

ANNUAL ACTIVITY REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF EBRO FOODS, S.A. FOR THE YEAR ENDED 31 DECEMBER 2020

1. Duties and responsibilities

The Audit and Compliance Committee was set up by virtue of a resolution adopted by the Board of Directors on 22 September 1998. As a delegated committee of the board it has the duties and responsibilities attributed to it by law, the Articles of Association and the Regulations of the Board of Directors of Ebro Foods, S.A. (the “**Company**”).

Following the amendments made by Act 31/2014 of 3 December, section 529 quaterdecies.4 of the Corporate Enterprises Act establishes that, “*Without prejudice to any other duties assigned in the Articles of Association or, in accordance therewith, in the Regulations of the Board, the Audit Committee shall have at least the following duties:*

- a) *Inform the general meeting of shareholders on any issues raised in connection with the matters falling within the competence of the committee, particularly the results of the audit, explaining how it has contributed to the integrity of the financial reporting and the role played by the committee in that process.*
- b) *Oversee the effectiveness of the internal control of the company, internal audit and risk management systems and discuss with the auditors any material weaknesses of the internal control system detected during their audit work, without jeopardising their independence. For this purpose, if appropriate, recommendations or proposals may be submitted to the board of directors, indicating the time for follow-up.*
- c) *Supervise the process of preparation and delivery of the mandatory financial reporting and submit recommendations or proposals to the board to protect its integrity.*
- d) *Submit to the board proposals for the selection, appointment, re-appointment and replacement of the external auditor(s), taking responsibility for the selection process, pursuant to Articles 16.2, 3 and 5 and 17.5 of Regulation (EU) No 537/2014 of 16 April. It shall also propose the terms of contract and regularly obtain information from the auditors on the audit plan and its fulfilment, while preserving their independence in the performance of their duties.*
- e) *Establish the appropriate relations with the external auditors to receive information on any issues that may threaten their independence, which shall be studied by the committee; any other issues related with the audit process and, where appropriate, the authorisation of non-audit services other than the prohibited non-audit services, pursuant to Articles 5.4 and 6.2(b) of Regulation (EU) No 537/2014 of 16 April, and Title I, Chapter IV, Section 3 of the Audit Act 22/2015 of 20 July, on independence, and any other communications contemplated in the audit laws and standards. In any case,*

the committee should receive each year from the external auditors a declaration of their independence from the company or any companies directly or indirectly related to it, and detailed information for each company of any additional services of whatsoever nature provided and the corresponding fees received from those companies by the external auditors or the persons or entities related to them, according to the laws and standards regulating audit activities.

- f) Issue annually, prior to issuance of the auditors' report, a report expressing the committee's opinion on whether the independence of the auditors or audit firms is jeopardised. This report shall contain at least a reasoned assessment of the presentation of each and all of any additional services contemplated in the preceding paragraph, individually or altogether, other than the legal audit and in relation to the provisions on independence or those regulating audit activity.*
- g) Inform the board in advance on all matters contemplated in the law, the articles of association and the regulations of the board and, in particular, on:*
 - 1. The financial information that the company is obliged to publish periodically.*
 - 2. The creation or acquisition of shares in base companies or special purpose vehicles or companies domiciled in countries or territories considered tax havens.*
 - 3. Related party transactions.*

The Audit Committee will not perform the duties contemplated in this paragraph (g) if they are assigned in the articles of association to another committee and the members of that other committee are exclusively non-executive directors, at least two of them being independent directors, one of whom should be chairman.

The provisions of paragraphs 4(d), (e) and (f) shall be without prejudice to the audit laws, regulations and standards.”

Article 24.4 of the Regulations of the Board (following the amendment resolved by the Board on 16 December 2020) establishes the following: *“The Audit and Compliance Committee shall have the following powers, in addition to those assigned to it by law, regulations or the Articles of Association:*

- a) Supervise, assess and promote internal control of the company and the financial and non-financial risk management systems, including operating, technological, legal, social, environmental, political, reputational and corruption-related risks, and submit recommendations to the Board for a decision on the risk management and control policy, including tax risks, specifying at least:*
 - The types of financial and non-financial risks to which the company is exposed.*

- *The risk level that the company considers acceptable.*
 - *The measures for mitigating the impact of identified risks, should they actually occur.*
 - *The control and reporting systems used to control and manage those risks.*
- b) *Supervise and promote the policies, procedures and systems used for drawing up and controlling the company's financial and non-financial information, checking the services performed in this regard by the Internal Audit Department, the Financial Department and the Management Committee and making sure they are correctly distributed throughout the Group.*
- c) *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.*
- d) *Ensure that (i) the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be authorised for issue in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company and make sure that any interim financial statements are drawn up according to the same accounting principles as the annual accounts, considering the possibility of asking the external auditors to make a limited audit if necessary; and (ii) the Board of Directors endeavours to submit the annual accounts to the General Meeting with an unqualified auditors' report.*

In this respect, it shall also see that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the company's annual accounts, supervising the policies and procedures established to ensure 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.

- e) *Establish regular contact with the External 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.*
- f) *Be informed of the decisions adopted by the senior management according to recommendations made by the External Auditors in connection with the audit.*
- g) *Report to the Board prior to the adoption of any decisions on related party transactions submitted for its authorisation.*

- h) *Implement a confidential whistleblowing channel accessible to all Group employees and other people related with the company, and a protocol for establishing priority, processing, investigating and solving any issues reported through that channel according to their importance and nature, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.*
- i) *Supervise compliance with the internal codes of conduct and rules of corporate governance, including the policies approved by the Board, subject to supervision by the Audit and Compliance Committee. In particular, oversee the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in general and the financial reporting process in particular.*
- j) *Submit to the Board, to be tabled at the General Meeting, proposals for the selection, appointment, re-appointment and replacement of the company's External Auditors and their terms of contract, the scope of their commission and the renewal or revocation of their engagement. The Committee shall ensure the independence of the External Auditors and the existence of a discussion procedure enabling the External Auditors, the Internal Audit Department and any other expert to inform the company of any significant weaknesses in its internal control detected while checking the annual accounts or any other processes in which they have worked. The Committee shall issue an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the External Auditors and any supplementary services they may have provided. It shall also inform the Board on the proposal for appointment of the Internal Audit Manager and approve each year the internal audit work plan, monitoring its implementation.*
- k) *Supervise and report to the Board on intragroup and related party transactions of the company or subsidiaries and settle any conflicts of interest that may arise between the company or the group and its directors, executives, significant shareholders and listed subsidiaries, if any.*

The Audit and Compliance Committee shall also report to the General Meeting on any issues raised by shareholders concerning matters within its remit."

2. The Good Governance Code and the Technical Guide on Audit Committees in Public Interest Entities

In February 2015, the National Securities Market Commission (CNMV) published the current Good Governance Code for Listed Companies (the "Good Governance Code"), which included several recommendations for the Audit Committee. Some of those recommendations were developed in the "Technical Guide on Audit Committees in Public Interest Entities" (the "Technical Guide"), published by the CNMV in June 2017.

At the end of 2017, the Audit and Compliance Committee, counselled by an external expert, reviewed the degree of alignment of that Committee with the good practices indicated in the Technical Guide, analysing them in the light of the circumstances and

characteristics of the company. The results of that work were set out in a report, which was presented to the Committee in June 2018.

In view of certain aspects mentioned in that report, the Committee adopted several decisions to establish the practices considered appropriate. Most of them were implemented in 2018.

The Good Governance Code was revised in June 2020 and certain aspects relating to the Audit and Compliance Committee were amended. In the wake of those amendments, the Regulations of the Board were revised (aligning them with the new text of the Good Governance Code, insofar as this was deemed necessary), including some of the regulatory provisions concerning the Audit and Compliance Committee.

3. Composition

Following the amendment of the Corporate Enterprises Act by the Accounts Audit Act 22/2015 of 20 July, section 529 quaterdecies establishes that, *“all the members of the Audit Committee shall be non-executive directors appointed by the Board and at least the majority of them shall be independent directors, one of whom shall be appointed on the basis of their experience and expertise in accounting, auditing or both.”*

In the company’s internal regulations, the composition of the Audit and Compliance Committee is regulated in Article 28.2 of the Articles of Association and Article 24.1 of the Regulations of the Board.

Article 28.2 of the Articles of Association provides that: *“An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors, at least the majority shall be independent directors and one of them shall be appointed on the basis of his experience and expertise in accounting, auditing or both.”*

The Board shall appoint one of the independent directors on the Audit and Compliance Committee to chair that committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such. In the event of absence or temporary unavailability of the Chairman, he shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the oldest Committee member.”

Article 24.1 and 2 of the Regulations of the Board establishes the following (following the amendment resolved by the Board on 16 December 2020):

“An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five directors. All the members of this Committee shall be non-executive directors, at least the majority shall be independent directors and overall they will be appointed on the basis of their experience and expertise in accounting, auditing and financial and non-financial risk management, or any one or more of those areas.”

The Board shall appoint one of the independent directors on the Audit and Compliance Committee to chair that committee, subject to a report by the Nomination and Remuneration Committee. The Committee chair shall be replaced every four years and will become eligible for re-election one year after their retirement as such. The chair of the Audit and Compliance Committee shall be appointed on the basis of their expertise and experience in accounting, auditing and financial and non-financial risk management, or any one or more of those areas.”

Throughout 2020 and up to the date of issue of this annual report, the Audit and Compliance Committee had the following composition:

- Mercedes Costa García - Chair (lead independent director), for the whole year;
- Fernando Castelló Clemente - Member (independent director), for the whole year;
- Grupo Tradifín, S.L. (Blanca Hernández Rodríguez) - Member (proprietary director), for the whole year;
- Corporación Financiera Alba, S.A. (Javier Fernández Alonso) – Member (proprietary director), up to 29 July;
- Javier Fernández Alonso – Member, from 29 July and for the rest of the year;
- Pedro Antonio Zorrero Camas – Member (independent director), for the whole year.

Luis Peña Pazos, (non-director) Secretary of the Board, is (non-member) Secretary of the Audit and Compliance Committee.

In the opinion of the Committee and the Board, the members of the Committee have the necessary diversity of expertise required for its increasingly more complex remit. Apart from the members who are experts in accounting and auditing, there is a wide diversity of expertise and experience among the professional profiles of the Committee members, including financial and non-financial risk management.

The professional profiles of the members of the Audit and Compliance Committee can be consulted on the corporate website: www.ebrofoods.es.

4. Procedure

Article 28.2 of the Articles of Association provides as follows: *“The Audit and Compliance Committee shall meet with the frequency stipulated in the Regulations of the Board and as and when called by its Chairman, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chairman and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chairman, or acting Chairman, shall have the casting vote. The Secretary of the Committee shall be appointed*

by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.”

Article 24.3 of the Regulations of the Board provides as follows: *“The Audit and Compliance Committee shall meet as and when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.”*

Article 22 of the Regulations of the Board contains general provisions applicable to all the Committees of the Board, including the Audit and Compliance Committee.

5. Summary of activities performed during 2020

The Audit and Compliance Committee held six (6) meetings in 2020, all attended by the Committee Chair. Of those meetings, only the one held in February 2020 was in person, the remaining five having been held through video conferencing owing to the restrictions imposed during the COVID-19 pandemic. This notwithstanding, the pandemic did not prevent adequate holding (online) of the Committee meetings considered necessary during the year, even though the impossibility of meeting in person made it necessary to adjust the agenda for some meetings, as indicated hereinbelow.

The main actions taken by the Audit and Compliance Committee during the year are summarised below:

- Meeting on 26 February 2020:

- The Annual Internal Audit Plan for 2020 was approved. It was decided that the Annual Internal Audit Plan for each year should be presented and approved at the last meeting of the previous year (and this was done in 2020).
- The external auditing (by EY) of the separate and consolidated annual accounts 2019 was reviewed, ensuring that the auditors’ reports were unqualified, with some audit work pending completion at the date of the meeting.

Within that work, the external auditors informed the Committee on the principal metrics at year-end 2019, the principal changes in respect of 2018 and the reasons for those changes, the review of the Non-Financial Statements (forming part of the **Consolidated Management Report**), the review of the internal control over the financial reporting system (ICFR) and the verification that the covenants of financing agreements were being met.

The external auditors explained to the Committee the key auditing issues identified during their work and their working strategy; and also presented the new accounting regulations applicable in the year and the principal aspects of the standards then being developed.

- The Committee checked and agreed to issue a favourable report to the Board on the H2 2019 (cumulative) financial report. The Finance Manager explained the principal aspects of that information, focusing on the non-recurring aspects during the period. The Committee was also informed on the audit and control measures applied to the financial reporting and the estimates disclosed to the market.
 - A report was received from the Risks Committee, operating within the Audit and Compliance Committee, responsible for monitoring the Risk Control Policy and the internal control over the financial reporting system, regarding the most important aspects of management risk control, the ICFR and tax risks corresponding to H2 2019.
 - The Compliance Unit, operating within the Committee, responsible for monitoring the main aspects of legal compliance, including the Crime Prevention Model, the Internal Code of Market Conduct and the Code of Conduct, also presented its report on H2 2019, which included the results of reporting under the Crime Prevention Model, among other aspects.
 - The related party transactions made by the company and its group with core shareholders, directors and their representatives (and parties related to them) were reviewed, checking that they were made in the normal course of the company's and group's business, on arm's length terms (conditions and prices) and within the constraints of the authorisation granted by the Board.
 - A report was presented by the Internal Audit Department on the subsidiary Panzani (France), issued in accordance with the Internal Audit Plan 2019.
 - Within programme for increasing its understanding and monitoring business risks, the Committee was informed specifically on the "Contracts" risk, describing both the potential impact of any risk that may materialise and the means implemented to mitigate and control it.
 - In pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit services contracted with the external auditors, EY, were put on record.
- **Meeting on 24 March 2020:**
- The Committee checked and resolved to pass a favourable report to the Board of Directors on the separate and consolidated annual accounts for the year ended 31 December 2019. Within the scope of their audit work, the external auditors of the company and its group presented their unqualified draft report on the accounts.
 - The draft report by the auditors on the internal control over the financial reporting system (ICFR) 2019 was reviewed, indicating the absence of any material irregularities in the ICFR. The external auditors also informed the

Committee that the most important incidents mentioned in their letter of recommendations presented in 2018 had been remedied.

- The favourable report by the external auditors on the of Non-Financial Statements was also reviewed.
- The external auditors also presented the draft special report required by Article 11 of Regulation (EU) No 537/2014, pointing out that the audits made by the external auditors to verify compliance with the requirements established for the potential contracting to the external auditors of non-audit services, pursuant to Article 5(3) of Regulation 537/2014, were annexed thereto.
- After due examination of the information provided by the auditors in the above-mentioned report and the issuing by said auditors of a declaration of independence, a favourable report was issued on the independence of the auditors of the company and its Group, to be submitted to the Board.
- The external auditors gave a theoretical explanation of the implications of the COVID-19 crisis on the Annual Accounts. In this regard, after indicating that some companies were including in their 2019 accounts (as post-balance-sheet events) a detailed study and estimate of the potential impact of the pandemic on their future business, they pointed out that in the case of the Ebro Group, an explanation was included highlighting the uncertainty of the situation, which they considered sufficient. They also informed the Committee that, from a theoretical point of view, their initial valuation indicated that the impart was not very significant in the case of the Ebro Group.
- The external auditors submitted their proposal of fees for auditing the accounts of 2020, 2021 and 2022. After analysing and discussing this proposal, the Committee agreed to present a favourable report to the Board on the re-appointment of EY as external auditors for those years.
- The Committee verified the information on related party transactions, potential conflicts of interest and risk control (falling within the remit of the Committee) to be included in the Annual Corporate Governance Report 2019 and resolved to submit a favourable report to the Board.
- The Committee's Activity Report for 2019 was issued and approved for submission to the Board. In this regard, it was informed on the functioning of the whistleblowing channel during 2019, with no complaints during the year.
- Finally, Blanca Hernández Rodríguez, Chair of the Ebro Foods Foundation and member of the Audit and Compliance Committee (as representative of the director Grupo Tradifin, S.L.), informed the Committee about the principal actions on which the Foundation was working within the pandemic, in consideration of the competence of the Audit and Compliance Committee

for fostering and monitoring the Group's Corporate Social Responsibility Policy.

Although the Annual Work Plan of the Audit and Compliance Committee contemplated continuing with the detailed study of the main risks to which the Group is exposed during the Committee meetings in 2020, it was decided to suspend that task until in-person meetings were possible again.

- **Meeting on 28 April 2020:**

- The committee checked and agreed to issue a favourable report to the Board on the Q1 2020 financial report. The Finance Manager informed the Committee of the main aspects of that information, focusing on the non-recurring aspects of the quarter.
- Just as every year, the external auditors presented their recommendations regarding the internal control processes established in the Group. The Committee was informed of the measures put in place to remedy the inefficiencies, all of them minor.

The recommendations regarding the audit of the Non-Financial Statement were also presented, pointing to possible improvements in the data collection and consolidation tools and awareness of the team responsible for reporting the information. The Committee was also informed of the measures put in place by the Group with regard to these aspects.

- The Communication and Corporate Social Responsibility Manager entered the meeting to inform on the most important aspects regarding CSR and sustainability, since one of the duties of the Audit and Compliance Committee is to monitor the Group's CSR Policy. The Communication and Corporate Social Responsibility Manager presented the Group CSR Report 2019, in which the aspects of the Non-Financial Statement are developed. The Committee verified that the measures and actions implemented during 2019 were in line with the principles set out in the corporate policy on the matter and resolved to submit a report to the Board in favour of approving the Report presented.
- Finally, in a pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit services contracted with the external auditors, EY, were put on record.

- **Meeting on 28 July 2020**

- The committee checked and agreed to issue a favourable report to the Board on the H1 2020 financial report. The Finance Manager explained the principal aspects of that information, focusing on the non-recurring aspects during the period.

- A report was presented by the Internal Audit Department on the subsidiary Herba Bangkok, in accordance with the audit schedule established for the year.
- The Committee was informed of aspects deriving from the self-assessment process of the Board and its Committees regarding their procedures and it resolved to take the necessary measures to remedy those aspects where there was room for improvement, even though the overall assessment was considered satisfactory.
- According to the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the Committee was informed on the different non-audit services contracted with the external auditors, checking the conditions of those services and compliance with the Protocol.

- **Meeting on 27 October 2020:**

- The Committee checked and agreed to issue a favourable report to the Board on the Q3 2020 financial report. The Finance Manager explained the principal aspects of that information, focusing on the non-recurring aspects during the quarter.
- The external auditors, EY, attended the meeting to present their audit strategy for 2020, and the Committee approved the focus and planning presented.
- A report was received from the Risks Committee, which reports to the Audit and Compliance Committee, responsible for monitoring the Risk Control Policy and the internal financial control system, regarding the most important aspects of management risk control, the internal control over the financial reporting system (ICFR) and tax risks corresponding to H1 2020.
- A report was received from the Compliance Unit, which reports to the Audit and Compliance Committee, responsible for monitoring the principal aspects of legal compliance, including the Crime Prevention Model, the Internal Code of Market Conduct and the Code of Conduct, corresponding to H1 2020.
- The Committee followed up and was informed on the progress of the work being done on: (i) review/update of the Crime Prevention Model and (ii) audit on personal data protection, both affected by the pandemic.

In particular, the Committee reviewed the work on updating the Crime Prevention Model, which had been completed, and decided to submit the updated Model for approval by the Board, acknowledging that the reporting for the second half of 2020 would be done under the revised Model.

As regards the audit work on personal data protection, the Committee acknowledged the reports presented by the external auditors, which had

already been sent to the Spanish subsidiaries of the Group for implementation of the action plans indicated therein, requesting the Compliance Unit to monitor implementation of the adaptations recommended in the audit.

- The Chief Audit Officer presented the follow-up and progress report on the Internal Audit Plan 2020, especially informing on how the pandemic had affected some of the work scheduled. The Committee was informed that in spite of the mobility restrictions (preventing the department from doing the on-site work required in the subsidiaries), it was believed that the work outstanding would be concluded before the end of the year.
 - The Chief Audit Officer presented the outcome of the work done by his department in the ICFR control testing. In particular, he informed on the review made in Herba of the measures taken to remedy the inefficiencies detected in the audit work done in 2019.
 - The Chief Audit Officer also reported on the monitoring of the principal investments approved by the Group over the period 2015-2018. In particular, he informed in detail on the progress of the work and the deviations (in amount, time and/or financial analysis) detected and their cause and justification.
 - According to the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the Committee was informed on potential non-audit services contracted to the external auditors, checking the conditions of those services and compliance with the Protocol.
- **Meeting on 15 December 2020:**
- The Group Tax Manager joined the meeting to report on the main aspects regarding taxation of the divestments then in progress in North America.
 - The external auditors of the Company and its Group informed on the progress of the preliminary audit work on the Annual Accounts 2020. They set out their preliminary comments on the key issues and material aspects of accounting, focusing especially on the accounting of the divestments in North America.
- The external auditors also informed the Committee of the latest novelties in accounting standards and on the Non-Financial Statement.
- The Committee assessed and agreed to submit a favourable report to the Board on the 2021 dividend (against the 2020 profits).
 - The Committee assessed the degree of fulfilment of its Annual Work Plan 2020 and approved the Plan for 2021 (the draft of which had been sent to the Committee members in November and the comments submitted by the Committee members had been incorporated).

- The Committee was informed on and assessed the actions taken during the year in the area of the Group's Corporate Social Responsibility, especially the long-term Sustainability Plan "*Rumbo a 2030*" ["Heading for 2030"].

In particular, in the context of the prevailing circumstances (world pandemic), the main work done in 2020 focused on: (i) social action and (ii) internal organisation within the CSR and Sustainability area.

The internal work especially included action in respect of: (i) sustainability, climate change and human rights (within the framework of the impending EU Directive on the matter), (ii) energy consumption and greenhouse gas emissions and (iii) the "zero waste" target.

The Committee was also informed on the work done during the year on improving the non-financial reporting system and the results obtained by the Group in the "Informe Reporta", in which it has risen 8 places to 25, out of a total 144 companies.

- The Committee checked the proposals for altering the Regulations of the Board and corporate policies insofar as they were within its remit. Those proposals sought to incorporate in the Regulations and Group Policies aspects considered appropriate in the wake of the revision of the CNMV Good Governance Code in June 2020.
- The Chief Audit Officer presented reports to the Committee on: (i) the follow-up by Panzani of the aspects brought to light in the report on ICFR control testing during 2019, and (ii) the outcome of the ICFR control testing done on the US subsidiary Riviana.
- The Internal Audit Department also presented its financial audit report on the Argentinian subsidiary La Loma Alimentos, S.A.
- The Committee reviewed and assessed the degree of fulfilment of the Annual Internal Audit Plan, acknowledging the special efforts made during the year as the restrictions imposed to control the pandemic that hampered the scheduled work.
- The Annual Internal Audit Plan for 2021 was also presented to and approved by the Committee.
- According to the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the Committee was informed of potential non-audit services contracted to the external auditors, checking the conditions of those services and compliance with the Protocol.

At all its meetings, the Committee has been informed of the verification made by the Secretary of the updating of the company's website, in accordance with the provisions of the CNMV Technical Guide on Audit Committees.

The Audit and Compliance Committee informed the Board promptly on all issues discussed at its meetings during 2020.

6. Principal aspects of the Committee's actions

6.1. Supervision of financial reporting

The Audit and Compliance Committee supervised and checked during 2020 the process of preparing and presenting the statutory financial reporting (quarterly and half-year), prior to its assessment and approval by the Board of Directors. After supervision and review, the Committee submitted a proposal to the Board in this regard.

The Audit and Compliance Committee also supervised and checked the preparation of the separate and consolidated Annual Accounts 2019, which were subsequently approved for issue by the Board of Directors and approved by the General Meeting on Shareholders of the company. The Committee was assisted in this task by the Finance Department and, primarily, by the external auditors of the company and its Group, taking special care to ensure an unqualified auditors' report.

In 2020, the Committee decided to become more involved in defining the strategy for auditing the annual accounts, strictly respecting at all times the independence of the external auditors. In this regard, the external auditors attended the Committee meeting in October to explain their approach, allowing the Committee to assess and comment on it.

6.2. Scepticism and promotion of constructive dialogue. Relations with management

Since its meeting on 17 December 2018, the Committee has established a number of measures designed to reinforce the sceptical, critical approach by its members and constructive dialogue at meetings, as recommended in the analysis of the degree of compliance of the Committee's duties and procedures with the CNMV Technical Guide on Audit Committees in Public-Interest Entities, which had been commissioned to an external expert in 2018.

These measures include, among others: (i) setting in advance the agenda for meetings and the supporting documents for the business to be transacted (as per the Annual Work Plan); (ii) the participation of executives at meetings when so required by the business to be transacted; (iii) preparation and delivery to new Committee members of a "welcome pack" giving them a rapid insight into the structure of the Group and key aspects for the Committee (in view of its remit), to make their incorporation in the Committee expeditious and effective; (iv) limitation of the participation by executives in Committee meetings, establishing in any case that all meetings will end with the exclusive presence of the Committee members (and Secretary) in order to reflect, without the presence of any member of the management, on the business transacted at the meeting or such other matters as it may deem fit; and (v) the holding of meetings prior to the dates scheduled for Board meetings to give members a chance to reflect after the Committee meeting, should they consider this necessary.

Based on these measures, the Committee maintains constructive dialogue with both the external auditors and the Group management, although the attendance of outsiders at Committee meetings is limited to presentation of the business in question and responding to any questions or comments from the Committee members on that business. Following their participation, when it occurs, the outsiders (external auditors, Finance Manager, Chief Audit Officer, COO, etc.) leave the meetings and the Committee discusses the information presented, with total freedom and independence, and adopts the measures and decisions it deems fit in each case.

6.3. Relations with the external auditors

During 2020, the Committee's relations with the external auditors have essentially been conducted through: (i) their attendance of Committee meetings where appropriate, according to the business to be transacted; and (ii) the meetings held with the Committee chair prior to the meetings in which the external auditors were going to participate.

Through those meetings between the Committee Chair and the external auditors, not only has the preparation of Committee meetings improved, but also it has been possible to inform the external auditors in advance on the issues that the Committee considers most important, thus enabling the auditors to address at those meetings the objectives, concerns and expectations of the Committee. In any case, the Committee members may contact the members of the external audit team directly to discuss any matter, should they so deem fit.

Every time the external auditors have attended Committee meetings, they have prepared and sent out to the Committee members (through the Secretary) the relevant supporting documents for the matters that they have presented. At the different meetings, the external auditors have answered any questions or requests raised by Committee members.

6.4. Independence of the external auditors

During 2020, the Committee monitored constantly and thoroughly any aspects that could potentially jeopardise the necessary independence of the external auditors.

In this regard:

- (i) Through the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the Committee maintains permanent control over any potential contracting to the external auditors of non-audit services. That control is extended not only to those services which, under the laws and regulations currently in place, require pre-approval by the Audit Committee (pursuant to Article 5(3) of the Regulation (EU) No 537/2014), but also any other non-audit services.
- (ii) At its meeting on 24 March 2020, the Committee checked the declaration of independence made by the external auditors and issued a favourable report on their independence, to be submitted to the Board and made available to shareholders together with the notice of call to the Annual General Meeting.

- (iii) At the same meeting, the external auditors presented their special report required by Article 11 under Regulation (EU) No 537/2014.

The increased contact between the Committee (and its Chair) with the external auditors by no means affects the independence of the latter, and both the Committee and the auditors take all necessary measures to guarantee that independence.

6.5. Relations with the internal auditors

During 2020, the Committee monitored the implementation of the Internal Audit Plan approved at the beginning of the year. The Chief Audit Officer informed the Committee on the different work done during the year, as required by the approved Plan, in spite of the difficulties encountered for completing some of the work scheduled, owing to the pandemic.

The relations of the Audit Committee with the Internal Audit Department are channelled through the checking and approval of the Annual Internal Audit Plan and the Chief Audit Officer's attendance of Committee meetings whenever this is considered necessary or convenient.

Furthermore, in 2020 (in compliance with the decision adopted by the Committee in 2019) the Internal Audit Department has regularly informed the Committee on the state of the work scheduled for the year (and, where appropriate, any difficulties or incidents that have hampered or prevented them from completing that work within the scheduled time) and monitoring of the measures or action plans established following the work done (especially, with regard to financial audits, monitoring of the adjustments proposed in the financial audits made of the Group's subsidiaries).

The Internal Audit Plan for 2020 was approved by the Committee at its meeting on 26 February 2020.

The Internal Audit Department presented the Internal Audit Plan 2021 to the Audit and Compliance Committee on 15 December 2020, when it was approved. The Committee has requested the annual internal audit plans for each year to be submitted for approval at the last meeting of the preceding year.

6.6. Assistance from external experts

During 2020, the Committee sought external advice on matters whenever it so deemed fit. In particular, in addition to the assistance provided by the external auditors on matters relating to accounting (impact of the new legal provisions on accounting) and auditing (Law on auditing of accounts and non-financial information), the Committee:

- (i) continued working with external experts on the auditing of personal data protection in the Spanish companies of the Group, begun in 2019;
- (ii) continued working with external experts to review and update the criminal risk map at the core of the Crime Prevention Model, begun in 2019.

Whenever assistance has been obtained from external advisors, the Committee has considered aspects that could jeopardise the work and independence of those providing the required services. Wherever appropriate, several bids have been requested to provide the services.

6.7. Risk control and the Internal Control over the Financial Reporting System

Within the measures implemented for monitoring and control of management risks and the internal control over the financial reporting system (ICFR), during 2020 the Committee received the regular reports of the Risk Committee by the stipulated dates, ensuring that it had constant, adequate knowledge of the different risks and important aspects, as well as the measures taken to control and mitigate them. With regard to the ICFR, the Committee monitored the assessment of controls (tests) and updates made during the year, receiving timely information on the progress of that work.

On 24 March 2020, the external auditors presented the Audit Committee with their draft ICFR assessment report for 2019 (the final report was issued in April), revealing that the assessments had not detected any inconsistencies or irregularities that could affect the ICFR. This notwithstanding, on 28 April 2020, as in previous years, the external auditors presented their recommendations regarding the internal control processes in place in the Group, intended to reveal any minor inefficiencies detected and propose measures to strengthen the controls over the internal control processes. The Committee discussed those recommendations and took the measures it considered necessary to improve and reinforce these controls.

During 2020, the assessment and updating of the management risk map concluded (somewhat later than expected owing to the pandemic), defining the new Top 25 inherent and residual risks. Against this backdrop, and although the detailed description of the principal risks identified in the risk map, contemplated in the Committee's Annual Work Plan, was interrupted in 2020, those actions are expected to continue in 2021 to enhance the knowledge of the principal management risks to which the Group is exposed.

Finally, the ICFR control testing by the Internal Audit Department, begun in 2019, continued in 2020. The work consisted of: (i) making sure the incidents detected in 2019 had been remedied, and (ii) expanding testing to other major subsidiaries of the Group. The Audit Committee's Annual Work Plan for 2021 contemplates continuation of this work.

6.8. Corporate Social Responsibility and Sustainability

During 2020, the Audit and Compliance Committee monitored actions in the area of Corporate Social Responsibility, Sustainability and Environment and the extent to which they are aligned with the principles established in the Sustainability, Environment and Corporate Social Responsibility Policy and the Social Action Policy.

The pandemic affected the Group's actions in this area in two ways during 2020: on the one hand, the social action was stepped up as needs multiplied, stemming not only from the pandemic per se, but also from its economic consequences. And on the other hand,

considerable internal work was done in areas such as: (i) sustainability, climate change and human rights (within the framework of the impending EU Directive on the matter), (ii) energy consumption and greenhouse gas emissions and (iii) the “zero waste” target and enhancing the reporting tools and training on Non-Financial Reporting.

6.9. Whistleblowing channel

No grievances were reported in 2020 through the whistleblowing (complaints) channel established in the Code of Conduct.

6.10. Annual Work Plan of the Committee for 2021

Following the best corporate governance practices and the recommendations set out in the CNMV Technical Guide on Audit Committees in Public-Interest Entities, the Audit and Compliance Committee approved its Annual Work Plan for 2021 at its meeting on 15 December 2020.

That Annual Work Plan schedules the meetings planned for the year (without prejudice to any extraordinary meetings that may be considered necessary), setting the agenda for each one and the documents to be sent to the Committee members on the business to be discussed at each meeting.

The Annual Work Plan also defines the aspects within the Committee’s remit on which specific work is recommended during the year, and training for Committee members on any new or especially complex matters on which it is considered appropriate to boost the Committee members’ knowledge.

The Annual Work Plan will enable the Committee, at the end of each year (as it did at the meeting on 15 December 2020 in respect of the Annual Work Plan 2020), to assess the degree of compliance with the provisions thereof and, where necessary, take such measures as it may deem fit in respect of any targets not met.

7. Assessment and performance

The Audit and Compliance Committee does not assess its own performance during the year, although the annual assessment of the Board of Directors, its Committees and the Executive Chairman includes aspects corresponding exclusively to the Audit and Compliance Committee. Those aspects are intended to assess both the internal procedures of the Committee (with questions aimed exclusively at its members) and its relations with and counselling of the Board of Directors in matters falling within its remit (with questions aimed at all Directors regarding their perception of the composition, powers, duties, procedures and reporting to the Board by the Audit and Compliance Committee).

In this regard, in the assessment made in 2020 (in respect of 2019), the assessment of both internal aspects of the Committee and the perception by other directors of its work were satisfactory. However, certain aspects were detected in that process, in respect of which measures could be considered to optimise the functioning of the Committee. Those

aspects were discussed at the Committee meeting on 28 July 2020, when it was decided to adopt the measures for improvement considered appropriate.

Moreover, the approval at the end of 2019 of the Committee's Annual Work Plan 2020 enabled the Committee, at its meeting of 15 December 2020, to make a positive assessment of the work done during the year and compare it with the targets set at the beginning of the year.

8. Responsibility for the information contained in the Annual Activity Report of the Audit and Compliance Committee

The Audit and Compliance Committee assumes responsibility for the contents of this Report, approved by the Committee on 23 March 2021. This report will be made available to the company's shareholders and investors within the General Meeting section on the corporate website www.ebrofoods.es coinciding with publication of the notice of call to the forthcoming Annual General Meeting.

Issued in Madrid, on 23 March 2021.

Mercedes Costa García
Chair

Luis Peña Pazos
Secretary

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In the event of any discrepancy between the Spanish and English versions
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