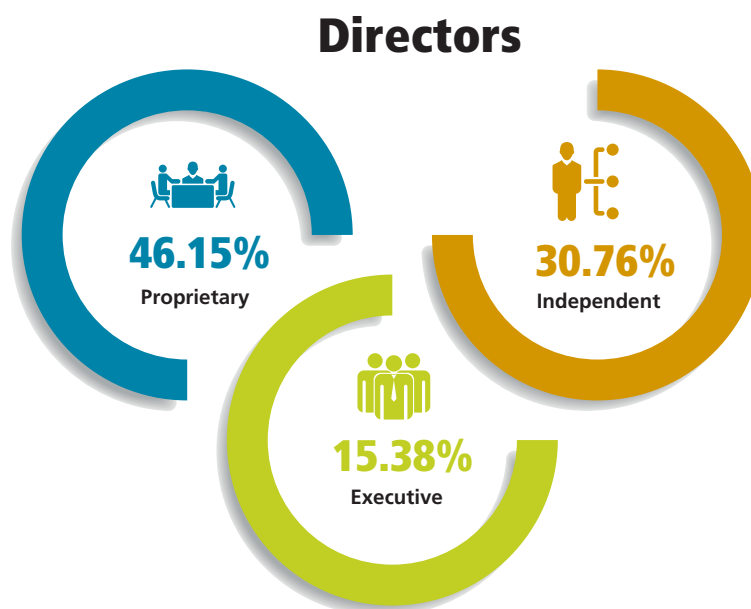
The governance bodies of Ebro Foods, S.A. are the General Meeting of Shareholders and the Board of Directors.

The General Meeting is the company's sovereign body. It is competent to discuss and adopt resolutions on all business reserved in law or the Articles of Association for decision by this body and, in general, on all business which, within its legal scope of competence, is submitted to it by the Board of Directors or the shareholders as stipulated in law.

Save in any matters reserved by law or the Articles of Association to the General Meeting, the Board of Directors is the highest body of governance and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects. The Board of Directors commissions the day-to-day management of the company to its executive members and the senior officers, focusing its own activities on oversight and certain general duties including, among others, those corresponding to it by law, those established in the Regulations of the Board and any that may be delegated to it by the General Meeting of Shareholders in the form stipulated in law.

The Board of Directors will have no fewer than seven nor more than fifteen members, the General Meeting being competent to decide their exact number and to appoint and remove directors.

At 31 March 2017, the Board of Directors of Ebro Foods has twelve out of a total of thirteen members, two of whom are executive directors, six are proprietary directors and four are independent directors.



The following table shows the changes that have taken place in the composition of the Board between 1 January 2016 and 31 March 2017.

Governance Bodies

CHAIRMAN

Antonio Hernández Callejas Executive

VICE-CHAIRMAN

Demetrio Carceller Arce Proprietary

MEMBERS

Alimentos y Aceites, S.A.
represented by Concepción Ordiz Fuertes Proprietary

Belén Barreiro Pérez-Pardo
Director since 25-1-2017 Independent

Fernando Castelló Clemente Independent

Jose Ignacio Comenge Sánchez - Real
appointed Lead Independent Director on 29-03-2017 following the death of
José Antonio Segurado García on 16-02-2017 Independent

Mercedes Costa García
Director since 27-07-2016 Independent

Empresas Comerciales e Industriales Valencianas, S.L.
represented by Javier Gómez-Trenor Vergés since 29-03-2017,
following the death of Juan Luis Gómez-Trenor Fos in January 2017 Proprietary

Hispafoods Invest, S.L.
Director up to 21-12-2016, represented by Blanca Hernández Rodríguez Proprietary

Grupo Tradifin, S.L.
Director since 21-12-2016, represented by Blanca Hernández Rodríguez Proprietary

Instituto Hispánico del Arroz, S.A.
Director up to 21-12-2016, represented by Félix Hernández Callejas Executive¹

Hercalanz Investing Group, S.L.
Director since 21-12-2016, represented by Félix Hernández Callejas Executive²

José Nieto de la Cierva
Director up to 31-12-2016 Proprietary

August Oetker Proprietary

Eugenio Ruiz-Gálvez Priego
Director up to 31-12-2016 Other Non-Executive³

José Antonio Segurado García
Lead Independent Director up to 16-02-2017 Independent

NON-DIRECTOR SECRETARY

Luis Peña Pazos

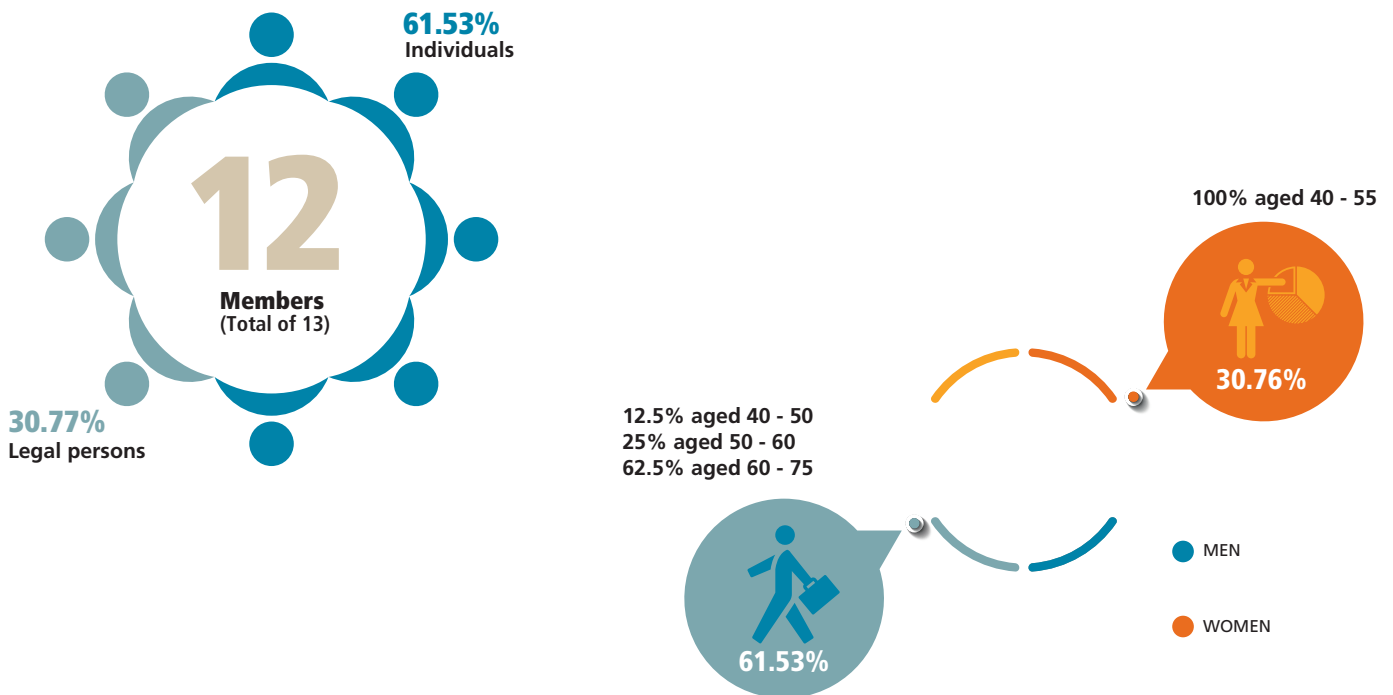
NON-DIRECTOR VICE-SECRETARY

Yolanda de la Morena Cerezo

(1) Although Instituto Hispánico del Arroz, S.A. (Director up to 21 December 2016) was classified as executive director, it, it never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, did not receive any remuneration as such. Instituto Hispánico del Arroz, S.A. had been classified as executive director in view of the fact that its representative on the Ebro Foods board was an executive of one of the Group's subsidiaries.

(2) Similarly, Hercalanz Investing Group, S.L. (Director from 21 December 2016) has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has not received any remuneration as such. It is classified as executive director in view of the fact that its representative on the Ebro Foods board was an executive of one of the Group's subsidiaries (the same executive who represented Instituto Hispánico del Arroz, S.A. on the Ebro Foods board).

(3) Although Eugenio Ruiz Gálvez-Priego (Director up to 31 December 2016) was classified as "other non-executive", he held office on the Board of Directors and the Audit and Compliance Committee as though he were a true independent director. Mr Ruiz Gálvez-Priego could not be classified as an independent director because he had been a director for a continuous period of over 12 years.



There are also four Committees, which guarantee fulfilment of the Board's duties and have the powers and competence established in the law, the Articles of Association and the Regulations of the Board.

Committees of the Board

EXECUTIVE COMMITTEE

Antonio Hernández Callejas (Chairman)
Demetrio Carceller Arce
José Nieto de la Cierva (up to 31-12-2017)
Javier Fernández Alonso (from 25-01-2017)
José Antonio Segurado García (up to 16-02-2017)

AUDIT AND COMPLIANCE COMMITTEE

José Ignacio Comenge Sánchez-Real (Chairman)
Fernando Castelló Clemente
Mercedes Costa García (from 27-07-2016)
Hispafoods Invest, S.L. represented by Blanca Hernández Rodríguez (up to 21-12-2016)
Grupo Tradifín, S.L. represented by Blanca Hernández Rodríguez (from 21-12-2016)
Eugenio Ruiz Gálvez-Priego (up to 31-12-2016)
Belén Barreiro Pérez-Pardo (from 25-01-2017)

NOMINATION AND REMUNERATION COMMITTEE

Fernando Castelló Clemente (Chairman)
Demetrio Carceller Arce
Hispafoods Invest, S.L. represented by Blanca Hernández Rodríguez (up to 21-12-2016)
Grupo Tradifín, S.L. represented by Blanca Hernández Rodríguez (from 21-12-2016)
José Antonio Segurado García (up to 16-02-2017)

STRATEGY AND INVESTMENT COMMITTEE

Demetrio Carceller Arce (Chairman)
Antonio Hernández Callejas
Instituto Hispánico del Arroz, S.A. represented by Félix Hernández Callejas (up to 21-12-2016)
Hercaliansz Investing Group, S.L. represented by Félix Hernández Callejas (from 21-12-2016)
José Nieto de la Cierva (up to 31-12-2016)
Javier Fernández Alonso (from 25-01-2017)

GOVERNANCE BODIES

OWNERSHIP STRUCTURE AND STOCK PERFORMANCE

RISK MANAGEMENT



Shareholding structure

Ebro Foods currently has a capital of €92,319,235.20, fully subscribed and paid up. The shares are issued in book-entry form and recorded by the Management Company of Securities Liquidation and Clearing Registration Systems (IBERCLEAR), listed on the four Spanish stock exchanges.

The details of the capital represented on the board as at 31 December 2016 are shown below:

SCALE OF PERCENTAGE INTERESTS IN THE CAPITAL	NUMBER OF CONTROLLING SHAREHOLDERS AND/OR DIRECTORS WITH AN INTEREST IN THE CAPITAL	TOTAL NUMBER OF SHARES OR VOTING RIGHTS	TOTAL PERCENTAGE OF CAPITAL
≥ 10.00%	3	48,953,987	31.82%
≥ 5.00% < 10.00%	3	36,306,588	23.60%
≥ 3.00% < 5.00%	0	0	0.00%
< 3.00%	6 (*)	6,897,060	4.48%

(*) None of these 6 directors is a controlling shareholder because the share they each hold in the capital is less than 3%.

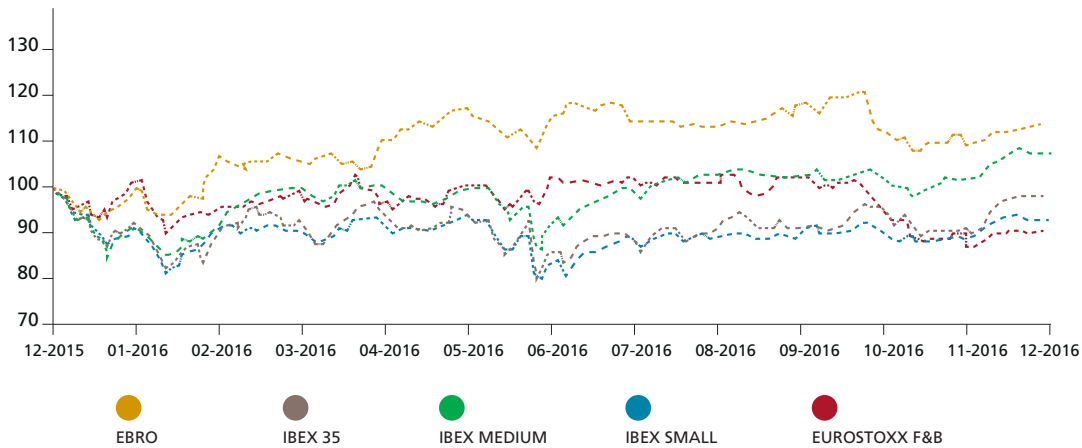
At 31 December 2016, 59.89% of the share capital was represented on the board, while the free float was estimated at 40.10%

Share performance

During 2016, the value of the Ebro Foods share rose by 13.6%, with a performance outshining all the comparable benchmark indexes. Over the same period, Ibex 35 dropped 9.7%, Ibex Med was down 9.3%, Ibex Small rose by 0.8% and Eurostoxx Food and Beverage, the benchmark for European food stocks, fell by 9.1%.

The share performance up to November was substantially better (+21%), but after the third quarter earnings releases and the rise in bond yields after seven years in decline, there was a rotation in stock portfolios seeking assets with a higher risk/yield. Consequently, the European food companies represented in the Eurostoxx Food and Beverage Index lost 10% of their market price, which affected us as it is our nearest comparable index and we lost part of the increased value accumulated over the first 10 months of the year, 6.4% to be exact.

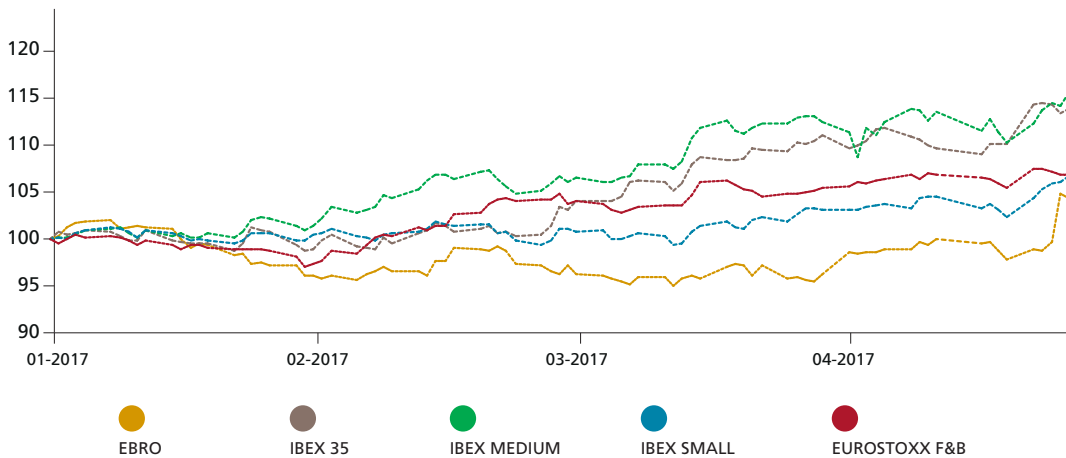
EBRO VS. INDEXES 2016



The average share price in 2016 was €19.23, closing the year at €19.05. Share turnover was equivalent to 0.46 times the total number of shares in the company. The average daily volume of trading during 2016 was 214,239 shares, compared to an average volume of 240,175 in 2015, a drop of 11%. This is a good figure, bearing in mind that the volume traded on the Spanish stock exchange in 2016 was 32% less than in 2015.

At 30 April 2017, the closing date of this Report, the company had a market capitalisation of €3,158 million, closing that day at €20.53 per share, up 7.7%.

EBRO VS. INDEXES AT 30 APRIL 2017



EBRO Analysts

Analysts continue to rate our share highly and EBRO is currently tracked by the following firms:

- ◆ 1. Ahorro Corporación
- ◆ 2. Banco Sabadell
- ◆ 3. Haitong Research - Iberia
- ◆ 4. BBVA
- ◆ 5. BPI
- ◆ 6. Gaesco Beka
- ◆ 7. Exane BNP Paribas
- ◆ 8. Fidentiis
- ◆ 9. Intermoney
- ◆ 10. JB Capital Markets, S. V.
- ◆ 11. Kepler Cheuvreux Capital Markets
- ◆ 12. La Caixa
- ◆ 13. Link Securities
- ◆ 14. Mirabaud
- ◆ 15. Alantra (N+1)
- ◆ 16. Santander Investment
- ◆ 17. UBS
- ◆ 18. Renta 4

At year-end 2016, the average rating by analysts gave EBRO a target price of €20.6 per share, 0.6% higher than our market price at that date.

Dividends

An ordinary dividend of €83 million (0.54 €/share) was distributed in 2016 against the 2015 profits.

The ordinary dividend was paid in three instalments (€0.18 per share) in April, July and October 2016.

The dividend yield per share at year-end was 2.8%.

For 2017, the Ebro Foods board unanimously resolved on 21 December 2016 to propose at the forthcoming Annual General Meeting a dividend of €0.57 per share against the 2016 earnings, to be distributed in three payments of €0.19 per share in April, June and October 2017. This would be a 6% increase in the dividend in respect of 2016.

GOVERNANCE BODIES

OWNERSHIP STRUCTURE AND STOCK PERFORMANCE

RISK MANAGEMENT

Risk management

Within the corporate policies approved by the Board of Directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in its group are exposed.

This general framework is set out in an integrated, homogenous Risk Control and Management System, guided by the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) integrated framework and guidance on internal control. This System is based on the preparation of a business risk map to identify, assess and rate the management capacity of different risks and thus obtain a ranking from greater to lesser impact for the Group and their probability of occurrence. Risks are classified into four main groups: compliance, operational, strategic and financial.

In the classification process, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures, adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures.

The model is both qualitative and quantitative and can measure risks in the Group earnings, considering whether the risk level is acceptable or tolerable on a corporate level.

In 2015, in the wake of the amendments to the Corporate Enterprises Act in 2014 and the new recommendations made in the Code of Good Governance of Listed Companies in February 2015, the Group has reinforced its Risk Control System, including tax risks, and internal control of financial information. The most important new feature is the creation of the Risks Committee as an internal committee reporting to the Audit and Compliance Committee, designed to be the centrepiece of the control system.

Following that review, the Risk Control and Management System, including tax risks and control over financial information, rests on the following structure:

- ◆ The Board of Directors, as the body responsible for the system, determines the risk control and Management System, including tax risks and control over financial information.
- ◆ The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of financial information and risk control systems, reporting regularly to the board on any significant aspects arising in these areas. It is responsible for supervising and promoting internal control of the Group and risk management systems, and submitting proposals to the Board on the risk control and management policy and possible measures for improvement.
- ◆ The Risks Committee, following the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordination and monitoring of the risk control and management system, including tax risks and control of the Group's financial information. The Risks Committee also analyses and assesses any risks associated with new investments.
- ◆ The Management Committees of the different units, with the participation of the Chairman of the Board and the Chief Operating Officer (COO), assess the risks and decide on the measures to be taken.

- ◆ Risk officers in the different units. The Risks Committee appoints officers responsible in the relevant subsidiaries for monitoring the risk control and management systems, including tax risks and financial information, and reporting to the Committee.
- ◆ Internal Audit Department. Within the internal audits made on the different subsidiaries, the company's Internal Audit Department checks that the testing and control of financial information and risk management systems are being done correctly, as stipulated by the Risks Committee.

NB: A full description of the risks and the measures taken to mitigate them can be consulted in Note 28 to the Consolidated Annual Accounts and point 4 of the consolidated Directors' Report.

