



Business  
model

## 3. Business model

### DEFINITION OF THE MODEL

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

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

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

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



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

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

## GLOBAL PRESENCE

The Ebro Group operates through a portfolio of 81 brands in 63 countries, with industrial and commercial facilities in 16 of them. In the remaining 47 countries, we only engage in commercial activity. Our industrial park comprises some 80 sites, including production plants, offices and warehouses.

### List of countries with commercial and industrial presence

Argentina	Denmark	Italy	Spain
Belgium	France	Morocco	Thailand
Cambodia	Germany	Netherlands	United Kingdom
Canada	India	Portugal	United States

### List of countries with only commercial presence

Algeria	Cuba	Iceland	Mozambique	Switzerland
Angola	Curaçao	Ireland	Oman	Suecia
Austria	Czech Republic	Israel	Panama	Togo
Bahamas	Egypt	Jamaica	Peru	Tunisia
Bahrain	Estonia	Japan	Puerto Rico	United Arab Emirates
Bermuda	Finland	Jordan	Qatar	US Virgin Islands
Brazil	Ghana	Kuwait	Saint Martin	Yemen
Chile	Greece	Lebanon	Saudi Arabia	
Colombia	Haiti	Libya	South Africa	
Costa Rica	Hungary	Lithuania	Sweden	

## STRATEGY

The Group's strategy focuses on becoming a major player in the rice, fresh pasta, premium dry pasta and healthy grains markets, and in other cross categories within the convenience segment. Within that strategy, the Group has the following goals:

- \* Reach a global position in our most important markets, open to the incorporation of local products.
- \* Consolidate our status as a benchmark business group in our different business areas, leading in markets where the Group finds potential.
- \* Lead innovation in the geographical areas in which we are present.
- \* And establish ourselves as a responsible enterprise, committed to social well-being, environmental balance and economic progress.

To refine our strategy, the Group is underpinned by general principles of conduct and growth levers that are considered vital to raise the value of our business and step up our firm commitment to sustainable development.

## PRINCIPLES OF CONDUCT

Foster ethical management based on good governance practices and fair competition.

- \* Comply with the laws in place, acting at all times with a view to preventing and minimising not only economic risks, including tax risks, but also legal, social and environmental risks.
- \* Seek a return on investment while guaranteeing the operational and financial soundness of our business activities. Uphold business profit as one of the bases for the future sustainability of the company and the large groups of agents directly and indirectly related with it.
- \* Generate a framework of labour relations that favours training and personal and professional development, respects the principles of equal opportunities and diversity and promotes a safe, healthy working environment.
- \* Reject any form of abuse or violation of the fundamental and universal rights, in accordance with international law and practice.
- \* Promote a relationship of mutual benefit with the communities in which the Group is present, proving ourselves sensitive to their cultures, contexts and needs.
- \* Satisfy and anticipate the needs of our customers and end consumers, offering a broad array of products and healthy, differentiated food.
- \* Steer the processes, activities and decisions of our company not only to generate profits, but also to protect the environment, prevent and minimise environmental impact, optimise the use of natural resources and preserve biodiversity.
- \* Develop a framework of responsible, true, transparent dialogue and communication with stakeholders, establishing stable communication channels and providing stakeholders regularly and transparently with rigorous, accurate, important information on the Group's activities.

## TO ACHIEVE THE STRATEGIC GOALS SET FOR GROWTH AND SUSTAINABLE LEADERSHIP AND ENSURE THAT WE COMPLY WITH OUR PRINCIPLES OF CONDUCT, THE GROUP APPLIES THE FOLLOWING GUIDELINES:

1. Search for **organic and inorganic growth** in countries with high levels of consumption and/or high growth potential.
  - \* Locate and develop new territories or categories, paying special attention to new fresh products, convenience foods and new ranges of ingredients with greater value added.
  - \* Develop products that offer a complete culinary experience, extending our catalogue with new formats, flavours and ready-to-serve meals.
  - \* Achieve leadership in mature markets, opting for differentiation based on product and service quality. Expand and lead the premium category by developing the enormous potential of our flagship brands.
  - \* Broaden our geographical presence and complete our product/country matrix:
    - Seek business opportunities in mature markets with a business profile similar to ours and in specialist market niches that allow us to shift our strategy from a generalist position to that of a multi-specialist (individual solutions).
    - Expand into new business segments within markets in which we are already present or markets with considerable potential for growth.

## 2. Differentiation and innovation.

- \* Research, development (R&D) and innovation through our own research, development and innovation centres and an investment policy that enables us to convert new ideas and needs into reality for our customers and end consumers.
- \* Focus on leading brands in their respective segments, together with a commitment to invest in advertising to promote their development.

## 3. Low risk exposure.

The Ebro Group deals with change in the consumer and financial markets and social change with a firm vocation to adaptation and permanence.

To achieve this, we endeavour to secure: (i) balanced sources of recurring income (markets, currencies), (ii) low leverage so that we can grow without exposure to “financial turmoil”, (iii) new supply channels and (iv) long-term relations with our stakeholders (customers, suppliers, authorities, employees and society).

## 4. Implementation of sustainability throughout the entire value chain (“from the farm to the table”).

In our commitment to sustainable and responsible business management, we work with the aim of integrating sustainability in all our strategic decisions and operations. The Sustainability Plan RUMBO A 2030 [“HEADING TOWARDS 2030”] guides our actions throughout the entire value chain, from production to consumer experience. HEADING TOWARDS 2030 focuses on three main pillars of action:

- \* **People.** We implement specific plans to promote the well-being of our professionals at work, fostering continuous training and professional development to retain talent, seeking formulas to enhance their work-life balance, flexibility, equality, inclusion and diversity, and health and safety at work. Within this area, the Group also promotes different programmes and initiatives designed to foster respect for Human Rights, social welfare, equal opportunities, education and social and economic progress in the communities in which we operate.
- \* **Health and well-being.** Through our commitment to health we offer a broad array of natural, healthy, differentiated food products that help consumers maintain a healthy diet and lifestyle and provide pleasure. The R&D and innovation department works with these premises and the different communication channels of our brands focus their message on encouraging healthy eating habits and creative ways of eating through recipes, blogs and advertising campaigns.
- \* **Our planet.** With the aim of preserving and protecting the environment, we work actively to minimise the impact of both our production processes and our logistics and sourcing operations. In this regard, we collaborate with different stakeholders in sustainable agriculture programmes, paying special attention to mitigating and adapting to the effects of climate change, and we make a considerable effort to reduce our carbon footprint, promoting energy efficiency measures and the use of green energies, and developing different initiatives aimed at securing the Group’s transition towards a circular economy model, such as recycling packaging materials, replacing plastics, management of surplus food stocks and reusing and recycling waste.

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## VALUE CREATION: R&D&I

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

**Note:** All the information related to “Value creation: R&D&I” can be consulted in section 8. Customers and consumers in the Social Responsibility and Sustainability Report, as well as in the Consolidated Annual Accounts, point 7. R&D&I activity, available on our corporate website.