Deoleo S.A., warns that English version of the Consolidated Financial Statements for 2020, had been translated under its exclusive responsibility and do not constitute an official document.

Consolidated Financial Statements for Deoleo and Subsidiaries 2020:

- Independent Auditor's Report.
- Consolidated financial statements position at 31 Dec. 2020.
- Consolidated statement of profit or loss.
- Consolidated statement of comprehensive income.
- Consolidated statement of changes in equity.
- Consolidated statement of cash flows.
- Notes to the consolidated financial statements for 2020.
- Consolidated Directors´ report for the year ended 31 December 2020, including the statement of non-financial information.

The Annual Corporate Governance report 2020 and Individual Annual Accounts FY 2020 (spanish version) available on CNMV website and Deoleo web site.

Link IAGC 2020 (spanish version):
http://cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?nif=A48012009

Link Annual Accounts FY 2020 - Individual & Consolidated (spanish version):
http://www.cnmv.es/portal/Consultas/IFA/ListadoIFA.aspx?id=0&nif=A48012009

Link IAGC 2020 (english version):
https://deoleo.com/en/shareholders/corporate-governance/annual-report-on-corporate-governance/

Audit Report on the Consolidated Financial Statements
issued by an Independent Auditor

DEOLEO, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
31 December 2020

Building a better
working world

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AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 32)

To the shareholders of DEOLEO, S.A.:

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of DEOLEO, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at 31 December 2020 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and other provisions in the regulatory framework applicable in Spain.

Basis of opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Completion of the financial restructuring process

Description	As explained in notes 1.2, 2.6.4, 14 and 16 to the consolidated financial statements, on June 24, 2020, the Group completed the financial restructuring process that it had been undergoing since the prior year. As a result, it has restored the parent company's equity, rationalized its financial debt, and provided the Group with new resources as well as a corporate and financial structure that afford it greater flexibility for meeting its financial commitments, while offering stability in the short and medium term. The most relevant effects of the agreements reached in this regard are disclosed in the abovementioned notes. Given the complexity of the overall restructuring process and the relevance of its related effects, we have determined this to be a key audit matter for our audit in terms of analyzing whether the going concern principle has been adequately applied in preparing the accompanying consolidated financial statements, as well as the effects arising from the agreements reached.
Our response	In this regard, our audit procedures included the following: ▶ Reading and understanding the documents related to the refinancing agreement, as well as reviewing the documentation pertaining to the capital reduction and subsequent capital increase, including the minutes of meetings, registration, and other related documents. ▶ Understanding of the effects of the process of liquidating Deoleo Preferentes, S.A.U., as well as reviewing the independent valuation report that supports the estimate of the liquidation value to which the holders of preferred shares issued by this company and guaranteed by Deoleo, S.A. would be entitled, reviewing, in collaboration with our valuation specialists, the methodology used, the reasonableness of the main assumptions made as well as the related accounting effects. ▶ Reviewing the fair value of the mandatory convertible loan, as well as the conversion terms and conditions, and the accounting treatment applied, in collaboration with our financial instruments specialists. ▶ Reviewing the tax and legal matters related to the refinancing process with the collaboration of our legal and tax experts. ▶ Reviewing the disclosures included in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

Valuation of non-financial non-current assets: goodwill, intangible assets, and property, plant and equipment

Description	The consolidated statement of financial position at 31 December 2020 includes goodwill, intangible assets, and property, plant and equipment with a net value of 22 million euros, 459 million euros, and 58 million euros, respectively as disclosed in notes 6 and 7. As explained in Note 4.4 to the accompanying consolidated financial statements, at each year-end or whenever it identifies indications of impairment, the Group tests its assets for impairment to determine whether the recoverable amount has been reduced to below their carrying amount. When testing for possible impairment, these assets are attributed to the various cash-generating units (CGUs). The test is performed using discounted cash flow-based valuation techniques, as per cash flow projections aligned with profit and loss 5 years projections prepared by Group management, investments in non-financial and current assets, as well as other assumptions. Other variables which influence the recoverable amount calculation include the applicable discount rate, in addition to the growth rate used to extrapolate projections beyond the budget period. To perform the impairment test, Group management engaged the assistance of an independent expert. In view of the significance of the amounts involved, the high degree of judgment required of Group management to assess potential impairment of the aforementioned assets, and given that small percentage changes in the key assumptions used in the valuation could give rise to significant changes in the consolidated financial statements, we determined this to be a key audit matter.
Our response	In this regard, our audit procedures included the following: ▶ Understanding the processes established by Group management for estimating the recoverable amount of non-financial non-current assets, including evaluating the design and implementation of relevant controls. ▶ Obtaining the "impairment test" performed by Group management at 31 December 2020 based on 5 years projections prepared by Group management, which involved the participation of an independent expert, evaluating the competence, capacity, and objectivity of their work for the purposes of using it as audit evidence. In this regard, we verified, in collaboration with our valuation specialists, that the valuation methodology used is reasonably appropriate and consistent with prior year, that the arithmetical calculations were correct, and that the main assumptions considered (primarily those related to estimates of cash flow projections), as well as the long-term growth rates and the discount rates used were reasonable. In addition, we reviewed the sensitivity analyses carried out by the Group that show the effects that changes in the most significant assumptions used would have on the recoverable amount of CGU assets. ▶ Assessing the consistency of the assumptions applied when estimating future projections used to prepare the "impairment test" for non-financial non-current assets with assumptions used for other estimates, e.g., those related to assessing the recoverability of deferred tax assets or the application of the going concern principle. ▶ Reviewing the disclosures included in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

Valuation of deferred tax assets

Description

The consolidated statement of financial position at 31 December 2020 includes deferred tax assets amounting to 57 million euros, related primarily to unused tax credits for limitations on the deductibility of finance costs, tax deductions and rebates, as well as unused tax loss carryforwards amounting to 23 million euros, 14 million euros, and 12 million euros, respectively, pertaining mainly to the Spanish tax group, as explained in Note 12.3 to the accompanying consolidated financial statements.

At year-end, Group management prepares future taxable income estimates to assess the recoverability of recorded deferred tax assets, taking into account applicable tax regulations and the 5 years projections prepared by Group management.

Given that preparation of these estimates requires a high degree of judgment, primarily with regard to projecting business performance that may affect estimates of the recoverability of deferred tax assets, we determined this to be a key audit matter.

Our response

In this regard, our audit procedures included the following:

- Understanding the processes established by Group management for estimating the recoverable amount of deferred tax assets, including evaluating the design and implementation of relevant controls.
- Reviewing estimates of future taxable income, assessing the reasonableness of the future estimates used in their preparation, as well as their consistency with other estimates, e.g., those related to the impairment of non-financial non-current assets or assessing the application of the going concern principle.
- Checking, with the collaboration of our tax experts, that prevailing tax regulations were adequately applied in preparing the estimates.
- Reviewing the disclosures included in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

Other information: Consolidated Management Report

Other information refers exclusively to the 2020 consolidated management report, the preparation of which is the responsibility of the parent's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2020 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent's directors and the audit committee for the consolidated financial statements

The directors of the parent are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use by the parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with the audit committee of the parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated to the parent's audit committee, we determined those that were of greatest significance in the audit of the consolidated financial statements of the current period and therefore constitute the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legally stipulated disclosure requirements

Additional report to the parent's audit committee

The opinion expressed in this audit report is consistent with the additional report we issued for the Parent's audit committee on 5 April 2021.

Term of engagement

During the Ordinary General Shareholders' Meeting held on 3 June 2019, we were appointed auditors for a period of three years, commencing the year ended 31 December 2019.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)

(signed in the original version)

María del Tránsito Rodríguez Alonso
(Registered in the Official Register of
Auditors under No. 20539)

April 5, 2021

Deoleo, S.A.
and subsidiaries

Consolidated financial statements
for the year ended
31 December 2020
and Group management report

DEOLEO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

(Thousands of euros)

ASSETS	Note	Year-end 2020	Year-end 2019	EQUITY AND LIABILITIES	Note	Year-end 2020	Year-end 2019
		605.734	581.431	EQUITY:	Note 14	432.211	26.506
Intangible assets:	Note 6	459.184	444.261	Issued capital		1.000	2.810
Trademarks and usage rights		422.932	404.311	Share premium		47.976	-
Other intangible assets		33.960	38.172	Other reserves		(54.326)	13.662
Software		2.292	1.778	Translation differences		(9.872)	(13.687)
Goodwill	Note 6	21.717	21.717	Valuation adjustments		(16)	(44)
Property, plant and equipment:	Note 7	57.512	59.331	Retained earnings		230.459	23.765
Land and buildings		33.025	35.269	Equity attributable to owners of the parent		215.221	26.506
Plant and machinery		20.310	20.014	Non-controlling interests		216.990	-
Other fixtures, tools and furniture		614	688				
Other items of PP&E		2.392	2.259	NON-CURRENT LIABILITIES:		324.552	667.129
Prepayments and PP&E in progress		1.171	1.101	Notes and other			
Investments in associates		473	473	marketable securities	Note 16	-	42.453
Non-current financial assets	Note 8	10.085	9.970	Non-current bank borrowings	Note 16	204.600	510.444
Deferred tax assets	Note 12.3	56.763	45.679	Other financial liabilities	Note 16	2.214	2.109
				Government grants	Note 19	-	3.921
CURRENT ASSETS:		245.856	265.649	Deferred tax liabilities	Note 12.3	101.281	94.175
Inventories	Note 10	107.397	83.179	Provisions	Note 18.1	12.620	10.268
Trade and other receivables	Note 11	39.322	65.521	Other non-current liabilities	Note 4.15	3.837	3.759
Current tax assets	Note 12	2.477	1.839				
Other current financial assets	Note 8	7.321	9.560	CURRENT LIABILITIES:		94.827	153.445
Other current assets		1.615	7.212	Current financial borrowings	Note 16	15.967	80.922
Cash and cash equivalents:	Note 13	72.582	78.628	Trade and other payables	Note 17	78.101	71.014
Cash		72.582	78.628	Current tax liabilities	Note 12	359	1.109
Non-current assets held for sale	Note 5	15.142	19.710	Liabilities associated with non-current assets held for sale	Note 5	400	400
TOTAL ASSETS		851.590	847.080	TOTAL EQUITY AND LIABILITIES		851.590	847.080

The accompanying notes 1 to 32 are an integral part of the consolidated statement of financial position at 31 December 2020.

DEOLEO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of euros)

	Note	2020	2019
CONTINUING OPERATIONS:			
Revenue	**Note 28**	**665.614**	**561.953**
Other operating income	**Note 21**	**25.141**	**26.261**
Changes in inventories of finished goods and work in progress	**Note 28**	**22.059**	**(5.910)**
Raw materials and other consumables used	**Note 28**	**(463.061)**	**(393.187)**
Employee benefits expense	**Note 22**	**(49.364)**	**(52.740)**
Depreciation and amortisation charges	**Notes 6 & 7**	**(12.426)**	**(14.579)**
Other operating expenses	**Note 23**	**(107.068)**	**(93.939)**
OPERATING PROFIT/(LOSS)		**80.895**	**27.859**
Finance income	**Note 24**	**263.857**	**4.554**
Finance costs	**Note 24**	**(50.863)**	**(37.916)**
PROFIT BEFORE TAX		**293.889**	**(5.503)**
Income tax	**Note 12.2**	(3.819)	(5.103)
PROFIT FOR THE YEAR		**290.070**	**(10.606)**
Attributable to:			
Equity holders of the parent		270.434	(10.606)
Non-controlling interests		19.636	-
BASIC EARNINGS PER SHARE (euros):			
Profit/(loss) from continuing operations	**Note 14**	0,289	(0,008)
Profit/(loss) from discontinued operations		-	-
DILUTED EARNINGS PER SHARE (euros):			
Profit/(loss) from continuing operations		0,289	(0,008)
Profit/(loss) from discontinued operations		-	-

The accompanying notes 1 to 32 are an integral part of the statement of profit or loss for the year ended 31 December 2020

DEOLEO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of euros)

	Note	2020	2019
PROFIT FOR THE PERIOD		**290.070**	**(10.606)**
OTHER COMPREHENSIVE INCOME:			
Income and expense recognised directly in equity			
Translation differences	**Note 14.4**	(5.670)	1.945
Actuarial gains/(losses)		13	(143)
OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY		**(5.657)**	**1.802**
TOTAL COMPREHENSIVE INCOME		**284.413**	**(8.804)**
Attributable to:			
Equity holders of the parent		265.657	(8.804)
Non-controlling interests		18.756	-

The accompanying notes 1 to 32 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2020

DEOLEO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of euros)

	Share capital	Share premium	Other reserves	Retained earnings	Translation differences	Valuation differences	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
CLOSING BALANCE AT 31 DECEMBER 2018	**140.486**	**-**	**57.823**	**(147.466)**	**(15.632)**	**99**	**35.310**	**-**	**35.310**
Total comprehensive income in 2019	-	-	-	(10.606)	1.945	(143)	(8.804)	-	(8.804)
Shares cancelled	(137.676)		(44.161)	181.837	-	-	-	-	-
CLOSING BALANCE AT 31 DECEMBER 2019	**2.810**	**-**	**13.662**	**23.765**	**(13.687)**	**(44)**	**26.506**	**-**	**26.506**
Total comprehensive income in 2020	-	-	-	270.434	(4.784)	7	265.657	18.756	284.413
Shares cancelled (notes 1.2 & 14)	(2.810)	-	(67.988)	70.798	-	-	-	-	-
Shares issued (notes 1.2 & 14)	1.000	47.976	-	-	-	-	48.976	-	48.976
Changes in consolidation scope (notes 1.2 and 2.6.4)	-	-	-	(134.538)	8.599	21	(125.918)	198.234	72.316
CLOSING BALANCE AT 31 DECEMBER 2020	**1.000**	**47.976**	**(54.326)**	**230.459**	**(9.872)**	**(16)**	**215.221**	**216.990**	**432.211**

The accompanying notes 1 to 32 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2020

DEOLEO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of euros)

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		**40.450**	**11.632**
Profit before tax		**293.889**	**(5.503)**
Adjustments to reconcile profit before tax to net cash flows:		**(220.018)**	**23.929**
Depreciation and amortisation	**Notes 6 & 7**	12.426	14.580
Impairment losses	**Notes 21 & 23**	(19.046)	(12.127)
Change in current provisions	**Notes 21 & 23**	(191)	(12.590)
Change in provisions for contingencies and charges	**Note 18**	2.411	(1.641)
Gains/losses on derecognition and disposal of fixed assets	**Notes 21 & 23**	(3.238)	179
Gains/losses on derecognition of financial instruments	**Note 24**	(202.930)	485
Finance income	**Note 24**	(46.501)	(102)
Finance costs	**Note 24**	38.563	32.046
Change in fair value of financial instruments	**Note 24**	(580)	(165)
Net exchange gains	**Note 24**	(932)	1.098
Other gains/losses		-	2.166
Working capital adjustments:		**(7.090)**	**21.864**
Inventories		(23.846)	11.168
Trade and other receivables		19.901	12.898
Other current assets		5.597	(7.358)
Trade and other payables		(8.494)	5.591
Other assets and liabilities		(248)	(435)
Other cash flows from operating activities:		**(26.331)**	**(28.658)**
Interest paid		(20.932)	(28.554)
Interest received		1	102
Income tax paid		(5.400)	(206)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:		**9.218**	**(6.419)**
Payments for investments:		**(4.663)**	**(6.486)**
Intangible assets	**Note 6**	(1.346)	(329)
Property, plant and equipment	**Note 7**	(3.317)	(6.082)
Financial assets		-	(75)
Proceeds from disposals:		**13.881**	**67**
Property, plant and equipment		-	67
Non-current assets held for sale		13.435	-
Financial assets		446	-
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES:		**(55.714)**	**25.468**
Proceeds from and payments for equity instruments:		**48.976**	**-**
Proceeds from issuance of own equity instruments	**Note 16**	48.976	-
Proceeds from and repayment of financial liabilities:		**(104.690)**	**25.468**
Proceeds from bank borrowings		-	25.900
Repayment of bank borrowings		(102.390)	(432)
Repayment of other borrowings		(2.300)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(6.046)**	**30.681**
Cash and cash equivalents, opening balance	**Note 15**	78.628	47.947
Cash and cash equivalents, closing balance	**Note 15**	72.582	78.628

The accompanying notes 1 to 32 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2020.

Deoleo, S.A. and subsidiaries

Notes to the consolidated financial statements
for the year ended
31 December 2020

1. Group information

1.1 Business

Deoleo, S.A. (hereinafter, the Company or Parent) was incorporated as an open-ended public limited company (*sociedad anónima*) in Bilbao on February 1, 1955 under the name of Arana Maderas, S.A. It later changed its registered name on several occasions, taking its current name in 2011. In 1994, 2001, 2003 and 2011, the Parent completed a series of mergers, the details of which are disclosed in the annual financial statements corresponding to those years. In 2020, the Parent completed the refinancing process outlined in detail in note 1.2. The Parent's registered office is located in Cordoba, Spain, specifically in Alcolea on the N-IV at kilometre 388.

The Group's core business in 2020 consisted of the production, transformation and sale of vegetable oils and other food and agricultural products.

The Parent's shares are traded on the Bilbao, Madrid, Valencia and Barcelona stock exchanges and on the continuous electronic market. None of the subsidiaries has publicly listed its shares.

1.2 Restructuring of the Deoleo Group in 2020

On 25 September 2019, the Deoleo Group reached an agreement with its main financiers for the restructuring of its syndicated loan; that agreement took effect on 26 September 2019, having duly obtained the required consents from the holders of that debt, and materialised in the form of a lock-up agreement. The balance outstanding on the debt to be restructured amounted to 574.9 million euros (unchanged as of 24 June 2020, which is when the restructuring process concluded).

A framework refinancing agreement encompassing the implementation of the restructuring effort was executed on 13 March 2020, signed by the same creditors as signed and/or acceded to the lock-up agreement and the Deoleo Group companies affected by the restructuring. That agreement was legally ratified on 20 March 2020 (the "Refinancing Agreement"). That Agreement regulated, among other matters, the key terms of the restructured debt, the procedure to be followed during the ensuing months to complete it and a binding commitment on the part of the banks to support, facilitate and implement the Group's financial restructuring effort.

The cornerstones of the Refinancing Agreement are:

(i) The injection of equity into Deoleo, S.A. by means of a cash rights issue of 50 million euros (the proceeds have been used to repay some of the Company's existing debt, having first reduced capital to zero to offset losses) (notes 14 and 16).

(ii) The dissolution and liquidation of Deoleo Preferentes, S.A.U. (a wholly-owned subsidiary of Deoleo, S.A. which issued preferred shares in 2016), in keeping with section 4.7.1.3. of the securities note of the preferred share issue and the attendant extinction of the preferred shares (note 16).

(iii) The corporate restructuring of the Group, by virtue of which Deoleo, S.A. has contributed most of its assets and liabilities to Deoleo Global, S.A.U. (a newly-incorporated Spanish subsidiary that will carry on the business previously conducted by Deoleo, S.A.). The following companies have been layered in between Deoleo, S.A. and Deoleo Global, S.A.U.: (i) a new sub-holding company, Deoleo Holding, S.L.U. (which was initially wholly-owned by Deoleo, S.A. and which, following conversion of the Mandatorily Convertible Loan (a transaction completed on 19 January 2021), is owned 50.996% by Deoleo, S.A. and 49.004% by the holders of the syndicated loan); and (ii) two new holding companies incorporated in the UK, Deoleo UK, Ltd. and Deoleo Financial, Ltd., wholly-owned by Deoleo Holding, S.L.U. and Deoleo UK, Ltd, respectively (note 2.6.4).

(iv) The refinancing at Deoleo Holding, S.L.U. of the remaining debt (524.9 million euros) in the form of two loans: (i) a Mandatorily Convertible Loan (Debt to be Capitalised) in the amount of 282.9 million euros, which has been capitalised, such that the creditors have become shareholders of that subsidiary; and (ii) a 242 million euro loan, divided into two tranches with different terms and conditions and collateral, which mature in five and six years (note 16).

To that end, at the Extraordinary General Meeting held by the Parent on 17 January 2020 the following resolutions were ratified: (i) the reduction of Deoleo S.A.'s share capital to zero and a simultaneous capital increase of up to 50 million euros; (ii) the dissolution and liquidation of Deoleo Preferentes, S.A.U.; and (iii) the de-merger of the majority of the assets and liabilities of Deoleo, S.A., to Deoleo Holding, S.L.U., initially, and Deoleo Global, S.A.U. subsequently.

The restructuring effort concluded on 24 June 2020, having duly executed and registered the above transactions, along with other ancillary actions, and finished documenting the contractual aspects needed to execute the resolutions, such that they have taken full effect since that date.

By means of the above restructuring, the Group has replenished the Parent's equity, deleveraged and set up a corporate and financial structure that gives it greater flexibility for meeting its financial commitments, while injecting stability for the Parent and the Group in the short and medium term.

As noted above, a core component of the restructuring effort was the corporate reorganisation of the Deoleo Group, which was executed so as to take full and simultaneous effect on 24 June 2020, having been articulated around the following steps:

1. Deoleo, S.A. (as de-merged company) transferred all of its assets and liabilities (except for those related with Deoleo Preferentes, S.A.U., all of which were extinguished following the dissolution and liquidation of the latter) to Deoleo Holding, S.L.U. (as transferee). Following that de-merger, Deoleo Holding, S.L.U. (as de-merged company) transferred all of the assets and liabilities received pursuant to the first de-merger, except for the debtor position resulting from the Debt to be Restructured, to Deoleo Global, S.A.U. (as transferee). Deoleo Global, S.A.U. is the Spanish company that has been carrying on the business formerly performed by Deoleo, S.A. since the Refinancing Agreement took effect.

2. Two new UK-incorporated companies have been layered in between Deoleo Holding, S.L.U. and Deoleo Global, S.A., Deoleo UK, Ltd. and Deoleo Financial, Ltd., wholly owned by Deoleo Holding, S.L.U. and Deoleo UK, Ltd., respectively.

3. The Debt to be Capitalised, in the sum of 282.9 million euros, has been legally transferred to Deoleo Holding, S.L.U. by means of the Mandatorily Convertible Loan, while the loan in the amount of 242 million euros (Sustainable Debt) has been legally transferred to Deoleo Financial, Ltd. by means of the Senior Financing Agreement and the Junior Financing Agreement (note 16).

4. The Mandatorily Convertible Loan has been cancelled by means of an equity issue at Deoleo Holding, S.L.U., which issued 28,290,000,000 Class B shares with a unit par value of 0.000000102 euros, representing 49.004% of issued share capital, which were subscribed for in full by the Mandatorily Convertible Loan holders. As a result, the creditor banks that used to hold the Debt to be Restructured now hold, directly and indirectly, 49.004% of Deoleo Global, S.A.U., while the shareholders of the Company that participated in the rights issue control, indirectly, through Deoleo, S.A. itself, the remaining 50.996% of Deoleo Global, S.A.U. Deoleo Holding, S.L.U. is the holding company through which Deoleo, S.A. and the holders of the Debt to be Restructured are articulating their (indirect) shareholdings in Deoleo Global, S.A.U. (notes 14 and 16).

The Mandatorily Convertible Loan was capitalised on 19 January 2021.

5. To complement the reorganisation and debt capitalisation arrangements outlined above, Deoleo, S.A. and the Mandatorily Convertible Loan creditors have executed a Shareholder Agreement, to which Deoleo Holding, S.L.U. and Deoleo UK, Ltd. are also party. The purpose of the Shareholder Agreement is to regulate: (i) relations between the shareholders of Deoleo Holding, S.L.U. up until the capitalisation; (ii) relations between the shareholders of Deoleo Holding, S.L.U. in their capacity as such after the capitalisation; (iii) relations between the shareholders of Deoleo Holding, S.L.U. and Deoleo Holding, S.L.U. and the subsidiaries of Deoleo Holding, S.L.U., and those companies' governance and management regimes; (iv) the regime governing the sale of shares of Deoleo Holding, S.L.U.; and (v) other undertakings incumbent on the shareholders of Deoleo Holding, S.L.U. in relation to the Deoleo Group's business.

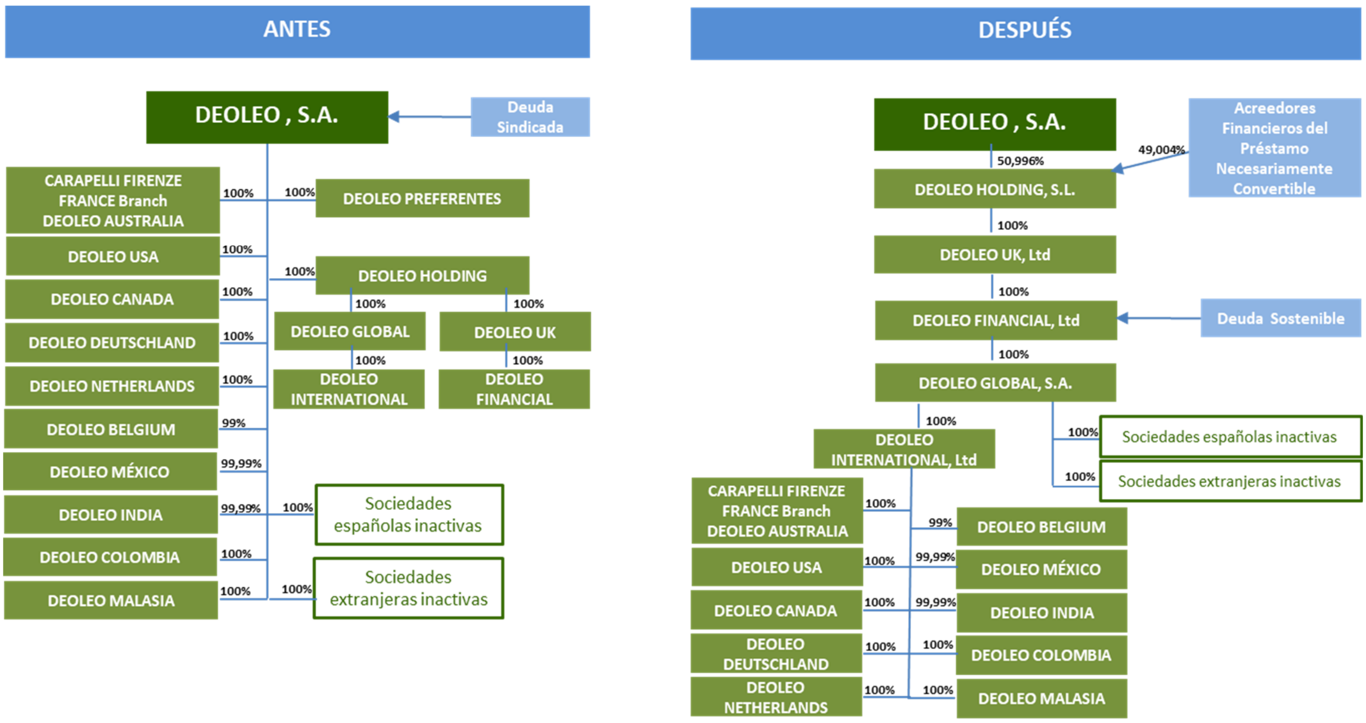
6. Also under the above Agreement, the rights, powers and entitlements due to the Mandatorily Convertible Loan holders as shareholders of Deoleo Holding, S.L.U. by virtue of the capitalisation (which, as noted above, was formally executed on 19 January 2021) were extended to them from when the Refinancing Agreement and Shareholder Agreement took effect on 24 June 2020.

   As a result, the Group began to recognise the accounting effects of the capitalisation of the Mandatorily Convertible Loan as from the date on which the Refinancing and Shareholder Agreements took effect. Specifically:

   (i) It derecognised the Mandatorily Convertible Loan and recognised an equity instrument at Deoleo Holding, S.L.U. at the fair value of 49.004% of Deoleo Holding, S.L.U. as if the capitalisation had taken place on 24 June 2020, as stipulated in paragraph 22 of IAS 32, given that the conversion entailed the delivery of a fixed number of shares for a fixed amount (note 16).

   (ii) As a result, the 2020 consolidated financial statements recognise the corresponding non-controlling interests in Deoleo Holding, S.L.U. (note 14.7).

The following organisational chart depicts the Deoleo Group's structure in the wake of the corporate restructuring and capitalisation transactions outlined:



2. Basis of presentation of the consolidated financial statements and basis of consolidation

2.1 Financial reporting framework

The financial reporting framework applicable to the Group is made up of:

- Spain's Code of Commerce and other company law.
- The International Financial Reporting Standards (IFRS) adopted by the European Union, as provided for in Regulation (EC) No. 1606/2002 of the European Parliament, Spanish Law 62/2003 (30 December 2003) on tax, administrative and corporate measures, and the applicable standards and circulars issued by Spain's securities market regulator, the CNMV.
- Other applicable Spanish accounting regulations.

2.2 Basis of presentation

The 2020 annual consolidated financial statements were prepared from the accounting records and separate annual financial statements of the Parent and consolidated investees in keeping with the financial reporting framework outlined above (note 2.1) to present fairly the Group's equity and financial position at 31 December 2020 and its financial performance and the changes in its equity and cash flows during the year then ended.

The Group's consolidated financial statements and the Group entities' separate annual financial statements for the year ended 31 December 2020, duly authorised for issue by the corresponding governing bodies, are pending ratification by their respective shareholders.

However, the Parent's directors expect those annual financial statements to be approved without any significant changes. The Group's consolidated financial statements for the year ended 31 December 2019 were approved at Deoleo, S.A.'s Annual General Meeting on 29 October 2020 and duly filed with the Cordoba Companies Register.

Given that the accounting principles and measurement criteria used to prepare the Group's 2020 consolidated financial statements may differ from those used by certain of the Group entities, the appropriate adjustments and reclassifications have been made upon consolidation in order to standardise the various principles and criteria and bring them in line with IFRS-EU.

2.2.1 New and amended standards taking effect during the reporting period

Certain new accounting standards took effect in 2020 and were accordingly considered in preparing these consolidated financial statements; they did not imply any changes in the Group's accounting policies.

The Group intends to apply the new standards, interpretations and amendments issued by the IASB whose application is not mandatory in the European Union when they are effective, to the extent applicable to the Group. Although the Group is still in the process of analysing their impact, based on the analysis performed to date, it estimates that their first-time application will not have a significant impact on its consolidated financial statements.

2.3 Disclosures corresponding to 2019

As required under IAS 1, the information contained in these consolidated financial statements in respect of 2019 is provided to enable the reader to compare it with that relating to 2020 and does not, therefore, constitute the Group's 2019 consolidated financial statements.

2.4. Presentation currency

The consolidated financial statements are presented in thousands of euros, rounded to the nearest thousand. The euro is the Group's functional and presentation currency.

2.5 Responsibility for the information presented and estimates performed

The Parent's directors are responsible for the information included in these consolidated financial statements.

The preparation of the Group's consolidated financial statements in accordance with the International Financial Reporting Standards requires the Parent's directors to make certain accounting estimates and judgements. Those estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

More specifically, in preparing the Group's consolidated financial statements the Parent's directors made estimates to quantify or measure and recognise, as appropriate, certain assets, liabilities, items of income and expense and commitments. Those estimates basically refer to:

- Assessment of the potential impairment of items of property, plant and equipment, intangible assets, goodwill, inventories and trade receivables.
- The useful lives of property, plant and equipment and intangible assets.
- The recoverability of deferred tax assets.
- The fair value of certain financial instruments.
- The assessment of provisions and contingencies.

Those estimates are made on the basis of the best information available at the reporting date regarding the facts and circumstances analysed. Nevertheless, it is possible that future events could make it necessary to change the estimates in future periods. Any changes in estimates would be accounted for in accordance with IAS 8.

COVID-19: Implications of the pandemic on the consolidated financial statements

On 11 March 2020, the World Health Organization escalated the status of the public health crisis triggered by the expansion of the coronavirus (COVID-19) to that of a global pandemic. The manner in which events have unfolded, in Spain and abroad, has caused an unprecedented health crisis that has impacted the macroeconomic environment and the Company's business performance. In 2020 a series of measures were taken to mitigate the economic and social ramifications of the pandemic. Those measures included restrictions on individual mobility. More specifically, Spanish has passed a raft of measures to help mitigate the situation: it declared an initial state of alarm (via Royal Decree 463/2020, of 14 March 2020), which was lifted on 1 July 2020, and approved a series of extraordinary emergency measures to combat the economic and social ramifications of COVID-19 (via Royal Decree-Law 8/2020, of 17 March 2020, among other executive orders). At the date of authorising the accompanying financial statements for issue, Spain was subject to a second state of alarm, declared via Royal Decree 926/2020 (25 October 2020), approved initially until 9 November 2020 and subsequently extended, by means of Royal Decree 956/2020 (3 November 2020) until 9 May 2021.

The manner in which the pandemic is unfolding is having an impact on the economy in general and on the Group's operations in particular, the effects of which are uncertain and will depend largely on the direction taken by the pandemic in the coming months.

Below is a summary of the most significant effects of COVID-19 on the 2020 consolidated financial statements:

- To date there have been no adverse ramifications on the Group's financial position, earnings performance or cash flows.

- The COVID-19 pandemic has not had significant adverse effects on the Group's direct activities; nor has it given rise to the need to recognise any impairment losses.
- As disclosed in note 4.4, the Group has tested its intangible assets and goodwill for impairment; those impairment tests did not indicate the need to recognise any impairment charges at 31 December 2020.
- With respect to its financial liabilities, the refinancing process outlined in notes 1.2 and 16 concluded during the first half of 2020, as anticipated.
- Note, in keeping with IFRS 9, in relation to the estimation of expected credit losses on accounts receivable, that there have been no significant changes in the assumptions and judgements used to analyse the Group's accounts receivable with respect to those used at year-end 2020 (i.e., the analysis performed did not indicate the need to recognise any additional extraordinary losses on account of the pandemic).
- As for the Group's lease contracts (IFRS 16), there have been no changes in the agreements as a result of the pandemic.
- Elsewhere, the Group has not rolled out any furlough schemes as a result of COVID-19.
- Lastly, the Group has verified that the prevailing extraordinary circumstances have not had any impact on the recognition of deferred tax assets or the utilisation of tax credits in keeping with IAS 12, the measurement of fair value in keeping with IFRS 13 or the measurement of provisions or onerous contracts in accordance with IAS 37.

2.6 Basis of consolidation

The following methods were used to prepare the consolidated financial statements:

2.6.1 Subsidiaries

'Subsidiaries' are investees over which Deoleo, S.A., or any of its subsidiaries, have the power to exercise effective control.

Specifically, the Parent controls an investee when it has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Parent re-assesses whether or not it controls an investee if the facts and circumstances indicate that there have been changes to one or more of the three elements of control itemised above.

When the Parent has the practical ability to unilaterally direct the investee's relevant activities, even without holding the majority of voting rights, it has sufficient rights to give it power (i.e., de facto control). The Parent assesses whether its voting rights are sufficient to give it power considering all of the relevant facts and circumstances, including:

- The size of the Parent's vote holding in relation to the size and dispersion of other vote holders;
- The potential voting rights held by the Parent, other vote holders and other parties;
- Rights arising from other contractual arrangements;
- Any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities when decisions need to be made, specifically including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent first obtains control and ceases when it loses control.

The financial statements of the subsidiaries are consolidated with those of the Parent using the full consolidation method. As a result, all material intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated on consolidation.

Third-party interests in the Group's equity and profit or loss are presented under 'Non-controlling interests' in the consolidated statement of financial position, statement of profit or loss and statement of comprehensive income, respectively.

The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the acquisition date or until the date of change in control, as warranted.

The Group subsidiaries at 31 December 2020 and 2019 are itemised in Appendix I, which is an integral part of these consolidated financial statements.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the acquisition date, the date on which it obtains control, in accordance with IFRS 3 *Business combinations*. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill in the consolidated statement of financial position. If the cost of acquisition is less than the fair value of the identifiable net assets acquired, the gain (gain on a bargain purchase) is recognised in the consolidated statement of profit or loss on the acquisition date.

2.6.2 Associates

Associates are all entities over which the Parent has significant influence but not control. The power to exercise significant influence is usually evidenced by interests (held directly or indirectly) of 20% or more of an investee's voting rights.

In the consolidated financial statements, investments in associates are accounted for using the 'equity method', i.e. in the proportion of the Group's share of the assets of the investee, after adjusting for dividends received and other equity eliminations.

The Group's share of the profit or loss of an associate are presented within 'Share of profit/(loss) of associates' in the consolidated statement of profit or loss.

Unrealised gains and losses resulting from transactions between the Group and an associate are eliminated to the extent of its interest in the associate.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognition of its share of further losses and the interest is reduced to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2.6.3 Foreign currency translation

The Group uses the following criteria to translate the results and financial position of foreign operations included in the financial statements:

1. Their assets and liabilities, including goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation, including comparative balances, are translated at the closing rate at the date of each financial statement of position;
2. Income and expenses, including comparative balances, are translated at exchange rates prevailing at the dates of the transactions; and
3. All resulting exchange differences are recognised as translation differences within equity.

For the purposes of the consolidated statement of cash flows, the subsidiaries' cash flows, including comparatives, are translated to euros using the exchange rates prevailing on the date on which they occurred.

Exchange differences relating to foreign operations that are accumulated in equity are reclassified to the consolidated statement of profit or loss when they are disposed of or the Group loses control over them.

The Group companies' have the euro as their local currency with the exception of the subsidiaries located in the US, UK, Mexico, Canada, Australia, India, Malaysia, Colombia and Brazil (refer to Appendix I).

2.6.4 Changes in the scope of consolidation

The most significant changes in the scope of consolidation, which affect the year-on-year comparison, in 2020 and 2019:

<u>*2020*</u>

As outlined in note 1.2, the Deoleo Group restructured in 2020. A core component of that restructuring effort was the corporate reorganisation detailed above. The impact on the 2020 consolidated financial statements has been the following:

(i) As a result of the liquidation of Deoleo Preferentes, S.A.U., having concluded that the liquidating dividend was zero, the Parent recognised finance income of 42,453 thousand euros (note 16) in its 2020 consolidated statement of profit or loss.

(ii) As a result of the refinancing of the syndicated debt facility, on 19 July 2021, the Mandatorily Convertible Loan was capitalised into shares in Deoleo Holding, S.L.U. However, as explained in note 1.2, as soon as the Refinancing Agreement and Shareholder Agreement took effect on 24 June 2020, the Mandatorily Convertible Loan holders were extended all the rights, powers and entitlements that were due to them after becoming shareholders of Deoleo Holding, S.L.U. by virtue of the capitalisation.

As a result, for accounting purposes, the Group derecognised the Mandatorily Convertible Loan and recognised an equity instrument at Deoleo Holding, S.L.U. at the fair value of 49.004% of Deoleo Holding, S.L.U. as if the capitalisation had taken place on 24 June 2020. The difference between the carrying amount of the financial liability derecognised and its fair value amounted to 207 million euros and is recognised under "Finance income" in the 2020 consolidated statement of profit or loss (notes 16 and 24).

(iii) In addition, as a result of the above capitalisation of the Mandatorily Convertible Loan, the accompanying consolidated financial statements recognise the non-controlling interests (the 49.004% equity interest held by the former loan holders) in Deoleo Holding, S.L.U.

Lastly, in 2020, three subsidiaries - Aceites Ibéricos Acisa, S.A., Sevilla Rice Company, S.A. and Cambium Rice Investments, S.L. - were liquidated, without any impact on the Group's consolidated financial statements.

<u>*2019*</u>

The Group did not acquire any new subsidiaries or deconsolidate any existing subsidiaries in 2019. It did incorporate some new subsidiaries but they did not have any impact on the Group's consolidated financial statements for the year.

Specifically, Deoleo Holding, S.L., Deoleo Global, S.A., Deoleo UK, Ltd., Deoleo Financial, Ltd. and Deoleo International, Ltd. were all incorporated under the scope of the agreement reached with the Group's main banks in order to restructure its syndicated loan.

2.7 Going concern

The Group's parent, Deoleo, S.A. (the Company or Parent) incurred a significant loss of 70,797 thousand euros in 2019. As a result of that loss, coupled with the losses accumulated in prior years, the Parent's equity stood at a negative 54,326 thousand euros at year-end 2019. Moreover, at 31 December 2019, the Parent presented negative working capital of 31,953 thousand euros as a result, mainly, of the classification of its revolving credit facility, due June 2020, within current liabilities.

As a result, as from July 2019, Deoleo, S.A. met the grounds for dissolution under article 363 of Spain's Corporate Enterprises Act, specifically that of having an equity balance of less than half of share capital (equity was negative in August), requiring that the imbalance be redressed by reducing share capital or increasing equity.

As outlined in note 1.2, on 25 September 2019, the Group embarked on a financial restructuring process when it entered into a lock-up agreement with the pool of banks that had extended it a syndicated loan facility in the amount of 574.9 million euros.

Against the backdrop of that restructuring process, at the Extraordinary General Meeting held by the Parent on 17 January 2020 the following resolutions were ratified: (i) the reduction of Deoleo S.A.'s share capital to zero and a simultaneous capital increase of up to 50 million euros; (ii) the dissolution and liquidation of Deoleo Preferentes, S.A.U.; and (iii) the de-merger of the majority of the assets and liabilities of Deoleo, S.A., to Deoleo Holding, S.L.U., initially, and Deoleo Global, S.A.U. subsequently.

The restructuring effort concluded on 24 June 2020, having duly executed and registered the above transactions, along with other ancillary actions, and finished documenting the contractual aspects needed to execute the resolutions, such that they have taken full effect since that date.

The breakdown of the increase in the Company's equity as a result of the various transactions derived from the restructuring process is provided below:

	Thousands of euros
Rights issue (net of costs) (note 14)	48,976
Net gain recognised on the dissolution and liquidation of Deoleo Preferentes, S.A.U. (note 16)	42,227
Total increase in equity	**91,203**

By means of the restructuring, the Group has replenished the Parent's equity, which stood at 25,755 thousand euros at 31 December 2020, deleveraged and set up a corporate and financial structure that gives it greater flexibility for meeting its financial commitments, while injecting stability in the short and medium term.

Consequently, the Company’s directors have prepared and authorised the 2020 consolidated financial statements on a going-concern basis.

3. Appropriation of the Parent's profit

The Parent's directors have approved the following motion for the appropriation of the profit - of 31,105 thousand euros -recognised by Deoleo, S.A. in 2020 for submission at the upcoming Annual General Meeting:

	Thousands of euros
To: legal reserve	200
To: offset prior-year losses	30,905
	31,105

4. Accounting policies and measurement criteria applied

The main accounting principles, policies and measurement standards applied by the Group in preparing these consolidated financial statements in keeping with the IFRS prevailing at the reporting date are as follows:

4.1 Intangible assets

Intangible assets are specifically identifiable non-monetary assets acquired from third parties. Only assets whose cost can be estimated objectively and from which future economic benefits are expected are recognised.

An intangible asset is deemed to have an indefinite useful life when there is no foreseeable limit to the period of time over which it is expected to generate economic benefits. All other intangible assets are considered to have finite useful lives.

The Group reviews its intangible assets' residual values, useful lives and amortisation methods at each year-end. Any changes in the initially established criteria are recognised as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment at least once a year, using the same criteria as are used to test goodwill for impairment.

Finite-lived intangible assets are amortised on a straight-line basis over their estimated useful lives.

Trademarks and licences

Trademarks and licences purchased from third parties are measured at their acquisition cost. Trademarks acquired as part of business combinations are recognised at their acquisition-date fair values.

The perpetual, exclusive and worldwide right to use the Bertolli trademark in the olive oil, sesame oil and balsamic vinegar categories is recognised within trademarks.

The Parent's directors have classified all but four of the Group's trademarks as having indefinite useful lives. Those with a finite useful live have a gross carrying amount of approximately 125,655 thousand euros; they are being amortised on a straight-line basis over an estimated useful life of 20 years. Having analysed all the relevant facts and circumstances, the Parent's directors believe that there is no foreseeable limit to the period of time for which the remaining trademarks will generate net cash flows, such that, other than the above four exceptions, it estimates they have indefinite useful lives. The trademarks with indefinite useful lives are not amortised but they are tested for impairment, at least annually and whenever there are indications of impairment. The Group tests its assets for impairment and recognises any impairment losses (or reversals thereof) in accordance with the criteria outlined in note 4.4. The useful life classification is reviewed at every year-end and is consistent with the Group's business plans.

Software

The software acquired by the Group from third parties, which is measured at the cost incurred, is amortised on a straight-line basis over an estimated useful life of five years. The related maintenance costs are expensed as incurred.

Other intangible assets

At 31 December 2020, this heading included approximately 33,960 thousand of intangible assets, net of amortisation (year-end 2019: approximately 38,172 thousand euros), corresponding to the customer lists acquired as part of the Bertolli business combination; those assets have a finite estimated useful life of 19 years for Italy and 20 years in the rest of the world.

4.2 Goodwill

Goodwill is calculated as the difference between the sum of the consideration transferred, plus any non-controlling interest, plus the fair value of any previously held equity interest, net of the acquisition-date fair values of the identifiable net assets acquired.

To determine fair value:

1. The Group allocates the cost of the business combination to the identifiable assets and liabilities of the acquiree, increasing the amounts at which they were carried in the acquiree's financial statements so as to reflect their fair value.
2. If any of the cost can be allocated to identifiable intangible assets, it recognises those assets explicitly in its consolidated statement of financial position to the extent that their acquisition-date fair values can be reliably determined.
3. If the cost so allocated differs from their amounts for tax purposes, it recognises the corresponding deferred tax.

Goodwill is only recognised when it is purchased as part of a business combination.

On disposal of the cash-generating unit, the attributed amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill is not amortised. However, at each year-end or whenever it identifies indications of impairment, the Group tests its goodwill for irreversible impairment, comparing its carrying amount with its recoverable amount. If its goodwill is deemed impaired, it recognises the corresponding loss. Goodwill impairment losses cannot be reversed.

All goodwill is allocated to one or more cash-generating units. The recoverable amount of each cash-generating unit is the higher of value in use and the net selling price for the unit's assets, calculated using the methodology described in note 4.4.

4.3 Property, plant and equipment

Items of property plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of assets acquired or produced that require more than one year to ready for use (qualifying assets) includes the borrowing costs accrued prior to putting the assets to use whenever these expenses meet the capitalisation requirements.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, to the extent the Group incurs such obligations as a consequence of having used the item for purposes other than to produce inventories.

Items of property, plant and equipment are depreciated by systematically allocating their depreciable amount over the course of their useful lives. 'Depreciable amount' for this purpose is their purchase cost less any residual value. The Group determines its depreciation charges separately for each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and whose useful life is different to that of the rest of the item.

The cost of property, plant and equipment, after deducting any residual value, is depreciated on a straight-line basis over the following estimates useful lives:

	Years of useful life
Buildings	25 - 50
Plant and machinery	7.6 - 16.6
Other fixtures, tools and furniture	5 - 16.6
Computer equipment	4 - 5
Vehicles	3 - 10
Other items of PP&E	6 - 20

Long-term investments made in properties leased from third parties are recognised using the same criteria as for other items of property, plant and equipment. Such investments are depreciated during the shorter of their useful lives or the lease term. Determination of the lease term to that end is consistent with that established for lease classification purposes.

The Group reviews its assets' residual values, useful lives and depreciation methods at each year-end. Any changes in the initially established criteria are recognised as a change in accounting estimate.

Subsequent to initial recognition, the Group only capitalises costs incurred to the extent they increase the assets' capacity, productivity or lengthen their useful lives, duly derecognising any assets they substitute. As a result, the everday costs of maintaining the assets are recognised in profit or loss as incurred.

The Group tests its assets for impairment and recognises any impairment losses (or reversals thereof) in accordance with the criteria outlined in note 4.4.

4.4 Impairment of property, plant and equipment, intangible assets and goodwill

Given that the Group has intangible assets with indefinite useful lives and goodwill, at every year-end it tests those assets for impairment to check whether their recoverable amount has fallen below their carrying amount.

The procedure followed by the Group for impairment testing purposes is as follows:

- The recoverable amounts are calculated for each cash-generating unit (CGU); in the case of items of property, plant and equipment and trademarks, the tests are performed item by item, on an individual basis whenever feasible.
- The recoverable amount is the higher of fair value less costs to sell and value in use. The directors believe that fair value less costs of disposal is equivalent to the assets' value in use. It calculates the recoverable amount by discounting cash flows projected over a five-year horizon. It also calculates a terminal value based on the cash flows estimated for the last year of the projection period, applying a rate of growth in perpetuity that is in no instance higher than the long-term growth rate estimated for the market in which the Group operates.
- The projections for each CGU are based on past experience and the best estimates available, and are consistent with the Group's business plans. The projections are articulated around:
    - Earnings projections;
    - Capital expenditure and working capital projections.

Other variables that affect the calculation of these recoverable amounts are:

- The applicable discount rate, namely the weighted average cost of capital, the main inputs for its calculation being the cost of debt and risks specific to the assets being valued.
- A growth rate for extrapolating the free cash flows beyond the budget/forecast projection horizon.

- In the event that a CGU has to be written down for impairment and goodwill has been allocated to that unit, the carrying amount of any goodwill allocated to the impaired CGU is written down first. If the impairment provision is more than the carrying amount of goodwill, then the rest of the assets constituting the CGU are written down for impairment, *pro rata*, on the basis of the carrying amount of each asset in the unit, to the higher of fair value less costs to sell, value in use and zero. However, as already noted, in the case of items of property, plant and equipment and the trademarks, the tests are performed item by item, on an individual basis whenever feasible.
- When an impairment loss subsequently reverts, the carrying amount of the assets or the CGU is written up to their recoverable amount, so long as the restated carrying amount does not exceed the carrying amount that would have been recognised had no impairment loss been recognised in prior years. Note that impairment losses on goodwill cannot be reversed. The reversal of an impairment loss is recognised in profit.

For CGU identification purposes, the Group's management has been conducting the impairment tests on the basis of the manner in which they are managed and structured in terms of human resources and tangible and intangible assets, among other criteria. Accordingly, the tests are based on:

(i) The manner in which the Group organises and manages its vegetable oil production and bottling resources which, albeit located in different regions of Italy and Spain, are managed and operated in practice as a single unit.

(ii) The structure used to market and sell the vegetable oil produced, specifically the Group's five existing sales units (Spain; Italy; Northern Europe; Americas; and International Markets), whose activity consists of the sale and marketing of the oil produced, leveraging the Group's portfolio of brands, in the markets assigned to each.

As a result, for the purposes of IAS 36 *Asset impairment*, the Group categorises its assets into those six CGUs and allocates the value of its corporate assets to them based on the following structure:

Cash-generating unit (CGU)	Type	Markets
Spain	Sales unit	Spain
Italy	Sales unit	Italy
Northern Europe	Sales unit	Germany, Belgium, Netherlands, France, the rest of Europe and MEA
North America	Sales unit	US and Canada
International Markets	Sales unit	Latin America, Australia, China, India and the rest of Asia
Operations	Manufacturing	Factories located in Spain and Italy

Impairment tests at 31 December 2020:

The Parent's directors have prepared five-year financial projections for the Group. Those projections were used as the basis for its annual non-financial asset impairment tests.

The Parent engaged the services of an independent expert (PricewaterhouseCoopers Asesores de Negocios, S.L.) to value of each of the CGUs defined for impairment testing purposes. That expert's work focused on: (i) valuing the Group's trademarks (included under 'Other intangible assets'); and (ii) estimating the recoverable amounts of the various CGUs to which the Group has allocated its goodwill, and to which it similarly allocates its intangible assets (mainly trademarks), these being the Group's main assets, in keeping with IAS 36. Those calculations enable the Parent to then assess whether the carrying amounts of its CGUs are sufficiently substantiated by their recoverable amounts.

Subsequently, the Group's auditor, Ernst & Young, S.L., reviewed the independent expert's report as part of its audit work. Ernst & Young, S.L. also involved its internal valuation experts to check the methodology used by the independent expert to test the assets for impairment and the reasonableness of the discount and long-term growth rates used.

The main assumptions used to perform the impairment tests:

Year-end 2020						
Cash-generating units	Discount rate (after-tax WACC)	Discount rate (pre-tax WACC)	Average growth rate, g	Average growth in gross profit	EBITDA CAGR	Terminal value as a percentage
Spain	7.4%	9.2%	1.7%	3.8%	6.7%	94.0%
Italy	7.8%	10.0%	1.3%	8.7%	17.5%	124.0%
Northern Europe	6.3%	7.3%	1.7%	(4.1%)	(14.3%)	78.5%
North America	6.0%	7.8%	2.0%	0.7%	(3.8%)	85.2%
International Markets	8.3%	10.6%	3.0%	6.5%	1.6%	79.8%
Operations	7.6%	10.1%	1.5%	1.9%	3.7%	61.4%

The average rate of growth in perpetuity modelled by the Group in 2020 was 1.8% (2020: 2.0%).

Based on the independent expert's conclusions regarding the value of its trademarks and the estimated recoverable amounts of its CGUs, the Group performed its CGU impairment tests, as follows (in both years):

1. Allocation of the carrying amounts of the trademarks and the corresponding deferred tax liabilities to the various CGUs as a function of average projected gross profit between 2021 and 2025.
2. Restatement of the carrying amounts of the trademarks for which the individual assessments implied the reversal of previously recognised impairment losses. For the trademarks whose carrying amounts prior to the impairment tests was observed to be lower than the fair value derived from the valuation exercise, any impairment losses recognised in prior years were reversed to increase their carrying amount to such fair value.
3. Identification of the CGUs presenting impairment.
4. Allocation of the impairment losses to each CGU. The criteria used were as follows:
    a. First the impairment is allocated to goodwill. Next, as several trademarks co-exist in the CGUs, the remaining loss is divided proportionately between the various trademarks assigned to the CGU in question.
    b. The impairment loss allocated to a specific trademark (the sum of the potential impairment losses at each CGU to which that trademark has been assigned) cannot leave the carrying amount of that trademark below its fair value.
    c. For assets other than the trademarks, it was assumed that their carrying amount was a good proxy for their fair value such that they were not written down for impairment.

The breakdown by CGU at 31 December 2020 of the carrying amount of the assets, their recoverable amounts and the resulting headroom or impairment loss, is as follows:

	Thousands of euros						
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Operations**	**Total**
Net fixed assets	63,566	33,509	82,431	125,523	49,450	45,199	399,678
Goodwill	-	-	-	-	14,805	6,912	21,717
Working capital	(7,191)	(971)	(1,464)	29,365	8,487	28,579	56,805
Total net assets - opening	**56,375**	**32,538**	**80,967**	**154,888**	**72,742**	**80,690**	**478,200**
Net reversal of previously recognised trademark impairment (I)	1,602	2,501	5,054	13,576	2,646	-	25,379
Total net assets - restated	**57,977**	**35,039**	**86,021**	**168,464**	**75,388**	**80,690**	**503,579**
Fair value	41,810	25,301	165,032	248,018	180,285	83,526	743,972
Costs to sell	(418)	(253)	(1,650)	(2,480)	(1,803)	(835)	(7,439)
Recoverable amount	**41,392**	**25,048**	**163,382**	**245,538**	**178,482**	**82,691**	**736,533**
Potential headroom/(impairment)	**(16,585)**	**(9,991)**	**77,361**	**77,074**	**103,094**	**2,001**	
Potential net impairment by CGU	(16,585)	(9,991)	N/A	N/A	N/A	N/A	(26,576)
Net impairment applied to carrying amount of trademarks (II)	(1,023)	(8,620)	N/A	N/A	N/A	N/A	(9,643)
Definitive headroom/(impairment) by CGU (I+II)	**579**	**(6,119)**	**5,054**	**13,576**	**2,646**	**-**	**15,736**

As a result of the impairment tests, the Group partially reversed previously recognised impairment losses by 20,635 thousand euros (15,736 thousand euros net of the tax effect). The impairment loss reversals were recognised under 'Other operating income' in the 2020 consolidated statement of profit or loss (note 21), while the tax impact, of 4,899 thousand euros, was recognised under 'Income tax' in the 2020 consolidated statement of profit or loss (note 12.3). The breakdown by CGU:

	Thousands of euros					
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Total**
Trademarks	771	(8,522)	6,757	18,101	3,528	20,635
Gross reversal/(impairment)	**771**	**(8,522)**	**6,757**	**18,101**	**3,528**	**20,635**
Tax effect	(192)	2,403	(1,703)	(4,525)	(882)	(4,899)
Net reversal/(impairment)	**579**	**(6,119)**	**5,054**	**13,576**	**2,646**	**15,736**

At 31 December 2020, the carrying amount of the Group's trademarks (including 'Other intangible assets'), having recognised the effects of the impairment tests performed during the year, stood at 456,892 thousand euros, which is equal to their fair value, calculated using the relief-from-royalty technique (note 6).

The breakdown of the carrying amounts and fair values of the Group's trademarks at 31 December 2020:

Trademark	Thousands of euros			
	Carrying amount before impairment tests	**Reversal/ (impairment) as a result of tests**	**Carrying amount at 31 Dec. 2020**	**Fair value at 31 Dec. 2020**
Bertolli (*)	207,279	28,682	235,961	235,961
Carbonell	95,367	63	95,430	95,430
Carapelli	85,769	(11,158)	74,611	74,611
Hojiblanca	14,048	2,169	16,217	16,217
Sasso	14,090	(255)	13,835	13,835
Koipe	1,687	(170)	1,517	1,517
Maya	2,760	1,975	4,735	4,735
Friol	6,271	1,066	7,337	7,337
Koipesol	7,089	(1,129)	5,960	5,960
San Giorgio	1,897	(608)	1,289	1,289
Total	**436,257**	**20,635**	**456,892**	**456,892**

(*) Includes the sum allocated to the Bertolli business's customer list, which is included under "Other intangible assets".

The assumptions used to determine the above-listed amounts are aligned with those used to value the CGUs. The royalty rates used ranged between 3% and 5.5%.

Below are the results of the sensitivity analysis performed with respect to the test results at year-end 2020 to model the impact on the recoverable amounts of the CGUs' assets of changes in the most sensitive assumptions used:

Spain CGU

		Millions of euros		
		Fair value		
Change in assumptions		**Weighted average cost of capital (WACC)**		
		(0.5%)	Rate used	0.5%
Average growth rate, g	(0.2%)	45.2	40.7	36.9
	Rate used	46.6	**41.8**	37.8
	0.2%	48.1	43.0	38.8

	Millions of euros		
	Change in gross margin		
	(0.50%)	Rate used	0.50%
Potential headroom/(impairment) for CGU	(26.1)	**(16.6)**	(7.2)
Net impairment applied to carrying amount of trademarks	(1.0)	**(1.0)**	(1.0)

Italian CGU

		Millions of euros		
		Fair value		
Change in assumptions		**Weighted average cost of capital (WACC)**		
		(0.5%)	Rate used	0.5%
Average growth rate, g	(0.2%)	27.7	24.5	21.8
	Rate used	28.7	**25.3**	22.4
	0.2%	29.7	26.2	23.2

	Millions of euros		
	Change in gross margin		
	(0.50%)	Rate used	0.50%
Potential headroom/(impairment) for CGU	(18.6)	**(10.0)**	(1.5)
Net impairment applied to carrying amount of trademarks	(8.6)	**(8.6)**	(1.5)

Northern European CGU

		Millions of euros		
		Fair value		
Change in assumptions		**Weighted average cost of capital (WACC)**		
		(0.5%)	Rate used	0.5%
Average growth rate, g	(0.2%)	178.3	159.1	143.5
	Rate used	186.0	**165.1**	148.3
	0.2%	194.4	171.7	153.5

	Millions of euros		
	Change in gross margin		
	(0.50%)	Rate used	0.50%
Potential headroom/(impairment) for CGU	68.3	**77.4**	88.1
Net impairment applied to carrying amount of trademarks	-	-	-

Northern American CGU

Change in assumptions		Millions of euros		
		Fair value		
		Weighted average cost of capital (WACC)		
		(0.5%)	Rate used	0.5%
Average growth rate, g	(0.2%)	269.5	239.0	215.1
	Rate used	281.5	**248.0**	222.0
	0.2%	295.0	258.0	229.6

	Millions of euros		
	Change in gross margin		
	(0.50%)	Rate used	0.50%
Potential headroom/(impairment) for CGU	63.1	**77.1**	91.8
Net impairment applied to carrying amount of trademarks	-	**-**	-

International Markets CGU

Change in assumptions		Millions of euros		
		Fair value		
		Weighted average cost of capital (WACC)		
		(0.5%)	Rate used	0.5%
Average growth rate, g	(0.2%)	192.8	175.1	160.4
	Rate used	199.4	**180.4**	164.7
	0.2%	206.5	186.1	169.3

	Millions of euros		
	Change in gross margin		
	(0.50%)	Rate used	0.50%
Potential headroom/(impairment) for CGU	96.4	**103.2**	114.2
Net impairment applied to carrying amount of trademarks	-	-	-

Operations CGU

Change in assumptions		Millions of euros		
		Fair value		
		Weighted average cost of capital (WACC)		
		(0.5%)	Rate used	0.5%
Average growth rate, g	(0.2%)	87.6	81.9	77.0
	Rate used	89.6	**83.5**	78.4
	0.2%	91.7	85.3	79.9

The results of the impairment tests are highly sensitive to variations in the key assumptions modelled, such that any deviations in actual growth rates and results relative to those estimated by management for the purposes of the tests could imply the need to recognise additional impairment losses in the future (or, by the same token, to reverse existing allowances).

At year-end, the Parent's management validated all of the assumptions used in the year-end 2020 impairment tests, which are underpinned by the Group's historical information, the estimates available for the various business areas and the best economic forecasts available, based on public information and macroeconomic trends.

The Parent's directors believe that the business and asset valuations are not an exact science, but rather a simulation exercise based on experience that requires the use of assumptions that contain a certain amount of subjectivity. Based on the impairment testing input received from the above-mentioned experts, the Parent's directors believe that the conclusions obtained are reasonable and adequate. They also believe that there have been no significant developments since their performance requiring modification of the estimates made at year-end 2020 to conduct the impairment tests and that any possible reasonable change in the key assumptions on which the recoverable amount calculations are based would not cause the carrying amount of the CGU assets to vary significantly in either direction with respect to such recoverable amounts.

2019

Below, for comparative purposes, are the most significant assumptions used in and the results of the impairment tests done at year-end 2019:

Year-end 2019						
Cash-generating units	Discount rate (after-tax WACC)	Discount rate (pre-tax WACC)	Average growth rate, g	Average growth in gross profit	EBITDA CAGR	Terminal value as a percentage
Spain	7.3%	8.9%	2.1%	6.2%	8.1%	87.5%
Italy	7.8%	9.5%	1.6%	9.5%	16.8%	93.0%
Northern Europe	5.6%	7.0%	1.8%	7.6%	14.7%	86.9%
North America	6.0%	7.3%	2.1%	8.0%	15.1%	84.9%
International Markets	8.5%	10.7%	3.1%	8.9%	9.2%	80.3%
Operations	7.6%	9.8%	1.9%	4.5%	7.1%	65.2%

The average rate of growth in perpetuity modelled by the Group in 2019 was 2.0%.

The breakdown of the carrying amount of the assets (before the recognition of impairment) and their recoverable amounts by CGU at year-end 2019:

	Thousands of euros						
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Operations**	**Total**
Net fixed assets	64,019	30,449	57,333	148,731	61,082	46,334	407,948
Goodwill	-	-	-	-	14,805	6,912	21,717
Working capital	(6,654)	(1,367)	4,165	19,837	12,864	21,329	50,174
Total net assets - opening	**57,365**	**29,082**	**61,498**	**168,568**	**88,751**	**74,575**	**479,839**
Net reversal of previously recognised trademark impairment (I)	7,889	12,262	14,355	8,082	2,894	-	45,482
Total net assets - restated	**65,254**	**41,344**	**75,853**	**176,650**	**91,645**	**74,575**	**525,321**
Fair value	51,141	34,461	42,397	193,479	190,978	77,379	589,835
Costs to sell	(511)	(344)	(424)	(1,935)	(1,910)	(774)	(5,898)
Recoverable amount	**50,630**	**34,117**	**41,973**	**191,544**	**189,068**	**76,605**	**583,937**
Potential headroom/(impairment)	**(14,624)**	**(7,227)**	**(33,880)**	**14,894**	**97,423**	**2,030**	
Potential net impairment by CGU	(10,968)	(5,492)	(28,141)	N/A	N/A	N/A	(44,601)
Net impairment applied to carrying amount of trademarks (II)	(7,015)	(5,407)	(28,134)	N/A	N/A	N/A	(40,556)
Definitive headroom/(impairment) by CGU (I+II)	**874**	**6,855**	**(13,779)**	**8,082**	**2,894**	**-**	**4,926**

As a result of the impairment tests, the Group partially reversed previously recognised impairment losses by 10,966 thousand euros (4,926 thousand euros net of the tax effect).

	Thousands of euros					
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Total**
Trademarks	1,183	8,644	(13,991)	11,204	3,926	10,966
Gross reversal/(impairment)	**1,183**	**8,644**	**(13,991)**	**11,204**	**3,926**	**10,966**
Tax effect	(309)	(1,789)	212	(3,122)	(1,032)	(6,040)
Net reversal/(impairment)	**874**	**6,855**	**(13,779)**	**8,082**	**2,894**	**4,926**

The breakdown of the carrying amounts and fair values of the Group's trademarks at 31 December 2019:

Trademarks Other intangible assets	Carrying amount before impairment tests	Reversal/ (impairment) as a result of tests	Carrying amount at 31 Dec. 2019	Fair value at 31 Dec. 2019
	Thousands of euros			
Bertolli (*)	246,772	(35,281)	211,491	210,214
Carbonell	89,032	6,335	95,367	95,367
Carapelli	40,177	45,592	85,769	85,769
Hojiblanca	16,021	(1,973)	14,048	14,048
Sasso	18,849	(3,534)	15,315	13,703
Koipe	9,215	(7,381)	1,834	1,834
Maya	3,224	(463)	2,761	2,525
Friol	3,340	2,931	6,271	6,271
Koipesol	1,027	6,569	7,596	7,596
San Giorgio	3,861	(1,829)	2,032	1,102
Total	**431,517**	**10,966**	**442,483**	**438,429**

(*) Includes the sum allocated to the Bertolli business's customer list, which is included under "Other intangible assets".

The assumptions used to determine the above-listed amounts were aligned with those used to value the CGUs. The royalty rates used ranged between 3% and 5.5%.

4.5 Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as non-current assets held for sale when their carrying amount will be recovered principally through a sale transaction expected to be realised within the next 12 months rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale must be considered highly probable.

Non-current assets or disposal groups classified as held for sale are not depreciated; they are measured at the lower of their carrying amounts and fair value less costs to sell.

The Group recognises an impairment loss for any initial or subsequent write-down of the assets classified within this category with a charge to profit or loss from continuing operations in the consolidated statement of profit or loss unless the assets meet the definition of a discontinued operation.

The Group recognises a gain for any subsequent increase in fair value less costs to sell in profit or loss, although this increase may not exceed the accumulated impairment loss recognised, either in accordance with the prescribed measurement at fair value less costs to sell or impairment losses recognised on the assets prior to their classification as held for sale.

The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of (i) its carrying amount before classification as such, adjusted for any depreciation, amortisation or impairment that would have been recognised had it not been classified as held for sale and (ii) its recoverable amount at the date of the reclassification decision. Any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is recognised in profit or loss profit or loss from continuing operations.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale; and:

1. Represents a separate major line of business or geographical area of operations;
2. Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
3. Is a subsidiary acquired exclusively with a view to reselling it.

A component of the Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

The post-tax profit or loss of discontinued operations and the post-tax gain or loss on the disposal of the assets or disposal group(s) constituting the discontinued operation are presented in a single line item amount in the consolidated statement of profit or loss (under 'Profit/(loss) from discontinued operations').

If the Group ceases to classify a component as a discontinued operation, the results of operations of the component previously presented within discontinued operations are reclassified and included in income from continuing operations for all periods presented.

4.6 Leases

The Group accounts for leases as follows:

• Right-of-use assets

The Group recognises right-of-use assets at the inception of the lease, i.e., the date on which the underlying asset is available for use. Right-of-use assets are measured at cost less accumulated depreciation and any impairment losses and are adjusted for any remeasurement of the associated lease liabilities. The initial cost of right-of-use assets includes the amount of the lease liability at initial recognition, initial direct costs incurred and lease payments made before the commencement of the lease. Any incentives received are deducted from the initial cost. Unless the Group is reasonably certain it will obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are tested for impairment.

• Lease liabilities

At the lease commencement date, the Group recognises lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including in-substance fixed lease payments) less any incentives receivable, variable lease payments that depend on an index or a rate, and the amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and the payment of penalties for terminating the lease, if the lease term reflects the assessment that the Group will exercise its option to terminate. Variable lease payments that do not depend on an index or a rate are expensed in the period in which the event or condition that triggers those payments occurs.

To calculate the present value of its lease payments, the Group uses a discount rate equivalent to its incremental borrowing rate at the date of commencement of the lease if the interest rate implicit in the lease is not readily determinable. After initial recognition, the measurement of a lease liability is increased by the interest accrued and reduced by lease payments made. In addition, the carrying amount of lease liabilities is remeasured if the lease is modified, if there is a change in the assessment of the lease term, a change in in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset. The lease liability is also increased if there is a change in future lease payments as a result of a change in the index or rate used to determine the amounts of those payments.

• Short-term and low-value leases

The Group applies the short-term lease recognition exemption (i.e., leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option) to its machinery and equipment leases. It applies the low-value lease recognition exemption to its leases over office equipment of low value. Lease payments for short-term and low-value leases are recognised as expense on a straight-line basis over the lease term.

• Judgement exercised in determining the term of leases with extension options

The Group determines the lease term as the non-cancellable period of the lease, plus the periods covered by an option to extend the lease, if is reasonably certain it will exercise that option. The lease term also includes the periods covered by an option to terminate the lease if it is reasonably certain not to exercise that option.

In some of its lease contracts, the Group has the option of extending the lease. The Group assesses whether it is reasonably certain to exercise those options. To do so, it considers all the relevant facts and circumstances that create an economic incentive for it to extend. After initial recognition, the Group reassesses the lease term upon the occurrence of a significant event or significant change in circumstances that is within its control and affects whether it is reasonably certain to exercise (or not exercise) the option to extend the lease.

4.7 Financial instruments

Financial assets

Financial assets are recognised on the consolidated statement of financial position when they are acquired, initially at fair value. The financial assets held by the Group companies are classified as follows:

1. Financial assets at fair value through profit or loss: assets acquired by the Group for the purpose of collecting the contractual cash flows and selling the financial assets; and assets whose contractual cash flows do not consist solely of payments of principal and interest for which the objective of the business model is to sell the assets. Interest income, exchange differences and impairment losses are recognised in the consolidated statement of profit or loss; all other gains and losses on these financial assets are recognised in 'Other comprehensive income' in equity. Any cumulative gain or loss recognised in equity is reclassified to profit or loss upon derecognition.
2. Financial assets at amortised cost: assets whose contractual cash flows consist solely of payment of principal and interest for which objective of the business model is to hold the assets to collect the contractual cash flows. For assets in this category, the Group recognises fair value changes in its consolidated statement of comprehensive income. Most of the Group's financial assets are included in this category.

Transaction costs that are directly attributable to the acquisition are recognised as an increase in the acquisition cost or as an expense depending on whether the financial asset being purchased is classified at fair value through other comprehensive income or through profit or loss.

The fair value of a financial instrument on a given date is the amount for which it could be exchanged between knowledgeable, willing parties in an arm’s length transaction.

Interest accrued on financial assets at amortised cost is recognised in the consolidated statement of profit or loss using the effective interest method. Amortised cost is the initial cost less principal repayments less any expected loss allowance. The Group recognises impairment allowances for the risk of default. Specifically, it calculates those allowances for its customer portfolio using the expected credit loss model.

Financial assets are derecognised when the contractual rights to the related cash flows have expired or when the risks and rewards incidental to ownership of the asset have been substantially transferred. In contrast, the Group does not derecognise financial asset transfers in which it retains substantially all the risks and rewards of ownership, recognising instead a financial liability in the amount of any consideration received.

Financial liabilities

The Group companies' financial liabilities are mainly held-to-maturity financial liabilities, which are measured at amortised cost. The financial liabilities held by the Group companies are classified as follows:

1. Bank and other loans: loans obtained from banks and other lenders are recognised at the amount received, net of directly attributable transaction costs. They are subsequently carried at amortised cost. Finance costs are recognised on an accrual basis in the consolidated statement of profit or loss using the effective interest method and are added to the carrying amount of the financial liability to the extent they are not settled in the year in which they accrue.
2. Trade and other accounts payable: trade payables are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method.

The Group derecognises financial liabilities when the related obligation is discharged or cancelled or expires.

4.8 Hedge accounting

The Group uses derivatives to hedge the risks to which its activities, operations and projected cash flows expose it. The main risk derives from exposure to changes in exchange rates and interest rates. To hedge the transactions which expose it to these risk factors, the Group arranges financial derivatives.

The Group is party to certain derivatives that although arranged mainly for hedging purposes do not qualify for hedge accounting. The effects of recognising those instruments at fair value are recognised directly in profit or loss in 2020 and 2019 (notes 9 and 24).

Derivatives embedded in other financial instruments or in other contracts are treated as separate derivatives only when their economic risks and characteristics are not closely related to those of the host contract and the hybrid contract is not measured at fair value with changes in fair value recognised in other comprehensive income.

The fair value of the various derivatives arranged is calculated using the valuation techniques described in note 4.9 below.

4.9 Fair value measurement: valuation techniques and assumptions

The Group determines the fair value of its financial assets and liabilities as follows:

- The fair values of financial assets and liabilities with standard terms and conditions that are traded on active, liquid markets are determined by reference to quoted prices.
- The fair value of other financial assets and liabilities (other than derivatives) are determined using generally accepted valuation models on the basis of discounted cash flow analysis, using transaction prices that are observable in the market and quoted prices for similar instruments.
- The fair value of interest rate derivatives is determined by discounting their cash flows using prevailing implicit forward rates. To determine the fair value of its options, the Group uses the Black & Scholes valuation model and its variants, using market volatilities for the options' strike prices and time value.

Subsequent to initial recognition, the Group classifies its financial instruments into a hierarchy, from levels 1 to 3, depending on the extent to which the inputs used are observable.

- Level 1: obtained using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: obtained using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: obtained using valuation techniques that include unobservable inputs for the asset or liability, i.e., inputs that are not based on observable market data.

The Group defines the fair value of a financial instrument as the price that would be received to sell an asset or paid to transfer a liability, including own credit risk.

To determine the credit risk adjustment, the Group uses a technique based on the calculation, using simulations, of the total expected exposure (which therefore includes current and potential exposure), adjusted for the probability of default over time and the loss given default assigned to the Group and each of its counterparties. The total expected exposure of derivatives is obtained using observable market inputs such as yield, currency and volatility curves, factoring in market conditions at the measurement date.

The inputs used to determine own credit risk and counterparty credit risk (which in turn determine the probability of default) are mainly based on own credit spreads and the spreads of comparable companies currently traded on the market (CDS curves, yields on bond issues).

The only financial assets and financial liabilities measured at fair value at both year-ends were the Group's financial derivatives (note 9).

4.10 Own equity instruments

An equity instrument is a contract that evidences a residual interest in the Parent’s assets after deducting all of its liabilities.

The equity instruments issued by the Parent are recognised in equity at the amount received net of any issuance costs.

Own shares acquired by the Parent during the year are recognised at the amount of consideration given in exchange and are presented as a deduction from equity. Any gains and losses on the purchase, sale, issuance or cancellation of own equity instruments are recognised in equity.

4.11 Cash and cash equivalents

This heading includes cash and highly-liquid, short-term (less than 3 months) investments that are readily convertible into cash, the value of which is not subject to significant risks. The interest earned on those investments is recognised as income as accrued; any interest outstanding at year-end is added to the cash equivalents balance on the consolidated statement of financial position.

4.12 Inventories

Inventories are initially measured at purchase or production cost. The purchase cost includes the amount invoiced by the seller, net of any trade discounts received and the amount of any financing component included in nominal prices, plus any additional expenses incurred in bringing the inventories to their present location and condition and others directly attributable to their purchase.

Inventory production cost includes the cost of purchasing the raw materials and other consumables directly related with the units produced and a portion of the fixed and variable production overheads incurred during the conversion period, calculated on a systematic basis. Fixed production overheads are allocated on the basis of the higher of normal production capacity or the actual level of production.

Purchases that are returned are deducted from the amount of the corresponding inventories and sales that are returned are added at the purchase or production price attributed to them in accordance with the inventory valuation method used.

Advances received on account of inventories are measured at cost.

The cost of raw materials and other supplies, the cost of goods held for resale and conversion costs are allocated to the various units in stock using the weighted average cost formula. The Group uses a period of one month to value its inventories.

The carrying amount of inventories is written down for impairment when their cost exceeds their net realisable value. For impairment testing purposes, net realisable value is:

1. Raw materials and other supplies: replacement cost. The Group does not recognise an impairment allowance if it expects the finished products in which the impaired raw materials and other supplies will be sold at an amount equivalent to or higher than its production costs;
2. Goods held for resale and finished products: the estimated sale price less the costs necessary to make the sale;
3. Work in progress: the estimated sale price of the corresponding finished products, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 Foreign currency transactions and balances

The Group's functional currency is the euro. As a result, transactions denominated in currencies other than the euro are considered foreign currency transactions and are recognised at the exchange rate prevailing on the transaction date.

On the date of each statement of financial position, monetary assets and liabilities denominated in foreign currency are translated into the functional currency using the exchange rates prevailing on the reporting date. Any resulting exchange gains or losses are recognised directly in profit or loss.

4.14 Grants

The Group uses the following criteria to account for grants, donations and bequests received:

- Non-repayable grants, donations and bequests received: They are measured at the fair value of the amount or asset awarded, depending on whether or not the grant is a monetary grant; they are recognised as a liability and are reclassified to profit or loss over the periods and in the proportions in which depreciation expense on the related depreciable assets is recognised or, when appropriate, when the asset is derecognised or written down for impairment.
- Repayable grants: They are accounted for as liabilities as long as they qualify for repayment.
- Grants related to income: These grants are credited to income when awarded unless they are earmarked to offset future operating losses, in which case they are recognised in the years the losses are realised. If they are granted to finance specific expenses, they are recognised in profit or loss in the same period as the related expenses.

4.15 Employee commitments

Provision for retirement bonuses

Pursuant to the collective bargaining agreements in effect in its various workplaces, the Group is obliged to pay a special bonus to employees when they take early retirement (between the ages of 59 and 64), which is set on the basis of the age at retirement. Those obligations have been externalised through insurance policies; the corresponding insurance premium is expensed annually. The amount expensed in this connection was not material in either 2020 or 2019.

Long-service bonus

Pursuant to the collective bargaining agreements in effect in its various workplaces, the Group is obliged to pay a special bonus to employees who have worked for it for a specific length of time. Those obligations cannot be externalised but can be provided for. The Group has recognised the corresponding provision under 'Other non-current liabilities' on the accompanying consolidated statement of financial position.

The main assumptions used to calculate that provision in 2020 were the following:

- Discount date: 31 December 2020.
- Mortality table PERM/F 2000p.
- Disability rate: N/A
- Turnover rate: N/A
- Wage growth: 1.50%.
- Technical interest rate: 0.14%, based on the market yields on highly creditworthy corporate bonds or notes and the duration of the commitments assumed.

Other obligations

In keeping with Italian legislation, Carapelli Firenze, S.p.A., has provided for one month's pay per year worked for all of its employees. That obligation is payable when an employee leaves its employment, whether voluntarily or involuntarily. Application of IAS 19 to this obligation had a positive impact of 13 thousand euros in 2020 (2019: a negative impact of 143 thousand euros), which was recognised under "Valuation adjustments" in equity.

The main assumptions used to calculate that provision in 2020 were the following:

- Discount date: 31 December 2020.
- Mortality table: RG48 mortality table.
- Disability rate: Different INPS tables by age and gender.
- Employee turnover rate: 4%.
- Discount rate: 0.22%.
- Growth in severance pay (TFR): 2.10%.
- Early retirement rate: 3%.
- Inflation rate: 0.80%.

At 31 December 2020, to cover the cost of these and the other employee obligations outlined, the Group had recognised a provision of 1,615 thousand euros (year-end 2019: 2,030 thousand euros) within 'Other non-current liabilities' in the accompanying consolidated statement of financial position.

Termination benefits

The termination benefits payable as a result of the Group's decision to terminate employment before the normal retirement date are recognised when the Group is demonstrably committed to terminating the employment relationship in accordance with a detailed formal plan for which there is no realistic possibility of withdrawal or modification.

At year-end 2020, the Group had recognised provisions for termination benefits of 380 thousand euros (year-end 2019: 286 thousand euros).

Medium- and long-term variable remuneration ("Long-term bonus plan")

On 5 June 2017, the Parent's Board of Directors approved a remuneration scheme which consisted of the allocation of a specific number of rights to its beneficiaries which in turn entitled the latter to receive a certain amount of remuneration depending on the price at which the Parent's majority shareholder sold the Deoleo, S.A. shares it held.

That scheme took effect on 5 June 2017 and was to run until Deoleo, S.A.'s current majority shareholder sold its shares in the Company. The beneficiaries were the members of the management team of the Deoleo, S.A., including the chief executives, as stipulated by the Board of Directors of Deoleo, S.A. at the recommendation of its Appointments and Remuneration Committee.

The Group did not recognise any amounts in connection with the scheme in 2020 or 2019 as the vesting terms had not been met.

As resolved at the Annual General Meeting held by Deoleo, S.A. on 29 October 2020, the above long-term bonus plan has been cancelled.

Long-term variable remuneration ("Long-term bonus plan")

On 31 May 2019, the Company's Appointments and Remuneration Committee approved a special bonus scheme for certain employees; the bonuses will accrue annually depending on the level of delivery of annual targets and three payment events in years 2, 3 and 5 from its date of effectiveness, so long as the employees remain in the Company's employment on the payment dates.

The Group recognised 1,123 thousand euros of employee benefits expense in connection with this scheme in 2020 (2019: 1,612 thousand euros). At 31 December 2020, to cover the cost of this obligation, the Group had recognised a provision of 2,645 thousand euros (year-end 2019: 1,612 thousand euros), of which 1,949 thousand euros was recognised within 'Other non-current liabilities' in the accompanying consolidated statement of financial position.

Extraordinary long-term bonus plan

As indicated in note 18.2, in the context of the restructuring work, the Shareholder Agreement between Deoleo, S.A. and the lender banks agreed the creation of an extraordinary long-term remuneration scheme for the members of the executive team of the Deoleo Holding Subgroup.

The beneficiaries of that scheme will be entitled to receive an extraordinary cash bonus to be determined as a function of the increase in the value of Deoleo Holding, S.L.U. whenever a potential Sale takes place, so long as the amount paid for Deoleo Holding, S.L.U. is higher than 98,039,216.47 euros.

The bonus will be payable by Deoleo Holding, S.L.U., which is the Group company assuming this commitment.

The Parent's directors have concluded that as of 31 December 2020, the employee benefits expense to be accrued cannot be determined: the information available is deemed insufficient to determine the fair value of this commitment as the probability of a Sale and its possible date cannot be determined. Against that backdrop, they have decided to carry the related contingent liability at zero and to review that judgement on future reporting dates in light of the trends in the different variables that affect its valuation.

4.16 Provisions and contingencies

In drawing up the consolidated financial statements, the Parent’s directors distinguish between:

- Provisions: liabilities recognised to cover a present obligation arising from past events, of uncertain timing and/or amount, the settlement of which is expected to result in an outflow of resources embodying economic benefits.
- Contingent liabilities: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

The consolidated financial statements recognise all provisions in respect of which it is considered probable that an obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the accompanying notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

Provisions are measured at the present value of the best estimate of the expenditure required to settle or transfer the present obligation based on information available concerning the obligating event and its consequences; changes in the provision's carrying amount arising from discounting are recognised as finance cost as accrued.

The compensation to be received from a third party when an obligation is settled is recognised as a separate asset so long as it is virtually certain that the reimbursement will be received, unless the risk has been contractually externalised so that the Group is legally exempt from having to settle, in which case the reimbursement is taken into consideration in estimating the amount of the provision, if any.

4.17 Revenue recognition

Income and expenses are recognised on an accrual basis, i.e., when earned or incurred, respectively, regardless of when actual collection or payment occurs. Revenue is measured at the fair value of the consideration received, less discounts and taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer and when the Group retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, whenever the outcome of the transaction can be estimated reliably.

Interest income on financial assets is recognised using the effective interest rate method; dividends are recognised when the shareholder's right to receive them is established. Interest and dividend income accrued on financial assets after their date of acquisition is recognised as revenue in the consolidated statement of profit or loss.

4.18 Income tax

The Parent has been paying its tax under the special tax consolidation scheme regulated by Chapter VII, Title VII of the consolidated text of Spain's Corporate Income Tax Act (enacted by Royal Decree-Law 4/2004) since January 2011, having duly informed the tax authorities of that decision.

The companies comprising its tax consolidation group are:

- Deoleo, S.A.
- Deoleo Holding, S.L.U.
- Deoleo Global, S.A.U.
- Aceites Ibéricos Acisa, S.A.
- Aceites Elosúa, S.A.
- Sevilla Rice Company, S.A.
- Cambium Rice Investments, S.L.
- Deoleo Preferentes, S.A.
- Aceica Refinería, S.L.
- Cogeneración de Andújar, S.A.
- Cetro Aceitunas, S.A.

Against the backdrop of the restructuring process completed by the Group, a number of corporate transactions were completed, at the behest of the creditors, as a result of which Deoleo, S.A. has lost, in 2021, its status as the parent of tax group no. 0171/11, given that it has ceased to hold an ownership in the rest of the Group companies in excess of the threshold stipulated in article 58 of Spain's Corporate Enterprise Act. As a result, the above consolidation tax consolidation group has been extinguished with effect from 2021, so that 2020 will be its last year of effectiveness.

In addition, from 2021, Deoleo Holding, S.L.U. has become the new parent of the rest of the Group companies, which have agreed to apply the consolidated tax regime as part of a new tax group of which Deoleo Holding, S.L.U. will be the parent. Deoleo Holding, S.L.U. has duly notified the Spanish tax authorities of that agreement, as required under article 61.6 of the Corporate Income Tax.

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for the year. In addition to withholdings and payments on account, current tax is reduced by the application of unused tax credits and unused tax losses.

Deferred tax expense or income corresponds to the recognition and derecognition of deferred tax assets and liabilities. They include taxable and deductible temporary differences between the carrying amount of an asset or liability and its tax base, and the carryforward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent they arise from the initial recognition of goodwill whose amortisation is not deductible for tax purposes or the initial recognition of another asset or liability in a transaction that affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets, meanwhile, are only recognised for deductible temporary differences to the extent that it is probable that the consolidated entities will generate sufficient taxable profit against which the deductible temporary differences can be utilised and so long as the deferred tax asset does not arise as a result of the initial recognition of an asset or liability in a transaction that does not affect either accounting profit or taxable income (tax loss). Any other deferred tax assets (unused tax losses and unused tax credits) are only recognised to the extent that it is probable that the consolidated entities will generate sufficient taxable profit in the future against which these assets can be utilised.

At each year-end, the deferred tax assets recognised are reassessed and their carrying amount is reduced if there are any doubts about their recoverability. At the end of each reporting period, previously unrecognised deferred tax assets are reassessed. A previously unrecognised deferred tax asset is recognised if it has become probable that taxable profit will be available against which the asset can be utilised.

4.19 Distinction between current and non-current

The Group classifies assets and liabilities expected to be realised or settled within 12 months after the reporting date within current assets and liabilities on its consolidated statement of financial position; all other assets and liabilities are classified as non-current.

4.20 Environmental assets and liabilities

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

Items of property, plant and equipment acquired for the purpose of sustained use in its business operations whose main purpose is to minimise environmental damage and/or enhance environmental protection, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in Note 4.3.

4.21 Earnings per share:

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Parent by the weighted average number of ordinary Parent shares outstanding during the year (not including the average number of Parent shares held as treasury stock by the Group companies).

4.22 Consolidated statement of cash flows

The following terms and definitions are used in the consolidated statement of cash flows, prepared using the indirect method:

1. Cash flows: inflows and outflows of cash and cash equivalents, the latter understood as short-term, investments which are subject to an insignificant risk of changes in value.
2. Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group.

5. Non-current assets held for sale and discontinued operations

The breakdown of the assets and liabilities included under 'Non-current assets held for sale' and 'Liabilities associated with non-current assets held for sale' and the reconciliation of the opening and closing balances in 2020 and 2019:

2020

	Thousands of euros						
	Opening balance	Additions and charges	Derecognitions and reversals	Transfers from receivables (note 11.2)	Transfers from investment properties (note 7)	Translation differences	Closing balance
Assets:							
Property, plant and equipment	45,998	9	(34,204)	1,523	-	(5)	13,321
Investment properties	1,254	-	(44)	7,700	2,254	-	11,164
Deferred tax assets	4,542	-	(3,093)	-	-	-	1,449
Asset impairment	(32,084)	(1,589)	24,083	-	(1,202)	-	(10,792)
Total assets	**19,710**	**(1,580)**	**(13,258)**	**9,223**	**1,052**	**(5)**	**15,142**
Liabilities:							
Other non-current liabilities	(400)	-	-	-	-	-	(400)
Total liabilities	**(400)**	**-**	**-**	**-**	**-**	**-**	**(400)**
Carrying amount	**19,310**	**(1,580)**	**(13,258)**	**9,223**	**1,052**	**(5)**	**14,742**

2019

	Thousands of euros					
	Opening balance	Additions and charges	Derecognitions and reversals	Transfers from investment properties	Translation differences	Closing balance
Assets:						
Property, plant and equipment	9,793	-	-	36,203	2	45,998
Investment properties	634	-	(21)	641	-	1,254
Deferred tax assets	1,449	-	-	3,093	-	4,542
Asset impairment	(6,622)	-	-	(25,462)	-	(32,084)
Total assets	**5,254**	**-**	**(21)**	**14,475**	**2**	**19,710**
Liabilities:						
Other non-current liabilities	(400)	-	-	-	-	(400)
Total liabilities	**(400)**	**-**	**-**	**-**	**-**	**(400)**
Carrying amount	**4,854**	**-**	**(21)**	**14,475**	**2**	**19,310**

The main movements under non-current assets held for sale in 2020:

(i) During the second half of 2020, Carapelli Firenze, S.p.A. sold the Inveruno factory in Milan for 13,400 thousand euros, recognising a gain of 2,242 thousand euros under 'Other operating income' in the 2020 consolidated statement of profit or loss (note 21) and derecognising the corresponding deferred tax asset in the amount of 3,093 thousand euros.

(ii) The properties received pursuant to the agreements reached by Deoleo, S.A. on 14 February 2020 in connection with a series of criminal and civil proceedings were transferred from 'Receivables' to this heading (note 11.2).

(iii) A number of properties owned by Deoleo Global, S.A.U. and Cetro Aceitunas, S.A., in net amounts of 301 thousand euros and 751 thousand euros, respectively, were transferred to this heading from 'Property, plant and equipment' (note 7).

(iv) The Group recognised impairment losses on a number of properties recognised under this heading to restate their carrying amounts to their appraisal values, specifically recognising a loss of 1,589 thousand euros under 'Other operating expenses' in the consolidated statement of profit or loss (note 23).

The Group is actively pursuing the sale of the above-listed assets and the Parent's directors believe the sales will close within 12 months from the reporting date. These assets meet the accounting requirements for classification as non-current assets held for sale.

6. Intangible assets and goodwill

The year-end breakdown and the reconciliation of the carrying amount of this consolidated statement of financial position heading at the beginning and end of 2020 and 2019:

2020

	Thousands of euros		
	Opening balance	Additions and charges	Closing balance
Intangible assets:			
Cost:			
Trademarks and usage rights	898,661	-	898,661
Other intangible assets	85,867	-	85,867
Software and other	17,798	1,347	19,145
	1,002,326	**1,347**	**1,003,673**
Accumulated amortisation:			
Trademarks and usage rights	(27,455)	(2,014)	(29,469)
Other intangible assets	(47,695)	(4,212)	(51,907)
Software and other	(16,020)	(833)	(16,853)
	(91,170)	**(7,059)**	**(98,229)**
Impairment recognised			
Trademarks and usage rights	(466,895)	20,635	(446,260)
	(466,895)	**20,635**	**(446,260)**
Carrying amount:			
Trademarks and usage rights	404,311	18,621	422,932
Other intangible assets	38,172	(4,212)	33,960
Software and other	1,778	514	2,292
Carrying amount of intangible assets	**444,261**	**14,923**	**459,184**
Goodwill:			
Cost	220,218	-	220,218
Impairment	(198,501)	-	(198,501)
Carrying amount of goodwill	**21,717**	**-**	**21,717**

2019

	Thousands of euros			
	Opening balance	Additions and charges	Other movements	Closing balance
Intangible assets:				
Cost:				
Trademarks and usage rights	898,661	-	-	898,661
Other intangible assets	85,867	-	-	85,867
Software and other	17,464	334	-	17,798
	1,001,992	**334**	**-**	**1,002,326**
Accumulated amortisation:				
Trademarks and usage rights	(32,975)	(2,572)	8,092	(27,455)
Other intangible assets	(43,483)	(4,212)	-	(47,695)
Software and other	(15,108)	(912)	-	(16,020)
	(91,566)	**(7,696)**	**8,092**	**(91,170)**
Impairment recognised				
Trademarks and usage rights	(469,769)	10,966	(8,092)	(466,895)
	(469,769)	**10,966**	**(8,092)**	**(466,895)**
Carrying amount:				
Trademarks and usage rights	395,917	8,394	-	404,311
Other intangible assets	42,384	(4,212)	-	38,172
Software and other	2,356	(578)	-	1,778
Carrying amount of intangible assets	**440,657**	**3,604**	**-**	**444,261**
Goodwill:				
Cost	220,218	-	-	220,218
Impairment	(198,501)	-	-	(198,501)
Carrying amount of goodwill	**21,717**	**-**	**-**	**21,717**

The breakdown of the original cost of the Group's fully-amortised intangible assets still in use at year-end is provided below:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Software	13,410	12,973
	13,410	**12,973**

6.1 Software

This heading mainly comprises software and computer programs.

The additions recognised during the year correspond mainly to the acquisition and development of computer programmes designed to enhance the efficiency of certain processes.

6.2 Trademarks, usage rights and other intangible assets

'Trademarks' and 'Other intangible assets' within 'Intangible assets' in the consolidated statement of financial position mainly recognise the fair value of the Group's various trademarks, valued as a result of purchase price allocations performed during the various business combinations pursued by the Group or directly in the case of those acquired directly. Specifically, this heading reflects the value ascribed to the Group's commercial trademarks, the most important being its olive oil brands (Carbonell, Carapelli, Hojiblanca, Sasso and Koipe) and its seed oil brands (Koipesol, Friol and Maya); it also reflects the right to use ('usage rights') the Bertolli trademark in the vegetable oil and vinegar businesses (note 4.4).

The breakdown of the Group's trademarks and other intangible assets by cash-generating unit:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Cash-generating unit:		
Spain	76,469	77,174
Italy	34,167	45,364
Northern Europe	111,718	56,222
North America	168,652	185,425
International Markets	65,886	78,298
	456,892	**442,483**

The Parent's directors have classified the Group's trademarks as having indefinite useful lives except for four, whose gross carrying amount is 125,655 thousand euros, which are being amortised on a straight-line basis over an estimated useful life of 20 years. The amortization charge recognised in the 2020 consolidated statement of profit or loss amounted to 2,014 thousand euros (2019: 2,572 thousand euros).

As indicated in note 4.4, in 2020, the Parent's directors tested its assets for impairment. That process indicated the need to reverse previously recognised impairment losses on trademarks and usage rights by a net 20,635 thousand euros (2019: net reversal of 10,966 thousand euros). The reversal was recognised under 'Other operating income' in the accompanying 2020 consolidated statement of profit or loss (note 21).

Elsewhere, certain trademarks, which are mainly assigned to the Spanish CGU, with a carrying amount of 102,906 thousand euros (year-end 2019: 104,797 thousand euros), were pledged as part of the guarantees extended by the Parent under the loan agreement entered into on 13 June 2014 between Deoleo, S.A. and Deoleo USA, Inc., as borrowers, and several lenders (note 16). Following the refinancing process outlined in notes 1.2 and 16, which took effect on 24 June 2020, those pledges were released.

6.3 Goodwill

The breakdown of goodwill by the cash-generating units to which it has been assigned is provided in the table below:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Cash-generating unit:		
International Markets	14,805	14,805
Operations	6,912	6,912
	21,717	**21,717**

As indicated in note 4.4, in 2020, the Parent's directors tested its assets for impairment. That process did not indicate the need to recognise any goodwill impairment losses in 2020 (or 2019).

Goodwill is tested for impairment at least annually, following the methodology outlined in note 4.4.

7. Property, plant and equipment

The year-end breakdown and the reconciliation of the carrying amount of this consolidated statement of financial position heading at the beginning and end of 2020 and 2019:

2020

	Thousands of euros						
	Opening balance	Additions and charges	Derecognitions and reversals	Transfers to NCAHFS (*) (note 5)	Other transfers	Translation differences	Closing balance
Cost:							
Land and buildings	71,951	798	(303)	(2,414)	-	-	70,032
Plant and machinery	56,268	1,954	-	-	1,196	-	59,418
Other fixtures, tools and furniture	7,528	106	(40)	-	8	(35)	7,567
Computer equipment	2,239	164	(20)	-	-	(19)	2,364
Vehicles	2,239	630	(5)	-	-	-	2,864
Other items of PP&E	237	-	-	-	-	-	237
Prepayments and PP&E in progress	1,101	1,274	-	-	(1,204)	-	1,171
	141,563	**4,926**	**(368)**	**(2,414)**	**-**	**(54)**	**143,653**
Accumulated depreciation:							
Buildings	(27,332)	(1,679)	-	160	-	(8)	(28,859)
Plant and machinery	(35,859)	(2,854)	-	-	-	-	(38,713)
Other fixtures, tools and furniture	(6,840)	(179)	40	-	-	26	(6,953)
Computer equipment	(1,471)	(153)	20	-	-	15	(1,589)
Vehicles	(804)	(503)	-	-	-	4	(1,303)
Other items of PP&E	(181)	-	-	-	-	-	(181)
	(72,487)	**(5,368)**	**60**	**160**	**-**	**37**	**(77,598)**
Accumulated impairment:							
Land and buildings	(9,350)	-	-	1,202	-	-	(8,148)
Plant and machinery	(395)	-	-	-	-	-	(395)
	(9,745)	**-**	**-**	**1,202**	**-**	**-**	**(8,543)**
Carrying amount	**59,331**	**(442)**	**(308)**	**(1,052)**	**-**	**(17)**	**57,512**

(*) Non-current assets held for sale

2019

	Thousands of euros							
	Opening balance	Restatement for first-time application of IFRS 16 (note 2.2)	Restated opening balance	Additions and charges	Derecognitions and reversals	Other transfers	Translation differences	Closing balance
Cost:								
Land and buildings	70,128	1,938	72,066	488	(1,237)	634	-	71,951
Plant and machinery	52,341	433	52,774	2,111	(140)	1,523	-	56,268
Other fixtures, tools and furniture	7,450	-	7,450	52	-	22	4	7,528
Computer equipment	2,202	-	2,202	36	-		1	2,239
Vehicles	564	910	1,474	765	-	-	-	2,239
Other items of PP&E	237	-	237	-	-	-	-	237
Prepayments and PP&E in progress	1,090	-	1,090	2,194	-	(2,183)	-	1,101
	134,012	**3,281**	**137,293**	**5,646**	**(1,377)**	**(4)**	**5**	**141,563**
Accumulated depreciation:								
Buildings	(26,152)	-	(26,152)	(1,796)	601	15	-	(27,332)
Plant and machinery	(33,060)	-	(33,060)	(2,939)	140	-	-	(35,859)
Other fixtures, tools and furniture	(6,640)	-	(6,640)	(200)	-	-	-	(6,840)
Computer equipment	(1,312)	-	(1,312)	(159)	-	-	-	(1,471)
Vehicles	(296)	-	(296)	(508)	-	-	-	(804)
Other items of PP&E	(181)	-	(181)	-	-	-	-	(181)
	(67,641)	**-**	**(67,641)**	**(5,602)**	**741**	**15**	**-**	**(72,487)**
Accumulated impairment:								
Land and buildings	(9,755)	-	(9,755)	-	405	-	-	(9,350)
Plant and machinery	(384)	-	(384)	-	-	(11)	-	(395)
	(10,139)	**-**	**(10,139)**	**-**	405	(11)	**-**	**(9,745)**
Carrying amount	**56,232**	**3,281**	**59,513**	**44**	**(231)**	**-**	**5**	**59,331**

7.1 Additions, transfers and derecognitions

Capital expenditure amounted to 4,926 thousand euros in 2020 and was earmarked mainly to modernising and upgrading the facilities and equipment at the Alcolea and Tavarnelle factories.

The Group disposed of items of property, plant and equipment with a carrying amount of 308 thousand euros (2019: 231 thousand euros), generating a loss of 36 thousand euros (2019: gain of 19 thousand euros and loss of 86 thousand euros) (notes 21 and 23).

Also in 2020, a number of properties owned by Deoleo Global, S.A.U. and Cetro Aceitunas, S.A., in net amounts of 301 thousand euros and 751 thousand euros, respectively, were transferred from this heading to 'Non-current assets held for sale' (note 5).

7.2 Fully-depreciated assets

The original cost of the items of property, plant and equipment and fixed assets included in non-current assets held for sale (note 5) that were fully depreciated and still in use at 31 December 2020 and 2019 is provided below:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Buildings	9,713	9,667
Plant and machinery	69,252	84,478
Other fixtures, tools and furniture	10,810	15,466
	89,775	**109,611**

7.3 Other disclosures

It is Group policy to take out the insurance policies necessary to cover the potential risks to which the various items of its property, plant, and equipment are exposed. The Parent's directors believe that the coverage existing at year-end is sufficient to cover those risks.

8. Financial assets

The breakdown this consolidated statement of financial position heading:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Non-current:		
Available-for-sale financial assets:		
Measured at cost	178	228
Held-to-maturity investments	2,537	-
Other financial assets	7,370	9,742
	10,085	**9,970**
Current:		
Derivative financial instruments (note 9)	646	80
Held-to-maturity investments	6,411	8,299
Other financial assets	264	1,181
	7,321	**9,560**

The non-current balance of 'Other financial assets' includes long-term security and other deposits. In 2020, it mainly includes: (i) payments in the amount of 4,999 thousand euros made by Carapelli Firenze, S.p.A. in prior years in connection with customs inspections (note 12.5); and (ii) the account receivable in the amount of 1,663 thousand euros recognised pursuant to the agreements reached by Deoleo, S.A. on 14 February 2020 in connection with a series of criminal and civil proceedings (note 11.2). In 2019, it also included a 3,921 thousand euro deposit in connection with the request that Cogeneración de Andújar, S.A. return the grant awarded by the energy authority of Andalusia, which in 2020 was offset against the liability recognised under 'Government grants', as the appeal filed in prior years was dismissed (note 19).

'Held-to-maturity investments' correspond to current and non-current fixed-term deposits with maturities of more than 3 months from their arrangement.

The current balance of 'Other financial assets' mainly includes accounts receivable in relation to fixed asset sales. In 2020, the Group collected the 900 thousand euros outstanding from the sale of the factories and facilities of Deoleo Industrial México, S.A. de C.V. in 2017.

Note that fair values of the financial assets carried at amortised cost do not differ significantly from their carrying amount.

9. Derivative financial instruments

The breakdown of the derivatives included under this consolidated statement of financial position heading at year-end:

	Thousands of euros			
	31/12/2020		**31/12/2019**	
	Financial assets	Financial liabilities	Financial assets	Financial liability
Current:				
Foreign currency	646	-	80	14
Total recognised derivatives	**646**	**-**	**80**	**14**

All of the derivatives held by the Group at 31 December 2020 are considered hedges but do not qualify for hedge accounting. The impact of the changes in their fair value is recognised in 'Finance income' in the accompanying consolidated statement of profit or loss in the amount of 580 thousand euros (2019: income of 164 thousand (note 24). The adjustment for own and counterparty credit risk was not significant at 31 December 2020.

9.1 Interest rate derivatives

The Group had not designated any hedging relationships at either reporting date.

9.2 Foreign exchange derivatives

To manage its exposure to exchange rate risk, the Group arranges forward contracts in the currencies of its main business markets.

			Thousands		Thousands of euros			
	Average exchange rate (EUR)		Foreign currency		Notional amount		Fair value	
Currency	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Forward FX:								
US dollar	1.20	1.11	14,363	8,173	12,000	7,341	260	79
Canadian dollar	1.55	1.47	4,658	4,405	3,000	3,000	18	(14)
Options (*):								
US dollar	1.30	1.14	96,093	336	74,028	296	368	1
					89,028	**10,637**	**646**	**66**

(*) The options written give the Group the right but not the obligation to purchase a notional amount of currency at a prearranged price.

The notional amount of all of the forward currency agreements in existence at year-end 2020 was 15,000 thousand euros (year-end 2019: 10,341 thousand euros); they were arranged to hedge payments and collections arising in the course of the Group's business operations and/or financial commitments assumed.

The Group hedges its business transactions as a function of the estimated timing of its payments and collections. As a result, all forward agreements settle within less than one year.

The fair value of the forward contracts was estimated by comparing the exchange rates secured via the contracts with the market rates corresponding to the date of settlement of each transaction using data obtained from public sources and/or specialist information providers.

The impact of a 1% movement in the EUR/USD exchange rate, in either direction, on the value of the hedges at year-end 2020 would be 1%, as they are not leveraged. The overall impact, factoring in the hedged items, would be neutral.

10. Inventories

The breakdown this consolidated statement of financial position heading:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Goods held for resale	1,957	1,660
Raw materials and other goods held for conversion	24,323	22,164
Work in progress	12,157	7,638
Finished goods	71,250	54,933
	109,687	86,395
Provision for inventory impairment	(2,290)	(3,216)
	107,397	**83,179**

Set out below is the movement in the allowance for inventory impairment in 2020 and 2019:

	Thousands of euros	
	2020	**2019**
Opening balance	**3,216**	**1,872**
Additions (note 23)	513	2,958
Amounts used	(394)	(236)
Reversals (note 21)	(885)	(1,383)
Translation differences	(160)	5
Closing balance	**2,290**	**3,216**

At 31 December 2020, the Group was contractually committed to the purchase of 37,723 thousand euros of inventories (year-end 2019: 30,677 thousand euros).

The Group has arranged insurance it deems sufficient to cover its exposure to inventory-related risk.

11. Trade and other receivables

The breakdown of this consolidated statement of financial position heading at year-end 2020 and 2019:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Trade receivables	41,456	57,126
Other accounts receivable	4,677	15,221
Prepayments to suppliers	178	380
Receivable from employees	23	35
Taxes receivable (note 12.1)	15,069	14,699
Provision for receivables impairment	(22,081)	(21,940)
	39,322	**65,521**

11.1 Trade receivables

This heading mainly comprises the balances pending collection from sales made by the Group to third parties in the ordinary course of its business.

The ageing analysis of the receivables past due at year-end 2020 and 2019:

	Thousands of euros	
	31/12/2020	**31/12/2019**
By less than 30 days	3,498	8,467
By 31 to 60 days	2,251	3,082
By 61 to 120 days	1,649	2,476
By over 120 days	1,626	913
	9,024	**14,939**

11.2. Other accounts receivable

'Other accounts receivable' at year-end 2019 included a net balance of 10,677 thousand euros corresponding to amounts due collection under the agreements reached with all of the persons and entities that were party to the various criminal and civil suits in relation with the former directors of the Parent.

In 2020, the Group reclassified some of the assets received under those agreements to the corresponding asset categories. The main transfers were: (i) the properties received, in the amount of 9,223 thousand euros, were transferred to 'Non-current assets held for sale' (note 5); (ii) 1,663 thousand euros receivable in the long-term were reclassified to 'Non-current financial assets' (note 8); and (iii) 1,874 thousand euros of bank accounts and cash balances received were transferred to 'Cash and cash equivalents'.

11.3 Transfer of financial assets

At year-end 2020, the Group had multiple receivables discounting lines with an aggregate limit of 57,000 thousand euros (year-end 2019: same limit), which were drawn down by 23,903 thousand euros (year-end 2019: 27,036 thousand euros). As part of its financial risk management effort, the Group evaluates whether those agreements imply the transfer of substantially all of the risks and rewards incidental to ownership of the financial assets transferred.

Where it retains the contractual rights to receive the cash flows, the Group only derecognises a financial assets if it is contractually obliged to pay those flows to one or more recipients and the following conditions are also met:

- Payment of the cash flows is conditional upon prior collection thereof.
- The Group cannot sell or pledge the financial assets.
- The cash flows collected on behalf of the eventual recipients are remitted without significant delay.

Based on that analysis, the Group had derecognised 10,836 thousand euros of qualifying transferred financial at year-end 2020 (year-end 2019: 11,105 thousand euros), thus continuing to recognise the sum of 13,067 thousand euros under 'Current financial borrowings - Current bank borrowings' in this respect (year-end 2019: 15,931 thousand euros) (note 16.3).

11.4 Provision for impairment

Set out below is the movement in the allowance for receivables impairment in 2020 and 2019:

	Thousands of euros	
	2020	**2019**
Opening balance	**21,940**	**286,196**
Additions (note 23)	182	385
Amounts used	(22)	(252,874)
Amounts recovered (note 21)	(2)	(11,780)
Translation differences	(17)	13
Closing balance	**22,081**	**21,940**

Credit risk with respect to trade receivables is not significantly concentrated, as the Group has a large number of internationally dispersed customers.

12. Tax matters

12.1 Tax receivable from | payable to the authorities

The breakdown of the tax payable to and receivable from the tax authorities at year-end 2020 and 2019:

	Thousands of euros	
Receivable	**31/12/2020**	**31/12/2019**
Non-current:		
Deferred tax assets	56,763	45,679
Total non-current	**56,763**	**45,679**
Current:		
Current tax assets	2,477	1,839
	2,477	**1,839**
Taxes receivable from the authorities:		
VAT	14,833	13,994
Corporate income tax in respect of prior years	13	19
Other items	194	668
Social security receivable	29	18
	15,069	**14,699**
Total current	**17,546**	**16,538**

Payable	Thousands of euros 31/12/2020	31/12/2019
Non-current:		
Deferred tax liabilities	101,281	94,175
Total non-current	**101,281**	**94,175**
Current:		
Current tax liabilities	359	1,109
	359	**1,109**
Social security payable (note 17)	931	842
Taxes payable to the authorities:		
VAT	1,584	418
Withholdings	1,415	1,045
Other items	-	670
	3,930	**2,975**
Total current	**4,289**	**4,084**

12.2 Reconciliation of accounting profit to taxable income and tax expense

The corporate income tax of each of the consolidated entities is calculated on the basis of their accounting profit (loss), which need not necessarily coincide with taxable profit (tax loss).

The breakdown of income tax expense/(tax income) is as follows:

	Thousands of euros 2020	2019
Current tax for the year	4,879	2,120
Adjustment in respect of prior years	336	(410)
Deferred tax:		
Origination and reversal of temporary differences	(1,396)	3,393
Total tax expense	**3,819**	**5,103**

The reconciliation between the effective average tax rate and the statutory rate and between tax expense and accounting profit for 2020 and 2019:

	Thousands of euros 2020	2019
Profit/(loss) before tax	**293,889**	**(5,503)**
Hypothetical tax expense (income) at Parent's statutory income tax rate	73,473	(1,376)
Effect of different tax rates of entities residing outside of Spain	980	467
Net non-deductible expenses / (net non-taxable income)	(59,999)	15,959
Restatement of deferred tax assets and liabilities	(10,971)	(9,537)
Adjustments in respect of prior years	336	(410)
Income tax expense	**3,819**	**5,103**

The main adjustments included under 'Non-taxable income':

(a) Spanish Royal Decree-Law 3/2016 modified the tax regime governing impairment losses recognised on equity investees. Following the modification, tax payers must revert the higher of the following two quantities: (i) the straight-line reversal over a period of five years of impairment losses on investees that were deductible for tax purposes and recognised in tax periods prior to 2013; and (ii) the amount of reversal arising from the recovery of own funds from the corresponding subsidiary. All of which unless the equity securities are sold within the above-mentioned period, in which case the amounts pending reversal have to be added to taxable income for the tax period in which the sale occurs, up to the limit of the gain derived from the sale transaction. In 2020, the reversal of impairment losses on investees implied the addition of 10,895 thousand euros to taxable income (equivalent to tax payable of 2,724 thousand euros), as was the case in 2019, leaving nothing pending reversal in 2021.

(b) As a result of the Group refinancing outlined in notes 1.2 and 16, the Group 2020 recognised a financial gain of 207,000 thousand euros for accounting purposes. That income is not taxable by virtue of application of article 17.2 of the Corporate Income Tax Act, which states that transactions in which equity is issued to offset credit claims shall be valued for tax purposes at the amount of the equity issued from a company law perspective, regardless of the amounts recognised for accounting purposes. The impact on tax payable was a negative adjustment of 51,750 thousand euros.

(c) In prior years, the tax group had very significant borrowings that generated sizeable sums of net interest expense, as a result of which it had been making positive adjustments to taxable income by virtue of application of the limit on the deductibility of interest expense introduced by article 16 of the Corporate Income Tax Act (an adjustment of 21,053 thousand euros for non-deductible interest expense in 2019, with an impact on tax payable of 5,263 thousand euros). In 2020, as a result of the refinancing work, the tax group has ceased to incur interest expense on the refinanced debt since June 2020 and, as a result of its earnings growth, the ability to deduct interest expense has increased. As a result, the Group has gone from making a positive adjustment to taxable income in this respect to a negative adjustment, offsetting in 2020 some of the finance expenses that it was not able to deduct in prior years. The impact on tax payable was a negative adjustment of 7,649 thousand euros.

(d) As disclosed in note 5, Carapelli Firenze, S.p.A. sold the Inveruno factory in Milan in 2020. Although that transaction gave rise to a gain for accounting purposes, it generated a loss for tax purposes, by enabling the recognition of the impairment losses recognised in prior years as deductible expenses. The impact on tax payable was a negative adjustment of 3,595 thousand euros.

The main adjustment included under 'Restatement of deferred tax assets and liabilities' reflects the result of the tax group's reassessment of the recoverability of its tax assets, an exercise that has triggered the recognition of income of 10,125 thousand euros under 'Income tax' in the 2020 consolidated statement of profit or loss (note 12.3).

12.3 Deferred tax assets and liabilities

The reconciliation of the opening and closing balances of deferred tax assets and liabilities recognised on the consolidated statement of financial position:

2020

	Thousands of euros					
		Recognised in profit or loss				
	Opening balance	Increases	Decreases	Transfers and other	Translation differences	Closing balance
Assets:						
Unused tax losses	6,696	5,716	(140)	-	(21)	12,251
Unused tax credits	8,332	6,029	(1)	-	-	14,360
Rights deriving from the limit on finance expense deductions	22,331	905	-	-	-	23,236
Other items	8,320	3,373	(4,636)	27	(168)	6,916
	45,679	**16,023**	**(4,777)**	**27**	**(189)**	**56,763**
Liabilities:						
Trademarks and other intangible assets	91,260	7,340	-	-	-	98,600
PP&E and other items	2,915	158	(419)	27	-	2,681
	94,175	**7,498**	**(419)**	**27**	**-**	**101,281**

2019

	Thousands of euros					
		Recognised in profit or loss				
	Opening balance	Increases	Decreases	Transfers and other (note 5)	Translation differences	Closing balance
Assets:						
Unused tax losses	11,150	1,180	(5,657)	-	23	6,696
Unused tax credits	19,858	-	(11,531)	-	5	8,332
Rights deriving from the limit on finance expense deductions	-	22,331	-	-	-	22,331
Other items	12,232	2,543	(3,389)	(3,093)	27	8,320
	43,240	**26,054**	**(20,577)**	**(3,093)**	**55**	**45,679**
Liabilities:						
Trademarks and other intangible assets	82,473	9,064	-	(277)	-	91,260
PP&E and other items	2,832	26	(220)	277	-	2,915
	85,305	**9,090**	**(220)**	**-**	**-**	**94,175**

As a result of the update of the Group's financial projections, as indicated in note 4.4, and the corporate transactions executed as part of the restructuring of its syndicated debt, outlined in note 1.2, at year-end 2020, the Parent reassessed the recoverability of the tax assets recognised in relation to unused tax losses, unused tax credits and the limits imposed on the deductibility of finance costs. As a result of that reassessment, it has recognised 10,125 thousand euros of income under 'Income tax' in the 2020 consolidated statement of profit or loss, reflecting an increase in tax assets in respect of unused tax losses of 3,191 thousand euros, an increase in tax assets in respect of unused tax credits in the amount of 6,029 thousand euros and an increase in the tax asset related with the limit on the deductibility of interest expense in the amount of 905 thousand euros.

In addition, the Group recognises tax assets in respect of unused tax losses at Carapelli Firenze, S.p.A. in the amount of 4,603 thousand euros, an increase of 2,525 thousand euros, due to the tax losses recognised by that subsidiary in 2020 as a result of the tax loss recognised on the sale of the Inveruno factory (note 12.2).

The increases and decreases in deferred tax assets under 'Other items' correspond primarily to changes during the year in charges for amortisation, depreciation and other provisions for tax and accounting purposes.

As for deferred tax liabilities, the net decrease corresponds to the difference between the amortisation and impairment of trademarks, usage rights and goodwill for accounting and tax purposes. As indicated in note 4.4, the tax impact of the impairment tests conducted on the Group's non-financial assets in 2020 was to increase the deferred tax liabilities associated with its trademarks and usage rights by 4,899 thousand euros.

The years of origination of the unused tax losses and unused tax credits of Group subsidiary, Deoleo Global, S.A.U., at year-end 2020:

Unused tax losses:

Year originated	Thousands of euros
2006	1,187
2007	20,840
2008	25,547
2009	415,502
2010	51,782
2011	41,553
2015	1,703
2017	1,640
2018	16,873
	576,627

Unused tax credits

Year originated	Thousands of euros
2009	14,678
2010	1,284
2012	3,064
2013	10,607
2014	4,467
2015	102
2016	94
2017	57
	34,353

In keeping with prevailing tax legislation, the Spanish entities have no time limit for offsetting unused tax losses against taxable income. However, the amount of such tax losses that can ultimately be utilised could change following inspection by the tax authorities of the year(s) in which they were generated.

Note that the above-listed deferred tax assets have been recognised due to the Parent's directors' belief, based on their best estimates, that it is probable that future taxable profit will be available against which the assets can be utilised.

12.4 Deferred tax assets not recognised

The breakdown of the Group's unrecognised deferred tax assets, recalculated at the tax rates at which they are expected to be realised in the case of those subject to the tax rate:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Deferred tax assets:		
Temporary differences	15,005	14,067
Finance costs	16,669	11,756
Unused tax losses:	150,482	139,701
Unused tax credits	21,102	30,657
	203,258	**196,181**

The Group has not recognised the deferred tax assets itemised above (stated at deductible amounts) on the consolidated statement of financial position based on the its belief that the probability that it will be able to utilise them in the future is below the required threshold.

12.5 Tax inspections

In 2011 and 2012, Carapelli Firenze, S.p.A. was handed down provisional assessments by the Italian tax authorities in respect of several concepts in the amounts of 9,146 thousand euros and 6,912 thousand euros, respectively. The Group filed the corresponding appeals and has received favourable rulings from courts of first and second instance in both cases. The Italian tax authorities have appealed those rulings. The Parent's directors believe that the Group has valid arguments in support of its defence of the tax treatment used such that the cases will not have any impact on its net assets.

In 2014, the Milan 2 and Pavía customs offices notified Carapelli Firenze, S.p.A. of the commencement of notification proceedings relating to the inward processing system (IPS), whereby all the IPS authorisations and transactions issued from 2010 to 2012 were rendered null and void and seeking payment of 62.3 million euros, including customs duties, VAT, interest and penalties. Of that total, the Group settled 4,999 thousand euros in prior years (note 8) and negotiated the suspension of the payment of the remainder. Between 2015 and 2018, the Group obtained a number of rulings covering all of the amounts sought upholding the appeals filed by the Group and overturning the assessments handed down; those rulings have, however, been appealed. The Parent's directors believe that the Group has valid arguments in support of its defence of the tax treatment used such that the cases will not have any impact on its net assets.

In addition, in 2014, the Milan 2 customs office notified Carapelli Firenze, S.p.A. of the commencement of notification proceedings relating to the inward processing system (IPS), seeking payment of 2,768 thousand euros. The Group recognised a provision for that amount in prior years on receipt of unfavourable rulings from a court of first instance, which have been appealed. It paid 465 thousand euros in 2016 (charged against the provision) and obtained a payment suspension for the reminder having posted guarantees. The Group obtained a favourable ruling in 2018 but that ruling is again pending an appeal ruling. At 31 December 2020, the provision recognised in respect of this claim (under 'Provisions') stood at 2,303 thousand euros.

In 2016, certain provisional assessments were received from the Spanish customs authorities in relation to allegedly incorrect settlements, which are guaranteed by the Parent as part of the Group's management of the inward processing regime; the assessments derive from discrepancies between the reported oil quality and the results of samples taken by the inspection authorities. The Group recognised a provision for the full amount of the assessments received and filed its defence case seeking to have the assessment claims - in the amount of 2,357 thousand euros - dismissed. In 2018, it recognised a provision for the interest corresponding to two years' assessments, the maximum period for which claims can be sought, in the amount of 187 thousand euros, increasing the corresponding provision recognised under 'Provisions' to 2,544 thousand euros.

In accordance with prevailing Spanish tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At 31 December 2020, the Spanish entities had their tax returns open to inspection for the last four years in respect of all major applicable taxes. Elsewhere, Deoleo, S.A. is currently being inspected in relation to the following taxes and tax periods: (i) business tax at Alcolea (2015-2018) and Villarejo de Salvanés (2014-2018); (ii) import duties and VAT for 2019; and (iii) at the behest of the Parent, with respect to the tax consolidation group's corporate income tax, a review of certain aspects of the 2014 return that were affected by adjustments made in the wake of the general inspection covering 2011-2013; so far, two of the three requests made by the Company in that respect have been upheld and the third, which was dismissed, has been appealed. Lastly, the tax authorities are inspecting the September 2020 VAT returns of Deoleo Global, S.A.U., a Group subsidiary.

With respect to the Group companies not resident in Spain for tax purposes, the following inspections are ongoing: (i) Deoleo Canada, Inc.: Transactions with Non-Residents, 2015-2018; (ii) Deoleo USA, Inc.: Federal Corporate Income Tax, 2018; (iii) Deoleo India, Private Ltd.: GST, 2017/18 to 2018/19, corporate tax, 2017-2018, and customs tax in Calcutta; and (iv) Deoleo Antilles Guyane, S.L.: corporate tax, 2017 - 2019.

The Parent’s directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying financial statements.

13. Cash and cash equivalents

The breakdown this consolidated statement of financial position heading:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Cash at bank and in hand	72,582	78,628
	72,582	**78,628**

At year-end 2020, the Group had pledged 63,776 thousand euros of bank accounts and deposits that were recognised under 'Cash and cash equivalents' and 'Other current financial assets' (year-end 2019: 71,184 thousand euros). In addition, the balance of 'Cash and cash equivalents' pledged as part of the guarantees extended by the Group under the current loan agreement, detailed in note 16, stood at 60,267 thousand euros (year-end 2019: 67,794 thousand euros).

14. Equity

The breakdown and reconciliation of the opening and closing balances of the items comprising Group equity are provided in the consolidated statement of changes in equity.

14.1 Share capital and premium

The reconciliation of the Parent's outstanding shares at the beginning and end of 2020 and 2019:

	Number of shares	
	2020	**2019**
Shares - opening balance	**1,404,858,169**	**1,404,858,169**
Shares cancelled	(1,404,858,169)	-
Shares issued	500,000,004	-
Shares - closing balance	**500,000,004**	**1,404,858,169**

On 3 June 2019, the Parent's shareholders, in general meeting, approved a reduction in share capital in the amount of 137,676,100.56 euros by reducing the unit par value of its shares by 0.098 euros in order to restore the equilibrium between the Parent's capital and its equity, eroded by losses, having first applied all of the reserve accounts to offsetting the retained losses. Having taken that measure, Deoleo, S.A. subsequently ceased to meet the grounds for dissolution stipulated in article 363 of the consolidated text of the Corporate Enterprises Act.

Following the above-mentioned capital reduction, at 31 December 2019, the Parent's share capital was represented by 1,404,858,169 shares with a unit par value of 0.002 euros, all fully subscribed and paid and represented by book entries.

As outlined in note 1.2, against the backdrop of the Restructuring, the following resolutions, among others, were ratified at an Extraordinary General Meeting of the shareholders of the Parent on 17 January 2020: (i) the reduction of share capital in full, to zero, in order to offset retained losses; and (ii) in parallel, so that the Company could continue to do business, a 50 million euro rights issue.

The deeds to the reduction of share capital to zero, offsetting losses, by means of the cancellation of each and every one of the shares into which the Parent's capital was divided, and to the simultaneous capital increase via the injection of 50,000,000.40 euros of cash were placed on public record on 24 June 2020. Specifically, the Company issued 500,000,004 shares at a price of 0.10 euros per share for nominal share capital of 1,000,000.008 euros and a share premium account totalling 49,000,000.392 euros. The transaction costs totalled 1,024 thousand euros (note 16.2).

Following the above-mentioned simultaneous capital reduction and increase, at 31 December 2020, the Parent's share capital was represented by 500,000,004 shares with a unit par value of 0.02 euros, all fully subscribed and paid and represented by book entries.

According to the most recent notifications received by the Parent and the notices filed with the Spanish securities market regulator (the CNMV) prior to the end of each reporting period, the Company's significant shareholders at year-end were:

	31/12/2020		**31/12/2019**	
Registered name	Shares	Percentage shareholding	Shares	Percentage shareholding
CVC Capital Partners VI Limited (1)	284,805,896	56.96%	792,346,473	56.40%
Juan Ramón Guillén Prieto (2)	25,360,538	5.07%	-	-
Fundación Bancaria Unicaja (3) (4)	-	-	126,145,189	8.98%
Caixabank, S.A. (5) (6)	-	-	57,618,350	4.10%
Mao Holdings (Cayman) Limited (7)	-	-	19,350,000	1.38%

(1) Through Ole Investments, BV.
(2) Through Aceites del Sur, S.A.
(3) Through Unicaja Banco, S.A.U., Unicartera Gestión de Activos, S.L.U. and Alteria Corporación Unicaja, S.L.U.
(4) On 22 January 2020, Fundación Bancaria Unicaja notified the CNMV that its shareholding had fallen below the reporting threshold of 3% of share capital; that shareholder reported an interest of 2.59% on that date.
(5) Through Hiscan Patrimonio, S.A. and Caixabank, S.A.
(6) On 25 June 2020, Caixabank, S.A. reported that it no longer had any shareholding in the Parent.
(7) On 21 January 2020, Mao Holdings Limited reported that it no longer had any shareholding in the Parent.

The Parent's shares are listed on the Bilbao, Barcelona, Madrid and Valencia stock exchanges and on the continuous electronic market.

The Group's capital management objectives are to safeguard its ability to continue as a going concern in order to generate further returns for its shareholders and benefits for all its stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In line with other groups in the industry, the Group controls its capital structure on the basis of its leverage ratio. It calculates leverage by dividing net debt by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Thousands of euros	
	31/12/2020	**31/12/2019**
Non-current bank borrowings (note 16)	204,600	510,444
Current financial borrowings (note 16)	15,967	80,922
Financial liabilities - notes and other marketable securities (note 16)	-	42,453
Other non-current financial liabilities (note 16)	2,214	2,109
Total borrowings	**222,781**	**635,928**
Less: cash and cash equivalents (note 13)	(72,582)	(78,628)
Net debt (*) (a)	**150,199**	**557,300**
Equity	**432,211**	**26,506**
Total capital (b)	**582,410**	**583,806**
Leverage ratio (a)/(b)	25.8%	95.5%

(*) Net debt does not include the term deposits maturing at more than three months, which are recognised under other financial assets within current and non-current assets and at 31 December 2020 amounted to 8,947 thousand euros (year-end 2019: 8,299 thousand euros) (note 8).

14.2 Other reserves

The breakdown of 'Other reserves' at year-end:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Legal reserve	-	281
Other reserves	(54,326)	13,381
	(54,326)	**13,662**

The Parent's legal reserve will be allocated in accordance with article 274 of the Spanish Corporate Enterprises Act, which stipulates that 10% of profit for the year must be allocated to a legal reserve until this reserve is equal to at least 20% of capital. It cannot be distributed and if it is used to offset losses - if there are no other reserves available for this purpose - it must be replenished from future profits. At 31 December 2020, having reduced capital to zero to offset retained losses (section 1 of this note), the Parent's legal reserve balance stood at zero.

The remaining reserves relate to the losses retained by the Parent in prior years that it was not possible to offset via the reduction of capital to zero for offset purposes (section 1 above).

14.3 Own shares

The Deoleo Group companies did not hold any Parent company shares at either year-end.

At the Annual General Meeting of 28 June 2018, Deoleo, S.A.'s shareholders resolved to authorise the acquisition of shares of the Parent at maximum and minimum prices, subject to the following rules:

1. The own shares can be bought by Deoleo, S.A. directly or indirectly through its subsidiaries.
2. The acquisitions must be carried out by means of purchase, exchange or any other transaction permitted by law.
3. Maximum number of shares to be repurchased: up to the maximum number permitted under applicable legislation.
4. Maximum price: may not exceed the higher of the following:
    a. The price of the most recent transaction performed in the market by independent third parties.
    b. The highest price contained in the orderbook.

5. Minimum price: may not be 15% lower than the closing price in the trading session prior to the transaction date, except when market conditions permit a change in this percentage in accordance with current legislation.
6. Duration of the authorisation: five years from the date of the shareholder resolution.
7. The shares acquired may be freely used to fulfil, where appropriate, the obligations assumed under stock option plans and share-based bonus schemes, provided their implementation by the Parent obtains all the mandatory approvals, and to fulfil, where appropriate, through the delivery of shares, the remuneration obligations arising under compensation plans and/or schemes already in effect at the Parent.
8. In the event that shares are acquired under the scope of this authorisation, the rules established in article 148 of Spain's Corporate Enterprises Act shall apply.

No Parent shares were bought or sold in 2020 or 2019.

14.4 Translation differences

The breakdown of the Group's translation differences and the reconciliation of the opening and closing balances:

	Thousands of euros
Balance at 1 January 2019	**(15,632)**
Differences arising from translation of the financial statements of foreign operations	1,945
Balance at 31 December 2019	**(13,687)**
Differences arising from translation of the financial statements of foreign operations	(5,670)
Translation differences corresponding to non-controlling interests (*)	9,485
Balance at 31 December 2020	**(9,872)**

(*) Derived from the changes in the consolidation scope (notes 1.2, and 2.6.4)

14.5 Valuation adjustments

'Valuation adjustments' in the accompanying consolidated statement of financial position at 31 December 2020 reflects the change in the value of other commitments to employees.

The reconciliation of the opening and closing balance:

	Thousands of euros
	Actuarial gains and losses
Balance at 1 January 2019	**99**
Valuation adjustments	(143)
Balance at 31 December 2019	**(44)**
Valuation adjustments	13
Adjustments corresponding to non-controlling interests (*)	15
Balance at 31 December 2020	**(16)**

(*) Derived from the changes in the consolidation scope (notes 1.2, and 2.6.4)

14.6 Dividends and restrictions on the distribution of dividends

The Parent did not distribute any dividends to its shareholders in 2020 or 2019.

Under the terms and conditions of the loan arranged in 2020, described in note 16, there are certain restrictions on the distribution of dividends by the Parent; specifically, the Parent cannot pay any dividends until all its obligations under the aforementioned loan have been fulfilled.

14.7 Non-controlling interests

As explained in notes 1.2 and 2.6.4., two of the cornerstones of the refinancing work completed in 2020 were the restructuring of the Group's corporate structure and the capitalisation of the portion of the syndicated loan (the Mandatorily Convertible Loan, in the amount of 282.9 million euros), by virtue of which the creditor banks that originally held that loan have become shareholders, on aggregate and indirectly (via Deoleo Holding, S.L.U.), with an ownership interest of 49.004% in the Group's business (which, since the restructuring, is being carried on by Deoleo Global, S.A.U.)

As disclosed in note 16.1, as stipulated in paragraph 22 of IAS 32, given that the conversion entailed the delivery of a fixed number of shares for a fixed amount, the Group derecognised the Mandatorily Convertible Loan and recognised an equity instrument at Deoleo Holding, S.L.U. at the fair value of 49.004% of Deoleo Holding, S.L.U. in the amount of 75.9 million euros as if the capitalisation had taken place on 24 June 2020. That sum was reduced by 3.6 million euros corresponding to the transaction costs attributable to that component of the financing arrangement. The equity instrument was measured initially by reference to the value of Deoleo, S.A. plus the value of the preemptive subscription rights on their last day of trading.

As a result of the above accounting treatment, the 2020 consolidated financial statements recognise the corresponding non-controlling interests in Deoleo Holding, S.L.U.

The reconciliation of the opening and closing balances of non-controlling interests:

	Thousands of euros
Balance at 1 January 2020	**-**
Total comprehensive income for the year attributable to non-controlling interests	18,756
Changes in consolidation scope:	
Shares issued	198,234
Balance at 31 December 2020	**216,990**

15. Earnings per share (EPS)

15.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue, excluding treasury shares, during the period.

The breakdown of the earnings per share calculations:

	Euros	
	2020	**2019**
Profit/(loss) for the year attributable to equity holders of the parent	270,434,000	(10,606,000)
Weighted average ordinary shares outstanding (# of shares)	935,123,056	1,404,858,169
Basic earnings per share	0.289	(0.008)

The average number of ordinary shares was calculated as follows:

	Average number of shares	
	2020	**2019**
Ordinary shares outstanding at beginning of year	1,404,858,169	1,404,858,169
Shares cancelled (24 June 2020)	(1,404,858,169)	-
Shares issued (24 June 2020)	500,000,004	-
Ordinary shares outstanding at year-end	500,000,004	1,404,858,169
Weighted average number of ordinary shares outstanding at year-end	**935,123,056**	**1,404,858,169**

15.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Parent and the weighted average number of ordinary shares in issue for all effects of the Parent's dilutive potential ordinary shares, i.e., as if all dilutive potential ordinary shares had already been converted.

The Parent does not have any classes of potentially dilutive ordinary shares.

16. Borrowings - Notes, loans and other interest-bearing liabilities

The breakdown of this consolidated statement of financial position heading is as follows:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Financial liabilities - notes and other marketable securities	**-**	**42,453**
Non-current:		
At amortised cost:		
Loans	204,600	515,000
Loan arrangement costs	-	(4,556)
Total loans	204,600	510,444
Non-current bank borrowings	**204,600**	**510,444**
At amortised cost:		
Lease liabilities	2,150	1,724
Other financial liabilities	64	385
Other non-current financial liabilities	**2,214**	**2,109**
Current:		
At amortised cost:		
Revolving credit facility	-	59,900
Other bank borrowings (note 16.3)	13,289	18,222
Current bank borrowings	13,289	78,122
At amortised cost:		
Lease liabilities	1,196	1,349
Other financial liabilities	1,482	1,437
At fair value:		
Derivative financial instruments (note 9)	-	14
Other current financial liabilities	2,678	2,800
Current financial borrowings	**15,967**	**80,922**
Total borrowings	**222,781**	**635,928**

16.1 Non-current loan

Until 24 June 2020, the date of effectiveness of the Refinancing detailed in notes 1.2 and 2.6.4 and further on in this note, the Deoleo Group had two syndicated loans, in the amounts of 545 million euros and 55 million euros, both of which were arranged on 13 June 2014 with a pool of banks led by JP Morgan Europe Limited, which acted as underwriter, along with other lenders. That financing package comprised the following tranches:

- The "First Lien" tranche of 460 million euros, fully drawn and due in seven years.
- The "Second Lien" tranche of 55 million euros, fully drawn and due in eight years.
- A six-year revolving credit facility of up to 85 million euros, drawn down by 59.9 million euros.

All of the tranches were repayable in a single bullet at maturity.

As outlined in note 1.2, on 25 September 2019, the Group entered into a debt restructuring agreement with its syndicate of banks. That initial agreement was subsequently replaced by a Framework Refinancing Agreement, executed on 13 March 2020 with all of the holders of the debt in question. The new financing agreements entered into with the lender banks were placed on public record on 24 June 2020.

The Refinancing Agreement hinged upon the division of the former syndicated loan, of 574.9 million, into three components:

- A first component, which was repaid using the funds obtained by the Parent as a result of the above-mentioned 50 million euro rights issue (note 14);
- A second component - the Debt to be Recapitalised - in the amount of 282.9 million euros, which was replaced by a Mandatorily Convertible Loan, convertible into shares of a newly-incorporated company, Deoleo Holding, S.L.U., in exchange for debt forgiveness (note 2.6.4);
- A third and last component - the Sustainable Debt -, which the Group is keeping as its long-term debt, structured in the form of a Senior Financing Agreement and a Junior Financing Agreement in a total amount of 242 million euros.

<u>Mandatorily Convertible Loan</u>

The Mandatorily Convertible Loan was capitalised on 19 January 2021 by means of its conversion into 28,290,000,000 Class B shares of Deoleo Holding, S.L.U. with a unit par value of 0.000000102 euros, without having accrued interest.

As disclosed in note 2, as soon as the Refinancing Agreement and Shareholder Agreement took effect on 24 June 2020, the Mandatorily Convertible Loan holders were extended all the rights, powers and entitlements due to them after becoming shareholders of Deoleo Holding, S.L.U. by virtue of the capitalisation. As a result, on that date (24 June 2020), the Group derecognised the Mandatorily Convertible Loan and recognised an equity instrument at Deoleo Holding, S.L.U. at the fair value of 49.004% of Deoleo Holding, S.L.U. in the amount of 75.9 million euros as if the capitalisation had just taken place, as stipulated in paragraph 22 of IAS 32, given that the conversion entailed the delivery of a fixed number of shares for a fixed amount. That sum was reduced by 3.6 million euros corresponding to the transaction costs attributable to that component of the financing arrangement. The equity instrument was measured initially by reference to the value of Deoleo, S.A. plus the value of the preemptive subscription rights on their last day of trading. As a result of the above accounting treatment, the 2020 consolidated financial statements recognise the corresponding non-controlling interests.

The difference between the carrying amount of the financial liability derecognised and its fair value amounted to 207 million euros and is recognised under 'Finance income' in the 2020 consolidated statement of profit or loss.

Sustainable Debt

The main terms and conditions of the Sustainable Debt:

- Amount: A total initial size of 242 million euros (the balance outstanding at 31 December 2020 stood at 204.6 million euros).
- Tranches, interest rate and maturity: It is divided into two tranches:
    a. A senior tranche with an initial size of 160 million euros (the balance outstanding at 31 December 2020 stood at 122.6 million euros). Interest rate: EURIBOR (floor of 1%) plus a spread of 400bps. Maturity: 5 years.
    b. A subordinated or junior tranche of 82 million euros. Interest rate: EURIBOR (floor of 0.5%) plus spreads ranging from 300bps (the first 2 years), to 500bps (the next 2 years) and then to 700bps (the next 2 years). Maturity: 6 years.
- Repayment schedule: Both tranches are repayable in a single bullet payment at maturity.
- Covenants:
    (i) Compliance with two ratios:
        a. EBITDA: The Deoleo Group's Last-12-Month EBITDA must be equal to at least 21,720,000 euros as of 30 June 2021, 23,360,000 euros as of 30 September 2021, 25,000,000 as of 31 December 2021, then increasing quarterly as agreed so as to reach 48,660,000 euros as of the quarter ending 31 December 2025 and the successive periods closing thereafter.
        b. Maintenance of a minimum liquidity buffer: the Deoleo Group's liquid assets (i.e. cash and cash equivalents) must not fall below 15,000,000 euros during a period of 20 consecutive days or more.

    Compliance with the EBITDA ratio will be verified quarterly and compliance with the liquidity buffer will be verified monthly.

    (ii) Both loan agreements entail a series of 'musts' or positive covenants and 'must nots' or negative covenants related with the business. They are designed to provide a degree of control over the management of the Deoleo Group's business and to safeguard its creditworthiness, such that the key business metrics remain within the ranges contemplated when the banks decided to extend the financing.

    The negative covenants include restrictions on the encumbrance of assets, on capital expenditure, on the assumption of additional borrowings and on asset sales.

    There are also restrictions on the distribution of funds and making of payments to shareholders in the form of dividends or other forms by the subsidiaries of Deoleo, S.A., i.e., Deoleo Holding, S.L.U., Deoleo UK, Ltd. and Deoleo Financial, Ltd, except in certain specific and highly limited circumstances carved out essentially so that Deoleo, S.A. can cover ordinary expenses such as fees related with the audit of its financial statements and the costs of running the Board of Directors. The above-mentioned restrictions apply until the Sustainable Debt is fully repaid, a milestone scheduled for 2026.

- Guarantees: To secure the obligations assumed under this financing package, the Group has extended the lenders the following guarantees:
    a. Deoleo Financial, Ltd. is the borrower and Deoleo UK, Ltd., Deoleo Global, S.A.U., Deoleo International, Ltd., Carapelli Firenze, S.p.A., Deoleo USA, Inc., Deoleo Canada, Ltd., Deoleo Deutschland, GmbH., Deoleo, B.V., Deoleo Belgium, B.V. and Deoleo Comercial México, S.A. de C.V. are the guarantors.
    b. Personal guarantees from all relevant Group companies (including Deoleo, S.A.) and pledges over the shares of the main Group companies.
    c. Pledge over the assets of Deoleo USA Inc. and Deoleo Canada, Ltd.
    d. Pledges over the cash pooling accounts in the UK, US and Spain.

- In addition, in order to guarantee performance of its obligations under the Senior Financing Agreement and the Junior Financing Agreement, Deoleo, S.A. has extended the following security:
    - A call option over all of the shares of Deoleo UK, Ltd. owned by Deoleo Holding, S.L.U. and a call option over all of the shares of Deoleo Financial, Ltd. owned by Deoleo UK, Ltd. The exercise price for each of the options is 1 euro; however, once exercised, an independent expert will be asked to appraise the shares and the option holder will be obliged to pay the amount resulting from that valuation exercise by way of deferred payment. If the deferred price is higher than the amounts owed under the Senior Financing Agreement and the Junior Financing Agreement, the option holder will be obliged to pay the difference to Deoleo Holding, S.L.U. or Deoleo UK, Ltd., as warranted, and if it is lower, the option holder will continue to hold a credit claim against the borrowers in the amount of the difference. The options are exercisable from the time of any potential unremedied breach of performance under the terms of the Senior Financing Agreement or the Junior Financing Agreement. The options will expire once the Sustainable Debt has been repaid in full.

In the opinion of the Parent's directors, at 31 December 2020, the Group was compliant with all the requirements implicit in its covenants. Further, they believe there are no foreseeable developments that could have an adverse impact on its ability to comply going forward.

Given that the Refinancing consisted of an exchange of debt instruments that present substantially different terms, the Group has derecognised the original financial liability and recognised a new financial liability (as stipulated in paragraph 3.3.2 of IFRS 9 *Financial instruments*). The transaction costs attributable to this portion of the financing package, coupled with the arrangement costs associated with the original liability that had yet to be amortised as of 24 June 2020, in the amount of 12,961 thousand and 2,736 thousand euros, respectively, have been recognised under 'Finance costs' in the 2020 consolidated statement of profit or loss (note 24).

16.2 Marketable securities

On 20 December 2006, the Deoleo Group issued 6,000 preferred shares with a unit face value of 50,000 euros, i.e., a total issue size of 300 million euros. The preferred shares were guaranteed by Deoleo, S.A. through Deoleo Preferentes, S.A.U. (formerly SOS Cuétara Preferentes, S.A.U.), wholly owned by Deoleo, S.A. The holders of the preferred shares were entitled to receive a pre-determined, non-cumulative return, payment of which was conditional on the availability of sufficient "Distributable Profit" at the Group. From the disbursement date and throughout the life of the issue, the preferred shares bore non-cumulative interest payable quarterly in arrears at a rate equal to EURIBOR plus 2.50% nominal p.a.; and from 20 December 2016 onwards, at the 3-month EURIBOR rate prevailing on the second business day before each period began plus 4.00% nominal p.a.

Starting in 2010, the Deoleo Group carried out various capital increases through the contribution of preferred shares, while also repurchasing preferred shares, leaving 845 preferred shares outstanding in the hands of third-party investors at 31 December 2019 and 22 June 2020 (the date of the Deoleo Preferentes, S.A.U. dissolution and liquidation deed) (there having been no additional such capital increases or repurchases of preferred shares in the last three years). Although the preferred shares were perpetual, the issuer was entitled to redeem them fully or partially at any time once five years had elapsed since the disbursement date; there were no conversion clauses.

Against the backdrop of the Group's Refinancing (note 1.2), specifically as a result of the simultaneous capital reduction and increase, Deoleo, S.A. liquidated Deoleo Preferentes, S.A.U. on 22 June 2020, and the preferred shares were accordingly extinguished.

Pursuant to the resolution ratified at the Extraordinary General Meeting held on 17 January 2020, at a meeting that took place on 22 June 2020, the Board of Directors agreed that Deoleo, S.A., in its capacity as sole shareholder of Deoleo Preferentes, S.A.U., would take the decision and actions needed to extinguish the preferred shares and to dissolve and liquidate Deoleo Preferentes, S.A.U. The decisions adopted by the sole shareholder with respect to the dissolution and liquidation of Preferentes, S.A.U. were placed on public record on 24 June 2020 and filed with the Madrid Companies Register on 22 July 2020, such that that company has been duly liquidated.

Against the backdrop of the liquidation and dissolution of Deoleo Preferentes, S.A.U., the holders of the preferred shares outstanding at the time were entitled to receive a liquidating dividend on the terms and conditions stipulated in the securities note of the preferred share issue. Those terms and conditions stated that the holders' entitlement to receive a liquidating dividend would be affected by the occurrence of one of the following two circumstances: (i) the dissolution or liquidation of Deoleo, S.A.; or (ii) the reduction of Deoleo, S.A.'s share capital to zero, without going into liquidation, accompanied by a simultaneous capital increase. Under such circumstances the liquidating dividend payable to the preferred share holders could not exceed the liquidating dividend that would have been paid from the assets of Deoleo, S.A. (guarantor on the issue) if the preferred shares had been issued by Deoleo, S.A. and the preferred share holders' claims seniority would have been: (i) senior to the holders of the ordinary shares of Deoleo, S.A.; (ii) *pari passu* with the holders of any preferred shares or equivalent securities issued by Deoleo, S.A.; and (iii) junior to the holders of other notes issued by Deoleo, S.A., all of which having fully satisfied, in keeping with the terms stipulated in Spanish legislation, all of Deoleo, S.A.'s creditors, including the holders of its subordinated debt, but excluding the beneficiaries of any guarantee or other contractual claim ranking *pari passu* or subordinate to Deoleo, S.A.'s guarantee over the preferred shares.

In order to determine the size of the above-mentioned liquidating dividend, Deoleo, S.A. mandated an independent expert, PricewaterhouseCoopers Asesores de Negocios, S.L (PwC), to conduct the corresponding valuation. PwC issued its report on 22 October 2019. In that report, PwC concluded that on the date of the valuation and considering the order of creditor ranking of the preferred shares and the other liabilities owed by Deoleo, S.A., the Company did not have the funds or assets needed to service the obligations assumed with the preferred share holders. It accordingly concluded that the value of the preferred share liquidating dividend was zero.

As a result, the Group recognised income of 46,500 thousand euros within 'Finance income' in the 2020 consolidated statement of profit or loss (note 24). In turn, it also recognised an expense in connection with the loss derived from the liquidation of the 85 preferred shares held by Deoleo, S.A. in the amount of 4,047 thousand euros, specifically within 'Finance costs in the 2020 consolidated statement of profit or loss.

16.3 Other non-current bank borrowings

'Other bank borrowings' within 'Current financial borrowings' mainly includes a reverse factoring agreement entered into on 3 March 2016, which was drawn down by 62 thousand euros at 31 December 2020 (year-end 2019: 1,100 thousand euros), and the Group's liabilities under factoring agreements arranged with various banks, which were drawn down by 13,067 thousand euros at 31 December 2020 (year-end 2019: 15,931 thousand euros) (note 11.3).

This line item also includes accrued interest payable in the amount of 222 thousand euros (year-end 2019: 1,191 thousand euros).

17. Trade and other payables

The breakdown of this consolidated statement of financial position heading at year-end 2020 and 2019:

	Thousands of euros	
	31/12/2020	**31/12/2019**
Trade payables	63,648	57,588
Other payables:		
Employee benefits payable	10,523	10,451
Social security payable (note 12)	931	842
Payable to public authorities (note 12)	2,999	2,133
	78,101	**71,014**

Below are the disclosures required under additional provision three of Spanish Law 15/2010 (of 5 July 2010) (as amended by final provision two of Law 31/2014, of 3 December 2014), prepared in accordance with the related resolution issued by the Spanish Audit and Accounting Institute (ICAC) on 29 January 2016, regarding the information to be disclosed in the financial statement notes in relation to the average term of payment to trade suppliers.

	Days	
	2020	**2019**
Average supplier payment term	46	52
Paid transactions ratio	47	52
Outstanding transactions ratio	28	57

	Thousands of euros	
	2020	**2019**
Total payments made	435,127	360,956
Total payments outstanding	38,330	36,311

The data provided in the table above regarding supplier payments refer to suppliers which qualify as trade creditors in respect of amounts due in exchange for goods and services supplied, to which end it includes the amounts presented under 'Trade and other payables - Trade payables' within within current liabilities on the consolidated statement of financial position.

In keeping with the ICAC Resolution, in calculating the average supplier payment term, the Group considered the commercial transactions corresponding to goods or services delivered and accrued since effectiveness of Law 31/2014 (of 3 December 2014).

'Average supplier payment term' is the period elapsing between delivery of the goods or provision of the services by the supplier and effective payment for the transaction.

The maximum legally-permitted supplier payment term applicable to the Group under Law 3/2004 establishing measures to tackle trade supplier non-payment is 30 days, unless the parties mutually agree to extend it to up to 60 days. The Group has negotiated a maximum payment term of 60 days with substantially all its suppliers and trade creditors; accordingly, the weighted average payment term is calculated taking those negotiations into account.

18. Provisions and contingent assets and contingent liabilities

18.1 Provisions

The reconciliation of the opening and closing balances of non-current provisions in 2020 and 2019:

	Thousands Euros
Balance at 1 January 2019	**11,084**
Additions	953
Amounts utilised	(1,641)
Unused amounts reversed	(128)
Total non-current provisions at 31 December 2019	**10,268**
Additions	2,489
Amounts utilised	(59)
Unused amounts reversed	(78)
Total non-current provisions at 31 December 2020	**12,620**

The provisions balance corresponds primarily to the Group's estimated exposure to lawsuits brought against it by certain former employees, customers and public authorities, including those outlined in note 12.5.

In 2020, in relation to Aceitunas y Conservas, S.A. ACYCO (a company sold in 2011), the Group recognised a provision of 700 thousand euros, in addition to the 186 thousand euros already recognised in prior years, in relation to the claim regarding the non-payment by the regional government of Andalusia of a group insurance policy claim in which the Group was been named in the suit along with the regional authority and the insurer, Generali Seguros. Also in relation to that group insurance policy covering early retirement income, in 2020, the Group recognised 781 thousand euros, in addition to the 445 thousand euros recognised in prior years, to bring the total provision to 1,226 thousand euros, reflecting the amounts being sought in two civil and criminal lawsuits. The total amount provided for in relation to lawsuits in which Aceitunas y Conservas, S.A. ACYCO is defendant stood at 2,112 thousand euros at 31 December 2020.

In 2020, the Group recognised a provision for other liabilities in the amount of 800 thousand euros related with a tax inspection at a company in Portugal related with the so-called Tierra Project, sold in 2010. The Group has extended a surety to guarantee that payment in the same amount.

In addition, in 2020, the Group recognised additional provisions in connection with certain contingencies and lawsuits in the amount of 294 thousand euros. Those provisions are recognised under 'Other operating expenses' in the 2020 consolidated statement of profit or loss.

The provision for other liabilities includes provisions for contingencies and lawsuits whose final outcome, in the opinion of the Parent's directors, will not give rise to any significant liabilities beyond the amounts provided at year-end.

The reconciliation of the opening and closing balances of current provisions in 2020 and 2019:

	Thousands Euros
Balance at 1 January 2019	**8**
Additions	-
Amounts utilised	(8)
Current provisions at 31 December 2019	**-**
Current provisions at 31 December 2020	**-**

18.2 Contingent assets and liabilities

The most significant changes in those assets and liabilities in 2020 were as follows:

Warrants

As part of the restructuring process outlined in note 1.2 and the associated simultaneous capital reduction and rights issue, the Parent issued warrants, free of charge, to the shareholders with preemptive subscription rights that did not qualify as professional investors and did not expressly renounce the warrants to which they were entitled. Those shareholders received one warrant for every preemptive subscription right assigned to them (i.e., one warrant for every Deoleo share they owned). The total number of warrants issued as a result was 491,298,921.

The warrants are represented via book entries and are not admitted to trading on any secondary market, organised or otherwise.

The warrants will automatically be executed in the event of a transaction that implies the sale, directly or indirectly, of the business or shares of Deoleo Global, S.A.U. (the "Sale") and will accrue the dividend rights for their holders indicated below insofar as its enterprise value and/or the assets subject to the Sale exceed 575 million euros.

The warrants entitle their holders to the receipt, in the corresponding proportion, of 10% of the lower of (a) the equity value corresponding to 100% of the shares of Deoleo Holding, S.L.U. in the context of the Sale; and (b) the surplus over the 575 million euros benchmark enterprise value and/or Sale assets value. If the enterprise value and/or assets subject to the Sale do not exceed the minimum threshold of 575 million euros, the warrant holders would not be entitled to any payment.

By virtue of the Shareholder Agreement entered into between Deoleo, S.A. and its lender banks, the amount payable to the warrant holders in the event the foregoing conditions are met would be borne by the shareholders of Deoleo Holding, S.L.U. and would take the form of a preferred dividend payable by Deoleo Holding, S.L.U. to Deoleo, S.A., unless the Sale consists of the sale of shares of Deoleo Holding, S.L.U., in which case the payment to the warrant holders would be borne only by the selling shareholders, in the proportion corresponding to each.

The warrants will expire: (i) 10 years from their date of issuance in the event of no Sale; or (ii) if a Sale takes place within 10 years from their issuance: (a) on the date contemplated for the payment of the above-mentioned dividend rights; or (b) on the date on which Deoleo notifies that a Sale has taken place but without triggering the right to any payment.

The Parent's directors have deemed that at 31 December 2020 the information available is insufficient to determine the fair value of this commitment, as its intrinsic value is zero and the probability of a Sale and its possible date cannot be determined. Against that backdrop, they have decided to carry the warrants at zero and to review that judgement on future reporting dates in light of the trends in the different variables that affect their valuation.

Long-Term Bonus Plan

In the context of the restructuring process outlined in note 1.2, the Shareholder Agreement between Deoleo, S.A. and the lender banks agreed the creation of an extraordinary long-term remuneration scheme (the "Long-Term Bonus Plan") for the members of the executive team of the Deoleo Holding Subgroup, including the chief executive officer of the Group, with the goal of: (i) compensating them for their efforts to deliver the key strategic objectives of the Deoleo Holding Subgroup defined in the long-term business plan; and (ii) provide them with competitive remuneration tied to the Deoleo Holding Subgroup's strategy with the aim of retaining key management personnel; and (iii) align their interests with those of the shareholders and stakeholders of the Deoleo Holding Subgroup. The Plan took effect on the same day as the Refinancing Agreement, i.e. 24 June 2020.

Under the Long-Term Bonus Plan, the beneficiaries (or their successors, as warranted) are entitled to receive an extraordinary cash bonus to be determined as a function of the increase in the value of Deoleo Holding, S.L.U. whenever a potential Sale takes place, so long as the amount paid for Deoleo Holding, S.L.U. by a third party in any such process (the "Sale Price") is higher than the result of dividing the effective size of the rights issue by 51% (the "Initial Equity Value"). That rights issue amounted to 50,000,000.40 euros, such that the Initial Equity Value amounts to 98,039,216.47 euros.

The remuneration due under the Long-Term Bonus Plan is payable in cash and is conditional upon the beneficiaries remaining in active employment or service with the Deoleo Holding Group on the date on which the Sale closes (except in the special termination events stipulated in the Long-Term Bonus Plan, in which case the bonuses would be calculated in accordance with a specific formula).

The remuneration payable to the universe of beneficiaries will be calculated as follows:

	Maximum remuneration
If the Sale Price is <= 98,039,216.47 euros	0
If 98,039,216.47 euros < Sale Price <= 105,418,512.33 euros	The Sale Price less 98,039,216.47 euros
If the Sale Price is > 105,418,512.33 euros	7% of the Sale Price

The bonus would be payable to the beneficiaries in the proportion corresponding to each and would be paid by Deoleo Holding, S.L.U., which is the Group company assuming this commitment.

Participation by the beneficiaries in the Long-Term Bonus Plan is voluntary. The Plan will terminate when the Sale closes or 10 years from the Plan start date if no Sale has taken place.

The Parent's directors have concluded that as of 31 December 2020, the employee benefits expense to be accrued cannot be determined: the information available is deemed insufficient to determine the fair value of this commitment as the probability of a Sale and its possible date cannot be determined. Against that backdrop, they have decided to carry the related contingent liability at zero and to review that judgement on future reporting dates in light of the trends in the different variables that affect its valuation.

19. Government grants

The movement under non-refundable government grants in 2020 and 2019:

	Thousands Euros
Carrying amount at 1 January 2019	**3,921**
Other movements	-
Carrying amount at 31 December 2019	**3,921**
Other movements (note 8)	(3,921)
Carrying amount at 31 December 2020	**-**

In relation to the grant awarded by the energy authority of Andalusia to Cogeneración de Andújar, S.A., the subject of proceedings, notification was received on 8 July 2016 demanding its refund, along with accumulated late-payment interest. In 2018, the Group had set up a deposit to secure the amount due pending the final ruling.

On 18 January 2021, the Group's appeal was dismissed, prompting the derecognition of the underlying grant, with a balancing charge against the deposit recognised under 'Non-current financial assets' (note 8).

20. Revenue

The breakdown of revenue, generated by the sale of goods, by line of business and geographical market, is provided in 28 on segment reporting.

21. Other income

An analysis of 'Other operating income' in 2020 and 2019:

	Thousands of euros	
	2020	**2019**
Grants related to income	39	15
Leases	40	238
Gain on sale of non-current assets held for sale (note 5)	2,242	-
Gain on disposal of property, plant and equipment	-	19
Reversal of impairment losses:		
Intangible assets (note 6)	20,635	10,966
Investment properties	-	1,161
Inventories and accounts receivable (notes 10 and 11.4)	887	13,163
Other income	1,298	699
	25,141	**26,261**

22. Employee benefits expense

The breakdown of 'Employee benefits expense' in 2020 and 2019 is as follows:

	Thousands of euros	
	2020	**2019**
Wages and salaries	37,972	36,080
Termination benefits	(152)	5,165
Social security and other benefit expense	11,544	11,496
	49,364	**52,740**

The average Group headcount in 2020 and 2019, by job category and gender, was as follows:

	Headcount					
	2020			**2019**		
	Total	Men	Women	Total	Men	Women
Executives	50	34	16	51	36	15
Clerical supervisors	80	43	37	88	48	40
Skilled employees	73	49	24	68	46	22
Goods held for resale	142	115	27	141	115	26
Clerical staff	185	63	122	180	61	119
Factory staff	120	103	17	112	98	14
	650	**407**	**243**	**640**	**404**	**236**

All of the Parent's directors were men at both reporting dates.

The breakdown of the Group's year-end headcount by job category and gender:

	Headcount					
	31/12/2020			**31/12/2019**		
	Total	Men	Women	Total	Men	Women
Executives	52	33	19	47	33	14
Clerical supervisors	83	45	38	85	44	41
Skilled employees	72	48	24	68	47	21
Goods held for resale	145	117	28	133	110	23
Clerical staff	193	64	129	175	60	115
Factory staff	120	103	17	98	88	10
	665	**410**	**255**	**606**	**382**	**224**

The average number of people employed by the Group's Spanish companies in 2020 and 2019 with a disability of a severity of 33% or higher, by job category, was as follows:

	Headcount	
	2020	**2019**
Clerical supervisors	1	1
Skilled employees and factory staff	3	4
	4	**5**

23. Other expenses

An analysis of 'Other operating expenses' in 2020 and 2019:

	Thousands of euros	
	2020	**2019**
Impairment losses:		
Impairment of and losses on sales of non-current assets held for sale (note 5)	1,589	114
Impairment of and losses on sales of property, plant and equipment	36	86
Inventories and accounts receivable (notes 10 and 11.4)	695	3,343
Other operating expenses	104,748	90,396
	107,068	**93,939**

24. Finance income and costs

The breakdown of these headings in 2020 and 2019:

	Thousands of euros	
	2020	**2019**
Finance income:		
Gain on non-current debt securities:		
Bank borrowings (note 16)	207,000	-
Notes and other marketable securities (note 16)	46,500	-
Gains on foreign currency transactions	9,534	4,287
Gains on measurement of derivatives at fair value (note 9)	580	164
Other finance income	243	103
	263,857	**4,554**
Finance costs:		
Impairment of debt instruments (note 16)	4,047	-
Debt arrangement expenses - refinancing (note 16)	12,961	-
Debt arrangement expenses - syndicated loan (*)	4,556	3,142
Bank borrowings	20,394	28,904
Losses on foreign currency transactions	8,751	5,385
Other finance costs	154	485
	50,863	**37,916**

(*) Includes the debt arrangement expenses accrued until 24 June 2020 (the Refinancing date), in the amount of 1,571 thousand euros, and the debt arrangement expenses pending amortisation as of that same date, in the amount of 2,985 thousand euros (note 16).

25. Related-party transactions and resulting year-end balances

25.1 Outstanding balances arising from related-party transactions

The breakdown of the balances due from and to related parties at year-end 2020 and 2019:

	Thousands of euros	
	Other related parties: Shareholders	
	31/12/2020	**31/12/2019**
Current financial assets:		
Cash and cash equivalents	-	13
Accounts receivable:		
Trade receivables	-	47
Bank borrowings		
Non-current	(183,848)	-
Current	(177)	(7,047)
Trade and other payables:		
Trade payables	(80)	(618)

At 31 December 2020, the balances with financial institutions relate to the portion of the Sustainable Debt corresponding to entities that are, in turn, shareholders of the Group company, Deoleo Holding, S.L.U. (refer to notes 2, 2.6.4 and 16).

The breakdown of the loans received, derivatives and other interest-bearing liabilities associated with shareholders at year-end 2019 was as follows:

	Thousands of euros
	Year-end 2019
CaixaBank, S.A.	7,047
Total loans and other interest-bearing liabilities	**7,047**

25.2 Related-party transactions

The breakdown of the Group's transactions with related parties in 2020 and 2019 is as follows:

2020

	Thousands of euros			
	Shareholders and other related parties	Directors	Key management personnel (Group)	Total
Expenses:				
Cost of goods sold	8,035	-	-	8,035
Other operating expenses	3,326	451	-	3,777
Employee benefits expense	-	867	3,012	3,879
Finance costs	4,934	-	-	4,934
	16,295	**1,318**	**3,012**	**20,625**

2019

	Thousands of euros			
	Shareholders	Directors	Key management personnel (Group)	Total
Income:				
Revenue	5,689	-	-	5,689
	5,689	**-**	**-**	**5,689**
Expenses:				
Cost of goods sold	14,664	-	-	14,664
Other operating expenses	2,543	467	-	3,010
Employee benefits expense	-	841	3,108	3,949
Finance costs	241	-	-	241
	17,448	**1,308**	**3,108**	**21,864**

All the transactions with related parties were performed on an arm's length basis.

The remuneration accrued by the Group's key management personnel amounted to approximately 3,012 thousand euros in 2020 (2019: 3,108 thousand euros).

The remuneration accrued by the members of the Board of Directors:

	Thousands of euros	
	2020	**2019**
Salaries	867	704
Termination benefits	-	123
Attendance fees	428	287
Other	23	194
	1,318	**1,308**

In 2020, the Parent paid 287 thousand euros in premiums for director and office liability insurance (2019: 55 thousand euros).

The Parent did not have any pension obligations to the former or current members of the Board of Directors and had not assumed any guarantee commitments on their behalf at year-end 2020. The Parent's directors did not receive any amounts other than those mentioned above in 2020. There were no balances outstanding with the members of the Parent's Board of Directors other than those described in note 25.1 at either year-end.

25.3 Director conflicts of interest

At year-end 2020, the members of the Board of Directors of Deoleo, S.A. had notified the other members of the Board of Directors of the following potential direct or indirect conflicts of interest between them or persons related to them as defined in the Spanish Corporate Enterprises Act with respect to the Group's interests:

- Ignacio Silva Alcalde abstained from voting on the proposed criteria for the accrual of his bonus.

26. Environmental disclosures

The Group's operations are governed by environmental protection and occupational health and safety regulations. The Group believes it is compliant with those laws and has the procedures needed to foster and ensure ongoing compliance.

There were no additions to, or disposals of, environmental investments in the Group's plant in either 2020 or 2019. The carrying amount of the Group's environmental investments was 837 thousand euros at 31 December 2020 (year-end 2019: 1,222 thousand euros).

In 2020, it accrued environmental expenses of 1,899 thousand euros (2019: 1,482 thousand euros). Those expenses related mainly to costs incurred in relation to packaging recycling, environmental assessment work and waste treatment.

The Group had not recognised any environmental-related provisions at either reporting date as the Parent's directors have not identified any corresponding exposures.

The Group did not receive any environmental grants in 2020 or 2019, and its consolidated statement of financial position does not include any grants of this nature from prior years.

27. Audit fees

In 2020 and 2019, the fees for financial audit and other services provided by the auditors of the Group's consolidated financial statements, Ernst & Young, S.L., and the fees for services invoiced by entities related to that audit firm by means of common ownership, control or management, and entities related to the Ernst & Young, S.L. international network, were as follows:

	Thousands of euros	
	2020	**2019**
Audit services	484	470
Other assessment services	35	12
Total audit and related services	519	482
Tax advisory services	63	20
Total professional services	**582**	**502**

28. Segment reporting and other disclosures

The Group's reporting model is articulated around geographic regions. The purpose of that structure is to enable more accurate analysis of the performance of the Vegetable Oil business by key region.

The geographic regions identified for segment reporting purposes are:

- Spain
- Italy
- Northern Europe (France, Germany, Belgium, Netherlands, the rest of Europe and MEA).
- North America (US and Canada).
- International Markets (Latin America, Australia, China, India and the rest of Asia).
- Operations (factories in Italy and Spain).

The Parent's directors consider it relevant to furnish comparative information by Group business line in order to enable the users of the Group's consolidated financial statements assess the nature and financial impacts of the business activities it carries on and the economic environments in which it operates.

The accounting policies applied for the segment disclosures are the same as those described in Note 4.

2020

	Thousands of euros						
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Operations, Corporate & Other**	**Total**
Revenue	142,163	127,830	102,806	177,343	103,765	11,707	665,614
Other operating income	762	(8,467)	6,752	18,101	3,935	4,058	25,141
Changes in inventories of finished goods and work in progress	3,982	(213)	2,448	10,800	30	5,012	22,059
Raw materials and other consumables used	(125,447)	(97,378)	(80,635)	(135,585)	(73,527)	49,511	(463,061)
Employee benefits expense	(2,685)	(3,423)	(3,563)	(7,721)	(4,320)	(27,652)	(49,364)
Depreciation and amortisation charges	(123)	(1,668)	(211)	(299)	(252)	(9,873)	(12,426)
Other operating expenses	(9,089)	(10,772)	(10,696)	(25,966)	(11,476)	(39,069)	(107,068)
OPERATING PROFIT/(LOSS)	**9,563**	**5,909**	**16,901**	**36,673**	**18,155**	**(6,306)**	**80,895**
Finance income	**-**	**-**	**-**	-	-	263,857	263,857
Finance costs	-	-	-	-	-	(50,863)	(50,863)
PROFIT BEFORE TAX	**9,563**	**5,909**	**16,901**	**36,673**	**118,155**	**206,688**	**293,889**
Income tax	-	-	-	-	-	(3,819)	(3,819)
PROFIT FOR THE YEAR	**9,563**	**5,909**	**16,901**	**36,673**	**18,155**	**202,869**	**290,070**

2019

	Thousands of euros						
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Operations, Corporate & Other**	**Total**
Revenue	132,992	120,358	75,859	118,034	104,773	9,937	561,953
Other operating income	34	6	350	306	1,529	24,036	26,261
Changes in inventories of finished goods and work in progress	(811)	(726)	(414)	(556)	(524)	(2,879)	(5,910)
Raw materials and other consumables used	(114,381)	(106,233)	(57,267)	(77,790)	(75,901)	38,385	(393,187)
Employee benefits expense	(2,267)	(3,669)	(3,326)	(7,446)	(4,498)	(31,534)	(52,740)
Depreciation and amortisation charges	(179)	(1,658)	(295)	(502)	(284)	(11,661)	(14,579)
Other operating expenses	(8,061)	(4,868)	(11,307)	(22,767)	(10,168)	(36,768)	(93,939)
OPERATING PROFIT/(LOSS)	**7,327**	**3,210**	**3,600**	**9,279**	**14,927**	**(10,484)**	**27,859**
Finance income	**-**	**-**	**-**	-	-	4,554	4,554
Finance costs	-	-	-	-	-	(37,916)	(37,916)
PROFIT BEFORE TAX	**7,327**	**3,210**	**3,600**	**9,279**	**14,927**	**(47,723)**	**(5,503)**
Income tax	-	-	-	-	-	(5,103)	(5,103)
PROFIT FOR THE YEAR	**7,327**	**3,210**	**3,600**	**9,279**	**14,927**	**(48,949)**	**(10,606)**

2020

	Thousands of euros							
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Operations**	**Corporate**	**Total**
Non-current assets:								
Property, plant and equipment	1,361	1,040	1,234	4,067	1,552	48,258	-	57,512
Goodwill	-	-	-		14,805	6,912	-	21,717
Other intangible assets	77,877	36,789	62,997	200,774	80,747	-	-	459,184
Other non-current assets	-	-	-	-	-	-	67,321	67,321
Current assets:								
Inventories	10,812	8,476	7,399	35,883	9,507	35,320	-	107,397
Trade receivables	18,863	2,738	290	10,626	6,805	-	-	39,322
Other current assets	-	-	-	-	-	-	83,995	83,995
Non-current assets held for sale	-	-	-	-	-	-	15,142	15,142
Total assets	**108,913**	**49,043**	**71,920**	**251,350**	**113,416**	**90,490**	**166,458**	**851,590**
Equity	-	-	-	-	-	-	432,211	432,211
Financial liabilities	-	-	-	-	-	-	222,781	222,781
Deferred tax liabilities	14,271	8,337	25,740	34,120	15,754	3,059	-	101,281
Trade and other payables	13,936	12,905	8,757	14,560	10,159	17,784	-	78,101
Other current liabilities	-	-	-	-	-	-	16,816	16,816
Liabilities associated with non-current assets held for sale	-	-	-	-	-	-	400	400
Total equity and liabilities	**28,207**	**21,242**	**34,497**	**48,680**	**25,913**	**20,843**	**672,208**	**851,590**

2019

	Thousands of euros							
	Spain	**Italy**	**Northern Europe**	**North America**	**International Markets**	**Operations**	**Corporate**	**Total**
Non-current assets:								
Property, plant and equipment	1,515	1,161	1,170	4,682	1,677	49,126	-	59,331
Goodwill	-	-	-	-	14,805	6,912	-	21,717
Other intangible assets	77,629	45,768	56,434	185,813	78,617	-	-	444,261
Other non-current assets	-	-	-	-	-	-	56,122	56,122
Current assets:								
Inventories	6,830	8,689	4,951	25,083	9,477	28,149	-	83,179
Trade receivables	26,724	2,799	7,035	8,087	10,350	-	10,526	65,521
Other current assets	-	-	-	-	-	-	97,239	97,239
Non-current assets held for sale	-	-	-	-	-	-	19,710	19,710
Total assets	**112,698**	**58,417**	**69,590**	**223,665**	**114,926**	**84,187**	**183,597**	**847,080**
Equity	-	-	-	-	-	-	26,506	26,506
Financial liabilities	-	-	-	-	-	-	635,928	635,928
Deferred tax liabilities	14,251	9,625	14,050	33,681	16,319	2,794	3,455	94,175
Trade and other payables	12,671	11,734	7,962	13,239	9,237	16,171	-	71,014
Other current liabilities	-	-	-	-	-	-	19,057	19,057
Liabilities associated with non-current assets held for sale	-	-	-	-	-	-	400	400
Total equity and liabilities	**26,922**	**21,359**	**22,012**	**46,920**	**25,556**	**18,965**	**685,346**	**847,080**

Other information

The Group presents its earnings in accordance with generally accepted accounting standards, namely the International Financial Reporting Standards (IFRS). However, management believes that certain alternative performance measures ("APMs") provide useful additional financial information worth considering by users when evaluating its financial performance. Management also uses the APMs detailed below when taking financial, operating and planning decisions, as well as when evaluating the Group's performance.

EBITDA

Definition. Profit or loss from operations before: depreciation and amortisation charges; impairment and gains or losses on the derecognition and disposal of non-current assets and non-current assets classified as held for sale; and other non-recurring income and expenses.

Reconciliation: EBITDA is calculated using the following statement of profit or loss lines items:

Operating profit/(loss) + depreciation and amortisation charges +/- impairment and gains/(losses) on disposal of fixed assets and non-current assets classified as held for sale +/- impacts corresponding to non-recurring expenses.

	Thousands of euros	
EBITDA	**2020**	**2019**
Operating profit/(loss)	80,895	27,859
Depreciation and amortisation (notes 6 & 7)	12,426	14,579
Net impairment of and gains/(losses) on disposals of fixed assets, non-current assets held for sale and investment properties, net (notes 21 and 23)	(617)	(980)
Net impairment of intangible assets and property, plant and equipment (notes 21 & 23)	(20,635)	(10,966)
Non-recurring (income)/expenses (*)	(92)	(2,765)
	71,977	**27,727**

(*) The detail of the non-recurring (income)/expenses recognised under each line item in the consolidated statement of profit or loss in 2020 and 2019 is as follows:

	Thousands of euros	
	2020	**2019**
Other operating income	-	(10,679)
Employee benefits expense	(1,132)	4,950
Other operating expenses	1,040	2,964
Non-recurring (income)/expense	**(92)**	**(2,765)**

In conceptual terms, non-recurring items are mainly those associated with termination benefits and provisions for lawsuits.

Rationale for usage. EBITDA enables an analysis of operating profit before depreciation, amortisation and impairment charges and gains or losses on the derecognition and disposal of fixed assets and non-current assets classified as held for sale and the related effects, as well as other non-recurring income and expenses, since none of these variables represents a cash flow and each may vary substantially from one company to another depending on accounting policies and the carrying amount of assets.

EBITDA is the best proxy for cash flows from operating activities before tax and reflects the cash generated prior to changes in working capital (calculated as the difference between total current assets and total current liabilities).

The Group uses EBITDA as the baseline for calculating cash flow to which it adds the changes in working capital. Lastly, it is an APM that is widely used by investors when valuing businesses (valuation using multiples), and by rating agencies and creditors to measure leverage by comparing EBITDA with net debt.

Consistency. The criteria used to calculate EBITDA were the same in both reporting periods.

Net debt

Definition. Gross borrowings less cash and cash equivalents.

Reconciliation: Financial liabilities: notes and other marketable securities + Non-current bank borrowings + Other financial liabilities + Current financial borrowings - Deposits recognised within other current financial assets - Cash and cash equivalents - Equivalent assets recognised within non-current assets classified as held for sale.

	Thousands of euros	
	2020	**2019**
Non-current bank borrowings (note 16)	204,600	510,444
Current financial borrowings (note 16)	15,967	80,922
Financial liabilities - notes and other marketable securities (note 16)	-	42,453
Other non-current financial liabilities (note 16)	2,214	2,109
Less: Cash and cash equivalents (note 13) (*)	(72,582)	(78,628)
Net debt	**150,199**	**557,300**

(*) Net debt does not include the term deposits maturing at more than three months, which are recognised under other financial assets within current and non-current assets and at 31 December 2020 amounted to 8,947 thousand euros (year-end 2019: 8,299 thousand euros) (note 8).

Rationale for usage: Monitoring Group indebtedness and leverage.

Consistency. The method used to calculate net debt was the same in both reporting periods.

Working capital

Definition. Current assets less current liabilities (non-financial).

Reconciliation: Inventories + Trade and other receivables - Trade and other payables - Current provisions.

	Thousands of euros	
	2020	**2019**
Inventories (note 10)	107,397	83,179
Trade and other receivables (note 11)	39,322	65,521
Trade and other payables (note 17)	(78,101)	(71,014)
Working capital	**68,618**	**77,686**

Rationale for usage. Monitoring Group liquidity and solvency.

Consistency. The criteria used to calculate working capital were the same in both reporting periods.

29. Risk management objectives and policies: Financial risk factors

The Group's global risk management programme focuses on analysing and managing financial market uncertainty, attempting to minimise the potential adverse effects on the Group's profitability. The Group uses derivatives to hedge certain exposures.

Risk management is controlled by the Group's Central Treasury Department in accordance with the policies approved by the Parent's Board of Directors. That department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written policies for global risk management, as well as for specific matters such as foreign currency risk, interest rate risk, liquidity risk, the use of derivative and non-derivative instruments and investment of surplus liquidity.

The most significant risks to which the Group is exposed are:

Financial covenants

The financing arranged in 2020 obliges compliance with two financial ratios: (i) a minimum amount of EBITDA (on a trailing 12-month basis), which will begin to be measured quarterly from June 2021; and

(ii) a minimum liquidity buffer, measured monthly, of 15 million euros, below which threshold liquid assets cannot fall during 20 or more consecutive days. Group liquidity remained at over 15 million euros throughout 2020. The agreement also stipulates a series of limits on the transactions that the Group can perform (note 16.1).

Exposure to foreign currency risk

The Group operates in international markets and is, therefore, exposed to foreign currency risk on the transactions performed by it in foreign currencies, mainly the US dollar. Foreign currency risk arises when future commercial transactions, recognised assets and liabilities and net investments in foreign operations are denominated in a currency other than the functional currency of the Group (the euro). The Group's Corporate Finance Department is responsible for managing the net position in each foreign currency using external forward foreign currency contracts when deemed necessary.

The Group writes exchange rate hedges over certain assets, liabilities or future transactions. In addition, in transactions with third parties, it uses the euro as the benchmark currency whenever possible (mainly in raw material purchase transactions, which are the most relevant within the Group). All the financing arranged by the Group is denominated in euros.

The Group also presents its financial statements in euros, translating the assets and liabilities of the Group companies whose functional currency is not the euro at the closing exchange rate on the corresponding reporting date and their income and expenses at the average exchange rate for the period in which they took place. Fluctuations in the exchange rates used in this translation process give rise to variations expressed in euros (positive or negative), which are recognised in the Group's consolidated financial statements as 'Translation differences' in equity.

Despite the foreign currency hedges that the Group usually arranges, exchange rate fluctuations may expose the Group to significant economic and accounting losses that could have a material adverse impact on its activities, the results of its operations or its financial position.

Below is a breakdown of the Group’s exposure to foreign currency risk at year-end 2020 and 2019. The accompanying tables reflect the carrying amounts of the Group's financial instruments or classes of financial instruments denominated in foreign currency:

2020

	Thousands of euros							
	US dollar	Mexican peso	Australian dollar	Canadian dollar	Swiss franc	Pounds sterling	Indian rupee	Total
Trade and other receivables	5,809	4,356	-	3,562	807	-	-	14,534
Cash and cash equivalents	6,630	354	36	870	48	18	9,620	17,576
Total current assets	**12,439**	**4,710**	**36**	**4,432**	**855**	**18**	**9,620**	**32,110**
Total assets	**12,439**	**4,710**	**36**	**4,432**	**855**	**18**	**9,620**	**32,110**
Trade and other accounts payable	8,345	641	64	730	-	34	4,093	13,907
Total current liabilities	8,345	641	64	730	-	34	4,093	13,907
Total liabilities	**8,345**	**641**	**64**	**730**	**-**	**34**	**4,093**	**13,907**
Gross exposure as per statement of financial position	**4,094**	**4,069**	**(28)**	**3,702**	**855**	**(16)**	**5,527**	**18,202**

2019

	Thousands of euros						
	US dollar	Mexican peso	Australian dollar	Canadian dollar	Swiss franc	Indian rupee	Total
Trade and other receivables	3,835	3,707	16	2,982	160	1,317	12,018
Cash and cash equivalents	10,590	232	247	818	202	6,553	18,642
Total current assets	14,425	3,939	263	3,800	362	7,870	30,660
Total assets	**14,425**	**3,939**	**263**	**3,800**	**362**	**7,870**	**30,660**
Trade and other payables	5,645	172	165	952	62	1,864	8,860
Total current liabilities	5,645	172	165	952	62	1,864	8,860
Total liabilities	**5,645**	**172**	**165**	**952**	**62**	**1,864**	**8,860**
Gross exposure as per statement of financial position	**8,781**	**3,767**	**98**	**2,848**	**300**	**6,006**	**21,800**

Credit risk

The Group does business with customers in different countries and with different levels of solvency and sales collection periods. As a result, it is exposed to the risk of customer default or insolvency.

The Credit Department forms part of the Group's Treasury Department and is responsible for periodically monitoring customer credit levels and establishing the appropriate analytical procedures in accordance with each unit's specific operations.

The Group implements internal customer risk management procedures and the main Group companies take out insurance policies with top-level international companies with high credit ratings to ensure that it sells to to customers with a suitable track record of creditworthiness.

The Credit Department periodically implements analytical and monitoring procedures for customer credit limits. The maximum credit limits for each customer are calibrated in the system in accordance with the limits covered by the insurance policies taken out. In addition, the Group has policies in place for ensuring that it wholesales to customers with an appropriate credit history.

In 2020, both Deoleo Global S.A.U.'s and Carapelli Firenze's percentage of sales cover was over 90%, while non-performance was 0.0% and 0.11% of those entities sales, respectively.

Below is a schedule of the estimated maturities of the financial assets recognised in the consolidated statement of financial position at 31 December 2020 and 2019.

2020

	Thousands of euros				
	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Financial assets measured at cost:					
Of which: fixed-rate (note 8)	-	-	-	178	178
Derivative financial instruments (note 8)	646	-	-	-	646
Trade and other receivables:					
Of which: fixed-rate (note 11)	22,348	16,219	755	-	39,322
Other financial assets (note 8)	-	6,411	264	9,907	16,582
Total assets	**22,994**	**22,630**	**1,019**	**10,085**	**56,728**

2019

	Thousands of euros				
	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Financial assets measured at cost:					
Of which: fixed-rate	-	-	-	228	228
Derivative financial instruments	80	-	-	-	80
Trade and other receivables:					
Of which: fixed-rate	65,429	92	-	-	65,521
Other financial assets	-	8,299	1,181	9,742	19,222
Total assets	**65,509**	**8,391**	**1,181**	**9,970**	**85,051**

Liquidity risk

The Group manages liquidity risk conservatively, maintaining sufficient cash for its ordinary business operations plus sufficient additional funding, through discount lines, to cover its working capital needs.

In addition, as detailed in notes 1.2 and 16, on 24 June 2020, the Group restructured its debt, reducing its indebtedness by 332.9 million euros and extending the maturity of its surviving debt to 2025 and 2026.

The financing agreement implies certain limitations with regard to the arrangement of new lines or transactions which entail the assumption of additional borrowings.

Below is a breakdown of the Group's exposure to liquidity risk at 31 December 2020 and 2019. The tables below analyse the Group's financial liabilities based on the contractual remaining maturities.

2020

	Thousands of euros					
	Less than 1 month	From 1 to 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Bank borrowings:						
Of which: floating-rate (note 16)	-	-	13,289	-	204,600	217,889
Trade and other payables:						
Of which: fixed-rate (note 17)	53,051	16,635	8,415	-	-	78,101
Lease liabilities	107	213	876	2,150	-	3,346
Other financial liabilities (note 16)	-	-	1,482	64	-	1,546
Derivative financial instruments (note 16)	-	-	-	-	-	-
	53,158	**16,848**	**24,062**	**2,214**	**204,600**	**300,882**

2019

	Thousands of euros					
	Less than 1 month	From 1 to 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes and other marketable securities:						
Of which: floating-rate	-	-	-	-	42,453	42,453
Bank borrowings:						
Of which: floating-rate	-	-	78,122	510,444	-	588,566
Trade and other payables:						
Of which: fixed-rate	50,308	14,315	6,391	-	-	71,014
Lease liabilities	123	242	984	1,724	-	3,073
Other financial liabilities	-		1,437	385	-	1,822
Derivative financial instruments	-	-	14	-	-	14
	50,431	**14,557**	**86,948**	**512,553**	**42,453**	**706,942**

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. The Group arranges derivatives to hedge its interest rate risk.

The changes in the fair value of the interest rate derivatives arranged depend on the movements in the medium- and long-term euro yield curve.

The Group's financing is governed by the financing agreement entered into in June 2020, which stipulates the floating rate terms applicable throughout the term of the agreement.

Interest rate hedges are only arranged with banks with high credit ratings.

30. Guarantees extended to third parties and other contingent liabilities

At 31 December 2020, the Group had extended sureties, mainly to guarantee loans granted to it by banks, business transactions and dealings with the public authorities, with an aggregate outstanding balance of 23,904 thousand euros (year-end 2019: 17,424 thousand euros). Those guarantees are not expected to give rise to any contingencies or losses over and above the non-current provisions already recognised in the amount of 3,921 thousand euros.

31. Events after the reporting period

No other significant events have occurred between year-end and the date of authorising these consolidated financial statements for issue that have not been disclosed in these notes.

32. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.1). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rule. In the event of discrepancy, the Spanish-language version prevails.

Appendix I

Breakdown of the Group subsidiaries at 31 December 2020:

Registered name	Registered office	Business	Auditor	Shareholding company	% Share-holding
Carapelli Firenze, S.p.A.	Italy	Production and sale of vegetable oil	EY (Italy)	Deoleo International, Ltd.	100.00
Deoleo Australia Pty Ltd.	East Gosford (Australia)	Sale of bottled vegetable oil	-	Carapelli Firenze, S.p.A.	100.00
Deoleo Comercial México, S.A. de C.V.	Mexico City (Mexico)	Sale and distribution of food and agricultural products	Deloitte (Mexico)	Deoleo International, Ltd.	100.00
Deoleo USA, Inc	Houston (US)	Sale and distribution of food products	-	Deoleo International, Ltd.	100.00
Deoleo Canada, Inc	Toronto (Canada)	Sale and distribution of food products	-	Deoleo International, Ltd.	100.00
Deoleo Deutschland GmbH	Frankfurt (Germany)	Sale of bottled vegetable oil	EY (Germany)	Deoleo International, Ltd.	100.00
Deoleo, B.V.	Amsterdam (Netherlands)	Sale and distribution of food products	-	Deoleo International, Ltd.	100.00
Deoleo Belgium, B.V.	Brussels (Belgium)	Sale and marketing of food products	Deloitte (Belgium)	Deoleo International, Ltd. (99%) and Deoleo Global, S.A.U. (1%)	100.00
Deoleo Colombia, SAS	Colombia	Sale and marketing of food products	-	Deoleo International, Ltd.	100.00
Deoleo South East Asia Sdn. Bhd.	Malaysia	Production and sale of vegetable oil	Deloitte (Malaysia)	Deoleo International, Ltd.	100.00
Deoleo India Private, Ltd.	India	Production and sale of vegetable oil	Deloitte (India)	Deoleo International, Ltd.	100.00
Deoleo Holding, S.L.U.	Alcolea (Cordoba, Spain)	Holding company	-	Deoleo, S.A.	100.00
Deoleo Global, S.A.U.	Alcolea (Cordoba, Spain)	Production and sale of vegetable oil	EY (Spain)	Deoleo Financial, Ltd.	100.00
Deoleo UK, Ltd. (*)	UK	Holding company	-	Deoleo Holding, S.L.U.	100.00
Deoleo Financial, Ltd. (*)	UK	Holding company	-	Deoleo UK, Ltd.	100.00
Deoleo International, Ltd (*)	UK	Holding company	-	Deoleo Global, S.A.U.	100.00
Deoleo Industrial México, S.A. de C.V.	Cordoba. Veracruz (Mexico)	Purchase and sale, import, export, processing, preparation and marketing of rice and other food and agricultural products	Deloitte (Mexico)	Deoleo Global, S.A.U.	100.00
Deoleo Antilles Guyane, S.A.	Mana (French Guiana)	Sale, distribution and export of food products	-	Deoleo Global, S.A.U.	100.00
Compagnie Rizicole de L'Ouest Guyanais, S.A.	Mana (French Guiana)	Sale and production of rice and other food products	-	Deoleo Global, S.A.U.	100.00
Cama, S.A.	Mana (French Guiana)	Production and sale of food products	-	Deoleo Global, S.A.U.	100.00
Cimariz, S.A.	Mana (French Guiana)	Production and sale of food products	-	Deoleo Global, S.A.U. (72.41%), Cama, S.A. (13.94%) and Compagnie Rizicole de L´Ouest Guyanais, S.A. (7.04%)	93.39
Carbonell do Brasil, S.A.	Sao Paulo (Brazil)	Sale and distribution of food products	-	Deoleo Global, S.A.U.	100.00
Cetro Aceitunas, S.A.	Pilas (Seville, Spain)	Production and distribution of food products	-	Deoleo Global, S.A.U.	100.00
Minerva USA Ltd	Fort Lee - New Jersey (US)	Sale of bottled vegetable oil	-	Carapelli Firenze, S.p.A.	100.00
Carapelli Firenze USA Inc	New Jersey (US)	Holding company	-	Carapelli Firenze S.p.A	100.00
Carapelli USA LLC	Delaware (US)	Sale of bottled vegetable oil	-	Carapelli Firenze S.p.A. (39.36%), Carapelli Firenze USA Inc. (11.64%) and Deoleo USA Inc. (49%)	100.00
Aceica Refinería, S.L.	Las Palmas (Gran Canary Island, Spain)	Sale and distribution of food products	-	Deoleo Global, S.A.U.	100.00
Cogeneración de Andújar, S.A.	Andújar (Jaén, Spain)	Co-generation of power	-	Deoleo Global, S.A.U.	100.00
Aceites Elosúa, S.A.	Rivas Vaciamadrid (Madrid, Spain)	Sale and distribution of food products	-	Deoleo Global, S.A.U.	100.00

This appendix is an integral part of and should be read in conjunction with note 2.6.1 of the accompanying consolidated financial statements for 2020.

(*) The English companies, Deoleo UK Limited (Company Number 12290115), Deoleo Financial Limited (Company Number 12290660) and Deoleo International Limited (Company Number 12290223) are exempt from the requirements of the Companies Act 2006 (English Law) relating to the auditing of accounts under section 479A of the Companies Act 200 (Companies Act 2006).

Breakdown of the Group subsidiaries at 31 December 2019:

Registered name	Registered office	Business	Auditor	Shareholding company	% Share-holding
Carapelli Firenze, S.p.A.	Italy	Production and sale of vegetable oil	EY (Italy)	Deoleo, S.A.	100.00
Deoleo Australia Pty Ltd.	East Gosford (Australia)	Sale of bottled vegetable oil	Deloitte (Australia)	Carapelli Firenze, S.p.A.	100.00
Deoleo Comercial México, S.A. de C.V.	Mexico City (Mexico)	Sale and distribution of food and agricultural products	Deloitte (Mexico)	Deoleo, S.A.	100.00
Deoleo USA, Inc	Houston (US)	Sale and distribution of food products	-	Deoleo, S.A.	100.00
Deoleo Canada, Inc	Toronto (Canada)	Sale and distribution of food products	-	Deoleo, S.A.	100.00
Deoleo Preferentes, S.A.U.	Rivas Vaciamadrid (Madrid, Spain)	Issuance of preferred shares	EY	Deoleo, S.A.	100.00
Deoleo Deutschland GmbH	Frankfurt (Germany)	Sale of bottled vegetable oil	EY (Germany)	Deoleo, S.A.	100.00
Deoleo, B.V.	Amsterdam (Netherlands)	Sale and distribution of food products	-	Deoleo, S.A.	100.00
Deoleo Belgium, B.V.	Brussels (Belgium)	Sale and marketing of food products	Deloitte (Belgium)	Deoleo, S.A. (99%) and Cambium Rice Investments, S.L. (1%)	100.00
Deoleo Colombia, SAS	Colombia	Sale and marketing of food products	Cañón & Cañón	Deoleo, S.A.	100.00
Deoleo South East Asia Sdn. Bhd.	Malaysia	Production and sale of vegetable oil	Deloitte (Malaysia)	Deoleo, S.A.	100.00
Deoleo India Private, Ltd.	India	Production and sale of vegetable oil	Deloitte (India)	Deoleo, S.A.	100.00
Deoleo Holding, S.L.	Alcolea (Cordoba, Spain)	Holding company	-	Deoleo, S.A.	100.00
Deoleo Global, S.A.	Alcolea (Cordoba, Spain)	Production and sale of vegetable oil	-	Deoleo Holding, S.L.	100.00
Deoleo UK, Ltd.	UK	Holding company	-	Deoleo Holding, S.L.	100.00
Deoleo Financial, Ltd.	UK	Holding company	-	Deoleo UK, Ltd.	100.00
Deoleo International, Ltd	UK	Holding company	-	Deoleo Global, S.A.	100.00
Deoleo Industrial México, S.A. de C.V.	Cordoba. Veracruz (Mexico)	Purchase and sale, import, export, processing, preparation and marketing of rice and other food and agricultural products	Deloitte (Mexico)	Deoleo, S.A.	100.00
Mercadeo de Productos Alimenticios, S.A. de C.V.	Mexico City (Mexico)	Sale and distribution of food and agricultural products	-	Deoleo Industrial México, S.A. de C.V.	100.00
Deoleo Antilles Guyane, S.A.	Mana (French Guiana)	Sale, distribution and export of food products	-	Deoleo, S.A.	100.00
Compagnie Rizicole de L'Ouest Guyanais, S.A.	Mana (French Guiana)	Sale and production of rice and other food products	-	Deoleo, S.A.	100.00
Cama, S.A.	Mana (French Guiana)	Production and sale of food products	-	Deoleo, S.A.	100.00
Cimariz, S.A.	Mana (French Guiana)	Production and sale of food products	-	Deoleo, S.A. (72.41%), Cama, S.A. (13.94%) and Compagnie Rizicole de L´Ouest Guyanais, S.A. (7.04%)	93.39
Carbonell do Brasil, S.A.	Sao Paulo (Brazil)	Sale and distribution of food products	-	Deoleo, S.A.	100.00
Cetro Aceitunas, S.A.	Pilas (Seville, Spain)	Production and distribution of food products	-	Deoleo, S.A.	100.00
Salgado USA, Inc.	New York (US)	Sale and distribution of food products	-	Deoleo, S.A.	100.00
Minerva USA Ltd	Fort Lee - New Jersey (US)	Sale of bottled vegetable oil	-	Carapelli Firenze, S.p.A.	100.00
Carapelli Firenze USA Inc	New Jersey (US)	Holding company	-	Carapelli Firenze S.p.A	100.00
Carapelli USA LLC	Delaware (US)	Sale of bottled vegetable oil	-	Carapelli Firenze S.p.A. (39.36%), Carapelli Firenze USA Inc. (11.64%) and Deoleo USA Inc. (49%)	100.00
Aceica Refinería, S.L.	Las Palmas (Gran Canary Island, Spain)	Sale and distribution of food products	-	Deoleo, S.A.	100.00
Cogeneración de Andújar, S.A.	Andújar (Jaén, Spain)	Co-generation of power	-	Deoleo, S.A.	100.00
Aceites Ibéricos ACISA, S.A.	Alcolea (Cordoba, Spain)	Production and distribution of food products	-	Deoleo, S.A.	100.00
Cambium Rice Investments, S.L.	Rivas Vaciamadrid	Holding company	-	Deoleo, S.A.	100.00
Aceites Elosúa, S.A.	Rivas Vaciamadrid (Madrid, Spain)	Sale and distribution of food products	-	Deoleo, S.A.	100.00
Sevilla Rice Company, S.A.	Rivas Vaciamadrid (Madrid, Spain)	Purchase and sale, conversion, processing and marketing of rice and food and agricultural products	-	Deoleo, S.A.	100.00

Deoleo, S.A.

and subsidiaries

Group Management Report for 2020

1. Group overview

Organisational structure

Deoleo is a leading global brand-driven olive oil group. It has the best brand portfolio in its sector as is evidenced by commanding market shares in the various markets in which the Group operates. It also markets seed oils, table olives, vinegars and sauces and is, therefore, a genuine benchmark in global foodstuffs.

Deoleo has a major international presence thanks to its global brand recognition. Its brands, including Carbonell, Bertolli, Carapelli, Sasso, Koipe and Hojiblanca, command leading positions in the world's largest markets.

The Group’s main production centres are located in Spain and Italy.

Deoleo's business model, aimed at generating value in a sustainable manner, is articulated around three basic pillars:

- Commitment to quality and customer orientation.
- Improvement in purchasing and sales policies by layering medium- and long-term considerations into its short-term purchasing formulae, diversifying procurements by increasing purchases outside Spain and reviewing assets and opportunities for sales.
- Operational adjustments to increase efficiency and profitability. Actions to optimise the purchase of ancillary materials and energy, savings via brand specialisation and rationalisation, and investment in sales and marketing.

Deoleo's business model is based on six key levers:

- Olive oil as the core activity.
- Expansion and consolidation of the global footprint (international business development).
- Strong and strategic commitment to the US market.
- Growth in sales volumes.
- Minimisation of the impact of raw material price volatility.
- Focus on key brands and products.

Governing bodies (*)

At 31 December 2020, the Parent's Board of Directors was made up of six members, of whom three were proprietary directors, two were independent and one was an executive director.

The composition of the Board's various steering committees at year-end:

- The Audit and Control Committee, comprising three members, which holds periodic meetings to address the matters within the scope of its powers, as set out in the Board Regulations.

- Appointments and Remuneration Committee, comprising three members, which holds regular meetings to address the matters within the scope of its powers, which are similarly regulated in the Board Regulations.

(*) Refer to the **Annual Corporate Governance Report** for 2020, published on the CNMV website (www.cnmv.es) and on the Deoleo website (www.deoleo.com).

2. Capital expenditure

In 2020, the Group's capital expenditure in the vegetable oil business centred on the expansion and modernisation of the facilities and equipment at the Alcolea (Spain) and Tavarnelle (Italy) factories.

3. Business performance

2020 was marked by:

- Markets:
  - The International Olive Council (IOC) estimates global olive oil production in 2020/21 at 3.2 million tonnes, very much in line with the previous harvest (also 3.2 million tonnes).
  - According to that same source, olive oil output was shaped by growth of 42% in production in Spain, offset by lower production across the other producing nations, notably Italy (-30%), Portugal and Tunisia.
  - Consumption of olive oil registered noteworthy growth in 2020. That growth was witnessed across the Group's main markets: US (32.2% according to IRI), Spain (11.6% according to Nielsen) and Italy (6.4%, Nielsen). The IOC puts global growth in olive oil consumption at approximately 6%.
  - Olive oil prices registered growth during the last quarter, with the extra virgin category standing out, having sustained price growth of 22.4% over the course of 2020.

    The year-on-year change in farm gate prices in Spain:

	Olive oil prices - Spain (euro/tonne)		
Raw material	**Dec-20**	**Dec-19**	**Change**
Extra virgin	2,573	2,102	22.4%
Virgin	2,092	1,787	17.1%
Lampante	1,910	1,679	13.8%

Average prices (Pool Red)

The growth in olive oil prices, observed from the start of the new harvesting season, is mainly attributable to the reduction in carryover inventories, in turn shaped by the growth in consumption in 2020, as well as the outlook for the 2020/2021 harvest.

- Group performance:
  - Sales volumes increased by 22% year-on-year in 2020 (18% by value) as a result of growth in household consumption in the midst of the prevailing health crisis, as well as the sales initiatives carried out during the year.
  - The growth in the Deoleo Group brands' olive oil sales volumes was higher than the market growth in the key markets. As a result, the Group increased its market share in volume terms: according to IRI, its market share increased by 2.8 percentage points in the US in 2020 and according to Nielsen, it increased by 1.1 percentage points in Spain and by 0.7 in Italy.
  - The Group reported EBITDA of 72 million euros in 2020, up 160% from 2019 (27.7 million euros).

- Group net profit amounted to 290 million euros, compared to a loss 11 million euros in 2019. Like-for-like net profit (stripping out the impact of completion of the refinancing process, which amounted to 233 million euros) amounted to 57 million euros.
- The Group continued to generate cash despite the payments made in connection with non-recurring items associated with the debt restructuring process.
- Indeed, in 2020 it generated 36 million euros of cash, compared to 5 million euros in 2019. Those internally-generated funds, coupled with completion of the debt refinancing transaction in June, enabled a 407 million euro reduction in net debt to 150 million euros, compared to 557 million euros at year-end 2019.
- The Group continues to present a strong liquidity position: 72.6 million euros at year-end 2020, compared to 78.6 million euros at year-end 2019.

Below are the main line items from the consolidated statement of profit or loss for the last two years, presented on a like-for-like basis.

	Thousands of euros		
	2020	**2019**	**Change**
Statement of profit or loss:			
Revenue	665,614	561,953	18.4%
Gross profit	158,159	107,711	46.8%
Other operating expenses	(86,182)	(79,984)	7.7%
EBITDA	**71,977**	**27,727**	**159.6%**
EBITDA margin	10.8%	4.9%	
Profit/(loss) for the year	**290,070**	**(10,606)**	**2,834.9%**
Attributable to:			
Equity holders of the parent	**270,434**	**(10,606)**	**2,649.8%**
Non-controlling interests	**19,636**	**-**	**-**

The significant growth in reported net profit was attributable to the above-mentioned improvement in EBITDA and the impact - in the amount of 233 million euros - of the refinancing process completed during the year:

- A strong performance across all of the sales business units at Deoleo last year drove growth in sales volumes of 22%, which in turn resulted in market share gains in the Group's main markets. That significant growth is in turn attributable to the growth in household consumption in the wake of the prevailing health crisis, as well as the implementation of an enhanced sales strategy.
- Revenue increased by 18.4% year-on-year, driven by the above-mentioned volume growth. The trend in farm gate prices during the year (average prices fell year-on-year, mainly in the first half) meant that revenue growth slightly trailed growth in sales volumes.
- Gross profit registered growth of 47% (50 million euros) from 2019, while growth at the EBITDA level was 159.6% (44 million euros). The Group increased its investments in its brands by 23% from 2019, in line with its Business Plan initiatives. All of the business units registered double-digit growth at the EBITDA level, with the European and North American units standing out, with EBITDA growth of 350% and 264%, respectively.
- Reported net profit amounted to 290 million euros, including 233 million euros associated with the impact of the refinancing transaction completed during the year. On a like-for-like basis (without including the non-recurring net gains derived from the refinancing work), net profit amounted to 57 million euros, compared to a loss of 11 million euros in 2019.
- The Group conducted new impairment tests with the help of an independent expert. As a result of that exercise, it reversed impairment losses recognised in previous years by 15.7 million euros.

4. Financial situation

Statement of financial position

Below are the main line items from the consolidated statement of financial position for the last two years on a like-for-like basis:

	Thousands of euros		
	31/12/2020	**31/12/2019**	**Change**
Non-current assets	605,734	581,431	4.2%
Working capital	68,618	77,685	(11.7%)
Equity attributable to equity holders of the parent	215,221	26,506	712.0%
Equity	432,211	26,506	1,530.6%
Net debt	150,199	557,300	(73%)

- Working capital decreased by 11.7% year-on-year, despite growth of 24 million euros in inventories, associated mainly with the need for additional stocks to cater to the momentum in demand. That reduction in working capital was driven primarily by the reclassification of the balances recognised as a result of the agreement reached with the Parent's former directors, as well as efficient cash management.
- Net debt ended 2020 at 150 million euros, down from 557 million euros at year-end 2019. That significant reduction in net debt, of 407 million euros, was enabled by the restructuring of the syndicated debt facility in June (with an impact of 371 million euros), and the cash generated during the year (35.6 million euros).
- The Group prepaid 37 million euros of its syndicated loan during the second half to leave the principal outstanding at year-end at 204.6 million euros.

Analysis of cash management

	Thousands of euros	
	2020	**2019**
Opening balance	**78,628**	**47,947**
EBITDA	71,977	27,727
Change in working capital (*)	(1,610)	16,070
Cash flow from operating activities	**70,367**	**43,797**
Interest paid	(20,111)	(28,281)
Tax paid	(5,566)	(206)
Non-recurring and other items	(19,344)	(5,277)
Cash flow from/(used in) investing activities	10,248	(4,998)
Cash flow before financing activities	**35,594**	**5,035**
Cash flow (used in)/from financing activities	(41,640)	25,646
Net (decrease)/increase in cash	**(6,046)**	**30,681**
Closing balance	**72,582**	**78,628**

(*) The movement in working capital in 2020 does not include the movement associated with the balances related with the agreement reached with the former directors of the Parent, which at year-end 2019 were recognised as current accounts receivable and were reclassified to other headings of the statement of financial position during the first quarter of 2020.

- The Group generated 36 million of cash before debt service in 2020, compared to 5 million euros in 2019, thanks to the considerable growth in EBITDA, the reduction in interest expense and the proceeds generated by the sale of assets held for sale, which offset the advisory fees associated with the refinancing transaction (13 million euros), which account for the bulk of the balance recognised under 'Non-recurring and other items' above.

- The Group boasts a solid cash position of 73 million euros at year-end 2020, having prepaid 37 million euros of its newly arranged debt during the second half of the year. Thanks to that robust financial position, the Group was compliant at all times with all of the covenants stipulated in the new syndicated financing agreement.

5. Equity

At 31 December 2020, the Parent's share capital was represented by 1,404,858,169 shares, each with a par value of 0.002 euros, all of which were fully subscribed and paid and represented by book entries.

The Group's parent, Deoleo, S.A. (the Company or Parent) incurred a significant loss of 70,797 thousand euros in 2019. As a result of that loss, coupled with the losses accumulated in prior years, the Parent's equity stood at a negative 54,326 thousand euros at year-end 2019. Moreover, at 31 December 2019, the Parent presented negative working capital of 31,953 thousand euros as a result, mainly, of the classification of its revolving credit facility, due June 2020, within current liabilities.

As a result, as from July 2019, Deoleo, S.A. met the grounds for dissolution under article 363 of Spain's Corporate Enterprises Act, specifically that of having an equity balance of less than half of share capital (equity was negative in August), requiring that the imbalance be redressed by reducing share capital or increasing equity.

As outlined in note 1.2, on 25 September 2020, the Group embarked on a financial restructuring process when it entered into a lock-up agreement with the pool of banks that had extended it a syndicated loan facility in the amount of 574.9 million euros.

Against the backdrop of that restructuring process, at the Extraordinary General Meeting held by the Parent on 17 January 2020 the following resolutions were ratified: (i) the reduction of Deoleo S.A.'s share capital to zero and a simultaneous capital increase of up to 50 million euros; (ii) the dissolution and liquidation of Deoleo Preferentes, S.A.U.; and (iii) the de-merger of the majority of the assets and liabilities of Deoleo, S.A., to Deoleo Holding, S.L.U., initially, and Deoleo Global, S.A.U. subsequently.

The deeds to the reduction of share capital to zero, offsetting losses, by means of the cancellation of each and every one of the shares into which the Parent's capital was divided, and to the simultaneous capital increase via the injection of 50,000,000.40 euros of cash were placed on public record on 24 June 2020. Specifically, the Company issued 500,000,004 shares at a price of 0.10 euros per share for nominal share capital of 1,000,000.008 euros and a share premium account totalling 49,000,000.392 euros. The transaction costs totalled 1,024 thousand euros.

Following the above-mentioned simultaneous capital reduction and increase, at 31 December 2020, the Parent's share capital was represented by 500,000,004 shares with a unit par value of 0.02 euros, all fully subscribed and paid and represented by book entries.

The restructuring effort concluded on 24 June 2020, having duly executed and registered the above transactions, along with other ancillary actions, and finished documenting the contractual aspects needed to execute the resolutions, such that they have taken full effect since that date.

6. Own shares

The Group did not buy or sell any own shares in 2020.

At 31 December 2020, the Parent did not hold any own shares as treasury stock.

7. Group performance and outlook

2020 marked a turning point for the Deoleo Group. The refinancing agreement completed last June, which has unlocked a 371 million euro reduction in net debt and aligned the Group's size and structure with the business's needs, was accompanied by the earnings momentum evident in each of the key financial performance indicators: revenue, margins, EBITDA, net profit and cash generation.

Today, the Deoleo Group is the reaping the results of the combination of the completion of a successful and complicated financial restructuring effort, in which shareholders and creditors alike made sacrifices, and the definition and start of execution of a credible and sustainable business plan. The reality has surpassed initial expectations, prompting the Group to reassess its strategic targets in 2021 in order to align them with its ambitions for the years to come.

Along with the gradual business improvements the Group had already been observing, household consumption of its products has increased sharply as a result of the prevailing health crisis. In that context, the Group has been able to monetise the strength of its brands and its business know-how, which has materialised in:

- Volume growth across all business units which has translated into market share gains in nearly all markets. That situation will enable the Group to accelerate development of its sales and marketing plans;
- A 23% increase in brand investment by comparison with 2019;
- Gross margin expansion across all sales units, underpinning consolidated EBITDA of 72 million (with double-digit growth across the board) and an overall EBITDA margin of 11%;
- Reported net profit of 290 million euros and recurring net profit of 57 million euros (without including the effects of the financial restructuring), compared to a loss of 11 million euros in 2019;
- Generation of 36 million euros of cash before debt service and the repayment of 37 million of debt, to leave the outstanding balance under its credit facility at 204.6 million euros at year-end (and net debt of 150.2 million euros).
- A solid year-end cash position of 73 million euros.

The Group's new situation after the transactions closed and milestones attained in 2020 is also evident in how the market perceives it. The leading credit ratings agencies, Moody's and Standard and Poor's, have upgraded the Group's ratings; Deoleo's share price has gained 70% since 25 June when the refinancing agreement took effect; and the former shareholders that participated in the rights issue have seen their commitment pay off, with a return on their investment of approximately 170%. Deoleo's shares were added to the Ibex Small Caps index in December 2020, which will increase the Company's visibility on the equity markets.

The start of 2021 continues to be marked by a high level of global uncertainty associated with the ongoing pandemic. The Group, however, is clear about its growth objectives, underpinned by its strategic lines of initiative, including a commitment to unlocking the value of quality olive oil and the placement of consumer preferences at the heart of its strategy.

The results obtained in 2020 are so much better than expected that the Group is going to reassess and probably raise the targets laid down in the current Business Plan. In 2021 it will therefore launch and start to roll out a new five-year plan that embodies the new situation and loftier ambitions.

8. Environmental and sustainability management

The Group's operations are governed by environmental protection and occupational health and safety regulations. The Parent considers that it complies substantially with those laws and has designed and implemented procedures for encouraging and guaranteeing due compliance. The key environmental disclosures are provided in note 26 of the consolidated financial statements for 2020.

9. Events after the reporting period

No other significant events have occurred between year-end and the date of authorising these consolidated financial statements for issue that have not been disclosed in these notes.

10. Key Group risks

The most significant risks to which the Group is exposed are as follows:

1) Business environment:

a) Risk of intense competition from, and increase in the market share of, private-label brands.

The Deoleo Group commands market shares of approximately 13.4% and 11.6% in Spain and Italy, respectively. The Deoleo Group's market shares, sales volumes and/or margins could decline as a result of competitor inroads due to comparative advantages or the need to cut prices in response to competition or customer demands. Revenue could also suffer from changes in consumer preferences or sophistication, customer purchasing power, a drop in service quality, increased price sensitivity, economic factors in the Group's various business markets or a shortfall of demand as a result of a widespread drop in consumption. A hypothetical increase in the market share commanded by private-label brands (49.5% in Spain and 23.1% in Italy) could also have an adverse effect on the Group.

b) Commodity price volatility.

The cost of the main raw material (vegetable oil) accounts for roughly 80% of operating costs. In addition, 70% of global supply is concentrated in three countries: Spain, Italy and Greece. The Group may not be capable of sufficiently managing price fluctuations over a short period of time (in either direction) for a number of reasons beyond its control (e.g.: climate change and meteorological conditions, olive tree diseases, import/export restrictions, energy and fuel prices, etc.). Vegetable oil could also become unavailable in the market in the quantity, at the quality or at the prices required or demanded by the Group.

c) Lawsuits and claims.

The Deoleo Group is currently involved in lawsuits and claims, most of which arose in the ordinary course of business, the outcome of which is uncertain. Those lawsuits arise basically from relationships with customers, suppliers, employees, shareholders and the public authorities, as well as from industrial activities. There can be no assurance that current or potential lawsuits and claims will be ruled on in the Group's interests.

d) Revenue concentration by business line, geography and customers.

Approximately 97% of the Group's revenue is concentrated in the olive oil (71%) and seed oil (26%) businesses.

By geography, 63% of revenue is generated in three markets: Spain, Italy and the US.

Approximately 31% of Group revenue is generated by its top 15 customers. The top customers in Spain, Italy and the US account for roughly 16% of sales in each market.

Economic conditions and political uncertainty can have a negative impact on demand for the Group's products in these countries and on its customers' ability to meet their payment obligations. Moreover, any adverse developments at the economic, political or social levels in any of these markets could have an adverse impact on the Group's activities, operations and earnings performance.

In addition, potential financial difficulties affecting customers, a reduction in customer purchasing power, mergers among customers, the loss of business licences or the termination or breach of a material contract could result in a loss of revenue and cash flows.

2) Financial risks:

a) Risk related to the Group's equity position.

The Group incurred significant losses between 2016 and 2019, weakening its financial health. Since 2016, it met the grounds for dissolution on account of a shortfall of equity on three occasions.

Completion of the restructuring agreement on 24 June 2020 provides no assurance that the Group will not incur fresh losses in the future, once again triggering the requirement to reduce equity or liquidate.

Moreover, situations of that nature in the future could negatively affect the Group's reputation vis-a-vis investors, suppliers and/or customers, with an adverse effect on its financial position, potentially impeding the Group from servicing its liabilities.

b) Foreign currency risk.

The Group is exposed to foreign currency risk on business transactions (particularly transactions denominated in US dollars which in 2020 accounted for approximately 22% of Group sales). Movements in exchange rates expose it to significant financial and accounting losses.

c) Risks arising from level of indebtedness (breach of covenants).

A potential breach of the obligations assumed vis-a-vis the Group's lenders could trigger the prepayment of the various tranches of debt provided under the new financing package, the enforcement of the guarantees extended or the execution of the call options granted to underwrite the financing agreements.

In addition, the new senior and junior facilities contemplate the prepayment of the Sustainable Debt in the event of a change of control (refer to section 5.e below).

d) Interest rate risk.

The Group's interest rate risk arises mainly from its non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Virtually 100% of the Group's borrowings carry floating rates of interest, at a cost of approximately 4.4%.

In the wake of the restructuring process, the surviving Sustainable Debt comprises two tranches carrying rates benchmarked to EURIBOR plus a spread, with a EURIBOR floor of between 0.5% and 1%.

3) <u>Risks related to business operations:</u>

a) Risks associated with intangible assets and goodwill.

At year-end 2020, the carrying amount of the Group's intangible assets (trademarks) and goodwill was 457 million euros (54% of total Group assets) and 22 million euros (2.6% of total Group assets), respectively.

Between 2016 and 2018, the Group recognised net impairment losses against those assets of 333 million euros, and in 2019-2020 it reversed those allowances by a net 21 million euros.

As a result, the Group is exposed to:

- The potential impairment of its trademarks as a result of inadequate positioning or the inability to make customers and consumers perceive the difference between its products and others on the market.
- Changes in general economic conditions, in the Group's business strategy, in earnings or in other indicators of impairment requiring the recognition of losses in the future.

b) Inventory management and the outsourcing of its bottling operations.

The Deoleo Group could be affected by inadequate management of its inventories in terms of stock levels:

- In the event of surplus stocks, it could be forced to offer discounts or even withdraw products from the market and destroy them.
- In the case of a shortfall of stocks, if it underestimates future demand or fails to replenish stocks with the required speed, the Group could lose out on sales or incur higher distribution costs or even customer penalties.

Elsewhere, the Deoleo Group has outsourced some of its bottling/canning operations and is highly dependent on those providers in the seed oil, sauce, olive and vinegar segments. The Group could be affected, among other developments, by possible breach of the obligations by its copackers, significant delays in or the suspension of packaged product deliveries by copackers, breach of the required quality standards if copackers fail to pass the certification process established by Deoleo, breach of the policies or codes of conduct communicated by Deoleo, or breach of the terms of contract.

c) Regulatory, tax and customs risk.

The Group's activities and products could be affected by:

- Potential breaches of the regulations governing its activities and products with respect to quality, food safety, occupational health and safety, environmental protection, anti-trust, tax and customs, among other areas.

- A potential increase in the regulatory burden in the food safety arena, where regulations are becoming increasingly numerous and complex, and subject to constant modification.
- Tax and customs procedures, inspections and claims in respect of settlement of the various taxes and levies which have given rise to the revision of the Group's tax and customs obligations and could do so again in the future.
- Potential changes in national and international tax legislation in any of the countries in which the Group operates.
- Political uncertainty with respect to import tariffs, including the scope for amendment of existing tariffs and the introduction of new trade barriers.

d) Risk of the loss of the Bertolli trademark.

The Deoleo Group holds a licence for the perpetual, global and exclusive use of the Bertolli trademark.

At year-end 2020, the Group carried that usage right at 236 million euros. The business generated by the Bertolli brand accounted for approximately 40% of total Group revenue in 2019.

In the unlikely event that any the grounds for termination of the Bertolli licensing agreement were met, Mizkan as the current trademark owner could unilaterally, and with immediate effect, withdraw the Group's right to use the trademark.

e) Risk of natural disasters or catastrophes.

The Group currently operates two factories (in Spain and Italy), from where most of its interactions with the supply chain and the procurement of raw materials take place. The Group is therefore exposed to:

- Natural disasters, severe accidents, pandemics, epidemics, catastrophes, technical issues, significant incidents affecting its machinery or equipment or sabotage or fire at any of its production or distribution centres which could have a material adverse effect on its ability to distribute its products or maintain adequate production levels or imply a threat to the Group's ability to continue business as usual (procurement of raw materials, production and sale/marketing of products).
- Deficient forecasting and a lack of back-up planning in the event of business interruptions that threaten the Group's ability to continue business as usual (staffing, work centres, suppliers and technology).
- Interruption or impossibility of access to the relevant information stored in the IT systems when required, posing a threat to operational and process management.
- Uncertainty regarding the effects of COVID-19, specifically in relation to its scope, duration, social implications and economic effects and how each of these factors will affect macroeconomic and financial market conditions globally.

4) <u>Reputation risk:</u>

The Deoleo Group's image and reputation could be damaged by failure to comply with legal requirements, including data protection regulations, corporate responsibility or environmental shortcomings, personal injury or property damage, corruption, employee fraud or any other matter deemed relevant for the goods and capital markets or the food sector.

Moreover, the food industry is exposed to risks of contamination, adulteration, etc., which could give rise to liabilities derived from food poisoning or other damage caused by their products. Possible claims and damages arising from food-related harm, as well as their public disclosure, could have an adverse impact on the Group's image and trademarks, cause reactions in its competitors and repudiation on the part of customers and consumers.

The Deoleo Group is also exposed to fake news - incorrect news stories and false or dubious studies concerning its products - in both the news and social media.

5) <u>Risks derived from the Refinancing and the new corporate structure:</u>

As a result of the effectiveness of the Refinancing Agreement and Shareholder Agreement on 24 June 2020, the Group is exposed to the following risks:

a) Operational and management decisions.

As a result of the corporate restructuring, Deoleo, S.A.'s former creditors and Deoleo, S.A. itself currently own 49.004% and 50.996% of the shares of Deoleo Holding, S.L., respectively.

Since effectiveness of the Shareholder Agreement, the Group's operating and management decisions are being taken by the bodies that govern Deoleo Holding, S.L. and Deoleo UK Ltd. Qualified majorities are required for the approval of certain decisions at the annual general meeting of Deoleo Holding, S.L. and by the board of Deoleo UK Ltd.

b) Performance guarantees extended under the new financing agreements.

To guarantee the obligations assumed under the Refinancing Agreement, the Deoleo Group has agreed to pledge the shares of Deoleo Global, S.A.U., and to provide pledges and guarantees in the form of call options over all of the shares of Deoleo UK Ltd. and Deoleo Financial Ltd.

In the event of breach of the terms of the new financing agreement (Sustainable Debt), the creditors could enforce the pledges and call options over the assets provided as collateral, which means that Deoleo, S.A. could lose control and be stripped of its business and main assets, thus meeting the grounds for dissolution.

c) Risk of the sale of the Deoleo business.

The Shareholder Agreement entered into on 24 June 2020 contemplates the possibility of initiating the sale of the shares of Deoleo Holding, S.L., or of some or all of its subgroup.

That process can be initiated at the request of Deoleo Holding, S.L. shareholders with an ownership interest of 20% or more in the circumstances itemised in the Shareholder Agreement. All of Deoleo Holding, S.L.'s shareholders, even if they vote against such a transaction, would be obliged to accept the terms of an offer if it is approved by shareholders with an ownership interest of at least 40% in Deoleo Holding, S.L. (if any of the Sustainable Debt remains outstanding), or by shareholders with an interest of at least 51% (if the Sustainable Debt has been repaid), so long as the business or assets are sold to a third party on market terms, as first endorsed via a fair value opinion issued by an independent advisor.

As a result of such a sale, Deoleo, S.A. could be obliged to accept an offer from third parties that is approved by the rest of Deoleo Holding, S.L.'s shareholders and could, by extension, lose control or be stripped of its business or main operating assets, notwithstanding the right of Deoleo, S.A. and its shareholders to receive the sale proceeds in the amounts corresponding to them (net of any amount that would have to be paid to the warrant holders).

d) Risk of the creditors taking an equity position in Deoleo, S.A.

Under the terms of the Shareholder Agreement, four years and six months after the capitalisation of the Mandatorily Convertible Loan, which took place on 19 January 2021, if the above-mentioned sale transaction has not taken place, direct shareholders of Deoleo Holding that individually or jointly hold more than 50% of the shares issued to execute the capitalisation will be entitled to ask to have all of their shares in Deoleo Holding, S.L. (other than those held by Deoleo, S.A.) converted into shares of Deoleo, S.A., in the proportion required such that the lenders' indirect shareholding in Deoleo Holding, S.L. remains the same as before the 'swap' and Deoleo, S.A. becomes Deoleo Holding's sole shareholder.

If that 'swap' is requested, to carry it out Deoleo, S.A. would have to issue shares (non-monetary capital increase) and, as a result, Deoleo, S.A.'s shareholders would be diluted.

e) Sustainable Debt prepayment risk.

The new Senior Financing Agreement and Junior Financing Agreement include Sustainable Debt prepayment triggers in the event of a change of control, defined, among other situations, as when the CVC Funds cease to hold and control at least 50% of the share capital and voting rights of Deoleo, S.A. (for reasons other than the 'swap'); or when any person (individually or jointly) acquires 30% or more of the share capital or voting rights of Deoleo, S.A. and ends up with a higher percentage of the share capital than that held by the CVC Funds; and other events outlined in greater detail in the Registration Document approved and filed with the securities market regulator on 21 May 2020.

In the event that the Sustainable Debt is deemed due and callable on account of any of the change of control clauses, the Deoleo Group could have to look for new sources of financing in order to make the required payments. It might not be able to obtain the required financing or have to secure it on less favourable terms than those available on the occasion of the Refinancing.

The main response and oversight plans put in place to monitor the Group's key risks are:

1) <u>Business environment</u>

To reduce its exposure to risk factors in the business environment, the Group strives to build long-term relationships with its raw material suppliers, build price stability into its contracts and arrange strategic agreements with producers. It uses benchmark olive oil price indices to negotiate its supply agreements country by country.

The Group's main trademarks boast longevity and significant brand recognition; they command clearcut leadership positions in most markets, providing the Group with enhanced price positioning relative to its competitors. In addition, the Group invests in advertising and promotions in order to minimise the potential impairment of its brands.

Regular analysis and monitoring of sales information and business trends, the implementation of best practices, exploration of new business opportunities and the implementation of corrective action are the key lines of initiative for managing the risks associated with the Group's revenue and market shares.

2) <u>Financial</u>

The financial risk management strategy is designed to prevent undesired impacts on the value of the Deoleo Group; maintain financing flexibility through arranged sources of financing so as to minimise exposure to liquidity risk; and reduce the impact of interest rate and exchange rate risk with hedges and where possible reduce credit risk by arranging credit insurance. The Group does not speculate in the financial markets.

In addition, the Deoleo Group is committed to complying with the obligations stipulated under its new Senior and Junior Financing Agreements, essentially two key ratios, the positive and negative covenants related with the business, the restrictions on payments to shareholders (dividends and other) and the other terms and conditions stipulated in the Shareholder Agreement, to the extent within the Group's management control.

3) <u>Operational</u>

The measures deployed to mitigate operational risks arising in the management of business processes are based on: the design of processes framed by efficiency and effectiveness criteria and risk mitigation controls; compliance with the internal policies and procedures in place to that end; due segregation of duties at the organisational level; and governance, coordinate and intra-departmental transparency practices.

The Group has a stable base of raw material suppliers, made up of renowned cooperatives with long-standing roots in the market with which it has solid business relationships. The Group has processes for certifying certain suppliers and flows for approving orders and invoices in accordance with the established chain of command.

The Group arranges appropriate insurance cover.

The approach to managing regulatory, tax and customs risks is pre-emptive and proactive, ensuring strict compliance with and observance of the applicable legislation prevailing in all its business markets. The strategy is geared towards cooperation with the regulatory bodies and contemplates multiple scenarios in an increasingly global environment.

The Deoleo Group has defined and implemented product quality controls along its productive process and processes for checking ongoing compliance with product and packaging legislation in all its business markets; it follows best practices in factory management through compliance with benchmark international standards, which is certified periodically by independent bodies; it has implemented channels for the notification and management of customer and consumer claims; and it keeps its transfer pricing documents continuously updated.

In addition, in order to mitigate the risk of white-collar crime, the Group has a corporate crime prevention model which is supervised by a body stipulated to that end.

4) <u>Reputation</u>

The Group's bottling operations are governed by stringent controls to ensure uniform product quality in all of its markets, in keeping with European standards.

The Group actively controls its trademarks' presence in the social media in order to quickly detect the possible spread of fake news or rumours about any of its products, tracing the information back to their sources with the the ultimate aim of preventing mass distribution of the fake information and mitigating the potential adverse consequences of any such developments.

5) Information

The Deoleo Group has put in place operational procedures for the control and operation of its IT systems based on control over access and changes so as to ensure the continuity of its IT systems and infrastructure and ensure the recoverability of its communication and business-critical systems. It performs regular back-ups and tests to ensure that the operations and technology underpinning its business continuity are working as intended and updated on a timely basis.

As for the risks affecting its accounting and management information, the Group has articulated processes to govern its internal control over financial reporting system.

6) People management

The Deoleo Group has designed a long-term human resources strategy which contemplates, among other things, its strategy for communicating with employees and encouraging staff participation, internal communication and teamwork.

The strategy in place for managing human capital risks includes measures articulated around performance evaluation, the retention of key professionals and work-life balance, among other aspects.

11. Research and development

Commitment to innovation is the cornerstone of the Group's strategy for maintaining its leadership of the vegetable oil market.

Sector competition makes the innovation and R&D effort key to enabling the Group to design new and well-differentiated products. The consumer health component of its product is an important vector of this effort.

In 2020, the R&D team continued its product development work, supporting the industrial area in order to optimise industrial processes, fine-tuning new analytical methods and cooperating with the Marketing Department to find new ways to differentiate the Group's products.

12. Average supplier payment term

The average supplier payment terms was 46 days in 2020 (2019: 52 days).

Spanish Law 3/2004, establishing measures to tackle trade supplier non-payment, as amended by Law 11/2013, stipulates a maximum supplier and creditor payment term of 30 days, unless the parties mutually agree to extend it to up to 60 days at most. Note that the Group has agreements with most of its suppliers establishing an average payment term of 60 days.

13. Other relevant information

Share price performance	2020	2019
Closing price (euros)	0.2530	0.0260
High for the year (euros)	0.3340	0.0920
Date of high	16 Sept.	26 Feb.
Low for the year (euros)	0.0164	0.0210
Date of low	16 Jan	20 Dec
Average for the year (euros)	0.1615	0.0445
Total volume of shares traded (000 shares)	6,366,636	732,768
Average daily trading volume (000 shares)	27,092	2,858
Trading volume by value (thousands of euros)	449,804	38,627
Average daily trading volume by value (thousands of euros)	1,914	151
Number of shares (millions)	934	1,405
Market capitalisation at year-end (millions of euros)	127	37

Dividend policy

Under the terms and conditions of Group's syndicated loan agreement, it cannot pay dividends until the loan has been repaid in full without authorisation from the creditor banks.

14. Non-financial statement

As stipulated in article 49 of Spain's Code of Commerce, the Group has included its non-financial statement for 2020 in the Integrated Report attached to this Management Report. The contents of the 2020 non-financial statement have been prepared in accordance with prevailing Spanish company law and following the selected Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI Standards), as well as other criteria, as detailed in the table included in section 9 of that statement as 'Table of non-financial statement contents'.

1. Introduction: Deoleo and its ESG policy

This first section of the report will show how environmental, social and governance (ESG) criteria are, and have always been, an integral part of the Company's business model, since this model simply cannot be understood without sustainability, given that:

- The olive farms, whose continuing existence over time is necessary in order to guarantee the viability of the business, are of vital importance to Deoleo. Ensuring the sustainability of change will determine the sustainability of Deoleo itself.
- Most of the workforce generating value at Deoleo is from the rural world. In order to prevent the exodus of the rural population to cities from having a detrimental effect on Spain's traditional high-quality olive production, it is essential to support the rural environment and to strive to improve the living conditions of rural families and communities.

1.1 Description of the Group's business model:

a. Our network of brands, products and services (GRI 102-1)
b. We want to continue to create value for the Group (GRI 102-7)

1.2 Tax information

a. Income tax paid (GRI 207-4)
b. Government grants received (GRI 201-4)

2 Letter from the CEO of Deoleo regarding the results of the NFIS

Disclosures relating above all to the non-financial information required under current regulations and technical aspects thereof.

3 Analysis of the impact of covid-19 on our activity

3.1 Creation of a committee of experts to assess the effects of the pandemic on the business model. Detail of the areas most affected by the pandemic:

3.2 Social and employment-related issues

a. Work-life balance and working-time protection policies in a year marked by the pandemic
   i. Organisation of working time (GRI 103-2 and GRI 102-8)
   ii. Absenteeism and protection protocols during the covid-19 pandemic (GRI 403-2)
   iii. Commitment to a responsible work-life balance (GRI 401-3)
b. The health of our employees comes first
   i. Guaranteeing safety at the workplace (GRI 403-1)
   ii. Employee protection: analysis of occupational accidents (GRI 403-9)
   iii. Impact of covid-19 and of other common diseases on the workforce (GRI 403-10)
c. Workforce communication and trade union workforce protection (GRI 102-41, GRI 102-43 and GRI 403-4)
d. Commitment to training and access of all persons enriching the Group (GRI 103-2, GRI 404-2, GRI 404-1 and GRI 103-2)

3.3 Business model and value creation

a. Our 2019-2020 snapshot (GRI 102-7)
b. Safeguarding our market presence and our deep-rooted establishment in rural communities (GRI 102-4 and GRI 102-6)
c. Outsourcing and suppliers
   i. Observance of ESG criteria in our procurement processes (GRI 103-2)
   ii. Deoleo favours dealing with suppliers and subcontractors capable of meeting the demands of the circumstances (GRI 102-9 and GRI 103-3)
   iii. Screening and monitoring of business line policies (GRI 308-1 and GRI 414-1)
d. Our model continues to be consumer-centric
   i. Health protection measures (GRI 103-2 and GRI 416-1)
   ii. Grievance mechanisms, complaints received and their resolution (GRI 102-17 and GRI 103-2)

4 Stakeholder-centric ESG practices

Deoleo also attaches vital importance to displaying ESG criteria not only as a company with strong ties with agriculture, but also as a leading food distributor operating in a complex environment on which it has a major impact

4.1 "Olive Oil from Sustainable Production" Seal

4.2 Deoleo's commitment: "E" is for Environment

a. Deoleo's Sustainability Protocol
b. Protecting the environment is our raison d'être
    i. Our environmental management plan and its results (GRI 103-2 and GRI 103-3)
    ii. The environmental risks facing us: analysis, approach and results (GRI 102-11, GRI 102-15 and GRI 102-30)
    iii. Our impact on the environment must create value (GRI 102-11, GRI 102-15, GRI 102-29, GRI 102-30)
c. Deoleo's commitment to bequeath a well-cared for and sustainable environment to future generations
    i. We are making progress towards a world of clean energy and zero emissions (GRI-103-2, GRI 302-4 and GRI 305-5)
    ii. Focus on circular economy: lengthening the lives of our materials in order to lengthen the life of the environment (GRI 103-2, GRI 301-1 and GRI 301-2)
d. Our commitment to the protection of natural resources
    i. Water, the source of human life (GRI 303-3, GRI 303-4 and GRI 303-5)
    ii. More efficiency means less consumption (GRI 103-2, GRI 301-1, GRI 301-2)
    iii. Deoleo is driving energy transition (GRI 102-2, GRI 302-1, GRI 302-4)
e. Climate change
    i. Our fight against climate change in a year without precedent
        - We reduce greenhouse gas emissions (GRI 305-1 and GRI 305-2)
        - Targets and measures established to enhance medium- and long-term emission reduction (GRI 103-2)
        - We protect biodiversity in order that the wealth of our surroundings may have a bearing on our own wealth (GRI 103-2 and GRI 304-2)

4.3 Protecting the "S" for Social: the communities in which we operate and our workforce

a. We value and protect our main asset: our workers (GRI 102-2 and GRI 103-3)
b. Commitment to scientific research and development
c. Our commitment to protect rural communities and improve connections with urban environments
    i. We combat depopulation
    ii. We cooperate with the community
    iii. Deoleo has a large, diverse team (GRI 102-7 and GRI 405-1 B)
    iv. We create quality employment (GRI 102-7 and GRI 102-8)
    v. Analysis of employee turnover and contract terminations (GRI 401-1 B)
    vi. Group remuneration policy (GRI 102-35 and GRI 405-2)
        - Closing the pay gap (GRI 405-2)
        - Analysis of director and executive remuneration (GRI 102-35 and GRI 405-2)
        - Work disconnection measures (GRI 103-2)
        - Harnessing the abilities of all society (policy on employees with disability) (GRI 405-1 B)
    vii. Commitment to defending equality and combating discrimination of any kind
        - Measures to promote equality between women and men (GRI 103-2)
        - Plans to boost equality between members of the workforce (GRI 103-2)
        - Protocols to combat and monitor sexual and gender-based harassment (GRI 103-2)
    viii. Commitment to diversity of abilities in the workforce (103-2)

ix. Surveillance and measures adopted to avoid any form of discrimination (GRI 103-2)

4.4 Topics relating to the Company's corporate governance

a. Our commitment to protect and encourage the respect of human rights in all links of the production chain (GRI 103-2 and GRI 103-3)
   i. Human rights risk identification and monitoring (GRI 102-15 and GRI 102-30)
   ii. Integration of the defence of human rights in Deoleo's production structure
      - Human rights due diligence procedures (GRI 103-2)
      - Action plan to prevent, mitigate and remedy issues relating to respect and protection of human rights (GRI 103-2)
      - Establishment of the necessary channels for reporting any human rights violations (GRI 102-17, GRI 103-2 and GRI 419-1)
   iii. Commitment to adapt Deoleo's internal regulations to international employment and human rights standards and regulations (GRI 103-2)
b. Transparency and combating corruption
   i. Policies for monitoring and addressing cases of corruption (GRI 103-2 and GRI 103-3), for analysing risks and for assessing the effectiveness of the measures adopted in this area (GRI 102-15 and GRI 102-30)
   ii. Transparency against money laundering
      - Anti-corruption and anti-bribery measures (GRI 103-2)
      - Anti-money laundering measures and other criminal practices (GRI 103-2)

5 Contents of the non-financial information statement

1. Deoleo and its ESG policy

At Deoleo we are the heirs of an olive oil tradition spanning thousands of years in Spain, Italy and the Mediterranean. This tradition has not only bequeathed us the know-how to create a product with exceptional culinary and health-benefiting properties, but has also given rise to a social, agronomic and economic universe that is of immense significance to our country, our families and our character.

For this reason we wish to take advantage of the presentation of this Annual Corporate Responsibility Report to provide you with a general outline of one of the elements lying at the heart of our business: our environmental, social and corporate governance policies. These are topics of vital importance to us because, as befits any thousand-year-old business, without them we would not be here today: the countryside and agriculture demand respect for the environment, as well as a multigenerational, long-term understanding of its importance; cultivating a product at plantations tended by families, one which finds its way to the tables of many other families worldwide, makes us personally responsible for maintaining the vitality and healthy condition of the social fabric on which we depend, for which we work and with which we change, grow and evolve. Lastly, corporate governance, despite being a more recently devised concept than the environment or society, is the foundation upon which at Deoleo we ensure that we meet the expectations of our producers, our workers and, above all, all those who place their trust in our brands to nurture their dreams.

This report, therefore, not only contains very important summaries and relevant data encompassing all our non-financial performance, with the aim of providing a holistic view of our business model and its sustainability, but it also highlights the reasons underlying that performance: we know that everything we do is founded on our olive farms, whose continuing existence over time is necessary in order to guarantee the viability of the business; they have to evolve to enable us to evolve, and they have to be sustainable in order for us, in turn, to be able depend on them.

Furthermore, Deoleo is a company that is genuinely deeply-rooted in, and firmly committed to, the Mediterranean countryside, where our olives grow, weather storms and are used to produce our oil, meeting the highest quality standards at all times. This is why, ever since our foundation in 1990, we have supported the rural world and have striven to improve the lives not only of the families working with us, but also of the olive-growing communities that for generations have produced this liquid gold and which now face the challenge of keeping their young people and best talent in their home towns, where opportunities must not be allowed to dwindle and where growth must keep pace with that of society as a whole.

We will set forth below, therefore, in a manner faithful to our transparency, a description of who we are, where we are and the people who are accompanying us on this journey. We will also provide a detailed account of how the circumstances common to us all, including the covid-19 pandemic, have impacted the Group and our workers, and of the efforts we have made to diminish the degree to which we have been affected. In addition, we will explain in depth our ESG commitments and actions, from the inner workings of our company to each jar or bottle that is opened in the homes of our consumers.

We hope that these data, which, for greater ease of reference and use, we have structured on the basis of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), will be an ideal supplement to improve your understanding of Deoleo and our business model. In the future our sustainability report, which will focus entirely on ESG matters, will be available.

1.1 Our business:

“Our passion for making olive oil is written in our DNA, a centuries-long legacy”

Deoleo’s history dates back to 1990, when an extraordinary group of enterprising investors decided to create a food group. Tireless hard work, the ability to overcome difficulties, and the ongoing quest for excellence have been our hallmarks ever since.

Today we are the world's largest producer of olive oil. We work with olive growers and cooperatives throughout the Mediterranean and boast the internationally most highly renowned brands -including Bertolli, Carapelli and Carbonell- and a global distribution network capable of reaching 73 countries, from Australia to Alaska.

Our solid financial base and favourable growth prospects lead us to view the next 30 years with great optimism.

a. Our network of brands, products and services (GRI 102-1)

Deoleo is a company that operates in several countries and which engages mainly in the bottling, packaging and marketing of vegetable oils, primarily olive oil, as well as olives, sauces, mustard and vinegar.

Taking as a reference the olive oil value chain, at Deoleo we understand that our brands, which we ourselves package, distribute and market, are our most important asset. Our brand positioning has made us the world leader in the marketing of bottled olive oil.

Deoleo has a portfolio of more than 40 brands, some of which are sold locally while others are distributed worldwide. The following are some of the most important to the development of our business: Bertolli, Carapelli, Carbonell, Hojiblanca, Sasso, Figaro, Koipe, Elosua, Giralda, San Giorgio, Lupi, Koipe Sol, Friol, Maya, Giglio Oro and Luit.

Bertolli is the world-leading olive oil brand. It, Carapelli and Sasso are the Group's most prominent brands internationally. Carbonell, thanks to its strong presence in Spain and Mexico and a significant position in other markets (the United States, Australia), ranks fourth globally in value terms. Deoleo has three brands among the ten most sold in the world, making it the company with the best brand portfolio in the world. (Data from Euromonitor and Nielsen).

An ever-increasing reach

Deoleo's ambition to expand internationally is one of the cornerstones of its growth and profitability, as is evidenced by the broad diversification of its business and the global reach of its brands. Thanks to this philosophy, the Group has managed to consolidate leadership positions not only in traditional olive-oil consuming markets such as Spain and Italy, but also in markets not so accustomed to the use of olive oil, such as the United States, Germany, Canada, Mexico, the Netherlands, Saudi Arabia and India.

- 73 countries worldwide
- 2 proprietary factories in Italy and Spain.
- 12 offices: Rivas Vaciamadrid and Alcolea in Spain; Tavernelle (Italy), Paris (France), Brussels (Belgium), Amsterdam (the Netherlands), Dallas (US), Toronto (Canada), Mexico City (Mexico), Bogotá (Colombia), Kuala Lumpur (Malaysia) and Mumbai (India).

Dimensión del Grupo

Estas son las cifras que ilustran la dimensión del Grupo al cierre del ejercicio 2020: The following figures depict the scale of the Group at 2020 year-end:

- 665 employees (human resources at the end of December 2020)
- More than 40 brands with a presence in 73 countries
- More than 160 million litres of oil marketed and 121 million litres of olive oil bottled in 2019
- 3% growth in sales volume
- Sales of EUR 666 million and EBITDA of EUR 72 million

1.2 Tax information

a. Income tax paid (GRI 207-4)

The Group is highly committed to making a contribution to the communities in which it operates and, therefore, it establishes its tax domicile in the territories in which it carries on its business activity. The income tax paid in each of the countries where the Deoleo Group has tax residence, as well as the profit or loss, as the case may be, on which it has paid this tax in 2020, are detailed in the table below.

The grants received from various public authorities are also shown.

COUNTRY		INCOME TAX PAID IN 2020	CURRENCY	EQUIVALENT EURO VALUE (APPROX.)	AVERAGE RATE IN 2020 (ECB)
1	SPAIN	3,063,449.51	EUR	3,063,449.51	1
2	GERMANY	324,170.13	EUR	324,170.13	1
3	BELGIUM	-34,280.38	EUR	-34,280.38	1
4	THE NETHERLANDS	69,674.00	EUR	69,674.00	1
5	ITALY	5,089.00	EUR	5,089.00	1
6	FRANCE	337,979.19	EUR	337,979.19	1
7	US	1,320,500.00	USD	1,156,102.26	1.14220
8	CANADA	268,898.00	CAD	175,751.48	1.52999
9	AUSTRALIA	3,669.10	AUD	2,217.09	1.65492
10	MEXICO	6,429,181.00	MXN	262,208.46	24.51935
11	COLOMBIA	133,683,000.00	COP	31,725.84	4,213.69454
12	MALAYSIA	52,712.00	MYR	10,991.05	4.79590
13	INDIA	20,135,796.00	INR	237,901.65	84.63916
14	BRAZIL	0.00	BRL	0.00	N/A
15	GUYANA	0.00	EUR	0.00	N/A
				5,642,979.28	

Exchange rates used for the figures shown in the table above:

TIPOS DE CAMBIO/ FOREIGN EXCHANGE RATES

TIPOS DE CAMBIO/ FOREIGN EXCHANGE RATES		USD	GBP	CAD	MXN	AUD	CNY	MYR	INR	COP	AED	BRL	CHF
31/12/2020	Promedio Mensual/Monthly average	1,21697	0,90624	1,55955	24,29143	1,61665	7,96020	4,93625	89,60815	4212,60870	4,47024	6,26576	1,08139
31/12/2020	Promedio Anual/ YTD Average	1,14220	0,88970	1,52999	24,51935	1,65492	7,87470	4,79590	84,63916	4213,69454	4,19274	5,89426	1,07052
31/12/2020	Cierre/Month end	1,22710	0,89903	1,56330	24,41600	1,58960	8,02250	4,93400	89,66050	4170,00000	4,48560	6,37350	1,08020

COUNTRY		INCOME TAX PAID IN 2019	CURRENCY	EQUIVALENT EURO VALUE (APPROX.)	AVERAGE RATE IN 2019 (ECB)
1	SPAIN	363,971.57	EUR	363,971.57	1
2	GERMANY	340,906.50	EUR	340,906.50	1
3	BELGIUM	94,519.00	EUR	94,519.00	1
4	THE NETHERLANDS	4,999.00	EUR	4,999.00	1
5	ITALY	-294,651.00	EUR	-294,651.00	1
6	FRANCE	161,794.00	EUR	161,794.00	1
7	US	-1,498,024.81	USD	-1,338,335.37	0.8934
8	CANADA	671,313.77	CAD	451,995.56	0.6733
9	AUSTRALIA	0.00	AUD	0.00	N/A
10	MEXICO	0.00	MXN	0.00	N/A
11	COLOMBIA	127,340,000.00	COP	34,658.44	3,674.14
12	MALAYSIA	50,614.76	MYR	10,917.60	0.2157
13	INDIA	12,237,398.00	INR	155,292.58	0.0127
14	BRAZIL	0.00	BRL	0.00	N/A
15	GUYANA	0.00	EUR	0.00	N/A
				-13,932.11	

b. Government grants received (GRI 201-4)

In 2020 the Company was awarded EUR 39,000 under the specific supply regime through which aid is provided for the supply of certain agricultural products to regions such as the Canary Islands.

2. Letter from the CEO of Deoleo regarding the results of the NFIS

Ignacio Silva, President & CEO of Deoleo:

2020 was one of the most challenging years our generation has faced. The appearance and subsequent expansion of covid-19 throughout the planet has forced all areas of society, from the individual citizen to business, not forgetting the authorities, to redefine their priorities in order to safeguard the most precious thing to us all: our health. The events of the last few months have placed us in situations that would have been practically unimaginable just one year ago and have made us give the best of ourselves. And at Deoleo, assessing this situation with the hindsight that only past experience has been able to afford us, we feel exceptionally proud of having been able to keep our cool and maintain our watchfulness in a situation that has been dominated by uncertainty and blindness as to exactly where the pandemic was leading us.

And we have achieved this by doing what we do best: focusing our strategy on the consumer and generating value for stakeholders, i.e., all those involved in our business. We have shown ourselves to be capable of defending our model in an exceptional year, guaranteeing at all times the health and wellbeing of our employees and of the people who work with us in all the links of the production chain.

The success of the measures adopted in previous years allowed us to start the year with the strength required to face up to the situation triggered by the spread of the coronavirus. Greater financial stability and the clear improvement in business figures made it easier to focus our attention on the aspects that the fight against the pandemic made most pressing. Deoleo had laid the foundations for remote working in previous years and, as a result, it was very easy to put in place a contingency plan that would allow us to go about our day-to-day activities while at the same time respecting the social distancing measures necessary at this time. The diligence of our management team allowed us to quickly implement security protocols to ensure the safety of all our employees, even in spaces where the activities that were being carried out did not allow for remote working. These actions have reaffirmed Deoleo's commitment to society, our customers and our consumers, as we must have it at the forefront of our minds that we play an essential role in society and, during all the phases of the pandemic, we will continue to have a human presence in all our plants.

The ability to maintain our day-to-day operations without neglecting the protection of people has also allowed us to fulfil our service-related vocation. We have made donations in the communities where we are present, mainly to food banks and non-profit organisations that have been on the front line of the battle against the pandemic.

This look over our shoulder makes us feel very proud of having been faithful to our principles, of having been capable of combining value creation with the defence of the values of equality that characterise our organisation. In this period, we have continued to make progress in reducing the gender pay gap, taking it to very advanced levels within the industry, and in integrating all the capabilities present in society into our business model, since everyone has a place at Deoleo. The pandemic has not made us deviate one iota from our commitment to sustainability and the promotion of a circular economy model that will allow us to protect our main source of value: the environment. In addition, we are continuing to reduce CO2 emissions as our business model cannot be understood without the land in which our roots lie being protected.

But perhaps the most encouraging thing is to see that all this progress, achieved in unprecedented conditions for business activity, gives us even more strength to continue fighting for what we believe in. We will continue to work hand in hand with all those involved in the sector so that customer satisfaction continues to be the key to everything we do and, thus, leave our mark on the path to a better world.

And finally, in view of the positive results over the past year and after strategic reflection, Deoleo will launch a new five-year Business Plan that reflects the changes in the market and its future potential. Of course, with this new Plan we will maintain our commitment to quality and the need to enhance the value of olive oil while giving maximum attention to the centre of our strategic decisions: our consumer.

3. Analysis of the impact of covid-19 on our activity

3.1 Creation of a committee of experts to assess the effects of the pandemic on the business model.

Ensuring the physical and mental well-being of our people was the focal point of all the actions and measures taken in 2020 and will be the blueprint for the steps we will take in 2021.

In mid-February 2020 Deoleo set up a global crisis committee to guarantee a unified worldwide management of the situation resulting from the covid-19 outbreak.

The actions undertaken through this committee were as follows:

a) Determination of the general guidelines for action in all the countries in which the Group's facilities are located.

b) Since the beginning of March, a specific management effort to guarantee production at the Alcolea and Tavarnelle factories, since they represent the Company's core activity, as well as the safety of our workers and facilities.

c) Remote working measures at all the Group’s offices in the countries in which it has a presence.

d) Setting up of protocols and measures, and provision of PPE at all the workplaces.

e) Re-adaptation of workplaces in Spain and Italy following the lifting of total lockdown to ensure a return to work in keeping with the new normality.

f) Certification by SGS of the Covid-19 Infection Prevention and Control Protocol in Spain and Italy.

g) Launch of a new digital communication channel to boost communication during lockdown.

h) Specific covid-19 testing protocols for the Group's workforce.

i) Monitoring, control and tracking of covid-19 cases at Deoleo facilities around the world.

j) Launch of specific training programmes on covid-19 prevention, remote working and how to adapt to the new normality.

k) Employee support plans:

i. Covid-19 special bonus.

ii. Psychological care service.

l) Donation-based social aid plans.

Contributions and donations to the communities in which the group is present (GRI 103-2)

Deoleo supports the communities in which it has a presence directly, not only through the creation of economic and job opportunities, but also through direct contributions and donations to those communities, in the form of both Deoleo products and direct support to social welfare entities with donations.

In terms of product donations, in 2020 the Company delivered in Spain, India, Italy, Germany, France and the USA more than 183,000 litres of olive oil to foundations and food banks, among other organisations. These donations included most notably the 150,000 litres delivered in Spain to the Madrid and Córdoba food banks, a significant donation to allow the most vulnerable people in both regions to have access to this important component of the Mediterranean diet. In Italy, 20,253 litres were also donated to the Florence food bank and the Italian Red Cross in 2020. Other donations were made to organisations such as the Frankfurter Tafel (Frankfurt food bank).

Actions in 2019

These contributions are in addition to those of 2019, in which Deoleo declare its adherence to the Spanish Network of the UN Global Compact, an international initiative of the UN to promote business sustainability in the private sector. The Global Compact will be the catalyst for the efforts of companies and organisations to achieve the Sustainable Development Goals (SDGs).

In 2019 Deoleo supported the work of various social welfare entities with donations of more than EUR 26,104 to NGOs such as Banco de Alimentos, Tavarnelle, Caritas, ATT (Cancer Association of Tuscany), Misericaordia and Bar Milleluci por la Trisonomia 21. In addition, together with our employees, we participated in numerous activities to support our communities.

Also, the initiates carried out in 2019 included most notably those carried out in Spain under the slogan "No child without breakfast" or the limited edition of 200,000 bottles that was launched within the framework of the Carbonell Project. Furthermore, some employees were involved in various actions to support communities.

That same year saw the 20th anniversary of the sponsorship of the fish festival in Camogli and the Carapelli project was carried out once again, among other actions.

In the US, our employees were involved in the first corporate volunteering project of the Tree Foundation.

Employee engagement

We also presented and communicated the results of the survey conducted in 2019 in all the countries where the company is present. It should be positively highlighted that more than 80% of the participants are willing to make an extra effort in their day-to-day work, are able to maintain the level of energy they need to do their job and are proud to work at Deoleo.

Furthermore, more than 90% of the participants recommend Deoleo products to their environment and consider that innovation should be a key factor in the group's business strategy.

In parallel to the communication of results, the company has set up Focus Groups in the different departments to work together and encourage the participation of all the people in the day-to-day running of the company.

3.2 Social and employment-related issues

a. Work-life balance and working-time protection policies in a year marked by the pandemic

(i) Organisation of working time (GRI 103-2 and GRI 102-8)

The organisation of working time, which includes habitual working hours, breaks and holidays, among other factors, is fully compliant with the legislation in force in the markets in which Deoleo is present, as well as with the provisions of the collective agreements entered into with the workers, at either state or workplace level. Also, Deoleo's production centres have adopted a new work organisation system that makes it possible to adapt production to customer demand. Consequently, they have a series of special shifts which result in a distribution of annual working hours that may differ from standard practice at the Company or in the industry.

The tables below illustrate the organisation of working time at Deoleo in 2019 and 2020, evidencing that the Group complies scrupulously with current legislation with regard to respecting workers' rest periods and granting workers the leave they need as provided for by law. The tables include all the workplaces in the countries in which Deoleo operates, with the exception of Colombia and Malaysia:

2019:

Organisation of working time	Spain (Alcolea)	Spain (Rivas)	Italy	France	Netherlands	Germany	Belgium	United States	Canada	Mexico	India
Weekly working days	5	5	5	5	5	5	5	5	5	5	5
Weekly days off	2	2	2	2	2	2	2	2	2	2	2
Daily working hours	8	8	7.8	7	8	8	8	8	8	8	8.3
Weekly working hours	40	40	39	35	40	40	40	40	40	40	41.5
Annual working hours	1752	1761.13	1816	1820	1832	1768	1744	1848	1848	1896	1850.9
Annual paid holiday (days)	23	22	25	35	25	30	32	18	18	12	19
Paid leave days	-	1	1	1	-	-	-	-	-	7	21

2020:

Organisation of working time	Spain (Alcolea)	Spain (Rivas)	Italy	France	Netherlands	Germany	Belgium	United States	Canada	Mexico	India
Weekly working days	5	5	5	5	5	5	5	5	5	5	5
Weekly days off	2	2	2	2	2	2	2	2	2	2	2
Daily working hours	8	8	7.8	7	8	8	8	8	8	8	8.3
Weekly working hours	40	40	39	35	40	40	40	40	40	40	41.5
Annual working hours	1752	1761.13	1800	1820	1840	1776	1752	1888	1904	1904	1859.2
Annual paid holiday (days)	23	22	26	25	25	30	32	13	12	12	19
Paid leave days	-	1	1	1	-	-	-	-	-	7	21

Total workforce by country:

	Employees	
Business/Country	**31/12/2019**	**31/12/2020**
Germany	16	17
Belgium	1	1
Canada	9	8
Colombia	2	2
Spain	295	331
France	9	13
Netherlands	4	5
India	79	83
Italy	140	149
Kuala Lumpur	2	3
México	16	16
U.S.A.	33	37
General total	**606**	**665**

	2019	**2020**
Average personnel	640	650

Employees by type of contract and by type of working day

2019:

Professional Category	<35		>35<50		>50		Gender Total		
	M	F	M	F	M	F	M	F	Total
Senior managers		2	18	5	15	7	33	14	47
Admin. managers	4	9	25	24	15	8	44	41	85
Skilled employees	8	9	23	11	16	1	47	21	68
Sales staff	40	11	53	9	17	3	110	23	133
Admin. staff	25	31	20	56	15	28	60	115	175
Factory staff	17	1	28	5	43	4	88	10	98
General total	94	63	167	110	121	51	382	224	606

2020:

PROFESSIONAL CATEGORY	<35		35 - 50		>50		
	Women	Men	Women	Men	Women	Men	TOTAL
Senior managers			8	15	11	18	52
Full-time			8	15	10	18	51
Part-time					1	0	1
Administrative managers	7	5	23	22	8	18	83
Full-time	7	5	23	22	7	18	82
Part-time					1	0	1
Skilled employees	8	9	12	22	4	17	72
Full-time	8	9	12	22	4	17	72
Part-time					0	0	0
Sales staff	15	39	10	56	3	22	145
Full-time	13	39	9	56	3	22	142
Part-time	2		1		0	0	3
Administrative staff	44	29	51	18	34	17	193
Full-time	42	29	48	17	33	17	186
Part-time	2		3	1	1	0	7
Factory staff	1	28	10	28	6	47	120
Full-time	1	28	10	28	6	47	120
Part-time					0	0	0
TOTAL	75	110	114	161	66	139	665

Type	Women	Men	Total
Full-time	244	409	653
Part-time	11	1	12
TOTAL	255	410	665

(ii) Absenteeism and protection protocols during the covid-19 pandemic (GRI 403-2)

It should be borne in mind that the activities carried out within the framework of Deoleo's business entail a high level of risk. The number of occupational accidents remained stable with respect to 2019, and all of them were classified as minor. No occupational diseases occurred in the year.

Covid-19 protection protocol

The Company has protocols in place, prepared in conjunction with Quirónprevención, to ensure that employees are provided with the safest possible working environment. These protocols, which were revised in November 2020, have been implemented at the Spanish plants in Alcolea and Rivas. They comprise a comprehensive action plan which, taking into account the idiosyncrasies of each of these facilities, sets out the modus operandi for the duration of the pandemic. The covid-19 protection protocol considered the Company's need to maintain its level of activity during the pandemic, due to the essential or critical role played by the business in supplying the population, and it emphasizes the low probability of exposure to the disease.

The table below details the cumulative working hours lost due to absenteeism in 2019 and 2020. The figures consider the Group workplaces which account for 90% of all employees (Spain, Italy, India and the US), as these are the countries in which significant operations are carried out and where Deoleo's production facilities are located:

2020:

	Spain	Italy	US	India
Number of working hours lost due to absenteeism	22.787	9019	-	5.063

2019:

	Spain	Italy	US	India
Number of working hours lost due to absenteeism	18.815	10.505	-	7.333

Note. The hours lost due to absenteeism include hours lost due to illness, accident, paid leave and unjustified absences. They do not include parental leave or paid time off for trade union representative duties.

The method used to convert calendar days into working hours is as follows: (Calendar days of absence × contractual annual hours) / 365

El criterio aplicado para convertir los días naturales en horas laborables es el siguiente: (Días naturales absentismo x Horas año pactadas) / 365

(iii) Commitment to a responsible work-life balance (GRI 401-3)

2020 was marked by the introduction of flexible working measures designed to guarantee employee safety whilst continuing to ensure that operational requirements are met. These measures were implemented at all Deoleo's workplaces and for all worker groups, with the sole exception of production employees due to the essential nature of duties they perform.

In Spain, flexible working measures had already been approved prior to the outbreak of the pandemic. These measures, which were the result of collective bargaining with the workforce's trade union representatives, include the following:

- Paid leave due to illness and death of relatives of first and second degree of kinship, and attendance of medical tests of relatives of first degree of kinship who need to be accompanied, all of which are rights that are more beneficial for the employees than those provided for in the applicable legislation.
- Leave for urgent medical services, both for employees themselves and for first-degree dependants.
- Leave to accompany first-degree relatives, provided they are under 16 years of age or dependants of legal age, to doctor's appointments.
- Leave for physiotherapy sessions.
- One hour's flexibility at the start of the working day.
- Flexible working hours and shifts for employees who are single parents, divorced parents with sole custody of children or who have dependent relatives with a recognised disability.
- Access to the services of the Alares Foundation, whose mission is to drive and participate in initiatives to generally improve people's living conditions and foster economic, business and institutional competitiveness. Through Alares, employees have access to assistance with bureaucratic paperwork and procedures, family care, holiday advice and finding private tutors.
- Remote working programme, which allows employees to work from home two days a month.
- Digital disconnection policy, following the entry into force of Organic Law 3/2018, of 5 December 2019, on Personal Data Protection and Digital Rights Guarantee.

Maternity/paternity

2020 witnessed a slight increase in the number of Group employees taking maternity or paternity leave, with 17 people taking parental leave, compared with 13 in 2019.

2020:

	Women	**Men**	**Total**
Spain	8	5	13
Italy	2	0	2
India	1	0	1
United States	1	0	1
Total	12	5	17

2019:

	Women	Men	Total
Spain	3	6	9
Italy	1	2	3
India	1	0	1
United States	0	0	0
Total	5	8	13

b. The health of our employees comes first

Since the very onset of the pandemic, Deoleo has clearly understood that the all-embracing care of the people working for the Company has to be its top priority and, for this reason, it has worked together with Quironprevención, a leader in workplace safety and accident prevention, to establish health protocols to guarantee maximum protection of its personnel. These protocols, which have been revised and adapted in the course of the pandemic, focus mainly on the Alcolea and Rivas facilities.

The Company has centred all its efforts on caring for the physical health and ensuring the emotional wellbeing of its workforce. To this end, once again in 2020 we maintained our firm commitment to achieving flexibility and a work-life balance, we used technology to strengthen seamless communication and contact with our employees, and we made it possible for them to continue to grow through a culture based on evaluation and response, continuous learning, recognition of achievement and promotion of professional development.

Our policy

The principles around which Deoleo's people management policies are developed are as follows:

- Recruitment and hiring based on the principles of equal opportunities, non-discrimination, respect for diversity and personality and professional skills that are in line with our values.
- Employee training and development to boost skills and improve internal employability and performance.
- Internal promotion and mobility on the basis of objective criteria such as the person’s ability, experience, performance and potential.
- Achievement of a better balance between working life and personal life to harmonise employees’ working lives with their personal and family lives so that they can reach their full potential in both areas.
- Safe and healthy working environment, enabling people to reach their full potential, above all in a year marked by the spread of the pandemic.
- Employment relationships based on respect for personal rights, freedom of association and effective recognition of the right to collective bargaining.
- Commitment to diversity with a view to integrating the various degrees of ability in society and creating an inclusive culture.

(i) Guaranteeing safety at the workplace (GRI 403-1)

This year, as a consequence of the pandemic, we have had to adapt the way in which work is organised at all our workplaces. Worthy of mention in this connection is the establishment and preparation with Quironprevención of protocols designed to guarantee the healthiest conditions for the workforce, in particular at the Alcolea and Rivas facilities. These protocols have been subject to ongoing review to adapt the safety measures adopted to the circumstances of the pandemic at any given time.

At the production centres in Spain and Italy we had to separate the various shifts as a means of guaranteeing production whilst avoiding the risks that would arise if different teams were present at the same time.

Both at the head office in Madrid and in Italy, a remote working system was implemented, from March until September, across the board at all Deoleo locations. From September onwards, it was possible to apply a hybrid model in Spain and Italy, i.e., one which combines the physical presence in offices of closed, department-based groups, totalling no more than 50% of the employees, with remote working in the case of the other groups, with all groups rotating on a weekly basis. It is important to point out that Deoleo's activity is considered to be essential, based on the relevant parameters established by the public authorities, and that in order for it to be performed correctly, a significant portion of the workforce needs to be physically present.

Similarly, another protocol was prepared, in conjunction with Quironprevención, for the Italian workforce at Tavarnelle. This protocol, in the same way as the documents prepared for the facilities in Spain, encompasses all the technical and human measures that need to be in place in order to guarantee the protection of the health of the employees who carry out their duties at the Italian facilities. The protocol was established on 16 July 2020 and revised on 12 February 2021 in order to adapt it to the needs then prevailing.

(ii) Employee protection: analysis of occupational accidents (GRI 403-9)

Spain

At the Group’s workplaces in Spain, occupational accident prevention is managed in accordance with the applicable legislation (Occupational Risk Prevention Law 31/1995, of 8 November). New hires receive training in occupational health and safety.

The risk prevention system implemented at the workplaces in Spain is managed by the External Prevention Service, which is awarded, by means of an agreement, to a duly accredited company outside the Group. The services engaged include the following:

- Occupational safety
- Industrial hygiene
- Ergonomics and psychosociology
- Health check-ups

In addition, Deoleo's occupational risk prevention plan is available for consultation by employees, and provides them with the following information:

- The health and safety risks pertaining to each position, the preventive measures to be taken and employees' rights and obligations
- Ground rules for emergencies and first aid
- Employees' risk prevention duties and responsibilities

The workplaces in Spain have health and safety committees, which, featuring joint representation of management and employees, are responsible for regular oversight of the Company's risk prevention activity.

The committees are made up of an equal number of risk prevention delegates, on the one hand, and the employer and/or the employer's representatives, on the other. They meet at the request of any of their members, and set their own operating rules.

The composition of the health and safety committees in Spain is as follows:

	Alcolea Workplace	Rivas Workplace
PREVENTION DELEGATES	3	3
COMPANY REPRESENTATIVES	3	3

Main results

In 2020, 2,394 hours of occupational health and safety training were provided at the Group's head office in Spain (2019: 892 hours).

The accident rate at the Group's workplaces in Spain remained stable with respect to the previous year, as did the number of accidents, which totalled three for the year as a whole, thus equalling the figures obtained in 2019.

2020:

	Men	Women
Number of accidents	2	1
Frequency rate (1)	6.22	4.20
Severity rate (2)	0.03	0.04
Occupational diseases	0	0
Number of fatalities	0	0

2019:

	Men	Women
Number of accidents	1	2
Frequency rate (1)	3.15	8.84
Severity rate (2)	0.01	0.09
Occupational diseases	0	0
Number of fatalities	0	0

(1) Frequency rate = (no. of work-related accidents resulting in sick leave / (no. of employees × hours worked in the period)) × 1,000,000

(2) Severity rate = (days lost due to work-related accidents in the period / (no. of employees × hours worked in the period)) × 1,000

Italy

At the Group's head office in Italy, the requirements of the Italian law on occupational health and safety (Legislative Decree 81/2008) are complied with. An organisation, management and control model has been implemented in accordance with Legislative Decree 231/2001. There is a company-appointed supervisory body, which conducts systematic audits of the implementation of the measures required to protect employees' health and safety. The most recent audit, on 22 September 2020, confirmed that the legal requirements had been implemented correctly. The supervisory body also carries out quarterly reviews.

The competencies and powers of the Prevention and Protection Service, which meets annually, include participating in the drafting, implementation and assessment of the company's risk prevention plans and programmes, promoting initiatives concerning effective risk prevention methods and procedures, and proposing improvements to conditions or the correction of existing deficiencies.

The composition of the Prevention and Protection Service of the Health and Safety Committee in Italy is as follows:

COMPANY REPRESENTATIVE	1
COMPANY DOCTOR	1
HEAD OF THE EMERGENCY PREVENTION, PROTECTION AND COORDINATION SERVICE	1
SAFETY DELEGATE (EMPLOYEE REPRESENTATIVE)	1

Main results

In Italy, 37 hours of occupational health and safety training were given in 2020. In addition, safety training was provided to all new hires (an average of ten hours per employee)..

Very few accidents were recorded in the 2019-2020 period, since only one incident was reported in each year.

2020:

	Men	**Women**
Number of accidents	1	0
Frequency rate (1)	3.75	0
Severity rate (2)	0.12	0
Occupational diseases	0	0
Number of fatalities	0	0

2019:

	Men	**Women**
Number of accidents	1	0
Frequency rate (1)	3.59	0
Severity rate (2)	0.06	0
Occupational diseases	0	0
Number of fatalities	0	0

(1) Frequency rate = (no. of work-related accidents resulting in sick leave / (no. of employees × hours worked in the period)) × 1,000,000

(2) Severity rate = (days lost due to work-related accidents in the period / (no. of employees × hours worked in the period)) × 1,000

India

In India, the Constitution lays down the directive principles for workplace health and safety laws and establishes the State's role in the implementation of policies to promote health and safety at the workplace. What this means is that in India there is no basic occupational health and safety law equivalent to the Spanish Occupational Risk Prevention Law.

Under the Indian Constitution, the government must take measures to ensure and foster worker health and skills training, including specifically:

- Measures to guarantee the socioeconomic wellbeing of citizens so that they are not forced into inappropriate forms of work.
- Measures to raise awareness of and eliminate discriminatory or uncomfortable workplace conduct.
- Protection of children from exploitation.

The government of India, through its Ministry of Labour and Employment, has established a National Policy on Safety, Health and Environment at the Work Place, which contemplates the adoption of national health and safety regulations and the allocation of the necessary resources to government agencies to enable them to control and regulate application of those regulations.

Main results

There were no workplace accidents at the Group in India in 2019 or 2020.

United States

In 2020 employee health and safety protection continued to be a priority concern at the US workplaces, which complied scrupulously with the applicable relevant legislation.

The health and safety policy for the US facilities is contained in the Basic Employment Policies Manual that forms part of the Employee Handbook.

Main results

There were no workplace accidents at the Group in the US in 2019 or 2020.

(iii) Impact of covid-19 and of other common diseases on the workforce (GRI 403-10)

In 2020 Deoleo was faced with a significant challenge in light of the need to keep up the level of its business activity amidst a scenario characterised by public health-related restrictions, which led it to swiftly implement a series of measures to respond to the increased risk for the physical and mental health of the workforce.

As a result, employee health and safety protection strategies were a priority for Deoleo in the years under analysis.

The Group focused its work simultaneously on two areas: (1) ensuring safety at the workplaces in Spain and Italy where employees are physically present, whether on a permanent basis or only partially in the cases where remote working has been introduced, and (2) caring for the physical and mental health of all its workers.

These workplaces have been fitted out following the relevant protocols and advice from safety experts, making them safe spaces for our people to work. Mention should be made in this regard of the roll-out of protocols prepared in conjunction with Quironsalud to ensure that our personnel can carry out their professional duties in the most hygienic conditions possible.

The workforce has been furnished with the necessary personal protection equipment (PPE) to enable them to discharge their functions correctly, and has received information and training on covid-19 and its propagation, on the additional risks both within and outside the work environment, and on how to prepare themselves emotionally for the circumstances of post-pandemic normality.

Protocols have also been introduced to manage the testing of persons showing any symptoms compatible with the disease and/or who have been in close contact outside work with people who have tested positive, enabling, in all these cases, the early detection of possible positive cases and the tracking of their contacts within the Company, with Deoleo thus taking action ahead of the health authorities of the autonomous communities in which it is present.

Also wishing to help its workforce from an emotional viewpoint, Deoleo has set up dedicated services in Spain and India to provide psychological care to all workers.

As a result of all these measures we were able to obtain SGS certification for our Covid-19 Infection Prevention and Control Protocol in Spain and Italy.

Throughout the pandemic, we have maintained ongoing communication and dialogue with the Health and Safety Committees in Spain and the Prevention and Protection Service of the Health and Safety Committee in Italy, with which we have coordinated our efforts to meet the demands of the situation.

c. Workforce communication and trade union workforce protection (GRI 102-43, GRI 102-41 and GRI 403-4)

The management team at Deoleo has always been aware of the importance of social dialogue with its employees, and has established the related information and consultation procedures. Information is made available to employees through various channels, such as e-mail, noticeboards, video screens displaying information concerning the Group and the corporate intranet, on which Deoleo publishes internal news articles, new hire announcements, advertising campaigns, events, and news items featured in magazines and on television programmes.

In 2020 the percentage of the workforce covered by collective bargaining agreements in Spain and Italy, the countries in which such an agreement

2020:

SPAIN	69%
ITALY	96%

2019:

SPAIN	67%
ITALY	94%

Social dialogue

Social dialogue at the Company is channelled through works councils. The main instrument for dialogue is the bargaining committees, made up of Company and workers' representatives as well as advisers to both parties. There are also frequent meetings between the Company and workers' representatives, in addition to personal and direct contact with employees.

The workers' representatives can call assemblies to keep employees up to date on any collective bargaining or other important agreements being negotiated.

At Deoleo there are three works councils (two at the workplaces in Spain and one in Italy). Social dialogue is not articulated through works committees or similar bodies in India or the US.

Spain

The last elections to the works councils in Spain were held in 2017 and 2019. The trade unions represented on the councils are Comisiones Obreras (CCOO), UGT, CSIF and CTA.

	TRADE UNIONS			
	CCOO	UGT	CSIF	CTA
NO. OF REPRESENTATIVES	10	4	1	1

In Spain, two workplace collective bargaining agreements are applied. These agreements were negotiated in 2018 and are valid for four years.

Italy

The last elections to the works councils in Italy were in 2019. The workers' representatives belong to the FLAI CGIL and CISL trade unions.

	TRADE UNIONS
	FLAI CGIL and CISL
NO. OF REPRESENTATIVES	4

The collective bargaining agreement in Italy is the national agreement for the olive oil industry and is valid for four years.

United States

In the US, social dialogue takes the form of direct meetings with employees and direct internal communications. Employees are free to discuss any issue relating to their working conditions directly with their supervisors or with workplace management.

The Basic Employment Policies Manual and the Employee Handbook in the US address matters relating to employment, equal opportunities, elimination of mobbing and sexual harassment, prevention of violence in the workplace, employee protection, time controls, permits, health and safety and employee conduct.

India

In India, social dialogue takes the form of direct meetings with employees and direct internal communications. Employees are free to openly discuss any issue relating to their working conditions directly with their supervisors or workplace management.

The Workplace Policies set forth the work arrangements, sexual harassment policies, and the travel and permit policy.

d. Commitment to training and access of all persons enriching the Group (GRI 103-2, GRI 404-2, GRI 404-1 and GRI 103-2)

As mentioned earlier in this report, in 2020 Deoleo focused its attention primarily on its people, placing particular emphasis on employee attraction and development, and in the last quarter it launched its appraisal process with a view to building a culture based on evaluation and feedback and on the continuous updating of employees' know-how and skills so they can contribute to the Company's growth.

In the talent attraction area, we launched a new applicant tracking system (ATS), which enables us to electronically manage our recruitment and hiring needs, from the receipt of candidates' curriculums to their hiring process, thus enhancing the candidates' experience and strengthening our employer branding.

The pandemic has given rise to far-reaching changes in the internal management of training. Technology made it possible for us to maintain substantially the same number of training actions as in 2019, although there was a turnaround in the manner in which training was provided. In 2019 only 25% of training was conducted online, whereas in 2020 this percentage rose to 90%.

All language training, most of which had previously taken the form of face-to-face classes, changed over to an online format in March 2020.

We have developed webinar formats which the Company can use to hold a given training event or workshop in all the countries. Particularly noteworthy in this regard is the webinar that Deoleo conducted globally on how to adapt to the new normality, which took place during the easing of lockdown in most countries.

This format was also used for the training programme on Franklin Covey's seven habits of highly effective people, which in previous years was provided in face-to-face classes, and we commenced a programme based on David Allen's Getting Things Done (GTD) methodology to train employees in personal productivity within the supply chain area, which was also carried out in webinar format.

In 2020 Deoleo also launched a specific programme for its marketing teams worldwide. This programme, called "Mini MBA Marketing" and conducted in its entirety online, provides participants with an update on, and in-depth knowledge of, the basic concepts of marketing today.

The People area carried out a specific training programme, for global use and also in webinar format, with the aim of exploring in depth the challenges that will face this area in the post-covid era.

Also worthy of highlighting, on a technical level, is the virtual training received by the Company's pool of auditors in order to obtain certification as Food Safety Management System Auditors under ISO 22000:2018 (IRCA Accredited); the purpose of this certification is to provide added value for consumers and bolster the trust they place in us.

Training actions in the technology area focused on the acquisition of knowledge about the main virtual (cloud) storage tools in the market (AZURE, AWS, Office 365), and on further expanding our knowledge of business intelligence tools.

Virtual learning platforms were introduced for Occupational Risk Prevention (ORP) content, such as adaptation to remote working environments and information- and prevention-related aspects of the covid-19 pandemic. However, these platforms were used above all for skills development purposes. A virtual space was created, for the entire salesforce worldwide, which introduces game-design elements in order to perfect skills such as negotiation and conflict resolution, and time and team management.

In addition, the Appraisal process was accompanied by a virtual training itinerary that centred on coaching employees in evaluation and feedback techniques.

Lastly, it should be noted that throughout 2020 seamless communication was maintained both with and among employees. Besides the Intranet, instant messaging and the Microsoft 365 collaboration tools, an internal network was launched to serve as a connectivity tool.

Furthermore, Deoleo entered into an agreement with UPA, a Spanish agricultural trade union with a deep-rooted presence in the olive-growing regions, through which it intends to share knowledge and bring Deoleo and its project closer to their source - the olive producers.

Employee training hours

In 2020 Deoleo’s training efforts covered virtually the entire workforce, continuing the trend initiated in previous years and further strengthening the Company’s commitment to driving sustainable competitiveness. All this was achieved despite the difficulties that were experienced, as a result of the pandemic, in managing employees’ needs and the training offering itself.

The professional category that received the largest amount of training was Deoleo’s sales personnel, since their activity underwent far-reaching change in the course of the pandemic, evolving from a an activity conducted largely on a face-to-face basis to one which had to be carried out in a virtual environment. The Company sought to accompany its sales employees in this transition and drive its progress through a series of training actions.

However, the physical presence of the staff at Deoleo’s plants is absolutely necessary, due to the essential nature of the plants’ activity. As a result, it was not possible to carry out any more training actions due to the health and safety measures imposed, which led to the separation of shifts to avoid all contact with persons not forming part of the shifts.

Category	**Total hours 2019**	**Total hours 2020**
Administrative staff	5,559	5,294
Managers	3,260	2,794
Sales staff	1,098	2,811
Senior managers	1,003	1,518
Skilled employees	2,847	1,846
Plant staff	1,077	570
General total	**12,844**	**14,833**

Analysing the figures by generation, the employees who took most advantage of the training actions were those who by age can be classified as millennials. This could be related to the format of the actions, since in 2020 substantially all the training programme was conducted virtually, and this group of employees would appear to be the one most acquainted with an online training environment.

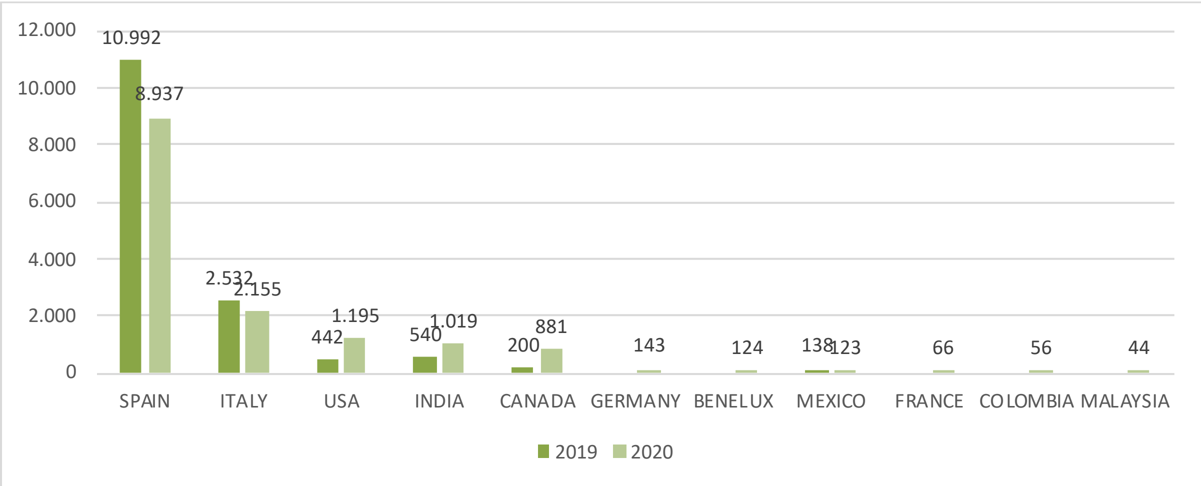
Generation	Hours of training	Number of employees
Baby boomers	2,157	130
Generation X	5,604	231
Generation Y	6,682	229
Generation Z	390	40
General total	**14,833**	

From the viewpoint of gender and of Deoleo's commitment to promoting the employability and development of female talent, the figures at 2020 year-end show that women had received 45% of the training actions, while they represented 38% of the workforce.

In addition, Deoleo participated in the PROGRESA project, an initiative that fosters the professional promotion of women to positions of greater responsibility through the training of women in the skills required to lead projects and teams successfully.

Gender	Hours of training	Number of employees
Women	6706	235
Men	8127	395
General total	**14833**	**630**

In 2020 the Company expanded its training offering, primarily of a virtual nature, to all its locations, as can be observed in the chart below illustrating the hours of training.



3.3 Business model and value creation

a. Our 2019-2020 snapshot (GRI 102-7)

Deoleo began to set the scene for its 2019-2020 snapshot when in April 2018 it approved its Corporate Social Responsibility Policy, the objectives of which are as follows:

- To establish the basic principles and general framework of action for management of social responsibility practices.
- To formalise the integration of those practices into our business model and business strategy.

The Group has ensured that the Corporate Social Responsibility Policy is applicable to, and must be complied with by, all the companies and territories in which it operates, and, furthermore, the policy is binding on all Deoleo personnel, irrespective of their position or function.

Sustainability governance

The organisation as a whole is responsible for compliance with, and development of, our Corporate Social Responsibility Policy.

- The Board of Directors is entrusted with the following tasks: approving Deoleo's CSR strategy and ensuring that it is carried out; guaranteeing observance of laws and regulations in Company-stakeholder relations; and analysing good practices in the industry.
- The Nomination and Remuneration Committee is responsible for the supervision, assessment, coordination and monitoring of all CSR policy-related activities
- Company management and all Deoleo Group professionals and employees are responsible for developing and implementing the activities necessary in order to guarantee compliance with the Corporate Social Responsibility Policy.

b. Safeguarding our market presence and our deep-rooted establishment in rural communities (GRI 102-4 and GRI 102-6)

Our sustainability and community-relationship strategy is necessarily founded on careful identification of the main risks and significant issues affecting our business model.

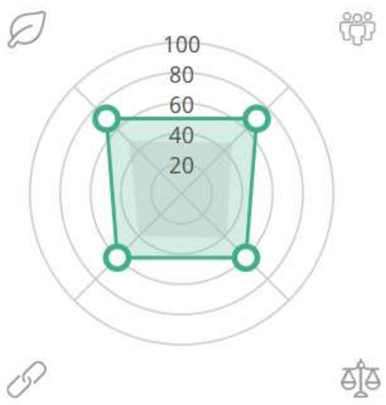
In 2020 we completed the process for reporting to EcoVadis, the leading global ESG/CSR rating agency.

EcoVadis defines the scope of social responsibility for companies, which encompasses the following areas:

- Environment
- Labour and human rights
- Ethics, and
- Sustainable procurement

The EcoVadis assessment takes into account aspects such as the company's documentation and inputs from third parties, such as seals of approval and certificates, as well as using an artificial intelligence tool that monitors news and databases.

Following its assessment, Deoleo was awarded the Gold Medal. It received satisfactory marks in the areas of Environment and Labour and Human Rights, followed by Ethics and Sustainable Procurement. This result places Deoleo in the top 5% of companies assessed by EcoVadis worldwide.



c. Detail of the impact of covid-19 on society (GRI 102-3 and GRI 103-3)

(i) Observance of ESG criteria in our procurement processes (GRI 103-2)

To achieve a sustainable, responsible performance it is essential that suppliers display the same level of engagement as the Company itself. Group management is firmly convinced that the commitment to sustainability has to be shared by the entire supply chain.

This goal has prompted the Group to place sustainability, ethics and human rights at the very heart of its business model.

All of Deoleo's suppliers must undergo an accreditation process, since it has undertaken to ensure that 100% of its purchases are sourced from accredited suppliers. Based on the figures for 2020 year-end, the Company currently has 343 raw material (olive oil) suppliers, 24 co-packers and 42 packing suppliers.

(ii) Deoleo favours dealing with suppliers and subcontractors capable of meeting the demands of the circumstances (GRI 102-9 and GRI 103-3)

Deoleo would not be able to fulfil its commitment to offer consumers a product of the highest quality if it could not rely on the cooperation of a team of partners who share Deoleo's principles of excellence, as well as its business vision, and with whom it can build long-term relationships based on trust.

Deoleo has established, as a basic rule of conduct, the respect for human and labour rights and for the environment, when developing alliances with farmers, associations and cooperatives in Spain, Greece, Italy and Portugal. The six pillars upon which the Group's relationship with suppliers is based are as follows:

1. Procurement Policy. This cooperation framework allows us to establish sound, long-lasting commercial relationships that are of mutual benefit. It also contemplates the fulfilment of the Group's corporate social responsibility vis-à-vis its suppliers, establishing that:
   - Relationships with suppliers will be conducted on the basis of honesty, respect for people, and respect for social and environmental values.
   - Contracts for goods and services will be entered into in line with the principles of need, suitability, functionality and good price-quality ratio.
2. Procurement Code of Ethics. This Code helps Deoleo to assess and determine its behaviour in the performance of its commercial activities.
3. Code of Conduct. The suppliers with which Deoleo has dealings must comply at all times with the content of Deoleo's Code of Conduct. Relationships will be conducted on the basis of honesty, respect for people, and respect for the social and environmental values championed by the Company.

4. Environmental Management Systems. Deoleo has implemented ISO 14001-certified systems at its two production facilities, Alcolea and Tavarnelle. Subcontractors are required to meet the requirements of these environmental management systems whenever their activities could have an impact on the environment.
5. Supplier audits. Supplier audits are conducted by the Quality Department with a frequency determined by a risk map developed by that same department.
6. Basic environmental plan for subcontractors. Deoleo's Sustainability Protocol includes a basic environmental plan applicable to all the businesses with which the Group works and which have an impact on the environment.

(iii) Screening and monitoring of supplier contract policies (GRI 308-1 and GRI 414-1)

Supplier management lifecycle

Once a potential supplier has been selected, the procurement team requests the quality area to initiate the supplier accreditation process. The first step in this process is for the supplier to approve Deoleo's general requirements, complete the requested questionnaires and provide all the related supporting documentation.

Since 2017 Deoleo has included environmental criteria in the process, in the form of a questionnaire to ascertain whether suppliers comply properly with environmental legislation, have an environmental management system in place and manage their effluents and waste in an adequate manner. The second step is to audit the selected supplier. The scope of this audit depends on the responses obtained in the documentation furnished by the supplier.

The service providers that work with the Group must follow all the policies and procedures that have been implemented internally. Furthermore, subcontractors must fulfil the requirements established by the Prevention and Safety area.

Once a supplier has been accredited, supplier performance assessment becomes a continuous process which provides us with the confidence that suppliers are complying with Deoleo’s requirements.

d. Our model continues to be consumer-centric

(i) Consumer health protection measures (GRI 103-2 and GRI 416-1)

In 2020 Deoleo approved a series of protocols, endorsed by Quironsalud, that certify that the Company meets the highest standards of hygiene in the context of the pandemic. These protocols ensure that the safety and hygiene measures applied in the bottling and marketing process are observed at all components of the supply chain until the product reaches the end consumer.

(ii) Grievance mechanisms, complaints received and their resolution (GRI 102-17 and GRI 103-2)

Deoleo uses a grievance management system to measure the degree of satisfaction of consumers and customers. Each negative input received from outside the Company, whether it be substantiated or not, is considered to constitute a possible improvement to Deoleo's processes.

In response to the strategy led by the Company's new chief executive officer, which places the customer at the heart of everything that it does, in 2019 Deoleo introduced a tool that has enabled it to collate and digitally manage all the grievances and suggestions of consumers and customers in all the countries in which sales are recorded. Once the information is received, an analysis is performed in order to discover the cause and be able to implement corrective measures. After all the information on the investigation of a grievance has been entered into the tool, the result of the grievance is communicated to the party concerned.

Grievances are assessed by the Central area and monitored on a monthly basis.

In 2020 the rate of complaints received per litre sold decreased by 7.2%, despite the increase in the number of total complaints as a result of the increase in the number of litres sold. In 2020 the total number of grievances increased by 14% with respect to 2019. Similarly, consumer claims increased by 26%.

a. Contributions and donations to the communities in which the Group has a presence (GRI 103-2)

Deoleo supports the communities in which it has a presence directly, not only through the creation of economic and job opportunities, but also through direct contributions and donations to those communities, in the form of both Deoleo products and direct support to social welfare entities with donations.

In terms of product donations, in 2020 the Company delivered in Spain, India, Italy, Germany, France and the USA more than 183,000 litres of olive oil to foundations and food banks, among other organisations. These donations included most notably the 164,000 litres delivered in Spain to the Madrid and Córdoba food banks, a significant donation to allow the most vulnerable people in both regions to have access to this important component of the Mediterranean diet. In Italy, 20,253 litres were also donated to the Florence food bank and the Italian Red Cross in 2020. Other donations were made to organisations such as the Frankfurter Tafel (Frankfurt food bank).

4. Stakeholder-centric ESG practices

Deoleo's vision is to lead olive oil to a sustainable future, making it possible for all stakeholders to commit to the olive oil valorisation process, from the field to the supermarket shelf.

Mission

Deoleo's mission is to inspire everyone involved in the olive oil world to make a difference every day.

Values

- Value creation. Deoleo creates perennial value for the Company, the industry, society and the environment as a whole.
- Quality. Deoleo makes some of the best olive oils in the world with carefully selected olives.
- Brand value. Deoleo draws on science and on decades of experience to create iconic brands that delight consumers.
- Global leadership. Deoleo uses its global presence and reach to drive positive change and redefine the industry.

Deoleo’s stakeholders

Deoleo's main stakeholders were selected by grouping the communities with which it interacts based on the responsibility that has been assumed to each of them, on their influence on achieving the Group's objectives and on the daily relationships or physical proximity and their dependence on the decisions of the Group.

- Stakeholders due to liability: shareholders and investors.
- Stakeholders due to influence: regulators and financial community.
- Stakeholders due to proximity: customers, consumers, suppliers and the community.
- Stakeholders due to dependence: employees and professionals linked to the firm.

4.1 "Olive Oil from Sustainable Production" seal

The "Olive Oil from Sustainable Production" seal is based on the implementation by cooperatives, oil mills and farmers of the Sustainability Protocol, which includes the fundamental pillars of the management and integration of sustainability in an organisation: social, economic, environmental and, last but not least, quality.

	1. SOCIALMENTE SOSTENIBLE	2. ECONOMICAMENTE SOSTENIBLE	3. AMBIENTALMENTE SOSTENIBLE	4. CALIDAD SOSTENIBLE
QUÉ	Creación empleo de calidad	Desarrollo económico de toda la cadena	Cuidado del entorno ambiental y reducción del impacto	Asegurar y mejorar calidad de un producto saludable
POR QUÉ	Zonas rurales en riesgo de despoblación	Pobre rentabilidad de olivares más tradicionales y su impacto en economía	Tensión en el uso del agua, de la contaminación debido al uso de agro químicos y fertilizantes, pérdida de biodiversidad, la erosión del suelo y desertización	Elevar estandares de calidad de modo responsable
CÓMO	· Empleo local · Formación · Igualdad	· Emprendimiento · Profesionalización · Promoción	· Gestión eficiente agua · Gestión energética · Gestión residuos · Manejo del suelo · Acciones que promueven el aumento de la biodiversidad	· Defensa de las variedades autóctonas y de sus sabores específicos · Promoción y educación
ACCIONES DEOLEO	· Formación directa · Apoyo Asoc. pequeños agricultores	Acuerdos marco aprovisionamiento a largo plazo	· Auditoría interna · Acciones de sensibilización y Formación de los equipos de las almazaras y técnicos de campo · Realización de Workshops técnicos	· Comunicación · Definición de especificaciones más estrictas para los aceites Virgen Extra · Lanzamiento de aceites monovarietales, DOP y IGP bajo nuestras marcas

CERTIFICACIÓN DE PRODUCCIÓN SOSTENIBLE DEOLEO

Los puntos que se mencionan a continuación son los capítulos a partir de los cuales se desarrolla nuestro protocolo y se verifica el cumplimiento con los requisitos de la producción sostenible de Deoleo.

3.1 Organización y personas	3.1 Organización y personas	3.6 Gestión Biodiversidad 3.3 Gestión Agua 3.4 Gestión energética 3.5 Gestión Suelo 3.7 Gestión Residuos	3.2 Seguridad Alimentaria 3.8 Gestión Agroquímicos

4.2 Deoleo's commitment: "E" is for Environment

a. Deoleo's Sustainability Protocol

Deoleo Sustainability Protocol is deployed through eight lines of work with which it intends to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

With all this, Deoleo obtains a greater value added product that which respects the environment and native olive tree varieties, thus helping to retain the population in rural areas.

Deoleo's Sustainability Protocol is already implemented through agreements with farmers in Spain, Italy and Portugal that together account for more than 230,000 hectares of olive groves through 52 cooperatives and oil mills on which more than 30,000 families depend. These agreements include:

- In Spain: the Viñaoliva cooperative, the Almaviva Group, the Jaencoop Group, Molino del Genil, S.L., Aceites Sierra de Yeguas and Puricon SCA. In addition, Deoleo has entered into an agreement with the Small Farmers' Association (UPA), which groups together more than 80,000 crop and livestock farmers in Spain with a view to enhancing quality and traceability in the olive oil industry.

- In Italy: the Produttori Olivicoli Bitonto, Frantoio Oleario Domenico De Palma, Frantoio Oleario Miracolo Domenico, Frantoio Oleario Fratelli Macchia and Eurocoop Società Cooperativa Agricola a.r.l. oil mills.

- In Portugal: OlivoMundo and Lagar do Sobrado.

b. Protecting the environment is our raison d'être

(i) Our environmental management plan (GRI 103-2 and GRI 103-3)

One of the fundamental objectives of Deoleo is to ensure that all the people who work at the Group, as well as all those involved in any part of our business process, always honour the commitment to respect the environment in the performance of their work.

With this objective in mind, the Group has developed a commitment to the environment, taking into account the environmental impact of the activity at its plants, of its packaging and of the distribution of its products; but also by extending good practices to suppliers through the Sustainability Protocol and to the entire value chain with awareness-raising actions.

Some of the main actions carried out in recent years have been:

- Action plan at the plants in Alcolea and Tavarnelle to reduce the environmental impact by reducing energy consumption, the volume of waste water and the generation of waste that will end up in landfills. These actions made it possible to maintain the certification under the ISO 14001 standard for both production plants.

Innovation in packaging to improve its impact.

- Weight reduction: The weight of our 2-litre PET bottle was reduced in 2019 from 69 g to 64 g., which has led to reduction of more than 3,000 kg of plastic placed on the market. Moreover, the weight of the Hojiblanca Maestro 1-litre PET bottle was reduced from 48 g to 43 g in 2019, representing a drop of about 8,000 kg of plastic placed on the market.
- In Italy in 2019 Deoleo received the CONAI award for improving the sustainability of packaging, thanks to the innovation of using dark glass bottles.

• Involvement of employees, suppliers and customers through awareness campaigns and volunteering projects.

(ii) The environmental risks facing us: analysis, approach and results (GRI 102-15, GRI 102-11 and GRI 102-30)

Deoleo has determined the internal and external situations that are relevant for our purposes and that affect the ability to achieve the expected results of our Environmental Management System. To this end, a SWOT analysis of the organisation was performed. The main risks identified in the environmental field are as follows:

- Legislative and regulatory changes.

- Increased energy cost.

- Legionella outbreaks in cooling towers.

To guarantee the response to these risks, Deoleo applies the principle of precaution that establishes that the environmental impact assessment criteria will be applied whenever possible in advance to new projects or modifications of facilities. In addition, it has a high insurance policy that allows it to restore any damage to the environment that could be caused despite the precautionary measures taken.

(iii) Our impact on the environment must create value (GRI 102-15, GRI 102-11, GRI 102-30, GRI 102-29 and GRI 102-11)

At Deoleo we are aware of the nature of the direct and indirect impacts of our activities and products on the environment and, therefore, we undertake to work to ensure the sustainability of the business and products, respecting and preserving the environment in which we carry on our activities.

c. Deoleo's commitment to bequeath a well-cared for and sustainable environment to future generations

(i) We are making progress towards a world of clean energy and zero emissions (GRI-103-2, GRI 302-4 and GRI 305-5)

As indicated above, at Deoleo we aim to gradually and constantly reduce GHG emissions in the short, medium and long term. To achieve this, we have taken various measures:

- Calculation of the environmental footprint of Extra Virgin Olive Oil bottled in PET or glass containers in order to inform consumers of the sustainable use that is being made of the resource and of the role of olive groves in the fight against climate change.
- Investment in energy-efficient and low-carbon technologies.
- Participation in national or industry-specific energy-efficient system schemes.
- Energy consumption audits and viability studies.
- Reduction of the weight of packaging placed on the market.
- Reduction in energy consumption by encouraging the use of renewable energy and adapting the packaging plants.
- Changes in production models that promote enhanced efficiency of the production processes during the packaging process and investing in energy-efficient and low-carbon technologies.

(ii) Focus on circular economy: lengthening the lives of our materials in order to lengthen the life of the environment (GRI 103-2, GRI 301-1 and GRI 301-2)

Waste management plays a fundamental role in the circular economy, since it determines the implementation of the waste hierarchy that establishes priorities when managing the waste generated, from the most favourable option (prevention) to the least favourable (disposal).

It should be noted in this connection that although the volume of non-hazardous waste was higher in 2020 than in 2019, this was due to the year-on-year increase in oil production (volume in litres), thus justifying this slight increase. The work carried out to improve waste separation, raise awareness among personnel and find new forms of waste recovery at the production plants were key to this improvement.

In addition, in recent years Deoleo has developed two lines of action to reduce the amount of waste generated:

- Elimination of food waste. At Deoleo we do not produce food waste. Any products that have been rejected in the production line are recovered so that the entire volume of oil can be reused.
- Improved management of non-conforming product of the packaging lines.

Innovation and eco-design in packaging

Deoleo seeks to minimise the environmental impact of products, even after they have reached consumers. The packaging plays a leading role, with the clear objective of reducing waste generation and promoting the circular economy through the reduction of the weight of packaging per product volume, the growing use of recycled material and the use of bottles that are 100% recyclable.

This optimisation of packaging is in line with the requirements arising from the irrevocable need to maintain food packaging quality and safety.

In order to comply more fully with the Spanish Packaging and Packaging Waste Law, we adhered to the 2018-2020 Corporate Prevention Plan of Ecoembes, the main packaging waste manager in Spain. (ECOEMBES certificate of emission reduction).

- Glass bottles: Our bottles are for single use, so once the product has been consumed they will be recycled. Glass can be recycled countless times. Our dark glass bottles are made of approximately 60% recycled glass.
- Plastic bottles: All our PET bottles are 100% recyclable and, in addition, we have reduced the weight of some of our containers, eliminating around 11,000 kilos of plastic from the market.
- Cans: Cans can be recycled 100% indefinitely, i.e., their raw materials can be reused as many times as the cans are discarded to produce new cans or to serve other industries such

as the construction, automotive, domestic appliance, electronics, decoration, etc. industries. Our cans are made of 20-30% recycled materials.

In fact, on 8 April 2020 ECOEMBES certified that Deoleo has contributed to environmental protection by saving 1,721 t of CO2 equivalent in 2019 thanks to the recycling of its packaging. As ECOEMBES points out, this certificate testifies to the Company's particular contribution to the GHG emission savings that the Ecoembes Integrated Management System has achieved in a specified year.

Commitment to the product life cycle

We improve communication with consumers with respect to the principle of NOT discarding oil in a non-environmentally friendly manner. To this end, most of our product labels include the collection and recycling symbol to assist consumers in recycling.

Awareness and training actions for employees

In recent years, several campaigns have been carried out among employees such as:

- Collecting used oil to avoid water pollution.
- 3 Rs (Recycle, Reduce and Reuse) action plan. Reusable water bottles were provided to employees to avoid plastic waste from empty bottles. The recycling measures at the Rivas and Alcolea (Spain) offices have given rise to a 36% reduction in the plastic bags used.
- Individual office bins have been eliminated. This eliminates the use of plastic bags and improves the segregation and recycling of waste.

d. Our commitment to the protection of natural resources

(i) Water, the source of human life (GRI 303-3, GRI 303-4 and GRI 303-5)

Sustainable water management and the monitoring of water consumption are key objectives for ensuring the protection of the environment and are fundamental elements in the management of farms or industrial facilities.

Deoleo strives to reduce its consumption in Spain through the measures implemented in recent times and its objective is to continue reducing consumption and improving the quality of final discharges by optimising processes and reuse, without affecting product quality and safety. At Deoleo we adopt preventive and corrective strategies for water management:

- Preventive strategy. Reduction of consumption, volume and pollutant load, in both the field and the oil mills.
- Corrective strategy. Preservation of water quality by transforming into sustainable those operations that generate pollution of water resources via purification processes and fat decantation, complying with current legislative requirements.

At the Alcolea plant we collect groundwater and receive water from the municipal mains network. In Tavarnelle, water is supplied by the municipal mains network. We work so that neighbouring populations are not affected by the consumption of water at our facilities.

(ii) More efficiency means less consumption (GRI 103-2, GRI 301-1, GRI 301-2)

Deoleo's objective is to reduce the use of resources and the generation of waste by optimising processes and reusing them, without affecting product quality and safety, as well as to improve the quality of the final discharges.

	ALCOLEA+TAV	ALCOLEA+TAV	DIFFERENCE
Energy consumption kWh	2019	2020	%
Natural gas MWh I	4,607	4,031	-12.5
Electricity MWh	11,730	12,919	10.1
Water consumption (m^3)	29,269	63,449	116.8
Production of non-hazardous waste (t)	1,864	2,127	12
Discharge of purified waste water (m^3)	6,705	10,948	63.3

The increase in water consumption was due to:

- A strong increase in production, from 166 million litres produced in 2019 to 215 million litres produced in 2020.
- An increase in cleaning activities as a result of the maximum level of production at the plant required to serve our customers during the most difficult months of the covid-19 pandemic.
- The breakage suffered in that period that was very difficult to detect, derived from the preceding point. However, the appropriate corrective measures have been taken, increasing the frequency of consumption measurements.

Deoleo works in the production centres under the continuous improvement standard based on the Kaizen technique. The fundamentals of the commitment to protecting the environment and to sustainable development are specifically:

- Integration of the environmental dimension in the Company's processes and activities.

- Continuous evolution of the Environmental Management Systems by maintaining the certification under the ISO 14001 standard for all the production centres.

- Compliance with legislation in the geographical areas in which we operate and in which we undertake compliance audits being each year.

- Optimisation of the consumption of resources.

- Reduction of waste generation.

- Continuous improvement as a principle of excellence.

- Monitoring and systematic establishment of objectives and plans.

With respect to the raw materials and other supplies consumed, on the basis of Deoleo's performance, the consumption of raw materials has been calculated on the basis of the procurement of packaging, together with other articles for bottling, for the plants in both Spain and Italy in 2019 and 2020. The available data refer to supplies purchased in the reporting period, not to actual consumption.

PURCHASES OF SUPPLIES ITALY + SPAIN	
2020	
Category	Volume (millions of Un)
Packaging	205.2
PET	107.6
Glass bottles	83.4
Cans	14.3
Etiquetas	422,1
Etiquetas	403,9
Sleeve	18,2
Tapón	215,9
Tapón aluminio	56,4
Tapón plástico	129,8
Capuchón	29,8
Cartón	24,4
Otros	0,5
TOTAL	**868,2**

PURCHASES OF SUPPLIES ITALY + SPAIN	
2019	
Category	Volume (millions of Un)
Packaging	171.6
PET	84.1
Glass bottles	69.0
Cans	18.5
Labels	319.4
Adhesive labels	296.7
Sleeves	22.7
Caps	184.1
Aluminium caps	64.4
Plastic caps	96.6
Tops	23.1
Cardboard caps	18.4
TOTAL	**693.5**

(iii) Deoleo is driving energy transition (GRI 102-2, GRI 302-1, GRI 302-4)

Deoleo's Environmental Policy and the Group's action plans contain goals and objectives regarding energy consumption and polluting gas emissions. We have established three lines of action:

- Reduction of energy consumption:
  - 6% reduction in thermal energy consumption at production centres.
  - Investment in energy-efficient and low-carbon technologies.
  - Participation in national or industry-specific energy-efficient system schemes.
  - Energy consumption audits and viability studies.
  - Installation of solar PV plant in Tavarnelle with a production capacity of 1,000 kWh/month.

- Reduction in energy requirements of products and services:
  - Eco-design in packaging.
  - Measures to encourage corporate transportation for employee mobility.
  - Inclusion and evolution of all the facilities under the Environmental Management Systems in accordance with the ISO 14001 standard.

- Reduction in scope 1 greenhouse gas emissions. Moreover, Deoleo does not generate significant NOx or SOx emissions.

e. Climate change

(i) Our fight against climate change in a year without precedent

- We reduce greenhouse gas emissions (GRI 305-1 and GRI 305-2)

The following table shows greenhouse gas emissions in 2020:

Emissions 2020	**tCO2eq**
Scope 1	821
Scope 2	3359
TOTAL	**4180**

The following table shows greenhouse gas emissions in 2019:

Emissions 2019	**tCO2eq**
Scope 1	941
Scope 2	3,765
TOTAL	**4,706**

Note The emission factor used to calculate the GHG emissions was as follows: for scope 1, those established by DEFRA 2020, and for scope 2, those designated by the Ministry of Ecological Transition for 2019.

- Targets and measures established to enhance medium- and long-term emission reduction (GRI 103-2, GRI 305-1 and GRI 305-2)

At Deoleo we are committed to our aim of gradually and constantly reducing GHG emissions in the short, medium and long term. To achieve this, we have taken various measures:

- Calculation of the environmental footprint of extra virgin olive oil bottled in PET or glass containers in order to inform consumers of the sustainable use that is being made of the resource and of the role of olive groves in the fight against climate change.
- Investment in energy-efficient and low-carbon technologies.
- Participation in national or industry-specific energy-efficient system schemes.
- Energy consumption audits and viability studies.
- Reduction in the weight of packaging reaching the market.
- Reduction in energy consumption by means of practices such as encouraging the use of renewable energy and adapting the packaging plants.
- Changes in production models to promote enhanced efficiency of the production processes during the packaging process and invest in energy-efficient and low-carbon technologies.

- We protect biodiversity in order that the wealth of our surroundings may have a bearing on our own wealth (GRI 103-2 and GRI 304-2)

Sustainable olive grove management must encompass initiatives to promote biodiversity and soil recovery. At Deoleo we are concerned about practices such as the elimination of herbaceous ground cover and the homogenisation of olive grove landscapes, resulting in the loss of more than 30% of species compared with olive groves in complex landscapes whose ground cover is managed and preserved.

Against this backdrop, the implementation of our Sustainability Protocol guarantees the adoption of measures designed to preserve biodiversity and protect endangered animal and plant species.

The soil maintenance plans introduced have ensured the long-term fertility of our land (by conserving the quantity of organic material), the reduction of the risk of erosion, structural degradation and compaction of the land, and the preservation of biodiversity and autochthonous species. In addition, the Protocol emphasizes the role played by soil as a carbon sink, thus helping to mitigate the effects of climate change.

In 2020 Deoleo continued to carry out the project it commenced in 2018 to procure a significant percentage of olive oil carrying the certified sustainable quality seal awarded by the independent entity Intertek.

Furthermore, this year saw the extension of the agreements, and the certification with the quality assurance seal, of two new cooperatives in Spain (Aceites Sierra de Yeguas and Puricon SCA) and one in Italy (Eurocoop Società Cooperativa Agricola a.r.l.).

4.3 Protecting the "S" for Social: the communities in which we operate and our workforce

a. We value and protect our main asset: our workers (GRI 102-2 and GRI 103-3)

Taking care of the people who work at Deoleo is one of our top priorities. Motivating teams to enjoy their tasks, commit to career progress and constant learning, as well as their growth as professionals, is a mission on which we place particular emphasis and to which we allocate economic and human resources on an ongoing basis.

Our policy

The principles around which we develop our people management policies are:

- Recruitment and hiring based on the principles of equal opportunities, non-discrimination, respect for diversity and personality and professional skills that are in line with our values.
- Employee training and development to boost skills and improve internal employability and performance.
- Internal promotion and mobility on the basis of objective criteria such as the person's ability, experience, performance and potential.
- Achievement of a better balance between working life and personal life to harmonise employees' working lives with their personal and family lives so that they can reach their full potential in both areas.
- Safe and healthy working environment, enabling people to reach their full potential.
- Employment relationships based on respect for personal rights, freedom of association and effective recognition of the right to collective bargaining.
- Diversity, which makes it possible to integrate differences and creating an inclusive culture.

In 2019 we took a step forward by requesting the opinion of all employees globally as to: strategy, leadership, efficiency, communication and sustainable commitment. In 2020 an action plan was developed based on the areas of highest priority for the people who make up Deoleo.

In 2019 we also extended the information relating to health and safety and social relations to all countries in which we have a significant and stable presence. In addition to Spain and Italy, we offer information regarding activity in India and the USA, covering approximately 90% of the workforce. Furthermore, we report on activities in other smaller work centres. The points made in previous sections of this report can be consulted in relation to the impact of the covid-19 pandemic.

b. Commitment to scientific research and development

Deoleo works constantly to obtain a raw material of the highest quality that is at the same time safe, healthy and environmentally-friendly, while contributing to the development of the community in which it is produced. The Group is facing up to this challenge by investing in research on agricultural technology and is augmenting its actions in this area with the Sustainability Protocol and with sustainable practices in its supply chain.

Deoleo's commitment to product quality involves developing scientific standards that provide consumers with a guarantee that they are receiving the value and healthy benefits of the quality of the olive oil graduation of their choice.

Request submitted to the FDA (USA)

In 2019 Deoleo joined US Olive Growers and a citizens' initiative in calling on the US Food and Drug Administration (FDA) to adopt science-based standards for olive oil. In 2020 Deoleo continued its efforts working with both US producers and the wider industry to promote the establishment of a standard in the US market. A petition implemented by the FDA represents an opportunity to improve the quality of the entire category and will restore confidence in olive oil.

Istituto Nutrizionale Carapelli (Carapelli Instutute of Nutrition)

Nutrition has always played a fundamental role in the studies carried out by this non-profit institute. The Institute’s objectives include:

- Promoting awareness of the nutritional value of olive oil through multidisciplinary research.
- Promoting educational activities in relation to healthy diets.
- Financing scientific research in the field of olive oil, evaluated by an appropriate scientific committee.
- Building a space for qualified scientific debate on olive oil.
- Publishing the results of research projects carried out.
- Promoting the performance of studies, the organisation of conferences, talks and other events related to the olive oil industry, as well as the construction of a virtual site for the entire scientific community.

Despite the significant restrictions arising from the covid-19 pandemic, the activities of Istituto Nutrizionale Carapelli-Fondazione Onlus continued according to plan in 2020.

Projects

In accordance with the three-year research plan defined by the Scientific Committee, in 2020 two important projects were carried out in the field of nutrition and the functional performance of olive oil for human well-being.

Specifically:

- "The path of oils within the human body: exploration of the mechanisms involved in the absorption of the constituents of oils” project - Prof. Carruba, Prof. Visioli, Milan University, Padua University, with the technical and analytical support of Prof. Servili from the University of Perugia.
- "Extra virgin olive oil rich in polyphenols and postprandial glycaemic response in patients with type 1 diabetes: possible effects and mechanisms” study. Directed by Prof. G. Riccardi, Department of Clinical Medicine and Surgery, Universidad Federico II; Naples.

Events

January 2020 - EVOO Research's Got Talent training congress, Bari, Italy.

Istituto Nutrizionale Carapelli participated as a sponsor in the first international training congress on extra virgin olive oil held in Bari. The congress, which aimed to create a multidisciplinary international network, was dedicated to young researchers who are experts in olive oil with knowledge in different specific fields: arboriculture, food technology, food chemistry, traceability, marketing, health, by-products, packaging, shelf life, legislation, plant protection, sensory analysis, circular economy, traceability, nutrigenomics and olive growing. Istituto Nutrizionale Carapelli participated by awarding six scholarships worth EUR 550 each to the winners selected from the 24 best profiles under 35 years of age, as an incentive to persevere in the complex career that will lead them to become the future generation of scientists capable of developing useful innovations to meet the challenges of the global olive oil sector and support the related stakeholders.

The congress, promoted by the University Poles of the University of Bari Aldo Moro with the Interdisciplinary Department of Medicine (Prof. María Lisa Clodoveo), the Department of Pharmacy-Pharmaceutical Sciences (Prof. Filomena Corbo) and the Polytechnic University of Bari, Department of Mechanics, Mathematics and Management (Prof. Riccardo Amirante), also involved projects such as Ager (Competitive, SOS, Violin) and the Food For Martians Association. The event was sponsored by the Italian Ministry of Agricultural, Food and Forestry Policies and by the government of the Apulia Region.

September 2020 - Nutrition Space - Milan.

In its eleventh edition, in 2020 Spazio Nutrizione was held virtually at the end of September 2020, confirming its status as a highly beneficial event for all operators in the health and wellness sector. Istituto Nutrizionale Carapelli, now a historical partner, participated as sponsor of the event with the creation of a digital/virtual stand through which information on the latest studies carried out in the scientific field was transmitted and which allowed direct access to the contributions moderated by the Chair of the Scientific Committee of Istituto Nutrizionale Carapelli, Prof. Michele Carruba.

The other events planned for 2020, namely the 3rd International Conference on FOOD BIOACTIVITY AND HEALTH in Parma and the MS Food Day in Florence were postponed until June and October 2021, respectively, due to the covid-19-related health emergency. Istituto Nutrizionale Carapelli has already confirmed its presence as a sponsor of the two events as well as the availability of a member of the Scientific Committee to present a conference.

c. Our commitment to protect rural communities and improve connections with urban environments

“We want to contribute to the development of the communities in which we are established. Combatting depopulation is one of our principal goals”

At Deoleo we want to be a driving force for employment in the areas where we carry on our activities, as well as to promote best practices among our suppliers. Our goal is the seek quality products while being socially sustainable at all times.

Described below are some of the initiatives that Deoleo is carrying out in the communities where it operates:

(i) Combatting depopulation

One of the Group's major concerns is the depopulation of rural areas. Deoleo ensures that the organisations adhered to our Sustainability Protocol commit to these objectives in order to achieve sustainable economic growth and create decent employment for vulnerable groups.

In addition, this Protocol obliges the members of the Group (be they cooperatives or not) to work towards achieving inclusive growth that benefits all people equally. We firmly believe that an organisation that has motivated employees and that promotes development has a better chance of maintaining constant and lasting growth over time.

(ii) Cooperation with the community

In 2019 we formalised our adherence to the Spanish Network of the UN Global Compact, an international initiative of the UN to promote business sustainability in the private sector. The Global Compact will be the catalyst for the efforts of companies and organisations to achieve the Sustainable Development Goals (SDGs).

(iii) Deoleo has a large, diverse team (GRI 102-7 and GRI 405-1 B)

Deoleo ended 2020 with a workforce of 665 professionals in 12 different countries. In addition, 37% of the workforce are women and the percentage of permanent employees is 91% worldwide.

With the emergence of hybrid environments, where part of the organisation works remotely, the Group's commitment to diversity is more evident than ever, ensuring equality, favouring a collaborative culture and the implementation of our protocols that prevent any discrimination or harassment.

	Employees	
Business/Country	**31/12/2019**	**31/12/2020**
Germany	16	17
Belgium	1	1
Canada	9	8
Colombia	2	2
Spain	295	331
France	9	13
Netherlands	4	5
India	79	83
Italy	140	149
Kuala Lumpur	2	3
México	16	16
U.S.A.	33	37
General total	**606**	**665**

(iv) We create quality employment (GRI 102-8 and GRI 102-8)

The types of contracts used at Deoleo are permanent, temporary and students who collaborate as interns (who by law have to be registered with the social security system).

PROFESSIONAL CATEGORY	<35		35 - 50		>50		
	Women	Men	Women	Men	Women	Men	TOTAL
Senior managers			8	15	11	18	52
Permanent			8	15	11	18	52
Admin. managers	7	5	23	22	8	18	83
Permanent	7	5	23	22	8	18	83
Skilled employees	8	9	12	22	4	17	72
Permanent	7	7	12	22	4	17	69
Temporary	1	2			0	0	3
Sales staff	15	39	10	56	3	22	145
Permanent	14	39	10	56	3	22	144
Temporary	1				0		1
Clerical staff	44	29	51	18	34	17	193
Permanent	34	24	49	17	33	16	173
Temporary	4	3	2	1	1	1	12
Interns	6	2			0	0	8
Plant staff	1	28	10	28	6	47	120
Permanent	1	10	6	19	4	46	86
Temporary		18	4	9	2	1	34
TOTAL	75	110	114	161	66	139	665

	Women	Men	TOTAL
Permanent	234	373	607
Temporary	15	35	50
Interns	6	2	8
TOTAL	255	410	665

In recent years Deoleo has maintained its firm commitment to internal mobility. This year, despite the complexity derived from the pandemic, 30.15% of job vacancies were filled through internal promotions.

(v) Analysis of employee turnover and contract terminations (GRI 401-1 B)

In 2020 42 persons left the organisation voluntarily or non-voluntarily (including nine dismissals). This gives a turnover rate of 6.46%, of which 4.15% related to voluntary turnover, calculated with respect to the average headcount for the year. Both rates dropped considerably with respect to 2019, when the total rate was 16.71%, and the voluntary rate was 9.37%. The decrease in the voluntary turnover rate highlights the high level of commitment of the workforce, which had already been evidenced by the survey we conducted in 2019, which reflected a value of 72%.

Professional category	<35 Men	<35 Women	>35<50 Men	>35<50 Women	>50 Men	>50 Women	General total
Senior managers			1				1
Admin. managers			1				1
Skilled employees			1				1
Sales staff			2				2
Clerical staff			1	1		1	3
Plant staff					1		1
Total by age bracket	**0**	**0**	**6**	**1**	**1**	**1**	**9**

Breakdown of dismissals by gender

Gender	M	W
Total	7	2

(vi) Group remuneration policy (GRI 102-35 and GRI 405-2)

True to our hiring principles that defend equal opportunities, non-discrimination and respect for diversity and personality, at Deoleo we make sure that the entry salary for any of the employees, regardless of position or professional category, is above the national minimum wage or the minimum established by the applicable collective agreement.

In addition, Deoleo ensures that in the countries in which the salaries for each category are defined by the applicable collective agreement (Spain, Italy and Belgium) the base remuneration of equal positions within the same job category is similar and that any possible differences are due exclusively to differences in seniority or performance.

In Spain, the minimum entry wage for all categories, as defined by the wage brackets in the collective agreement, is above the national minimum wage.

Employees in the other countries where Deoleo has a presence are either sales representatives or executives and agree on their salary terms and conditions and corporate benefits on an individual basis. Deoleo ensures that their conditions are never below the national minimum wage, if any, in the country in question.

Average remuneration

All the employees at year-end of all the Group companies were included in the average remuneration calculation and the euro was established as the currency of reference, with the local currencies translated to euros at the average exchange rates for 2020.

The calculation takes into account fixed salaries and theoretical variable remuneration agreed upon (bonuses) as well as remuneration in kind. Overtime and the gross remuneration in kind relating to the corporate vehicle were not included in the calculation. These average calculations do not include the senior executives or directors, whose average remuneration is analysed below, or interns, whose stipends are not considered to be salary and, therefore, are not comparable to the remuneration of the rest of the employees.

By gender:

	MEN	WOMEN
2019	EUR 52,186	EUR 48,768
2020	EUR 50,583	EUR 49,905

By age bracket:

	>35	>35<50	>50
2019	EUR 38,105	EUR 51,111	EUR 62,457
2020	EUR 36,714	EUR 50,193	EUR 63,352

By professional category:

	Senior managers	Admin. managers	Sales staff	Clerical staff	Skilled employees	Plant staff
2019	EUR 163,573	EUR 70,600	EUR 46,988	EUR 38,236	EUR 34,515	EUR 30,590
2020	EUR 155,929	EUR 73,618	EUR 48,541	EUR 38,978	EUR 35,523	EUR 28,555

- Closing the pay gap (GRI 405-2)

  At Deoleo we have managed to reduce the gender pay gap to 1.92%, well below the level per the data provided by the International Labor Organization, which placed the gap in 2018/2019 at between 16% and 22%. (Revisar) This result consolidates the trend towards eliminating the gender pay gap at Deoleo. This lower percentage is the result of the initiatives and policies put in place to ensure gender pay equality, guaranteed in all collective agreements, favouring internal mobility and making a clear commitment to the recruitment, professional development and promotion of women to areas of greater responsibility and decision making power.

Gender	**Total average wage**
Men	EUR 50,883
Women	EUR 49,905
General total	**50,513**
Difference in average salary	EUR 978
Gender pay gap	**1.92%**

- Analysis of director and executive remuneration (GRI 102-35 and GRI 405-2)

  The shareholders at the General Meeting held on 3 June 2019 approved the Remuneration Policy for directors for 2019, 2020 and 2021, which was amended by the shareholders at the General Meeting held on 29 October 2020. This policy is available on Deoleo's website (www.deoleo.com).

The Remuneration Policy for the directors of Deoleo, S.A. establishes the following items of remuneration:

1. Executive director:

- Contractually established fixed annual remuneration.
- Annual variable remuneration calculated as 50% of the fixed remuneration in the event of 100% achievement of targets. If this level of achievement is exceeded, the Board of Directors may resolve that the annual variable remuneration exceed 50% of the fixed remuneration.
- Medium- and long-term variable remuneration: plans that may be tied to, among other objectives, the value of the Company's shares, to the fulfilment of such strategic objectives as might be defined or to the executive director remaining at the Company for a specified period of time. Deoleo, S.A. does not have any long-term savings scheme in place for executive directors.
- The executive director does not receive attendance fees or other additional remuneration for acting as a director.

2. Non-executive directors:

Non-executive directors are remunerated in the form of fees for attending the meetings of the Board of Directors and its committees. These fees range from EUR 1,500 to EUR 3,500.

In 2019, in light of the Company's circumstances, the Board of Directors at their meeting held on 25 March 2019 resolved to reduce the attendance fees by 50% from 1 March 2019 onwards to between EUR 750 and EUR 1,750 per meeting.

This resolution remained in force until 27 February 2020 when, taking into account the Company's results, the degree of completion of the debt restructuring and the reduction in the number of directors, it was resolved to modify the remuneration so that the amounts established in the Remuneration Policy would once again be received.

In any case, the total remuneration of the directors in their capacity as such may not exceed the maximum remuneration of EUR 41,000 per director per year and of EUR 750,000 per year for all the directors taken as a whole.

The directors of Deoleo, S.A. who receive attendance fees for attending the meetings of the governing bodies of other subsidiaries or other remuneration from those subsidiaries will not receive any fees for attending the meetings of the Board of Directors of Deoleo, S.A. or those of its committees.

Each year Deoleo publishes an Annual Directors' Remuneration Report and an Annual Corporate Governance Report, which can be found on Deoleo's website (www.deoleo.com) or on the website of the Spanish National Securities Market Commission (www.cnmv.es).

3. Long-term incentive plan

Complementary to the refinancing performed by the Group that was completed on 24 June 2020, Deoleo, S.A. and the lending banks entered into a Shareholders Agreement, to which Deoleo Holding, S.L.U. and Deoleo UK, Ltd. are also party, that came into force on that same date.

One of the points included in the Shareholders Agreement was the establishment of an extraordinary long-term remuneration scheme ("Long-Term Incentive Plan") for the members of the management team of the Deoleo Holding subgroup, including the CEO of the Deoleo Holding subgroup, in order to (i) reward their efforts in achieving the main strategic objectives of the Deoleo Holding subgroup defined in the long-term business plan; (ii) offer them a competitive level of remuneration tied to the Deoleo Holding subgroup's strategy to retain the employees who perform the most significant functions; and (iii) thus align their interests with those of the shareholders and stakeholders of the Deoleo Holding subgroup.

The Plan came into force on 24 June 2020.

Under the Long-Term Incentive Plan, the beneficiaries will have the possibility of receiving, on an extraordinary basis, an amount of cash remuneration to be determined on the basis of the increase in the value of Deoleo Holding, S.L.U. when a potential sale is closed, and provided that the conditions established therein are met.

The directors considered that, at 31 December 2020, the staff costs to be incurred could not be determined and, accordingly, no amount corresponding to the Incentive Plan was recognised, although this situation will be reviewed at subsequent reporting dates on the basis of the evolution of the different variables with an effect on the valuation.

4. Average remuneration of directors and executives

As regards the executives' average remuneration, the table below shows the contractually established annual fixed salary, the amount of the variable remuneration under their contracts on the assumption that all targets are met, the amount corresponding to the retention schemes in the case of the executives for whom such schemes have been established for 2019 onwards and other items of remuneration in kind.

For the analysis, the senior executives were considered, differentiating between the Management Committee and senior executives at the Group at 31 December each year.

At 31 December 2020 the executives who were members of the Management Committee consisted of four men and two women, while the senior executives consisted of two men and three women (in 2019 the Management Committee was made up of five men and one woman and the senior executives of three women and no men).

The average remuneration of the executives, the members of the Management Committee and the senior executives shown in the following table corresponds to the theoretical amounts to be received by contract and for other items of remuneration in kind by the executives at the Group on 31 December 2020. The remuneration earned in 2020 by all the executives amounted to 3,012 thousandEUR (2019: 3,108 thousand EUR).

The average remuneration of the Executive Committee and of the executives directly reporting to the CEO excludes an indemnity payment made in the year.

Average remuneration of executives:

	2020		2019	
	Men	Women	Men	Women
Number of members of the Management Committee	4	2	5	1
Average remuneration of the Management Committee	342	240	320	228
Number of senior executives	2	3	0	3
Average remuneration of senior executives	165	142	-	138

Average remuneration of directors:

	2020		2019	
	Men	Women	Men	Women
Average remuneration of directors	95	0	66	0

Note: The calculations were made on the basis of the average number of directors and senior executives and of the time they have held the position during the year.

The average remuneration of the directors in 2020 excludes the annual variable remuneration of the executive director and includes the remuneration of all the non-executive directors of Deoleo, S.A. and of the other Deoleo Group companies.

The average remuneration of the directors in 2019 excludes the short-term variable remuneration, the termination indemnity payments and the remuneration under a contract for project work or services in force during part of 2019 received by the executive directors.

- Work-life balance and work disconnection measures (GRI 103-2)

The work and effort that we have put into improving this area was rewarded in April 2019 with the Alares Foundation Award in the Large Company category for the work carried out to foster Working, Family and Personal Life Balance and Social Responsibility. In addition to these efforts, our work also included actions carried out in the framework of the fight against the pandemic and which are explained in previous points of the report.

In Spain, the measures aimed at promoting work-life balance and joint responsibility for both parents are included mainly in the applicable collective agreements. Noteworthy in this connection, because it contains the most extensive measures, is that which covers the employees at the Rivas Vaciamadrid offices. Thus, the men and women employed by Deoleo are entitled to:

- Paid leave due to illness and death of relatives of first and second degree of kinship, and attendance of medical tests of relatives of first degree of kinship who need to be accompanied, which are rights that are more beneficial for the employees than those provided for in the applicable legislation.
- Leave for urgent medical services, both for employees themselves and for first-degree dependants.
- Leave to accompany first-degree relatives who are under 16 years of age or dependants of legal age to doctor's appointments.
- Leave for physiotherapy sessions.
- One hour's flexibility at the start of the working day.
- Flexible working hours and shifts for employees who are single parents, divorced parents with sole custody of children or who have dependent relatives with a recognised disability.

- Harnessing the abilities of all society (policy on employees with disability) (GRI 405-1 B)

Deoleo places special emphasis on improving accessibility to the workplace and the integration of people with different abilities. For this reason, the Group engages and works with entities and associations that include people with different abilities in their workforce.

In Spain, Italy, India and the US, the work centres where 90% of our employees work meet the legal requirements for hiring people with disabilities. In Spain, either through direct hirings or by commissioning services from special employment centres, through the declaration of exceptional circumstances and the adoption of alternative measures, to comply with the quotas relating to employees with disabilities (Royal Decree 364/2005, of 8 April).

In addition, the facilities in Italy and Spain where employees with disabilities are located are suitable for the access of these employees.

Disabled employees

COUNTRY	Women	Men	Total
SPAIN	1	2	3
ITALY	1	0	1
TOTAL	2	2	4

(vii) Commitment to defending equality and combating discrimination of any kind

- Measures and plans to promote equality between women and men of members of the workforce (GRI 103-2)
  The expansion of the coronavirus has forced us to focus all our efforts on ensuring the safety of employees and, therefore, we have not been able to make progress towards gender equality to the extent desired. However, promoting equality in all areas of the group is a top priority for the Group and in February 2021 we approved a series of measures to recover the rate of progress that had been lost as a result of the current situation.
- Protocols to combat and monitor sexual and gender-based harassment (GRI 103-2)
  Deoleo has a firm policy in relation to the fight against harassment of any kind and, therefore, has formally declared that psychological, sexual, workplace gender-based, moral, political, religious, racial or disability-related harassment is not permitted, will not be tolerated, and will be addressed internally and severely punished. The Group has a specific in-house whistleblowing channel (grievance mechanism) for harassment.

  The Group establishes guidelines for responsible conduct in the workplace, which encourage mutual respect between male and female employees, as well as a regulatory framework to achieve a work environment that is free from all types of harassment in accordance with the applicable legal requirements, and in particular, free from sexual or gender-based harassment.

(viii) Commitment to diversity of abilities in the workforce (103-2)

At Deoleo we are clearly and firmly committed to development and internal mobility. A clear example of this is the increase since 2018 in the number of vacancies filled through internal promotions. In 2019 this percentage was 48.8%, exceeding by 20% the 28.35% achieved in 2018. As indicated above, despite the difficult scenario arising from the pandemic, in 2020 30.16% of our vacancies were filled through internal promotions.

(ix) Surveillance and measures adopted to avoid any form of discrimination (GRI 103-2)

This policy is broadened and complemented by the principles established in the following documents:

Code of Conduct

- We reject all forms of forced labour, slavery, child labour or any other type of labour that violates human rights. Deoleo's business must be carried on with respect for, and the promotion of, freedom of association and collective bargaining.
- We emphatically forbid any discrimination or harassment in or outside the workplace. No discrimination will be tolerated, whether related to gender, race, ideology, religion, culture, nationality, marital status, age, sexual orientation or any other aspect.
- We expressly forbid sexual, moral or any other type of harassment or discrimination that is intended to humiliate, torment, intimidate or infringe upon the dignity of an employee or anyone else.

4.4 Matters relating to the Company's corporate governance

a. Our commitment to protect and encourage the respect of human rights in all links of the production chain (GRI 103-2 and GRI 103-3)

One of the objectives of our Corporate Social Responsibility Policy is to promote the honest conduct of all the people who make up Deoleo and also those who interact with us, fostering integrity and ethical behaviour in accordance with respect for Human Rights and Freedoms contained in the Universal Declaration of Human Rights.

These are the principles by which we are governed:

- Policy of zero tolerance against any form of forced labour, child labour and any other type of labour that might violate human rights. Also, against any discrimination or harassment in or outside the workplace.
- The adoption of the practices established in the Group's Code of Conduct (available at www.deoleo.com) and policies on Human Rights, among others.
- Respect for, and the promotion of, freedom of association and collective bargaining.

In 2020 we did not receive any reports of harassment was received through the ethics channel. Also, in 2020 the Deoleo Group was not sanctioned for any matters relating to non-compliance with Human Rights issues.

(i) Human rights risk identification and monitoring (GRI 102-15 and GRI 102-30)

In addition to the protocols described above, the Group has the following mechanisms for monitoring Human Rights in its operations:

Procurement Policy

Deoleo undertakes to ensure that suppliers are selected and engaged in line with its corporate values, management style and Code of Conduct for employees, engaging only those that meet the legislation in force and respect Human Rights and labour rights.

The organisations adhered (be they cooperatives or not) to our Sustainability Protocol undertake to promote mutual aid, equality, equity and social responsibility, as well as to form a transparent labour organisation.

Risk Control and Management Policy

Contains the core principles of risk management and the periodic assessment of the risks that could occur due to the nature of the activity, the volume of transactions and the countries in which the Group operates.

(ii) Action plan to prevent, mitigate and remedy issues relating to respect and protection of human rights (GRI 103-2) and establishment of the necessary channels for reporting any human rights violations (GRI 102-17, GRI 103-2 and GRI 419-1)

It provides global and coordinated support in the Company to those employees who are victims of gender violence and encourages the collaboration of the entire workforce at all levels, with the aim of safeguarding the rights provided for therein, as well as in the achievement of a society that is free from discrimination.

Diversity Charter Certificate

This formalises the commitment to observe the equal opportunities and anti-discrimination law in force, undertaking to:

- Raise awareness of the principles of equal opportunities and respect for diversity
- Make headway in building a diverse workforce
- Promote inclusion
- Include diversity in our HR policies
- Foster a good work-life balance
- Recognise diversity in customers, suppliers and business partners
- Convey these commitments and instil them in all its stakeholders

Communication channel or Ethics channel

Confidential, non-anonymous channel for employees to report any infringement of the Code of Conduct or irregularity. This channel is available through the following means:

- Corporate intranet
- Email

AUTOCONTROL Certificate of Corporate Social Responsibility

AUTOCONTROL (Asociación para la Autorregulación de la Comunicación Comercial) is a non-profit independent advertising self-regulatory organisation (SRO) in Spain set up in 1995. It is made up of the leading advertisers, advertising agencies, media outlets and professional associations and its goal is to contribute to making advertising an especially useful tool in the economic process, while ensuring respect for advertising ethics and the rights of consumers and excluding the defence of private interests.

AUTOCONTROL forms part of EASA (European Advertising Standards Alliance) and ICAS (International Council for Ad Self-Regulation) and, in addition, has evidenced compliance with the requirements established by the Spanish Competition Law for self-regulation systems.

Deoleo is a full partner of AUTOCONTROL and maintained its status as a member during the period from 1 January to 31 December 2020, as evidenced by the list of members that we published in our 2020 annual report.

This organisation advised on and supervised ten Deoleo advertisements in 2020, resulting in nine positive assessments, one recommendation for change and no negative assessments. These assessments are part of the process called Copy Advice®, a confidential, voluntary and non-binding report on the deontological and legal compliance of non-broadcast advertising campaigns before their broadcast prepared by the AUTOCONTROL Technical Office.

(iii) Commitment to adapt Deoleo's internal regulations to international employment and human rights standards and regulations (GRI 103-2)

Our Group has an express commitment to zero tolerance of bribery and corruption and also seeks to prevent irregular payments or money laundering arising from illegal or criminal activities.

Our Corporate Social Responsibility Policy aims to promote honest behaviour by all the people who make up the Group and who interact with it, fostering integrity and ethical behaviour.

We have preventive tools that work towards, among other objectives, ensuring that our relations with governments are governed by the principles of respect for the rule of law, cooperation and transparency.

b. Transparency and combating corruption

(i) Policies for monitoring and addressing cases of corruption (GRI 103-2 and GRI 103-3), for analysing risks and for assessing the effectiveness of the measures adopted in this area (GRI 102-15 and GRI 102-30)

Anti-corruption policy

Code of Conduct

In line with the content of the section analysing the impact of the coronavirus, the Deoleo Code of Conduct contains a specific section on "Prevention of Corruption" with the following rules of conduct that are complemented by a Policy of Adherence to the Best Practices against Corruption.

This Policy establishes the mandatory guidelines for preventing situations of corruption and is prepared in accordance with the following laws and conventions:

- The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- The articles of the Spanish Criminal Code that codify corruption in both the public and private sectors.
- Spanish Judiciary Organic Law 1/2014, of 13 March, amending Spanish Judiciary Organic Law 6/1985, of 1 July, relating to universal justice.
- Provisions of foreign legislation that can be considered to enhance best anti-corruption practices, such as The Foreign Corrupt Practice Act (USA) and The Bribery Act (UK).
- The organisations adhered (be they cooperatives or not) to our Sustainability Protocol undertake to promote mutual aid, equality, equity and social responsibility, as well as to form a transparent labour organisation.

Criminal Risk Prevention Manual

We have a compliance verification programme within the framework of criminal risk prevention so as to mitigate the risk of corruption.

This manual contains the criteria that all Deoleo employees and professionals must follow to minimise the chances of incurring risks of corruption and bribery as part of the business corruption crime prevention model:

- The order and invoice authorisation process establishes a methodology for their authorisation based on their type and amount, ensuring at all times the segregation of duties and the timely escalation of approval. This system requires the involvement of a minimum of two people in the process and other additional security measures depending on the amounts of the invoices.
- Payments must be made in accordance with the established procedures so that they may be accounted for and monitored correctly. Among other measures, payments must be approved using joint banking signatures.
- Travel expenses and invitations to third parties must be duly justified and supported. Gifts and courtesies are limited to promotional gifts or courtesies of immaterial value.

Procurement Policy and the Procurement Code of Ethics

Deoleo has a Procurement Policy in which it undertakes to develop commercial relationships with suppliers that are governed by criteria of honesty, respect for people, social and environmental values, all of which are typical of Deoleo's overall policies and principles.

At Deoleo we consider that the involvement of suppliers is fundamental to achieve sustainable and responsible performance. We continue to incorporate sustainability, ethics and human rights into our supply chain. We want to convey to the suppliers that they too are responsible for their own supply chain. Sustainability should be a shared commitment which begins through our suppliers.

DEOLEO's suppliers are subjected to an accreditation process before they can become part of the supply chain.

Moreover, the service providers that work with Deoleo must follow all the policies and procedures that Deoleo has implemented internally. Furthermore, subcontractors must fulfil the requirements established by the Prevention and Safety area.

Contractors must also comply with the requirements of the Environmental Management Systems to the extent that their activities may have an environmental impact. For this reason, they are required to comply with the "Basic Environmental Plan".

The supplier management life cycle begins with the selection of a potential supplier. Once selected, the request to open a certification process is sent by Procurement to Quality. The supplier accreditation process begins with the request for the suppliers to approve Deoleo's general requirements, complete the requested questionnaires and provide all the documentation sought. Once a supplier has been accredited, the supplier performance assessment is a continuous process which provides Deoleo with the confidence that the suppliers are complying with Group requirements. Since 2017, as part of the assessment process, environmental criteria were included in the assessment process for supplier selection. Questions were included in the questionnaires in relation to correct compliance with environmental legislation and the existence of an environmental management system. The system implemented at the Group is to purchase solely from accredited suppliers.

As explained above, Deoleo is working to ensure that the raw materials are obtained from sustainable sources for the sustainable production model with the objective of providing the global consumer with the best olive oils obtained through the most environmentally sustainable and friendly methods.

Risk Control and Management Policy

This contains the core principles for the management and periodic assessment of the risks that could arise due to the nature of the activities, the volume of transactions and the countries in which we operate.

(ii) Transparency against money laundering

- Anti-corruption and anti-bribery measures (GRI 103-2)

  Deoleo has an express commitment to zero tolerance of bribery and corruption and also seeks to prevent irregular payments or money laundering arising from illegal or criminal activities.

  Our Corporate Social Responsibility Policy aims to promote honest behaviour by all the people who make up the Group and who interact with it, fostering integrity and ethical behaviour.

  Deoleo has preventive tools that work towards, among other objectives, ensuring that the Group's relations with governments are governed by the principles of respect for the rule of law, cooperation and transparency.

- Measures against money laundering and other criminal practices (GRI 103-2)

  The Code of Conduct includes a specific "Anti-corruption" section with the following code of conduct:

- The receipt/offer of gifts and courtesies from/to customers, suppliers and third parties is limited to promotional gifts or courtesies of immaterial value.
- The receipt/offer of gifts and courtesies, regardless of the amount, that are intended to improperly influence the recipient's decision-making or the relationship with the recipient is prohibited.
- Giving, offering or promising gifts or courtesies to persons who participate in the exercise of public functions, including authorities and officials, whether Spanish or from other countries, is not permitted.
- The selection of suppliers requires the application of the principles of impartiality, transparency and objectivity throughout the process, so that the most suitable offer for Deoleo is selected exclusively on the basis of cost and quality.
- Employees and executives are hired and promoted using procedures that guarantee the observance of ethical and objective evaluation criteria and equal opportunities for all candidates.
- The Deoleo Code of Conduct does not permit donations or contributions to be made on behalf of the Company to political parties, federations, coalitions or groups of electors. There have been no cases of infringement in this connection.

5. Non-financial information statement table of contents

Contents of Law 11/2018 on non-financial reporting		Standard used	Chapter of report	Notes
Business model				
Description of the undertaking's business model	A brief description of the group's business model, including disclosures relating to its business environment, organization and structure, operating markets, objectives and strategies and the main trends and factors that may affect its future development.	GRI 102-2. Activities, brands, products, and services GRI 102-4 Location of operations GRI 102-6 Markets served GRI 102-15 Key impacts, risks and opportunities GRI 102-7 Scale of the organization	Chapter 1.1	
Environmental matters				
Policies	A description of the policies pursued by the undertaking, including due diligence processes implemented to identify, assess, prevent and mitigate existing and potential adverse impacts and to monitor and control them, including a description of the measures adopted.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Chapter 1 Chapter 4.2 (a) y (b.i)	
Main risks	The main risks related to those matters linked to the undertaking's activities, including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks, explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue. Reporters must include information about any impacts identified, providing a breakdown of those impacts, in particular in relation to the principal short-	GRI 102-15 Key impacts, risks and opportunities GRI 102-11 Precautionary principle or approach GRI 102-30 Effectiveness of risk management processes	Chapter 4.2 (b.ii) y (b.iii)	

	, medium- and long-term risks.			
General	The current and foreseeable impacts of the undertaking's activities on the environment and, as appropriate, on health and safety,	GRI 102-15 Key impacts, risks, and opportunities	Chapter 4.2 (b.iii)	
	Environmental assessment and certification processes	GRI 102-11 Precautionary principle or approach	Chapter 3.3 (c.ii) Chapter 4.2 (d.ii)	
		GRI 102-30 Effectiveness of risk management processes		
	Resources dedicated to preventing environmental risks	GRI 102-29 Identifying and managing economic, environmental, and social impacts	Chapter 4.2 (b.iii)	
	How the precautionary principle is addressed	GRI 102-11 Precautionary principle or approach	Chapter 4.2 (b.)	
	Amount of provisions recorded or guarantees extended for environmental claims	GRI 307-1 Non-compliance with environmental laws and regulations	Note 26 Financial Statements	
Pollution	Measures to prevent, reduce or redress carbon emissions that seriously affect the environment, taking into account any type of activity-specific atmospheric pollutants including noise and light pollution.	GRI 103-2 Management approach (reduction of energy consumption and emissions)	Chapter 4.2 (c.i)	
		GRI 302-4 Reduction of energy consumption		
		GRI 305-5 Reduction of GHG emissions		
Circular economy and waste prevention and management	Measures for the prevention, recycling, reuse and other forms of recovering and eliminating waste. Initiatives undertaken to eliminate food waste	GRI 103-2 Management approach (effluents and waste)	Chapter 4.2 (c.ii) y (d.ii)	
		GRI 301-1 Materials used by weight or volume		
		GRI 301-2 Recycled input materials used		
Sustainable use of resources	Water consumption and supply, in keeping with local limitations	GRI 303-3 Water withdrawal	Chapter 4.2 (d.i)	
		GRI 303-4 Water discharge		
		GRI 303-5 Water consumption		

	Consumption of raw materials and measures taken to use them more efficiently	GRI 103-2 Management approach (environment)	Chapter 4.2 (c.ii) y (d.ii)	
		GRI 301-1 Materials used by weight or volume		
		GRI 301-2 Recycled input materials used		
	Energy: Direct and indirect consumption; measures taken to enhance energy efficiency and use renewable sources	GRI 102-2 Management approach (energy)	Chapter 4.2 (d.iii)	
		GRI 302-1 Energy consumption within the organization (renewable versus non-renewable)		
		GRI 302-4 Reduction of energy consumption		
Climate change	Greenhouse gas emissions	GRI 305-1 Direct (Scope 1) GHG emissions	Chapter 4.2 (e.iii)	
		GRI 305-2 Energy indirect (Scope 2) GHG emissions		
	Measures adopted to adapt for the consequences of climate change.	GRI 305-1 Direct (Scope 1) GHG emissions	Chapter 4.2 (e.iii)	
		GRI 305-2 Energy indirect (Scope 2) GHG emissions		
	Medium- and long-term GHG emission-cutting targets voluntarily adhered to and the measures implemented to that end.	GRI 103-2 The management approach and its components	Chapter 4.2 (e.iii)	
Biodiversity protection	Measures taken to preserve or restore biodiversity	GRI 103-2 Management approach (biodiversity)	Chapter 4.2 (e.iii)	
	Impacts caused by the undertaking's activities or operations on protected areas	GRI 304-2 Significant impacts of activities, products, and services on biodiversity	Chapter 4.2 (e.iii)	- At industrial facilities: a. Neither of the two factories is located in a nature reserve or park, special protection area for birds or natural habitats, Site of Community Importance, or wetlands of international importance according to the Ramsar Convention, steppe areas, etc. b. Effluents and waste are managed in line with applicable legislation in Italy and in Spain. - In the supply chain:

				a. Deoleo ensures that its suppliers comply with the environmental questionnaire for certification which sets down all the environmental best practices included in Deoleo's Environmental Policy -
Social and employee matters				
Policies	A description of the policies pursued by the undertaking, including due diligence processes implemented to identify, assess, prevent and mitigate existing and potential adverse impacts and to monitor and control them, including a description of the measures adopted.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Chapter 1 Chapter 3.2 (a.) Chapter 4.3 (a.)	
Main risks	The main risks related to those matters linked to the undertaking's activities, including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks, explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue. Reporters must include information about any impacts identified, providing a breakdown of those impacts, in particular in relation to the principal short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities GRI 102-30 Effectiveness of risk management processes	Chapter 4.3 (b.)	
Employment	Total number and breakdown of employees by gender, age, country, job category and abilities.	GRI 102-7 Scale of the organization GRI 405-1. b) Percentage of employees per employee category in each of the following diversity categories: gender and age group	Chapter 1.1 (b.) Chapter 3.3 (a.) Chapter 4.3 (d.iii), (d.iv) y (d.vi)	

	Total number and breakdown by contract category	GRI 102-8 Information on employees and other workers	Chapter 3.2 (a.i) Chapter 4.3 (d.iv)	
	Average headcount during the year by permanent/temporary/part-time contracts by gender, age and job category	GRI 102-8 Information on employees and other workers	Chapter 3.2 (a.i) Chapter 4.3 (d.iv)	
	Number of dismissals by gender, age and job category	GRI 401-1. b) Total number and rate of employee turnover during the reporting period, by age group, gender and region	Chapter 4.3 (d.v)	
	Average salaries and trend broken down by gender, age, job category or equivalent metric	GRI 102-35 Remuneration policies GRI 405-2: Ratio of basic salary and remuneration of women to men by job category	Chapter 4.3 (d.vi)	
	Gender pay gap	GRI 405-2: Ratio of basic salary and remuneration of women to men by job category	Chapter 4.3 (d.vi)	
	Remuneration per equivalent job or company average.	GRI 405-2: Ratio of basic salary and remuneration of women to men by job category	Chapter 4.3 (d.vi)	
	Average remuneration for directors and executives, including bonuses, attendance fees, termination benefits, long-term savings/pension benefits and any other compensation, broken down by gender	GRI 102-35 Remuneration policies GRI 405-2: Ratio of basic salary and remuneration of women to men by job category	Chapter 4.3 (d.vi)	
	Implementation of measures in relation to the right to disconnect from work.	GRI 103-2 Management approach (right to disconnect)	Chapter 3.2 (a.iii) Chapter 4.3 (d.vi)	
	Employees with disabilities	GRI 405-1. b) Percentage of employees per employee category in each of the following diversity categories: Other indicators of diversity where relevant (such as minority or vulnerable groups)	Chapter 4.3 (d.vi)	

Organization of work	Organization of working hours	GRI 103-2 Management approach (organization of work) GRI 102-8. c) Total number of employees by employment type (full-time and part-time), by gender.	Chapter 3.2 (a.i)	No data available for Colombia and Malaysia
	Absenteeism (in hours)	GRI 403-2. a) Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Chapter 3.2 (a.ii)	Reported for Spain, Italy, India and the United States.
	Measures designed to facilitate work-life balance and sharing of caring responsibilities.	GRI 103-2 Management approach	Chapter 3.2 (a.iii)	Reported for Spain
		GRI 401-3 Parental leave		Reported for Spain, Italy, India and the United States.
Occupational health and safety	Health and safety at work	GRI 403-1 Occupational health and safety management system	Chapter 3.2 (b.i), (b.ii) y (b.iii)	Reported for Spain, Italy, India and the United States.
	Workplace injuries (frequency and severity), broken down by gender	GRI 403-9 Work-related injuries		
	Occupational diseases (frequency and severity), broken down by gender	GRI 403-10 Work-related ill health		
Labor relations	Organization of labor-management engagement, including procedures for informing, consulting and negotiating with staff.	GRI 102-43 Approach to stakeholder engagement (with respect to unions and collective bargaining) GRI 403-1 Workers representation in formal joint management–worker health and safety committees	Chapter 3.2 (c.) Chapter 4.3 (b.i)	Reported for Spain, Italy, India and the United States.
	Percentage of employees covered by collective bargaining agreements by country	GRI 102-41 Collective bargaining agreements	Chapter 3.2 (c.)	Reported for Spain and Italy as there are no collective bargaining agreements in Deoleo's other markets
	Assessment of collective bargaining agreements, particularly with respect to occupational health and safety.	GRI 403-1 Workers representation in formal joint management–worker health and safety committees GRI 403-4 Health and safety topics covered in formal	Chapter 3.2 (a.i)	

		agreements with trade unions		
Training	Policies implemented in the area of training	GRI 103-2 Management approach (training and education)	Chapter 3.2 (d.)	
		GRI 404-2 Programs for upgrading employee skills		
	Total amount of training hours by job category.	GRI 404-1 Average training hours per employee	Chapter 3.2 (d.)	
Accessibility	Accessibility for persons with disabilities	GRI 103-2 Management approach (diversity and equal opportunities and non-discrimination)	Chapter 4.3 (d.vi)	
Equality	Measures taken to foster equal treatment and opportunities for men and women.	GRI 103-2 Management approach (diversity and equal opportunities and non-discrimination)	Chapter 4.3 (d.vii)	
	Equality plans	GRI 103-2 Management approach (diversity and equal opportunities and non-discrimination)	Chapter 4.3 (d.vii)	The Equality Plan has been approved in February 2021.
	Measures taken to foster employment	GRI 103-2 Management approach (employment)	Chapter 4.4 (a.iii)	
	Anti-sexual/gender harassment protocols	GRI 103-2 Management approach (diversity and equal opportunities and non-discrimination)	Chapter 4.3 (d.vii)	
	Integration of and accessibility for persons with disabilities	GRI 103-2 Management approach (diversity and equal opportunities and non-discrimination)	Chapter 4.3 (d.vi) y (d.viii)	
	Non-discrimination and diversity management policies	GRI 103-2 Management approach (diversity and equal opportunities and non-discrimination)	Chapter 4.3 (d.vii) y (d.ix)	
Human rights matters				
Policies	A description of the policies pursued by the undertaking, including due diligence	GRI 103-2 The management approach and its components	Chapter 4.4 (a.)	

	processes implemented to identify, assess, prevent and mitigate existing and potential adverse impacts and to monitor and control them, including a description of the measures adopted.	GRI 103-3 Evaluation of the management approach		
Main risks	The main risks related to those matters linked to the undertaking's activities, including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks, explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue. Reporters must include information about any impacts identified, providing a breakdown of those impacts, in particular in relation to the principal short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities GRI 102-30 Effectiveness of risk management processes	Chapter 4.4 (a.i)	
Human rights	Human rights due diligence procedures	GRI 103-2 Management approach (human rights assessments)	Chapter 4.4 (a.iii)	
	Processes and arrangements for preventing human rights abuses and any measures taken to mitigate, manage and repair possible abuses that have materialized	GRI 103-2 Management approach (human rights assessments)	Chapter 4.4 (a.i)	
	Claims of human rights abuses.	GRI 102-17 Mechanisms for advice and concerns about ethics GRI 103-2 Management approach (human rights assessments) GRI 419-1 Non-compliance with laws and regulations in the social and economic area	Chapter 4.4 (a.ii)	

	Promotion of and compliance with the provisions contained in the ILO's fundamental conventions on the freedom of association, the right to collective bargaining, the elimination of workplace discrimination and of all forms of forced or compulsory labor and the abolition of child labor.	GRI 103-2 Management approach (non-discrimination; freedom of association and collective bargaining; child labor; forced or compulsory labor; human rights)	Chapter 4.4 (a.)	
Anti-corruption and bribery matters				
Policies	A description of the policies pursued by the undertaking, including due diligence processes implemented to identify, assess, prevent and mitigate existing and potential adverse impacts and to monitor and control them, including a description of the measures adopted.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Chapter 4.4 (b.i)	
Main risks	The main risks related to those matters linked to the undertaking's activities, including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks, explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue. Reporters must include information about any impacts identified, providing a breakdown of those impacts, in particular in relation to the principal short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities GRI 102-30 Effectiveness of risk management processes	Chapter 4.4 (b.i)	
Corruption and bribery	Measures taken to prevent corruption and bribery	GRI 103-2 Management approach (anti-corruption) - If the undertaking reports GRI 205-2, disclosure of that indicator serves to meet this legal requirement	Chapter 4.4 (b.i)	
	Measures taken to combat money laundering	GRI 103-2 Management approach (anti-corruption)	Chapter 4.4 (b.ii)	

	Contributions to non-profit entities	GRI 103-2 Management approach (anti-corruption)	Chapter 3.1	
Society matters				
Policies	A description of the policies pursued by the undertaking, including due diligence processes implemented to identify, assess, prevent and mitigate existing and potential adverse impacts and to monitor and control them, including a description of the measures adopted.	GRI 103-2 The management approach and its components	Chapter 4.3	
		GRI 103-3 Evaluation of the management approach		
Main risks	The main risks related to those matters linked to the undertaking's activities, including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks, explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue. Reporters must include information about any impacts identified, providing a breakdown of those impacts, in particular in relation to the principal short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	Chapter 4.3 (b.)	
		GRI 102-30 Effectiveness of risk management processes		
Commitment to sustainable development	Impact of the undertaking's activities on society in terms of employment and local development	GRI 103-2 The management approach and its components	Chapter 4.3 (c.)	
		GRI 203-1 Financial assistance received from government		
	Impact of the undertaking's activities on society in terms of local communities and territories	GRI 103-2 The management approach and its components	Chapter 4.3 (d.i) y (d.ii)	
		GRI 203-1 Financial assistance received from government		
	Engagement with local community representatives;	GRI 102-43 Approach to stakeholder engagement		

	communication channels in place	(with respect to community relations)		
		GRI 413-1 Operations with local community engagement, impact assessments, and development programs	Chapter 4.3 (d.ii)	
	Membership of associations and sponsorships	GRI 102-13 Membership of associations	Chapter 4.3 (c.)	
Outsourcing and suppliers	Inclusion in the purchasing policy of social, gender equality and environmental matters	GRI 103-2 The management approach and its components	Chapter 3.3 (c.i)	
	Contemplation of social and environmental records in supplier and subcontractor engagement.	GRI 102-9 Supply chain	Chapter 3.3 (c.ii)	
		GRI 103-3 Management approach (supplier screening)		
	Supervision and audit systems and their outcomes	GRI 308-1 New suppliers that were screened using environmental criteria	Chapter 3.3 (c.iii)	
		GRI 414-1 New suppliers that were screened using social criteria		
Consumers	Consumer health and safety measures	GRI 103-2 Management approach (customer health and safety)	Chapter 3.3 (d.i)	
		GRI 416-1 Assessment of the health and safety impacts of product and service categories		
	Consumer claims, complaints and grievance systems	GRI 102-17 Mechanisms for advice and concerns about ethics (complaints received and grievance)	Chapter 3.3 (d.ii)	
		GRI 103-2 Management approach (customer health and safety)		
Tax information	Profit or loss by country.	GRI 207-4 Country-by-country reporting	Note 28 Financial Statements	
	Corporate income tax paid	GRI 207-4 Country-by-country reporting	Chapter 1.2 (a.)	

	Government grants received	GRI 201-4 Financial assistance received from government	Chapter 1.2 (b.) Note 21 Financial Statements	

Deoleo, S.A. and Subsidiaries

Independent Assurance Report on the Consolidated Non-financial Information Statement 2020 of Deoleo, S.A. and Subsidiaries

April 5th, 2021

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT ASSURANCE REPORT

To the Shareholders of Deoleo, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Consolidated Non-Financial Information Statement (CNFIS) for the year ended 31 December 2020 of Deoleo, S.A. and subsidiaries (hereinafter "Deoleo"), which forms part of the Consolidated Directors' Report of Deoleo.

The CNFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in chapter 5 "Non-Financial Information Statement table of contents".

Responsibilities of the Directors and the Management

The preparation and content of the CNFIS are the responsibility of the Board of Directors of Deoleo. The CNFIS was prepared in accordance with the content specified in current Spanish corporate legislation, and with the criteria of the Sustainability Reporting Standards of Global Reporting Initiative (hereinafter "GRI Standards") selected, as well as other criteria described as indicated for each matter in the chapter 5 "Non-Financial Information Statement table of contents" of the CNFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as is determined to be necessary to enable the 2020 CNFIS to be free from material misstatement, whether due to fraud or error.

The Directors of Deoleo are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CNFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, which relates exclusively to the financial year 2020.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also substantially lower.

Our work consisted in requesting information from management and the various units of Deoleo that participated in the preparation of the 2020 CNFIS, reviewing the processes used to compile and validate the information presented in the CNFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Deoleo personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.

- Analysis of the scope, relevance and completeness of the contents included in the 2020 CNFIS according to the business, sector and nature of Deoleo's operations, considering the contents required under current Spanish corporate legislation.

- Analysis of the processes used to compile and validate the data presented in the 2020 CNFIS.

- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters identified in the 2020 CNFIS.

- Verification, by means of sample-based tests, of the non-financial information relating to the contents included in the 2020 CNFIS and the appropriate compilation thereof based on the data furnished by Deoleo's information sources.

- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no matter has come to our attention that causes us to believe that the CNFIS of Deoleo for the year ended 31 December 2020 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in chapter 5 "Non-Financial Information Statement table of contents" of the 2020 Consolidated Non-Financial Information Statement.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Ignacio Ramirez

April 5th, 2021