



Progress Report 2017

2020 COMMITMENT
TO CORPORATE SOCIAL
RESPONSIBILITY





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Our 2020 commitment is closely aligned to the challenges involved in the

Sustainable Development Goals outlined in Agenda 2030



MESSAGE

F R O M T H E
E X E C U T I V E
D I R E C T O R

I am pleased to submit this Progress Report corresponding to financial year 2017, detailing Natra's most significant environmental, social and governance aspects which complement our company's financial information, in response to European Directive 2014/95/EU, 22 October 2014. Also, as in previous years, we are renewing our commitment to the ten principles of the UN Global Compact and involving our interest groups in the actions taken to advance our 2020 commitment.

Our economic performance in 2017 was very positive, reaching an Adjusted EBITDA of € 26.2 M, which is way above the previous year's figure (EUR 4.1 million, which means an increase of 19%) and reveals growth for the third consecutive quarter with regards to 2016. This increase was also reflected in the sales figures, which increased 2% with respect to 2016, closing the year with a figure of EUR 372.5 million and an Adjusted EBITDA margin of 7% (1% higher than the previous year). We have continued investing to improve our long-term competitiveness, and consequently, we have carried out a company restructuring plan and have successfully reduced our financial debt by almost EUR 9 million.

With regards to ethical management and regulatory compliance, efforts have continued to consolidate our Compliance System, highlighting the founding of the Internal Audits, Risks and Compliance department and the creation of the corporate risks map.

With this focus on consumers and basing our actions on innovation, the new Natra launches have responded to the latest consumer trends, with healthier, organic products, containing less sugar and rich in dried fruit.

As for raw materials, we are still actively committed to the sustainable procurement of cocoa, oil and dried fruits. Along these lines, we have joined two reference organisations, namely the World Cocoa Foundation and the Spanish Sustainable Palm Oil Foundation.

We want to continue progressing in environment issues, with the mid-term aim of achieving an overall, common focus for the whole organisation that allows us to advance more efficiently.

From the point of view of personnel management, we have continued advancing to design and integrate corporate policies and guarantee a common way of working which helps us achieve our strategic objectives.

Our 2020 commitment is closely aligned to the challenges involved in the Sustainable Development Goals outlined in Agenda 2030. Through some of our actions, we are having a positive impact on achieving some of the Goals and contributing to them, as detailed throughout this report. Also, we have continued supporting projects in those countries where we operate, highlighting our involvement in a community support program run in the town of Tumaco (Colombia), aimed at improving the quality of life of the inhabitants in this area.

Before I finish, I would like to thank the work and commitment of everyone who is part of the Natra family, and particularly our partners.

Dominique Luna Tudela
Executive Director



INTRODUCTION

THIS DOCUMENT RESPONDS TO THE NON-FINANCIAL INFORMATION REQUIREMENTS OF DIRECTIVE 2014/95/EU, OF 22 OCTOBER 2014. IN APPLYING SAID DIRECTIVE, NATRA, AS A LISTED COMPANY, IS OBLIGED TO DRAW UP A REPORT CORRESPONDING TO FINANCIAL YEAR 2017 WHICH INCLUDES THE CONTENT OF THE DIRECTIVE AND COMPLIES WITH THE REQUIREMENTS MENTIONED THEREIN.

In this respect, Natra has been working for several years on the ESG aspects (Environment, Social and Governance). Therefore, in June 2012 the Board of Administration approved a statement on the company's Corporate Social Responsibility (CSR), which defined the main lines of the SCR plan: Environment, Raw materials, Healthy Nutrition, Working conditions and Society. In each of these working areas targets were set for the year 2020 and included in the "2020 Commitment" document, accessible on the Natra website.

In order to contribute to society and promote responsible behaviour in the business environment, Natra, driven by its Board of Administration, undertook to promote the permanent and regular diffusion of the initiatives that the company developed in SCR issues. To this end,

Natra uses the UN Global Compact as a frame of reference, as it is currently one of the best known international frameworks and Natra joined it in 2012. This initiative promotes incorporating ten principles associated with human rights, workers' rights, the environment and the fight against corruption, into the company activities. Since that date, Natra has drawn up its Progress Report on an annual basis, and it is available both on Natra's corporate website and the Global Compact website.

Consequently, environmental and social issues, as well as those regarding personnel, respect for human rights and the fight against corruption and bribery are included in the company's management and strategy, as described throughout this report.

DIALOGUE AND COMMUNICATION WITH OUR INTEREST GROUPS

At Natra we maintain a constant commitment to dialogue with our main interest groups (both internal and external), by listening to and understanding their concerns and expectations, and by promoting trustworthy relationships with all of them.

We offer our interest groups various channels of dialogue for learning about and responding to their concerns and for guaranteeing that we generate value for them all.

Main channels of dialogue with the interest groups:



As a result of this dialogue, at Natra we have identified a series of issues of particular importance for our interest groups, linked to

our commitments in CSR issues and the 10 principles of the Global Compact to which we are signatories:

Aspect	Material Issue	Correspondence to Global Compact Principles
Labour	Talent and diversity: training and promoting equal opportunities.	Principio 6
	Commitment with employees: promoting stable and quality employment.	Principles 3 and 6
	Health and Safety: Prevention of Risks at Work (PRL).	
Supply Chain	Responsible Supply Chain: assessing suppliers in environmental, social and labour issues, supplier approval.	Principles 1, 2, 4 and 5
Comunidades	Impact on local communities: abolition of poverty, improved quality of life, productivity of farmers, and environment protection in the communities where we operate.	Principles 1, 2, 4 and 5
Compliance	Compliance.	Principle 10
Environment	Efficient use of resources (climate change).	Principles 7 and 8
	Production of waste.	Principles 7 and 8
	Environment footprint (CO2 emissions) .	Principle 9
Consumer Health and Safety	Food safety, Quality and Innovation.	
	Healthy products.	
	Promoting wellbeing and healthy habits.	

These aspects are developed throughout this report detailing Natra’s performance in respect thereto as part of our response to our interest group requirements.






2020 COMMITMENT

The targets defined for the period 2012 to 2020 are defined below. This report details the efforts made during financial year 2017 to advance the company’s commitment to

said targets, while also responding to the information requirements of the European Directive on non-financial information.

Also, in 2017 the CSR work group was formed (which was formalised in 2018 as the CSR Committee), and its main function is to establish the Group’s targets in this area and to follow them up during the financial year.

This group is made up of the Chief People Officer, the Chief Sourcing Officer, the Food Safety & Quality Director and the Internal Audit, Risks and Compliance Director.

2020 COMMITMENT		ESTABLISHED TARGETS
	Supplies	<ul style="list-style-type: none">• Gradually increase the purchase of certified cocoa in own brand products, up to 100% in the year 2020*.• To promote the use of certified cocoa among our clients*.• To promote the certification among the cocoa producing co-operatives that we have a relationship with.• To participate in non-profitable organisations that promote protecting farmers and their families, and efficiently organising the co-operatives they belong to.• To publish information annually on the origin of the cocoa, indicating which proportion of the total has been certified and identifying the certifying stamps.
	Caring for the environment	<ul style="list-style-type: none">• To acquire 100% of palm oil from plantations compatible with the survival of tropical forests.• To promote the rational use of natural resources, with particular emphasis on reducing the consumption of water and energy.• To measure the carbon footprint of each of our products.• To buy green energy whenever possible.• To use cardboard from environmentally appropriate and socially beneficial management.• To promote using all generated waste.
	The Natra team	<ul style="list-style-type: none">• To inform on the health, safety and information labour indicators.• To design, integrate and promote common human resources policies*.• To maintain and improve, where necessary, the permanency ratios within the company.
	Interest in the community	<ul style="list-style-type: none">• To increase co-operation aimed at organisations that work directly for the well-being of the population in the cocoa producing countries where we obtain our supplies.• To establish continued co-operation with the local food banks.• To continue promoting sponsorship actions linked to sport and a healthy life.
	Healthy nutrition	<ul style="list-style-type: none">• To eliminate trans-fat.• To replace artificial aromas with others that are 100% natural.• To reduce the salt content.• To avoid using artificial colouring.

*Reformulated target

PROFILE

C O M P A N Y

AIM AND BUSINESS MODEL

NATRA IS A MULTINATIONAL GROUP OF SPANISH ORIGIN THAT IS OVER 70 YEARS' OLD, AND TODAY IT IS ONE OF THE EUROPEAN REFERENCES IN THE PRODUCTION OF CHOCOLATE PRODUCTS AND COCOA DERIVATIVES, WITH A SPECIALISED FOCUS ON THE DISTRIBUTION BRAND AND OTHER FOOD COMPANIES. THE COMPANY'S ACTIVITY IS ORGANISED INTO THE CONSUMPTION DIVISION AND THE INDUSTRIAL DIVISION.

Consumption Division

Supplying the large **distribution chains**

- Chocolate bars
- Chocolates and Belgian truffles
- Bars of chocolate
- Creamy spreads



Industrial Division

Supplying the **food industry**

- Paste, powder and cocoa butter
- Liquid and powdered chocolate



Natra has six production plants in Oñati and Quart de Poblet (Spain), Bredene and Malle (Belgium), Saint-Étienne (France) and London-Ontario (Canada) from where they supply their clients. At present, Natra sells its products in over 60 countries.

Multinational Group
of Spanish origin that is over

70 year's old

The Natra shares are admitted to official quotation in the continuous market in Madrid and Valencia. Also, the company owns shares in Laboratorio Reig Jofre, a pharmaceutical company specialising in selling medicines and nutritional complements.

Natra aims to be the strategic global partner for large-scale distribution, the food industry and other production channels of chocolate and cocoa derivatives. In order to achieve its envisaged targets, the Group bases its activity on its four corporate values, which must be apparent in each of the Group's actions.



RISK MANAGEMENT

The risk management process at Natra is promoted and driven by the Board of Administration and the Auditing Commission.

Appropriate risk management is a key factor for the Group and it aims to provide safety in achieving the company targets, adding value and a high level of assurance for the interested parties.

The information regarding the Group's Risk Management System is explained in greater detail in section E (Risk control and management systems) of the Annual Corporate Governance Report.



DIVERSITY WITHIN THE GOVERNANCE BODIES

Natra maintains a firm commitment to equal opportunities between men and women. In this respect, and in compliance with principle 10 of Section II.3. of the Code of Good Governance of Listed Companies, the selection criteria for directors, they maintain the same ability requirements between men and women, so as to support equity on the Board of Administration.

particularly, said procedures should facilitate the selection of female directors.

On 31 December 2017, the number of female directors on the Board of Administration of Natra was two, out of the total number of seven Board members, representing 28.57%.

Both Article 27 of the company by-laws, defining the requirements needed to occupy the post of director, and Article 7 of the Regulation governing the Board of Administration of Natra, S.A., establish that the selection procedures for its members must support gender diversity and a diversity in experience and knowledge, and that they must not be implicitly biased as this could suggest some form of discrimination and,

Also, the selection policy for female directors at Natra does not only take into account aspects such as gender diversity on the Board, as it also supports a diversity of experience and knowledge, so as to ensure different profiles that backup and contribute to achieving the Group's targets.

Europe
€ 293.5
million

America
€ 37.4
million



Rest of the world
€ 41.6
million

NATRA IN DATA

During financial year 2017 we have obtained some very positive results, reaching an Adjusted EBITDA of EUR 26.2 million, which is way above the previous year's figure (EUR 4.1 million increase, i.e. 19%) and reveals growth for the third consecutive quarter, with respect to 2016.

The activity finished the year with sales of EUR 372.5 million, which means a 2% increase over financial year 2016.

The distribution of sales, according to the geographical area, was as follows:

- Europe: EUR 293.5 million.
- America: EUR 37.4 million.
- Rest of the world: EUR 41.6 million.

On the other hand, we have obtained a substantial improvement in the Adjusted EBITDA margin on sales, from 6% in 2016 to 7% in 2017.

For their part, the 2017 contribution margins were positive, particularly in the industrial division, which had an excellent financial year 2017.

Financial year 2017 closed with a 19% reduction in losses with respect to the previous year, by obtaining an Adjusted Net Result of EUR -9.9 million.

During 2017 a major investment was made to improve the company's long-term competitive edge, by applying EUR 2.4 million to restructuring plans and EUR 0.9 million to the transformation plan.

Furthermore, the net financial debt was reduced by EUR 8.9 million thanks to the production of resources during the financial year.

Therefore, on 31 December 2017, the Group had fulfilled the financial covenants included in the Restructuring Framework Agreement

For further details on the company's financial-economic information, please consult the Group's Annual Accounts and Management Report.

Investment

**Restructuring
plans**
€ 2.4
million

**Transformation
plan**
€ 0.9
million





ETHICAL MANAGEMENT AND REGULATORY COMPLIANCE

COMPLIANCE FOCUS

Ethics and compliance are essential cornerstones of Natra's values and corporate culture, and therefore in 2017 Natra approved its new Compliance Policy, aimed at assuring good company practices in compliance issues, adding value and a high level of guarantee for the interest groups and market in general.

This policy is applicable to the whole Group and coincides with Natra's mission, vision, values and compliance culture.

Natra performs compliancy management by always considering the firm's compliance with applicable laws and regulations. The Group's preventive focus is reflected in the existence of policies that help to prevent any conduct contrary to compliance. Nevertheless, the Group has also implemented a series of guidelines and operational procedures that contribute to preventing contrary conduct and to detecting any non-compliance with applicable standards and internal codes and rules.

ETHICAL MANAGEMENT

In recent years the Group has carried out various initiatives aimed at guaranteeing the responsible behaviour of the people working at Natra. These initiatives cover among other issues, aspects concerning respecting human rights and the fight against corruption and bribery.

So, in 2014 the Natra Board of Administration approved the **Ethical Code**, applicable to all the personnel in the companies within the Group, and which includes the ethical and behavioural principles that must govern the company's activity. In November 2017 the Natra Board of Administration approved updating said Code after reviewing and updating the Group's risks map.

The Code includes the corporate values and coincides with the ten principles of the UN Global Compact and applicable standards.

Said Code is included as part of the welcome plan for employees joining the Group. No specific training was carried out in connection with the Code in 2017, but it is envisaged that all the personnel will be trained in the new approved code during 2018.

Ethical Code includes the ethical and behavioural principles that must govern the company's activity



ETHICAL CHANNEL

Natra maintains a commitment to open dialogue with all its interest groups. In compliance issues, Natra offers its ethical Channel to any person (either internal or external to the company), for communicating to the Company's Ethical Committee any information regarding alleged non-conformity or non-ethical behaviour by any Group employee. The channel is available to any

user at the e-mail address canal.etico@natra.com.

In 2017 no complaints were received through this channel.

MAIN ACTIONS CARRIED OUT IN 2017

During 2017 some actions were carried out to reinforce Natra's Compliance System and ethics:

- **A new Internal Audit, Risks and Compliance department was created.**
- **The new crime prevention model was implemented**, which will be updated continuously during 2018 in order to guarantee that it adapts to the Group's new structure.
- **The corporate risks map was updated**, which identifies the main risks the company faces and which must be supervised and managed accordingly in order to achieve the Company's targets.

• The following regulations were updated in order to guarantee that they are in line with the standard requirements required by Corporate Law and the Good Governance Code of Listed Companies, and the main Good Governance recommendations of the Stock Market National Commission (CNMV):

- **General Shareholders' Meeting Regulation**
- **Board of Administration Regulation**
- **Delegated Commissions of the Board Regulation**

• **Various internal policies and procedures were drawn up** aimed at guaranteeing the best practices in risk management, good governance and compliance (Procedure for accepting and delivering gifts, Protocol on treating and transmitting privileged information, Risk management policy, etc.).

PROCUREMENT



RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

AT NATRA WE BELIEVE THAT THE WAY WE MANAGE OUR SUPPLY CHAIN HAS A DIRECT IMPACT BOTH INTERNALLY, ON ACHIEVING OUR TARGETS, AND EXTERNALLY, DUE TO THE INFLUENCE WE CAN EXERCISE OVER SAID CHAIN.

In this respect, we base the management of our supply chain environment on sustainability criteria that we have summarised in four essential aspects:

Appropriate identification of risks and awareness of social responsibility aspects at origin

As producers of chocolate and cocoa derivatives, we work with suppliers who, due to their countries of origin, are susceptible to certain risks. At Natra we run an identification and analysis of said risks so that we can manage them appropriately. The main risks we have identified are as follows:

- Precarious labour conditions
- Lack of sanitary conditions
- Extreme poverty
- Unequal income distribution
- Child labour
- Deforestation
- Inefficiencies in the production process

As well as managing these risks, we undertake to contribute to generating positive impacts on the communities where we operate. In this respect, Natra works on various projects aimed at improving the living conditions of cocoa farmers.



Traceability and transparency

We pursue and guarantee the traceability of the production process of the raw materials that we use to produce our products, thereby guaranteeing the origin and good practices used by the suppliers to obtain their products.

Ethical and responsible behaviour

We promote ethical behaviour in all our business processes, with the supply chain being one of the key processes on a corporate level, due to its direct impact on our product. We are also aware of our impact at origin and we assume our responsibility to contribute to improving the communities where we operate and helping them to progress.

Searching for efficiencies and improved quality

We work with our cocoa suppliers to improve the efficiency of their production process, which contributes to optimising the grain sowing and harvesting techniques, and the quality of their products.



In line with these principles, at Natra we have a corporate purchasing policy that is compulsory for all the companies and professionals within the Group, who are involved in any contract process anywhere in the geographical area where we operate. Said policy also introduces criteria associated with Corporate Social Responsibility. Along these lines, we guarantee that the policy complies with current legislation and standards in social, ethical and environmental issues; or that the purchasing processes respond to impartiality criteria, thereby avoiding any conflict of interest or favouritism.

Also, in order to guarantee and promote ethics and integrity among our suppliers, in the approval process we positively value that the suppliers have a behavioural code that includes the ethical values that Natra promotes.

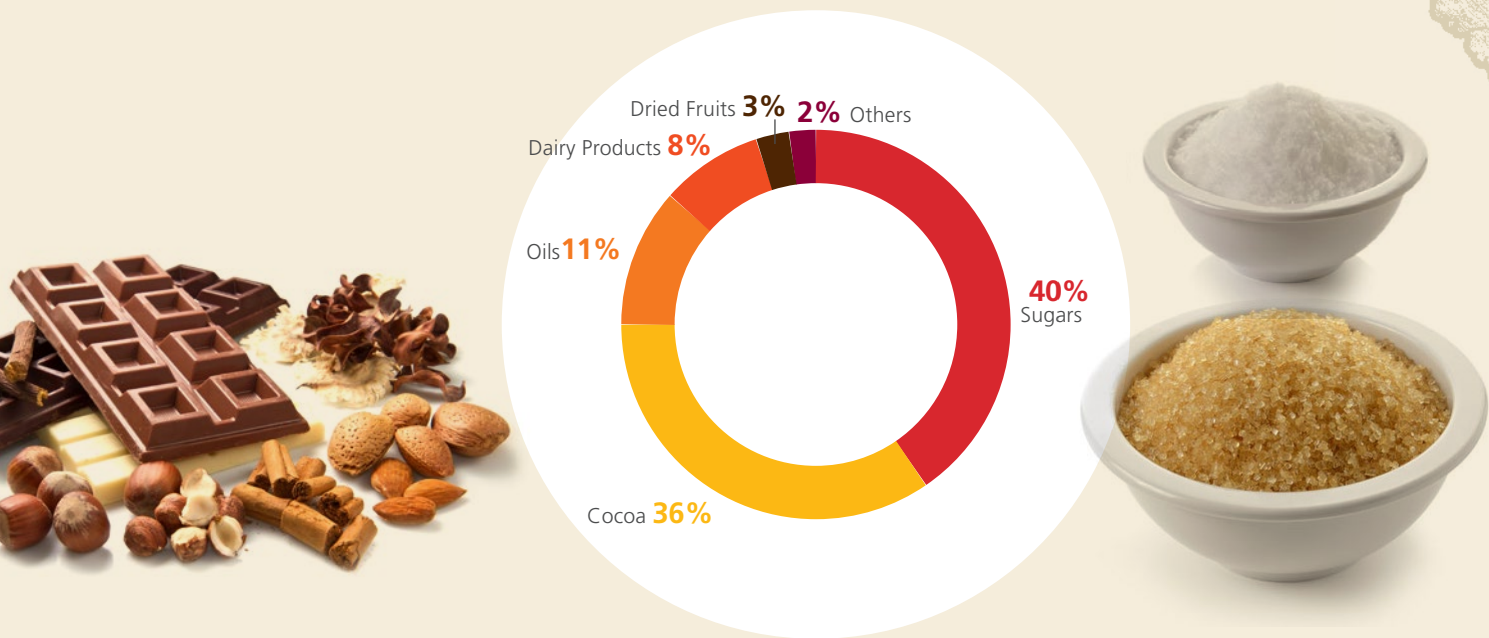
Finally, we promote hiring suppliers who are closer geographically to the Group's activities, and suppliers who have a social function (special employment centres and insertion companies).

SUSTAINABLE SUPPLIES

IN THE FOOD INDUSTRY, CLIENTS AND CONSUMERS INCREASINGLY DEMAND THAT PRODUCTS, SUCH AS COCOA, ARE CULTIVATED IN A RESPONSIBLE WAY. ACCORDINGLY, OUR COMMITMENT IS TO ACQUIRE QUALITY RAW MATERIALS THAT ARE GROWN AND SOLD FOLLOWING ETHICAL, SUSTAINABLE AND RESPONSIBLE VALUES.

Cocoa (the essence of Natra), sugar, oil, dairy products and dried fruit are the company's main raw materials, and the purchasing

volume in 2017 is detailed in the attached graph.



Since these products are acquired in less regulated markets, at Natra we give priority to the supply of cocoa, oil and dried

fruit. The origin of our raw materials is as follows:

Sugars	Europe
Cocoa	Africa and South America
Oils	Europe, Indonesia and Malaysia
Dairy products	Europe
Dried fruits	Europe and Turkey, USA and Argentina
Others	Europe, Philippines, Indonesia and Brazil

We maintain an active commitment to sustainable supplies, particularly through programs that ensure product traceability and the viability of long-term sourcing, with particular emphasis on abolishing any kind of child or forced labour.

Accordingly, the CSR work group established the following targets for 2017.

Targets	Degree of compliance
To continue supporting the activities of International Cocoa Initiative (ICI) on the Ivory Coast	Fulfilled
To become a member of the World Cocoa Foundation	Fulfilled
To obtain UTZ certification for Natra Canada	Fulfilled
To be a member of the Spanish Sustainable Palm Oil Foundation	Fulfilled
To continue supporting the Caobisco and UTZ hazelnuts programs and to promote the UTZ certification among clients	Fulfilled
To monitor the amount (%) of RSPO palm oil	Fulfilled



Cocoa



A total of 70% of the cocoa acquired by Natra in 2017 came from the African continent. In order to avoid possible bad practice, Natra requires that its West African cocoa producers certify in writing that the cocoa supplied is produced according to conventions such as the International Labour Organisation (ILO).

Also, at Natra we have representation on the leading associations in the cocoa sector, such as CAOBISCO (through the respective national organisations) and the Federation of Cocoa Commerce. Also, we are members of Fair-trade International, UTZ Certified and Rainforest Alliance, organisations that promote cultivating cocoa sustainably by improving the living conditions of the farmers and their families and communities and preserving the environment.

Continuing with our commitment to acquiring sustainably cultivated quality cocoa, in 2017 certified cocoa represented 26% of the total.

Furthermore, Natra is part of the International Cocoa Initiative (ICI), an organisation that works to offer sustainable solutions to social challenges in the cocoa sector, and it is particularly focused on the fight against child labour and child protection.

This year we have formalised our membership of the World Cocoa Foundation (WCF). This organisation promotes sustainability in the cocoa sector and represents over 100 companies in the cocoa chain.

Finally, together with other organisations, we are developing a program in the town of Tumaco (Colombia), aimed at improving the quality of life in the local community and developing commercial networks that guarantee sustainable growth.

Palm oil



The palm oil acquired by Natra in 2017 came mainly from Malaysia and Indonesia.

A total of 98% came from RSPO certified crops (segregated and mass balance), with the remaining 2% being compensated by purchasing GreenPalm certificates.

Natra belongs to various bodies that promote and actively encourage the use of palm oil according to the RSPO principles and criteria:

- Roundtable on Sustainable Palm Oil (RSPO).
- Belgian Alliance for Sustainable Palm Oil (BASP), where it has an active role and is represented on its Executive Committee.
- Spanish Sustainable Palm Oil Foundation.

Hazelnuts



Most of our hazelnuts purchases came from Turkey, which is currently the world's largest hazelnut producer. Since wiping out child labour in this country is proving to be a challenge, for several years we have been working on various programs with organisations such as ILO and CAOBISCO.

Also, we play an active part in the UTZ Certified initiative that promotes sustainability standards for growing hazelnuts. Natra is a founding member of this organisation and a member of its Management Committee.

During 2017 we also promoted the use of UTZ certified hazelnuts among our clients.



CARING
FOR THE
ENVIRONMENT





CARING FOR THE ENVIRONMENT IS ONE OF THE FIVE CORNERSTONES OF NATRA'S CORPORATE SOCIAL RESPONSIBILITY. ALTHOUGH OUR ACTIVITY IS NOT ONE OF THE INDUSTRY'S MOST CONTAMINATING ACTIVITIES, WE ASSUME THE COMMITMENT TO HELP CREATE A BETTER QUALITY AND HEALTHIER ENVIRONMENT. ACCORDINGLY, WE HAVE ESTABLISHED TARGETS ASSOCIATED MAINLY WITH REDUCING WATER AND ENERGY CONSUMPTION, AND WASTE AND DUMPS IN OUR PRODUCTION PLANTS.

At present, our Natra Cacao factory in Spain has an Environment Management System certified according to the ISO 14001 standard. In line with continuous improvement, a plan is drawn up annually that contemplates the environment targets and goals.

So, during 2017 the firm worked on the two following targets:

- 25% reduction in the total amount of CO₂ emissions and 25% increase in energy efficiency during the period 2017 to 2020. Although the desired levels were not reached, we have managed to reduce the total amount of CO₂ emissions by 18.75%.

- A 25% improvement in waste management in the production plants and workshop.

Although there was an improvement thanks to measures such as the new classification of residues and their destination, the target was not met, and therefore work will continue along these lines in 2018. Also, another two targets will be added, linked to improved control of the volume and quality of osmosis dumping and improved waste management in the dining room

In environmental issues, our mid-term target is to achieve a common, global focus (policy, procedures, KPIs) for the whole organisation which would allow us to advance more efficiently.

On a corporate level we have conducted energy audits in the Group's five plants in Europe, in order to assess the current situation and promote a plan of action to reduce the carbon footprint.

Reduce
the total amount of
CO₂ emissions by
18.75%

Due to their greater level of development in environmental issues, the Natra Cacao and Natra Oñati plants have carried out several energy efficiency initiatives (replacing lighting with low-consumption lights, using the heat generated in the turbine cooling circuit to heat tanks of chocolate in the chocolate and derivatives plant, implementing a gas and

electricity consumption monitoring system, among others), which are already showing some results.

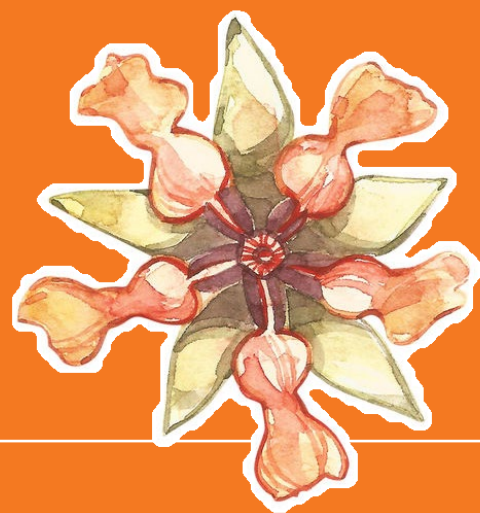
In particular, Natra Cacao has succeeded in reducing the total consumption of electricity and gas by 6% and 29%, respectively.

	2016	2017	%
Electricity (KWh/Production volume)	0,2539	0,2386	-6%
Gas (KWh/Production volume)	0,3398	0,2412	-29%

For its part, Natra Oñati has quantified the savings obtained in two of the initiatives implemented. On the one hand, replacing the lighting with low-consumption lights has led to a 57% saving in electricity; on the other hand, replacing two coolers with better energetic performance has led to a 27.6%

saving. Consequently, it has been possible to avoid the atmospheric emission of 211 tCO₂ equivalent.

During financial year 2018 these actions are going to be extended to the rest of the production plants in the Natra Group.



O U R
PEOPLE



COMPANY PROFILE

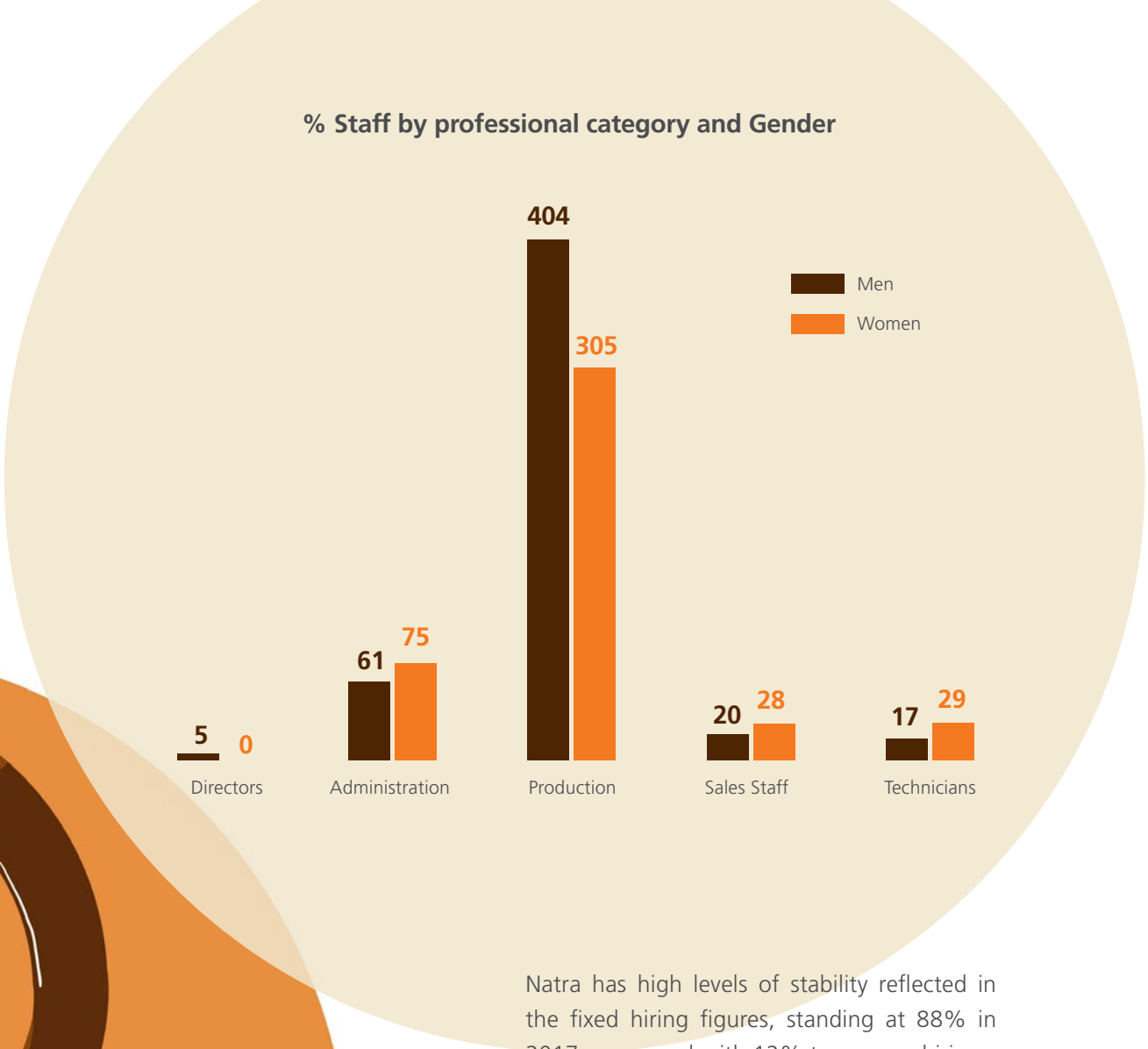
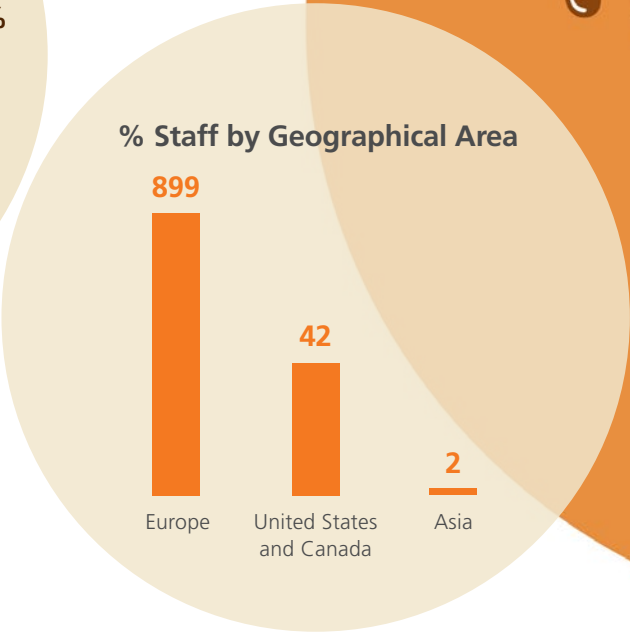
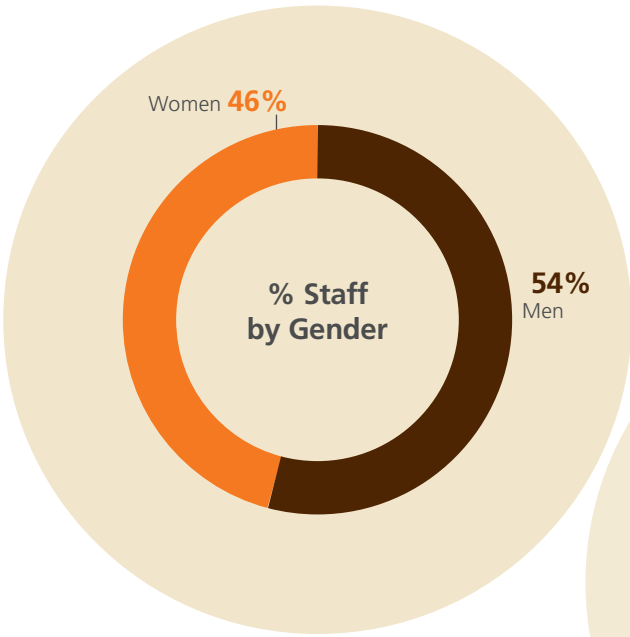
AT NATRA WE ARE AWARE THAT THE TALENT OF THE PEOPLE MAKING UP THE GROUP IS A FUNDAMENTAL BASIS FOR ACHIEVING THE COMPANY’S SUCCESS. THEREFORE, WE ARE COMMITTED TO PROMOTING AND RETAINING TALENT, GIVING PRIORITY TO PROMOTING EXCELLENT STANDARDS BETWEEN ALL OUR PROFESSIONALS.

We believe in people as the lever for cultural change and as a major player for achieving our targets as a Group. Consequently, we try to contribute to their progress by offering career and training opportunities and promoting team work and communication in all aspects.

Our commitment to employment is reflected in the stability of our staff and our low levels of staff turnover.

On 31 December 2017 the Natra staff totalled 944 people, out of which 437 were women and 507 men. A total of 95% are located in Europe between Spain, France and Belgium, and with most of the staff being factory personnel.

The average staff number during 2017 was 981.



Natra has high levels of stability reflected in the fixed hiring figures, standing at 88% in 2017, compared with 12% temporary hirings. Furthermore, the staff turnover levels totalled 4%.

The full, 100% staff is covered by collective agreements or by applicable labour legislation, thereby guaranteeing labour conditions, freedom of association, collective bargaining, inter alia.

On 31 December 2017 the
Natra staff totalled
944 people

MANAGEMENT OF HUMAN RESOURCES

NATRA CONTINUES TO WORK ON DESIGNING AND INTEGRATING CORPORATE POLICIES IN HUMAN RESOURCES, WITH VARIOUS POLICIES REGARDING INTERNAL COMMUNICATION, PROFITS, REMUNERATION, THE WORKING DAY AND CALENDAR. DURING 2017 THE POLICIES DESCRIBING THE WORK POST, HIRING REQUESTS AND THE INTERNAL PUBLICATION OF VACANCIES WERE PUBLISHED.

Together with the standardisation of the above procedures, the main lines of work in 2017 were aimed at defining, training and communicating the new organisational structure linked to the organisation’s new strategic cornerstones so as to guarantee a client-focused company, with cost optimisation and centralised business and support areas.

Also, the Human Resources sector will continue advancing to implement and communicate the new organisational structure and it will launch new policies to standardise processes (salary policy, recruitment, selection, welcome and

exit,) and define the corporate policy on the Prevention of Risks at Work or the implementation of a performance assessment methodology.

Training

During 2017, we also continued to support employee training, focusing on areas such as languages, quality and food safety, safety at work, technical specialisation and skills and food handling.

Training ratios 2017

Investment in training (euros)	387.930
Hours of training	16.628
Number of attendees	567

Equality, diversity, no discrimination and respecting people

Natra promotes equal opportunities in everything regarding access to employment, labour conditions, training, developing and promoting professionals; assuming responsibility to maintain a working environment free of all discrimination and any conduct that implies personal harassment, by promoting non-discrimination regarding race, ethnicity, nationality, gender, age, personal situation, physical appearance, maternity or pregnancy, religion, ideology, sexual orientation, disability or any other question prohibited by law.

The relationship between employees, directors and administrators is governed by a mutual respect for personal dignity and treating others fairly and politely.

In 2017 there were no claims regarding any behaviour contrary to that set out above.

Disability

At Natra we believe in including disability as a lever for social change. In this respect, the commitment Natra maintains with diversity and non-discrimination is also reflected in promoting the inclusion of disabled people in its work centres. Therefore, the two plants located in Spain exceed the ratios required by the General Disability Act (LGD), with 2.75% in the Oñati plant and 3% in the one in Valencia.

Also, our plant in France has a total of 4% of disabled people on its staff.

Disability Act (LGD)

2.75%

Oñati plant

3%

Valencia plant

Health and safety at work

Natra is committed to the health and safety of its employees and makes an effort to comply with the legislation and regulations on the prevention of risks at work, the protection of health and safety at work.

In turn, all the employees are responsible for assuring that the working environment fulfils the health and safety requirements using the means provided by Natra, and for performing their activity in compliance with the legislation on health and safety at work, and also internal regulations regarding this issue.

The main initiatives in health and safety at work in the various plants have been aimed at running medical check-ups, buying ergonomic material, adapting offices, providing training on working at a height, assessment exercises, training new employees or holding a safety day, among others.

In 2017 there were a total of 66 accidents requiring sick leave. At present each plant calculates its accident rate ratios, and so we still do not have aggregate data.

I N T E R E S T
I N T H E
C O M M U N I T Y





NATRA’S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

THE 17 SDGS ON THE AGENDA 2030 FOR SUSTAINABLE DEVELOPMENT, APPROVED BY THE WORLD LEADERS IN A UN SUMMIT MEETING, DEFINE A VISION FOR PUTTING AN END TO POVERTY, IN ALL ITS FORMS, HUNGER AND INEQUALITY, AND TO PRESERVING THE PLANET’S NATURAL RESOURCES BEFORE 2030. THIS AGENDA MAKES COMPANIES KEY DEVELOPMENT AGENTS, TOGETHER WITH STATES AND CIVIL SOCIETIES.

Our 2020 commitment is very much in line with the challenges of the Agenda 2030 Sustainable Development Goals. Through various actions, we are having a positive impact on, and contributing positively to obtaining some of the Goals, as detailed below:

Sustainable Development Goals	Some of Natra’s initiatives in 2017
Goal 1. Put an end to poverty in all its forms, all over the world.	<ul style="list-style-type: none">• Fair trade programs.• Tumaco project.
Goal 2. Put an end to hunger, achieve food safety and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none">• Donating products to food banks.• Obtaining food safety and quality certificates (IFS, BRC).• Sustainable procurement of cocoa, oil and hazelnuts• Belonging to organisations that promote sustainability (UTZ Certified, Roundtable on Sustainable Palm Oil (RSPO)...).
Goal 3. Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none">• Making healthy products.• Co-operating with sport initiatives.
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none">• Investing in staff training.
Goal 7. Ensure access to affordable, safe, sustainable and modern energy for all	<ul style="list-style-type: none">• Conducting energy audits.
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none">• Tumaco Project (Colombia).• Commitment to local employment.
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	<ul style="list-style-type: none">• Innovation projects:<ul style="list-style-type: none">- REVICO.- GlycoProFit.
Goal 10. Reduce inequality within and among countries	<ul style="list-style-type: none">• Co-operation projects in Colombia, Ivory Coast, Turkey.
Goal 12. Ensure sustainable consumption and production patterns	<ul style="list-style-type: none">• Sustainable procurement of cocoa, oil and hazelnuts.• Belonging to various organisations that promote sustainable palm oil:<ul style="list-style-type: none">- RSPO.- Spanish Sustainable Palm Oil Foundation.- Belgian Alliance on Sustainable Palm Oil.• Belonging to International Cocoa Initiative (ICI).
Goal 13. Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none">• Initiatives to reduce resource consumption.• Energy audits.

SOLIDARITY ACTION AND FOSTERING WELL-BEING

AWARE OF THE CIRCUMSTANCES AND DIFFICULTIES OF THE COUNTRIES SUPPLYING OUR MAIN RAW MATERIALS, AT NATRA, AS DESCRIBED IN THE SECTION ON PROCUREMENT, WE TRY TO CONTRIBUTE TO THEIR SOCIAL-ECONOMIC DEVELOPMENT BY HIRING LOCAL SUPPLIERS AND CO-OPERATING WITH INITIATIVES THAT IMPROVE THEIR QUALITY OF LIFE.

Furthermore, for many years Natra has been co-operating with a project run by Fundación Amigó on the Ivory Coast, the origin of most of the cocoa Natra uses. Thanks to this project, girls and boys living on the street, orphans, children in conflicts, abused or exploited children are given social and educational support.

In 2017 we continued co-operating with local food banks. We have donated approximately 10,000 kg of product from our factories.

Also, the company has taken part in other social initiatives:

- Blood donor campaign.
- Co-operating with the Geiser Foundation in researching rare illnesses.
- Donating products for various activities..
- Donations to the Fundación Novia Salcedo whose main aim is to accompany young people entering the professional world.

Finally, we are continuing with our commitment to promote initiatives linked to sport and a healthy life, through sponsoring basketball teams Aloña Mendi and Saint Chamond, or economic support for the Sierra de Chiva mountain race, which aims to raise funds for repopulating and maintaining the mountain range.

PARTICIPATING IN SOCIETY

Natra continues to play an active part in various forums and associations linked to the food industry and sustainable procurement, such as those highlighted below:

- Flanders Food.
- Belgian Federation for the food industry (Fevia).
- Royal Belgian Association of the biscuit, pralines and confectionary (Choprabisco).
- Bioforum.
- Association for Research in the Food and Farming Industry (AINIA).
- Federation of Cocoa Commerce (FCC).
- National Association of Cocoa Pressers (FCC).
- International Cocoa Organization (ICCO).
- Produlce.
- Roundtable on Sustainable Palm Oil (RSPO).
- Belgian Alliance on Sustainable Palm Oil (BASP).
- Spanish Sustainable Palm Oil Foundation.
- International Cocoa Initiative (ICI).
- World Cocoa Foundation (WCF).

Natra was also present at various international trade fairs to present its new products, establish contacts and learn about the latest trends, including the following:

In Europe:

- ISM, Cologne (International Sweets Messe).
- PLMA Amsterdam (Private Label Manufacturers Association).
- SIAL Paris (Salon International de l'Alimentation).
- IFT Frankfurt (Food Ingredients Global).

America:

- ECRM Store Brands, Chicago.
- ECRM Commercial Food Service, Orlando.
- ECRM Candy Planning Show, Orlando.
- PLMA Chicago.
- IFT Las Vegas.

Asia Pacific:

- PLMA Shanghai.

We have also taken part in congresses such as the one organised by the Association of Producers and Consumers (AECOC) or the Basque Food Cluster.

Product donation
10,000 kg



HEALTHY NUTRITION





FOOD SAFETY AND QUALITY

GUARANTEEING MAXIMUM FOOD QUALITY AND SAFETY IN ALL OUR PRODUCTS IS ESSENTIAL IN OUR ACTIVITY. THEREFORE, NATRA HAS THE NECESSARY SYSTEMS AND PROCESSES FOR SATISFYING THE GROWING SOCIETY DEMANDS IN FOOD SAFETY AND QUALITY ISSUES, COMPLYING WITH LEGAL OBLIGATIONS AND GUARANTEEING CONSUMERS THE MAXIMUM LEVEL OF PROTECTION.

Our food safety management systems are certified according to prestigious international standards such as BRC (British

Retail Consortium), IFS (International Food Standard) and FSSC 22000.

Plants	Certifications
Natra Malle	IFS y BRC
Natra Oñati	IFS y BRC
Natra St. Etienne	IFS y BRC
Natra Jacali	IFS y BRC
Natra Cacao	FSSC 22000
Natra London	BRC

NUTRITION, HEALTH AND WELL-BEING

ONE OF THE NATRA TRAITS AND ONE OF THE COMPANY'S STRATEGIC LEVERS IS THE INNOVATION FOCUSED ON PERMANENTLY IDENTIFYING CONSUMER NEEDS AND MARKET TRENDS.

Along these lines, we belong to platforms such as Flanders' Food and the Basque Food Cluster (through Natra Malle and Natra Oñati respectively), who work in pursuit of achieving a more competitive, sustainable and innovative food industry.

Also, we take part in various innovation projects, particularly the following three:

• **HAZITEK Program** – *“Transversal platform for the personalised diagnosis, prevention and control of gestational diabetes mellitus (GDN)”*. The project's main aim is to develop solutions capable of predicting, preventing and controlling diabetes in general, and gestational diabetes in particular.

• **“GlycoProFit: Cost-efficient synthesis of health-promoting glycobioses”**. This co-operation project aims to establish a process of synthesising new sweetening alternatives

from saccharide or table sugar in an efficient, natural way. This means consumers will be able to access healthier, natural sugar alternatives

• **“REVICO: Exploiting the full potential of cocoa raw materials through novel processing”**.

This project aims to develop innovative fermentation and subsequent processing methods to allow a sustainable and optimum use of various cocoa components and their specific applications, particularly flavouring and health promoting components. This will allow consumers to choose a chocolate where the concentration of health benefiting nutrients is as high as possible.

Society's growing concern over aspects such as health and well-being are forcing the company to work along these lines to satisfy its consumers. In fact, at Natra we are committed to searching for and using increasingly healthier ingredients.

The new Natra launches try to respond to the latest consumer trends with healthier products, containing less sugar, organic products and products with a high dried fruit content. For example, during 2017 we succeeded in introducing some nutritional improvements by developing and making

organic products, reducing and replacing sugar and reducing the portion /ration for better control over swallowing.

So, below are some of the products highlighted from 2017:

Countlines

Bite size range: bubbly, orange and peanut butter. Range of different flavoured chocolate in smaller formats.



Spreads

No added sugar spreads: Spreads with reduced or completely replaced sugar, which respond to the need to reduce sugar consumption both for groups with specific needs and for those consumers who want to look after their health.

Protein spreads. Spreads with high protein value and without added sugars.



Tablets and industrial

Organic range. This range of chocolates with organic certification responds to consumer demand for more natural and sustainable products.



Finally, at Natra we encourage combining a healthy, varied and moderate diet, with regular physical activity, to support various

initiatives associated with sport, as detailed in the chapter on interest in the community.



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