

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED CORPORATIONS

IDENTIFICATION DETAILS ISSUER

REFERENCE YEAR-END DATE	31/12/2013	
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TAX IDENTIFICATION CODE (C.I.F.)		
A96184882		

COMPANY NAME

NATRACEUTICAL, S.A.

REGISTERED OFFICES

Paseo de Ruzafa 9, 11 46002 Valencia

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED CORPORATIONS

A OWNERSHIP STRUCTURE

A.1 Complete the following table regarding the company's share capital:

Date last modified	Share capital (€)	Number of shares	Number of voting rights
27/10/2006	32,871,395.00	328,713,946	328,713,946

Indicate the existence of any different types of shares with different associated rights:

Yes No

A.2 List the direct and indirect holders of significant shares in the company at year end, excluding members of the Board of Directors:

Shareholder's name or company name	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
CARAFAL INVESTMENT, S.L.U.	12,279,834	0	3.74%
HISPANICA DE CALDERERÍA, S.A.L.	9,947,366	0	3.03%
KUTXABANK, S.A.	11,694,057	0	3.55%
NATRA, S.A.	154,034,791	12,279,384	50.60%

Name or company name of indirect holder of shareholding	Through: Name or company name of direct holder of shareholding	Number of voting rights
CARAFAL INVESTMENT, S.L.U.		0
HISPANICA DE CALDERERÍA, S.A.L.		0
KUTXABANK, S.A.		0
NATRA, S.A.	CARAFAL INVESTMENT, S.L.U.	12,279,384

Indicate the most significant changes in the ownership structure during the year:

Shareholder's name or company name	Transaction date	Description of transaction
INVERSIONES IBERSUIZAS, S.A.	15/10/2013	The share capital has been reduced by 3%

A.3 Complete the following tables on voting rights held by members of the Board of Directors:

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
NATRA, S.A.	154,034,791	12,279,384	50.60%
FELIX REVUELTA FERNÁNDEZ	200,000	17,261,588	7.69%
BMS PROMOCIÓN Y DESARROLLO, S.L.	2,460,000	559,374	0.92%
JUAN IGNACIO EGAÑA AZURMENDI	510,261	0	0.15%
MARIA TERESA LOZANO JIMÉNEZ	1,300	0	0.00%

Name or company name of indirect holder of shareholding	Through: Name or company name of direct holder of shareholding	Number of voting rights
NATRA, S.A.	CARAFAL INVESTMENT, S.L.U.	12,279,384
FELIX REVUELTA FERNÁNDEZ	KILUVA, S.A.	17,261,588
BMS PROMOCIÓN Y DESARROLLO, S.L.	GRUPO LAFUENTE	559,374

% of total voting rights held by the Board of Directors	59.33%
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Complete the following tables on the members of the Company's Board of Directors holding rights over the company shares

A.4 Where applicable, indicate any family, commercial, contractual or corporate relationships between owners of significant shareholdings, in so far as they are known to the company (unless they are insignificant or derived from ordinary trading or exchange activities):

A.5 Where applicable, indicate any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or its group, unless they are insignificant or derive from ordinary trading or exchange activities:

A.6 Indicate whether the company is aware of the existence of shareholders agreements that may affect its activities, pursuant to Article 530 and 531 of the Corporations Act. When applicable, briefly describe these agreements and indicate the shareholders bound by the same:

Yes No

Indicate whether the company is aware of the existence of shareholders agreements between company shareholders. Where applicable, describe briefly:

Yes No

% of share capital affected: 0.92%

Brief description of the agreement:

There is a concerted action between BMS Promoción y Desarrollo, SL and Familia Lafuente.

Intervening parties in the shareholders' agreement
BMS PROMOCION Y DESARROLLO, S.L.
GRUPO LAFUENTE

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

A.7 Indicate whether any individual or company exercises control or may exercise control over the company under article 4 of the Securities Market Act. If so, identify:

Yes No

Name or company name
NATRA, S.A.

Remarks

At December 31, 2013, NATRA SA is the direct holder of 46.86% of the NATRACEUTICAL, SA., shares.

A.8 Complete the following tables about the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
4,385,542	0	1.33%

(*) Through:

List any significant changes that have taken place during the year, as provided for in Royal Decree 1362/2007:

A.9 Detail the conditions and the terms of the General Shareholders Meeting's current mandate to the Board of Directors for the issue, acquisition or transfer of treasury shares.

The General Shareholders Meeting held in May 30, 2013, agreed to delegate the power to acquire treasury stock to the Company's Board of Directors in order to provide maximum liquidity, at specific times and when deemed appropriate by the Board, to the company shares quoted on the Stock Market, leaving without effect the authorisation granted on June 28, 2012, within the limits specified for this purpose, with the minimum and maximum price for the proposed acquisition being 0.05 and 2 Euros per share, respectively, and for a period of 18 months as of the mentioned date.

A.10 Indicate the existence of restrictions on the transfer of securities and on voting rights. Specifically, indication is to be given on the existence of any restrictions that may represent obstacles to the takeover of the company by means of share purchases on the market.

Yes X No

A.11 Indicate if neutralisation measures in the event of a takeover bid were agreed upon at the General Shareholders Meeting pursuant to Law 6/2007.

Yes X No

Where applicable, explain the measures approved and the terms under which the inefficiency of the restrictions would occur:

A.12 Indicate whether the Company has issued securities that are not traded on a regulated EU market.

Yes X No

Where appropriate, indicate the various classes of shares and, for each class of shares, the rights and obligations conferred.

B GENERAL SHAREHOLDERS MEETING

B.1 Indicate, and where applicable describe, any differences that exist between the minimum provided in the

Corporations Act and the quorum required for the constitution of the General Shareholders Meeting.

Yes No

	Quorum % different to that established in Art. 193 of the Corporations Act for general circumstances	Quorum % different to that established in Art. 194 of the Corporations Act for special
Quorum required for 1st call	50.00%	0.00%
Quorum required for 2nd call	0.00%	0.00%

Description of the differences

At first call, sufficient quorum is required in relation to Article 193 of the Corporations Act, which establishes a quorum of 25%.

B.2 Indicate, and where applicable describe, the differences required for adopting shareholder agreements with respect to the provisions of the Corporations Act (LSC).

Yes No

Describe any differences from the provisions established in the Corporations Act.

B.3 Indicate the rules applicable to the amendment of the company's Bylaws. Specifically, indicate the majorities required for the amendment of the Bylaws, as well as, where appropriate, the rules established for the protection of the shareholders rights in the event of an amendment of the Bylaws.

Article 13 of the Bylaws establishes that the General Shareholders Meeting is the supreme body of the Company and, therefore, is empowered to adopt any resolutions for which it is competent pursuant to the Law and the Company Bylaws. Similarly, Article 19 of the Bylaws establishes that, in order for General Shareholders Meetings to validly approve the issue of debentures, promissory notes, bonds and other analogous financial instruments, capital increases or decreases, the transformation, merger or de-merger of the Company and, in general, any amendment of the Company Bylaws, the quorum of shareholders demanded by law for such cases must be present.

B.4 Indicate the attendance figures for the General Shareholders Meetings held during the financial year referred to in this report and for the previous years:

Date of General Sharehol	% attending in person	% by proxy	Details of		Total
			% remote voting		
			Electronic voting	Other	
28/06/2012	17.15%	53.47%	0.00%	0.00%	70.62%
30/05/2013	68.68%	1.96%	0.00%	0.00%	70.64%

B.5 Indicate any statutory restrictions which establish the minimum number of shares required to attend General Shareholders Meetings.

Yes No

B.6 Indicate whether an agreement has been adopted by which certain decisions implying a structural modification of the Company ("subsidiarization", sale of key operating assets, operations equivalent to the liquidation of the Company, etc.) must be submitted to the approval of the General Shareholders Meeting, even when not expressly required under Commercial Law.

Yes No

B.7 Indicate the address and means of access to the company website containing the information on corporate governance and other information on General Shareholders Meeting to be made available to shareholders via the Company website.

C CORPORATE MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of Directors under the Bylaws:

Maximum number of Directors	15
Minimum number of Directors	5

C.1.2 Complete the following table with the Board members' details:

Name or company name of director	Representative	Position on the	Date first appointm	Date last appointm	Election procedure
NATRA, S.A.	GALO ALVAREZ GOICOECHEA	CHAIR	28/06/2004	18/06/2009	GENERAL SHAREHOLDERS MEETING
FELIX REVUELTA FERNÁNDEZ		VICE-CHAIR	21/02/2008	28/06/2012	GENERAL SHAREHOLDERS MEETING
FRANÇOIS GAYDIER		CHIEF EXECUTIVE OFFICER	19/06/2008	30/05/2013	GENERAL SHAREHOLDERS MEETING
BMS PROMOCIÓN Y DESARROLLO, S.L.	JOSÉ LUIS NAVARRO FABRA	DIRECTOR	10/09/2002	28/06/2012	GENERAL SHAREHOLDERS MEETING
IBERSUIZAS ALFA, S.L.U.	RICARDO IGLESIAS BACIANA	DIRECTOR	28/06/2012	28/06/2012	GENERAL SHAREHOLDERS MEETING
MARIA TERESA LOZANO JIMÉNEZ		DIRECTOR	23/06/2011	23/06/2011	GENERAL SHAREHOLDERS MEETING
JUAN IGNACIO EGAÑA AZURMENDI		DIRECTOR	13/12/2012	30/05/2013	GENERAL SHAREHOLDERS MEETING
BRENDA MCCABE		DIRECTOR	30/05/2013	30/05/2013	GENERAL SHAREHOLDERS MEETING

Total number of Directors	8
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Indicate the resignations that have occurred in the Board of Directors during the period subject to information:

C.1.3 Complete the following tables on Board members and their directorships:

EXECUTIVE DIRECTORS

Name or company name of director	Commission which proposed appointment	Position held in the company
FRANÇOIS GAYDIER	Appointments and Pay Commission	CHIEF EXECUTIVE OFFICER

Total number of Executive Directors	1
% of total board	12.50%

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Commission which proposed appointment	Name or corporate name of significant shareholder represented or proposing the appointment
NATRA, S.A.	BOARD OF DIRECTORS	NATRA, S.A.
FELIX REVUELTA FERNÁNDEZ	APPOINTMENTS AND REMUNERATIONS COMMITTEE	KILUVA, S.A.
BMS PROMOCIÓN Y DESARROLLO, S.L.	BOARD OF DIRECTORS	BMS PROMOCIÓN Y DESARROLLO, S.L.
JUAN IGNACIO EGAÑA AZURMENDI	BOARD OF DIRECTORS	NATRA, S.A.
MARIA TERESA LOZANO JIMÉNEZ	APPOINTMENTS AND REMUNERATIONS COMMITTEE	KUTXABANK, S.A.
IBERSUIZAS ALFA, S.L.U.	BOARD OF DIRECTORS	INVERSIONES IBERSUIZAS, S.A.

Total number of proprietary Directors	6
% of total board	75.00%

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of Director:

BRENDA MCCABE

Profile:

Bachelor of Business Studies and Spanish Language and Literature from the University of Berea, Kentucky (USA) and an MBA from the University of Chicago Booth (USA). A North American citizen resident in Spain with a career spanning in strategic consulting more than 25 years at McKinsey, franchise management with the Spanish decor company KA International acquired by private equity fund, strategic development management in the multinational pharmaceutical company AstraZeneca and business development for Southern Europe at Infinia Corporation, a technology startup in the solar thermal sector. Currently Managing Director of DBZ Arrow, SL, a foreign trade advisory company for Spanish SMEs from the engineering, technology and renewable energy sectors. Chair of the Natraceutical SA Audit and Appointments and Remuneration Committees.

Total number of independent Directors	1
% of total Board	12.50%

Indicate whether any Director classed as independent receives from the Company, or from its Group, any amount or benefit for a concept other than that of the Director's remuneration or holds or has held, during the last financial year, a business relationship with the company or any group company, either on their own behalf or as a significant shareholder, Director or senior manager of a company that has or has held such a relationship.

NO

Where applicable, a reasoned statement from the Board on the reasons why it considers that the Director can perform the designated functions as an independent Director is to be included.

OTHER EXTERNAL DIRECTORS

Indicate the reasons why the Director(s) cannot be considered proprietary or independent and their relationships with the company, its directors or shareholders:

List any changes in each Director's classification that may have taken place during the period:

C.1.4 Complete the following table with information on the number of female Directors during the past 4 years, and the nature of such Directors:

	Number of female Directors				% of the total number of Directors of each type			
	Year 2013	Year 2012	Year 2011	Year 2010	Year 2013	Year 2012	Year 2011	Year 2010
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	2	1	1	16.00%	33.33%	20.00%	20.00%
Independent	1	0	0	0	100.00%	0.00%	0.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	2	2	1	1	25.00%	28.57%	14.28%	16.00%

C.1.5 Explain the measures which, if applicable, have been adopted in order to include a number of women on the Board that would enable gender parity.

Explanation of the measures

Both the Board of Directors and the Appointment and Remuneration Committee are increasing their efforts to ensure that there is gender parity in the composition of the corporate bodies. The independent Director appointed during the year is a woman.

C.1.6 Explain the measures which, where applicable, have been adopted by the Appointments Committee in order to avoid any implicit bias against female candidates in the procedures for covering Board vacancies, and to ensure that the company makes a conscious effort to include women with the target profile among the candidates for Board posts.

Explanation of the measures

N/A

Explain the reasons justifying the limited or inexistent presence of women Directors in spite of any measures taken to avoid such a situation:

Explanation of reasons

N/A

C.1.7 Explain the method of representation on the Board of the controlling shareholders.

N/A

C.1.8 Explain, if applicable, the reasons why proprietary Directors have been appointed by shareholders whose stakes are less than 5% of the share capital.

Shareholder's name or company name:

BMS PROMOCIÓN Y DESARROLLO, S.L.

Justification:

Holds 0.919% of NATRACEUTICAL SA and is a Director and significant shareholder in NATRA, SA, the Company's controlling shareholder.

Shareholder's name or company name:

KUTXABANK, S.A.

Justification:

Held 4.588% of the share capital (close to 5%).

Indicate any rejection of a formal request for a Board presence from shareholders whose equity stake is equal to or greater than that of others who have successfully applied for a proprietary directorship. If applicable, explain why these requests have been rejected.

Yes

No

C.1.9 Indicate, in the event of any Directors having resigned from their position prior to the expiry of their term, if such Directors have explained the reasons for their respective resignations to the Board and through which means. If such reasons were provided in writing to the full Board, explain, as a minimum, the reasons given below:

C.1.10 Indicate, where applicable, any powers delegated to chief executives:

Name or company name of Director

FRANÇOIS GAYDIER

Brief description:

1st - The appointment and removal of all staff, as well as the contracting, payment and cancellation of the obligatory social security and work accident insurance.

2nd - Administrate, rule and govern all issues and negotiations included in the corporate business and the affected corporate assets, collect rents, debts, profits, earnings, pensions, request, liquidate and charge accounts, issuing receipts, balances and termination settlements, give or receive rural or urban properties on behalf of or for the company as a lease or sharecropping, with the agreements deemed appropriate, terminate or cancel such contracts, evict sharecropping farmers, settlers, tenants, leasers, hold-over tenants and any other type of occupants; sign invoices, data, guides and legal statements, accept and settle accounts, and to provide corporate funds for investment and placement.

3rd - Contract charters and all kinds of sea, air and land transport; withdraw letters, certificates, shipments, parcels, money or telegraphic and declared values from Communications offices, and forwarded goods and effects from rail, shipping, transport companies in general, and from customs offices and agencies.; lodge protests and claims, make payments on account and payments for goods; open, answer and sign correspondence and maintain business records in accordance with the provisions of the Law; lodge protests for breakdowns, contract insurance against risks derived from transportation, fire and occupational accidents,

sign the corresponding policies or documents and receive payment, if any, of compensation, request and withdraw quotas of raw materials or items a commercial nature.

4th - Delegate to the individual or company deemed appropriate and grant, to this effect, the corresponding powers, and each and every one of the powers hereby conferred.

C.1.11 List any Board members holding senior management posts or directorships in other companies belonging to the listed company's group:

Name or company name of director	Name of the group company	Position
NATRA, S.A.	NATRA CHOCOLATE INTERNATIONAL, S.L.	MEMBER OF BOARD OF DIRECTORS
NATRA, S.A.	NATRA OÑATI, S.A.U.	MEMBER OF BOARD OF DIRECTORS
FRANÇOIS GAYDIER	FORTE PHARMA IBERICA, S.L.U.	INDIVIDUAL REPRESENTING THE DIRECTOR NATRACEUTICAL, S.A.
FRANÇOIS GAYDIER	FORTE PHARMA SAM	INDIVIDUAL REPRESENTING THE DIRECTOR NATRACEUTICAL, S.A.
FRANÇOIS GAYDIER	FORTE SERVICES SAM	INDIVIDUAL REPRESENTING THE DIRECTOR NATRACEUTICAL, S.A.
FRANÇOIS GAYDIER	FORTE SERVICES SAM	DIRECTOR
BMS PROMOCIÓN Y DESARROLLO, S.L.	NATRA, S.A.	MEMBER OF BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	NATRA, S.A.	CHAIR OF THE BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	NATRA CACAO, S.L.U.	MEMBER OF BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	COCOATECH, S.L.	INDIVIDUAL REPRESENTING THE SOLE ADMINISTRATOR NATRA, S.A.
NATRA, S.A.	COCOATECH, S.L.	SOLE ADMINISTRATOR

C.1.12 List all board members who are also members of the board of directors of other companies listed on official securities markets, other than your own group, that have been reported to the company:

C.1.13 Indicate and explain if the company has established rules limiting the number of directorships that may be held by its Board members:

Yes

No

C.1.14 Indicate the company's general policies and strategies pending approval by the Board:

	Yes	No
Investment and financing policy	X	
The definition of the corporate group structure	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
The strategic or business plan, management targets and annual budgets;	X	
Remuneration and assessment of senior management performance plan	X	

	Yes	No
The risk management and control policy, periodic monitoring of the internal information and control systems	X	
The dividend and treasury policies, and in particular their limits	X	

C.1.15 Indicate the total remuneration of the Board:

Remuneration of the Board of Directors (thousands of Euros)	313
Amount of the total remuneration corresponding to the benefits accrued by the Directors in relation to pensions (thousands of Euros)	0
Total remuneration of the Board of Directors (thousands of Euros)	313

C.1.16 List Senior Management members who are not executive Directors and indicate the total remuneration accrued in their favour during the year:

Name or company name	Positi

Total remuneration Senior Management (in thousands of Euros)	0
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C.1.17 Indicate, where applicable, the identity of the members of the Board who are also members of the Board of Directors of companies which hold major shareholdings and/or the entities pertaining to the group:

Name or company name of director	Company name of major shareholder	Positi on
BMS PROMOCIÓN Y DESARROLLO, S.L.	NATRA, S.A.	DIRECTOR
JUAN IGNACIO EGAÑA AZURMENDI	NATRA, S.A.	CHAIR

List, where applicable, any relevant relationships other than those indicated in the section above relating members of the Board of Directors with significant shareholders and/or their group companies:

Name or company name of the related Director:

NATRA, S.A.

Name or company name of related significant shareholder:

NATRA, S.A.

Description of relation:

NATRA, SA is the parent of the consolidated group by virtue of its direct ownership of 46.86% of the shares of NATRACEUTICAL, S.A.

C.1.18 Indicate any changes made to the Board's regulations during the year:

Yes

No

C.1.19 Indicate the procedures for the selection, appointment, re-election, assessment and removal of Directors. Describe the competent bodies, procedures to be followed and criteria to be employed in each of the procedures

Selection and appointment: Directors shall be appointed by the General Meeting or by the Board of Directors, in accordance with the provisions of the Law. The Board of Directors shall, within the scope of its powers, make every effort to ensure that candidates have recognised solvency, competence and experience, and are willing to dedicate sufficient time to the Company. The Board of Directors may not propose or appoint outside Directors who have a relationship with the Company management or who are related by family, professional or commercial links with the Company's executives or senior management staff.

Reappointment: Proposals for the reappointment of Directors which the Board submits to the General Meeting must be subject to a formal process, during which the quality of the work and the dedication of the proposed Directors during the previous mandate are to be assessed.

Assessment: The Board of Directors Regulations do not formally establish an assessment method for Board members, although assessment is carried out informally.

Termination: Directors are to step down from their posts upon the conclusion of the term for which they were appointed, and when thus deemed appropriate by the General Shareholders Meeting or by the Board of Directors, by virtue of their legal or statutory powers.

Criteria to be followed in the voting:

- 1. Directors affected by appointment, re-appointment or removal proposals shall refrain from participating in the corresponding deliberations and voting processes.
- 2. All votes of the Board of Directors relating to the appointment, reappointment or removal of directors shall be secret, if so requested by any member, without prejudice to the each director's right to record their vote in the minutes.

C.1.20 Indicate whether the Board has assessed its activity during the year:

Yes No

Where applicable, explain the extent to which assessment has given rise to major changes in the internal organization and the procedures applicable to its activities:

C.1.21 Indicate the circumstances under which Directors are obliged to resign.

Under Article 12 of the Board Regulation, Directors must tender their resignation to the Board of Directors and, if deemed appropriate by the Board, formalise their resignation in the following cases:

- a) When they cease to hold the executive positions associated with their appointment as Directors.
- b) When they are involved in any of the situations of incompatibility or legal prohibition established in law.
- c) When seriously reprimanded by the Audit and Compliance Committee for having breached their duties as Directors.
- d) When their continuation on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist.
- e) When indicted for an alleged criminal offense or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.

C.1.22 Indicate whether the duties corresponding to the CEO are carried out by the Chair of the Board. Where applicable, explain the measures taken to limit the risk of the accumulation of powers in a single person:

Yes

No

Indicate, and explain where applicable, if regulations have been established to empower an independent Director to request the calling of Board Meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external Directors; and to lead the Board's assessment of the Chair of the Board.

Yes

No

C.1.23 Are qualified majorities, other than those established by law, required for certain decisions?

Yes

No

Where applicable, describe the differences.

C.1.24 Explain if there are any specific requirements, other than those applicable to Directors, for appointment as Chair of the Board.

Yes

No

C.1.25 Indicate whether the Chair has the casting vote:

Yes

No

Matters for which a casting vote is required

In the event of a tie between those present.
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C.1.26 Indicate whether the Bylaws or the Board of Directors Regulation establish an age limit for Directors:

Yes

No

C.1.27 Indicate whether the Bylaws or the Board of Directors Regulation establish a limit on the term for independent Directors, other than that provided for in the corresponding legislation:

Yes

No

C.1.28 Indicate whether the Bylaws or Board Regulations establish specific rules for proxy voting in the Board, the manner in which it is effected and, specifically, the maximum number of proxy votes that may be held by a Director, as well as whether the obligation to delegate in a Director of the same type has been established. If applicable, briefly detail these rules.

Under Article 27 of the Board Regulations, Directors may grant a proxy to another member of the Board, as provided in the Bylaws (to be granted in writing and specifically for each call of the Board) , and may issue specific voting instructions in relation to any or all points on the agenda. There is no obligation to delegate to a Director of the same type.

C.1.34 Explain the procedures for the appointment and removal of the Secretary of the Board and indicate whether his/her appointment and removal were informed by the Appointment and Remuneration Committee and approved by a Board meeting in full.

Appointment and removal procedure

Pursuant to Article 27 of the Company's bylaws, the Board is to elect a Chair from among its members. The Board will also elect a Secretary. If the Secretary is chosen from among the Directors, he/she will not be eligible to vote during the Board of Directors Meetings.

Chairs and Secretaries who are re-elected as members of the Board by the General Shareholders Meeting will continue to hold the posts held previously in the Board of Directors without the need for a new election, notwithstanding the power to revoke such posts held by the Board.

	Yes	No
Is the appointment informed by the Appointment Committee?	X	
Is the removal informed by the Appointment Committee?	X	
Does the Board in full approve the appointment?	X	
Does the Board in full approve the removal?	X	

Is the Secretary of the Board specifically responsible for overseeing the good governance recommendations?

Yes

No

Remarks

The Secretary shall at all time make every effort to ensure the formal and material legality of the Board's actions and make his/her best efforts to ensure that the Board's procedures and rules of governance are respected. The Secretary shall at all time make every effort to ensure the formal and material legality of the Board's actions and make his/her best efforts to ensure that the Board's procedures and rules of governance are respected.

C.1.35 Indicate the mechanisms, if any, established by the Company to preserve the independence of the external auditors, financial analysts, investment banks and rating agencies.

C.1.36 Indicate whether the Company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes

No

Explain any disagreements with the outgoing auditor and the reasons for the same:

C.1.37 Indicate whether the auditor provides other services to the Company and/or its group other than those related to the audit and, where applicable, indicate the fees received for any such work and the percentage such fees represent in relation to the total fees invoiced by the auditor to the company and/or its group:

Yes

No

C.1.38 Indicate whether the audit report for the previous year’s financial statements contains reservations or conditions. Where applicable, detail the reasons given by the Chair of the Audit Committee in explanation of the content and the scope of the mentioned reservations and conditions.

Yes No

C.1.39 Indicate the number of years during which the current audit company has uninterruptedly audited the financial statements of the company and/or its group. Similarly, indicate the percentage represented by the number of years audited by the current audit company over the total number of years during which the financial statements have been subject to audit:

	Company	Group
Number of consecutive years	4	4
Number of years audited by the current auditor/Number of years during which the company has been audited (in %).	36.36%	36.36%

C.1.40 Indicate and, where applicable, provide details of any procedures through which Directors may receive external advice:

Yes No

Details of the procedure

Under Article 15 of the Board Regulations, in order to be assisted in the performance of their duties in relation issues of relevance and significant complexity, any Director may propose the appointment of external experts at the expense of the Company. Such appointments must be agreed by a majority of the Board.

C.1.41 Indicate, and where appropriate provide details of, the existence of procedures for facilitating Directors in advance with the information necessary for the preparation of the corporate bodies’ meetings.

Yes No

Details of the procedure

During Board sessions, the Directors are provided with information on the financial/economic situation of the company and the group sufficiently in advance. The most significant decisions on investment, disinvestment and all relevant issues regarding the company’s performance are examined.

In addition to the information provided during Board meetings, the Board members also have the right to request any information that they deem necessary or useful in order to carry out their duties.

C.1.42 Indicate, and where appropriate provide details of, whether the company has established rules binding Directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be:

Yes No

Explain the regulations

Directors must place their positions at the disposition of the Board of Directors and, if deemed appropriate, formalize their resignation in the following cases:

- a) When they cease to hold the executive positions associated with their appointment as Directors.
- b) When they are involved in any of the situations of incompatibility or legal prohibition established in law.
- c) When seriously reprimanded by the Audit and Compliance Committee for having breached their duties as Directors.
- d) When their continuation on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist.
- e) When indicted for an alleged criminal offense or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.

C.1.43 Indicate whether any Directors have notified the company of their prosecution or trial for any of the crimes stated in Article 213 of the Corporations Act:

Yes No

Indicate whether the Board has examined this case. If yes, explain the reasons for the decision taken on whether or not the Director should continue in the post or, where appropriate, explain the actions taken by the Board up to the date of this report, or those which it intends to take.

C.1.44 List the significant agreements entered into by the Company that will come in effect, alter or terminate upon a change of control of the company following a takeover bid, and their effects.

C.1.45 Provide a summary and indicate, in detail, agreements between the Company and its Directors and executives or employees providing for compensation, guarantee clauses or “golden-parachutes”, in the event of their resignation or dismissal without cause or if the employment relationship is terminated as a result of a takeover bid or other type of operation.

Number of beneficiaries: 0

Type of beneficiary:

0

Description of the Agreement:

Indicate whether these clauses must be reported to and/or authorised by the governing bodies of the company or its group:

	Board of Directors	General Meeting
Body authorising clauses	No	No

	Yes	No
Is the General Meeting informed of the clauses?		X

C.2 Board of Directors Committees

C.2.1 List the Board of Directors Committees, their members and the ratio between proprietary/independent Directors:

AUDIT COMMITTEE

Name	Positi	Type
BRENDA MCCABE	CHAIR	Independent
NATRA, S.A.	MEMBER	Proprietary
IBERSUIZAS ALFA, S.L.U.	MEMBER	Proprietary

% of executive directors	0.00%
% of proprietary directors	66.66%
% of independent directors	33.33%
% of other external directors	0.00%

THE APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Positi	Type
BRENDA MCCABE	CHAIR	Independent
NATRA, S.A.	MEMBER	Proprietary
IBERSUIZAS ALFA, S.L.U.	MEMBER	Proprietary

% of executive directors	0.00%
% of proprietary directors	66.66%
% of independent directors	33.33%
% of other external directors	0.00%

C.2.2 Complete the following table with information on the number of Directors that have sat on the Board Committees during the last four years:

	Number of female							
	2013		2012		2011		2010	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	1	0.33%	0	0.00%	0	0.00%	0	0.00%
APPOINTMENTS AND REMUNERATION COMMITTEE	1	0.33%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Indicate whether the following functions correspond to the Audit Committee.

	Yes	No
Supervise the preparation and integrity of company's and, where appropriate, the group's financial reporting, monitoring compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles	X	
Review internal control and risk management systems on a regular basis in order to correctly identify, manage and disclose the main risks.	X	
Safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that Senior Management is acting on the findings and recommendations of its reports.	X	

	Yes	No
Establish and supervise a mechanism whereby staff can report confidentially and, if necessary, anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, detected within the company.	X	
Submit proposals to the Board for the selection, appointment, reappointment and removal of external auditors, and the terms of their engagement	X	
Receive regular information from the external auditor on the progress and findings of the audit programme, and verify the Senior Management's observance of its recommendations.		X
Safeguard the independence of the external auditor	X	

C.2.4 Describe the organisational and operational rules and the responsibilities attributed to each of the Board committees.

AUDIT COMMITTEE. The Audit Committee is to be composed of a minimum of three and a maximum of five Directors appointed by the Board of Directors from among its members. All of the Committee's members must be non-executive Directors. The Chair of the Audit Committee will be appointed by the Board of Directors from among the Committee's members, and must be substituted each four years. A Director may be re-elected Chair of the Audit Committee one year after the termination of his/her previous term. The Audit Committee is to appoint a Secretary, who need not be a member of the same. Every effort is to be made to ensure that the Chair is an Independent Director. The Audit Committee is to have the following minimum competences:

- a) To inform the General Shareholders Meeting, through its Chair and/or Secretary, of the issues raised that are within the Committee's scope of competence;
- b) To propose to the Board of Directors, for submission to the General Shareholders Meeting, the appointment of the Accounts Auditor referred to in article 264 of the consolidated Corporations Act;
- c) To supervise the internal audit;
- d) To be informed of the Company's financial reporting process and internal control systems;
- e) To liaise with the accounts auditors to receive information concerning matters that may jeopardise their independence, in addition to any other issues related to the development of account auditing procedures, as well as any other notifications stipulated in the account auditing legislation and technical audit regulations;
- f) Any other competences defined in the Bylaws. The Audit Committee shall meet at least once every half-year and whenever deemed necessary, subsequent to a call issued by the Chair, either upon the initiative of the Chair or in response to a request by three of its members or by three members of the Executive Committee. The Audit Committee shall be validly constituted with the direct or represented attendance of at least half of its members. Agreements are to be adopted with a majority of votes in favour cast by the members in attendance.

APPOINTMENTS AND REMUNERATION COMMITTEE. The main purpose of the Appointment and Remuneration Committee, which is to meet at least twice a year, is to make proposals to the Board of Directors in relation to:

- the Group's remuneration policy at the highest level.
- the general lines of the remuneration policy of the Group and its subsidiaries.
- Providing the Board of Directors with recommendations, in turn to be presented to the General Shareholders Meeting, on the Directors' retribution systems and on systems of participation in Natraceutical's share capital for managers and employees.
- The analysis of the Company's related-party transactions. In the event of a transaction involving a particular Committee member, s/he is to abstain from participating in the analysis;
- The characteristics and conditions of the Company's share option plans and the managers and employees to whom they are directed. The members of the Appointments and Remuneration Committee do not receive remuneration for their membership of the same.

C.2.5 Indicate, where applicable, any regulations governing the Board committees, the location in which they are made available for consultation and any amendments to the same made during the financial year. Indicate whether an annual report on the activities of each committee has been voluntarily prepared.

The Board Committees are governed by the Bylaws and the Board Regulations, which are available on the company website. No amendments have been effected during the year nor have annual reports been prepared on the activities of each Committee.

C.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the Board of the different types of Directors:

Yes X No

If not, explain the composition of the executive committee

D RELATED PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Identify the competent body and explain, where applicable, the procedure for approval of related party and intra-group transactions.

Body responsible for approving related party transactions

Audit Committee

Procedure for the approval of related party transactions

The Audit Committee is responsible for monitoring and reporting the resolutions or decisions authorizing the awarding of contracts between the Company, its subsidiaries, its Directors and its shareholders, or the Directors and shareholders of the Group's subsidiaries, with special consideration given to the agreements or decisions which:

- a. Are related to the marketing of the Company's products;
- b. Affect the Company's internal or external financing.
- c. Give rise to obligations for the Company for the payment or delivery of products for an individual or aggregate amount, in a single year, in excess of 1,000,000 Euros.

Explain whether the power to approve related party transactions has been delegated, indicating, where appropriate, the body or persons to whom it has been delegated.

D.2 List any transactions considered relevant by virtue of their amount or nature between the company or its group companies and the significant shareholders in the company:

D.3 List any transactions considered relevant by virtue of their amount or nature between the company or its group companies and the company's administrators or Directors:

Name or company name of Directors or managers	Name or company name of related party	Relation ship	Nature of transaction	Amount (thousands of Euros)
NATRA, S.A.	Natra, S.A.	Administrator	Provision of services	5
NATRA, S.A.	Natra, S.A.	Administrator	Service reception	175

D.4 Indicate any relevant transactions undertaken by the company with other companies in its group and which are not eliminated during the preparation of the consolidated financial statements and whose object and conditions set them apart from the company's habitual trading activities.

In all cases, indication is to be made of any intra-group operation carried out with companies established in countries or territories considered tax havens:

Corporate name of Group entity:

Amount (thousands of Euros) 0

Brief description of operation:

D.5 Indicate the amount of operations with other related parties.

0 (thousands of Euros).

C.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group and its Directors, management or significant shareholders.

Article 19 of the Board Regulation regulates conflicts of interest, as follows:

1. Directors are to abstain from intervening in deliberations that affect issues in which they are directly or indirectly an interested party.
2. Directors are considered to have personal interest when the issue affects a member of their family or a company in which they hold a management position or a significant ownership interest in its share capital.
3. Directors shall not transact business with the Company or any of the companies in its Group without the previous consent of the Board of Directors. Article 19 of the Board Regulation regulates conflicts of interest, as follows:

- a) Directors shall not participate in deliberations on matters in which they have a directly or indirect interest.
- b) Directors are considered to have personal interest when the issue affects a member of their family or a company in which they hold a management position or a significant ownership interest in its share capital.
- c) Directors shall not transact business with the Company or any of the companies in its Group without the previous consent of the Board of Directors.

D.7 Is more than one Group company listed in Spain?

Yes

No

Identify the subsidiaries listed in Spain:

Listed subsidiary

NATRA, S.A.

Indicate whether the respective areas of activity and any business dealings between the same, as well as those of the listed subsidiary and other group companies, have been publicly defined:

Yes

X

No

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

The Risk Control and Management System established by Natraceutical is based on the methodology of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO II), which covers all relevant areas and processes within each of the Organisational Units. The Risk Control and Management System covers, among others, financial, fraud and consolidation risks. For the detailed analysis of these risks, the Group has a formalised ICFR updating protocol, which sets out the responsibilities in risk identification and the definition of additional controls.

E.2 Identify the company organs responsible for the development and implementation of the Risk Management System.

Audit Committee

E.3 Describe the main risks that may affect the achievement of the business objectives.

Strategic risks, operational risks, reporting/financial risks and compliance risks

E.4 Identify whether the company has a risk tolerance level.

Natraceutical has a procedure for documenting the Risk Control and Management System, which is adapted both to its activity and to the associated risk profile. It also has a system for the continuous control of the risks within each process and Organisational Unit. Their status and management is reported to the Audit Committee and the Board of Directors through the channels established in this procedure. The Audit Committee is responsible for proposing the assumed risk profile to the Board of Directors, as well as for carrying out the monitoring of the risks, establishing the appropriate measures to ensure its opportune control and management.

E.5 Indicate which risks have materialized during the year.

None

E.6 Explain the response and supervision plans for the company's major risks.

There are procedures for the review and approval of the financial reporting and ICFR description, documenting the control activities and the risks of the processes relative to the Financial Statements in the form of flowcharts, process narratives and risk and control matrices. The Economic-Finance Department is responsible for their review and updating, as well as for coordinating the other areas involved in maintaining the ICFR up to date.

F INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF FINANCIAL REPORTING (ICRF)

Describe the mechanisms that compose the risk control and management systems in relation to the process of financial reporting (ICRF) in your company.

F.1 Company control

Indicate, at least, the following, indicating the key characteristics:

F.1.1. Which organs and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR, (ii) its implementation, and (iii) its monitoring.

The Board of Directors, as established in its regulations, is responsible for the existence and maintenance of an adequate and effective ICFR. The Finance Department is responsible for the design, implementation and updating of ICFR. The Audit Committee is responsible for overseeing the ICFR, as stated in its bylaws and the Board regulations.

F.1.2. The existence of the following elements, especially in relation to the financial reporting preparation process:

- Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure, (ii) clearly defining lines of responsibility and authority, with an appropriate distribution of tasks and functions, and (iii) the existence of adequate for appropriate dissemination within the company.

Human Resources Management

- Code of Conduct, approval body, degree of dissemination and training, principles and values included (indicating whether there are specific references to the recording of transactions and the preparation of financial information), the body responsible for analysing non-compliances and proposing corrective actions and sanctions.

The Natraceutical Internal Code of Conduct, which aims to establish standards of conduct, integrity and ethical behaviour consistent with the Company's image and reputation within the communities in which it operates, was approved by the Natraceutical Board of Directors. The code was presented to the Spanish Securities Market Commission and, as the Code itself provides, was published on the website www.natraceutical.es. The Natraceutical Code of Conduct has been in force since its approval and is applicable to the members of the company's Board of Directors and management, as well as to all the employees of the companies forming Natraceutical.

The purpose of the Code is: To ensure the professional, ethical and responsible behaviour of all Natraceutical employees when undertaking their activities and performing their duties, and to create a business culture based on the integrity of their behaviour, in line with Natraceutical's corporate reputation. Under the provisions of the Internal Code of Conduct, the body responsible for monitoring compliance with the same is the Board of Directors. Nevertheless, the implementation of an Ethics Committee is under study, to act under the supervision of the Audit Committee and the Board of Directors. The main functions of this Committee will be to promote the dissemination and knowledge of and compliance with the Internal Regulation, as well as to establish lines of communication with employees in order to collect or to provide information or to resolve issues regarding compliance with the Code, advising on the actions to be taken in case of doubt.

The Internal Code of Conduct makes express reference to the recording of transactions and to the personnel responsible for preparing the financial information. Employees directly involved in the ICFR have signed a statement by means of which they have committed to safeguarding the confidential information to which they have access and to observing the principles of transparency, accuracy and reliability in the preparation of the financial information with which they are entrusted and in the due accounting of transactions in the Company's files and books. There is a space reserved for the Internal Code of Conduct in the website www.natraceutical.es which may be consulted without restriction.

- Complaints channel, enabling the communication to the Audit Committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organisation, indicating, when applicable, if the matter in question is confidential.

The Complaints Channel, which is called the "Code of Conduct Mailbox", establishes the communication channels through which employees and other stakeholders will be able to provide information to the Ethics Committee (when formally established) on incidents and complaints prior to their examination, when applicable, by the Audit Committee. The complaints channel is currently regulated and its future implementation is being analysed in order to ensure the confidentiality of the entire process.

- Training and periodic refresher programmes for the staff involved in the preparation and revision of the financial information, as well as the assessment of the ICFR, which cover, as a minimum, accounting, audit, internal control and risk management standards.

The training provided in Natraceutical planned. A training item is established annually within budget and each Natraceutical department identifies the individual training requirements of each of its staff members. One of the Finance Department's objectives is to be up to date regarding the developments in applicable internal control and accounting material.

Natraceutical employs the services of external advisers who inform on applicable updates relevant to internal control, accounting, International Financial Reporting Standards, Risk Management, consolidation and other relevant areas. The personnel involved in the preparation and review of financial reporting has received courses in accounting, consolidation and management control. They have also attended several seminars

given by ASSEF (Spanish Treasurers Association). These training activities are carried out externally, and there are mechanisms to evaluate their effectiveness.

F.2 Financial reporting risk assessment

Indicate, at least:

F.2.1. What are the main characteristics of the risk identification process, including error or fraud, in terms of:

- If the process exists and is documented.

The Risk Control and Management System established by Natraceutical is based on the methodology of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO II), which covers all relevant areas and processes within each of the Organisational Units .

The Risk Control and Management System covers, among others, financial, fraud and consolidation risks. For the detailed analysis of these risks, the Group has a formalised ICFR updating protocol, which sets out the responsibilities in risk identification and the definition of additional controls.

- If the process covers all financial reporting objectives, (existence and occurrence, integrity, assessment, presentation, disclosure and comparability, and rights and obligations), if it is updated and how often.

The General Risk Map introduced in 2011 is updated annually with the following objectives:

1. To identify and assess the key risks.
2. To identify the risks that must be assumed and the risks to be avoided for the development of the business.
3. To prepare the action plans necessary to mitigate the main risks. The ICFR covers all the following objectives:

Existence and occurrence: The transactions, facts and other events reflected in the financial reporting effectively exist and have been recorded at the appropriate time.

b) Integrity: The information reflects all the transactions, facts and other events in which the company is an affected part.

c) Measurement and accuracy: The transactions, facts and other events are recorded and measured in accordance with applicable regulations.

d) Rights and obligations: The financial information reflects, on the relevant date, the rights and obligations through the related assets and liabilities, in accordance with applicable regulations.

e) Presentation and disclosure: Transactions, events and other events are categorised, presented and disclosed in the financial reporting in accordance with applicable regulations.

- The existence of a scope of consolidation identification process, taking into account, among other things, the possible existence of complex corporate structures and special purpose entities.

The Economic-Finance Department Management, responsible for the consolidation process, has properly documented the whole process. The consolidation and year-end flowchart process includes the risks and controls relevant to the updating of the perimeter and the consolidation of the Financial Statements.

- If the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent in which they affect the financial statements.

In accordance with this methodology, Natraceutical has structured the risks into four groups:

1. Strategic Risks: referring to those risks that are considered key to the Group and which must be managed pro-actively and with priority (e.g., decisions on investment, entering new segments, personnel replacement, etc).

2 Operational risks: Those risks that affect the operational management and are capable of significantly disrupting the Group's operations (e.g., system failures, accidents in the workplace and environmental accidents, process failures, etc.).

3. Reporting/Financing risks: Those risks that directly affect aspects related to the information reported to the company and/or third parties (e.g., erroneous information to investors and shareholders, etc.). This category also includes financial risks (e.g., credit, market and liquidity risks, etc.).

4. Compliance risk: Those risks affecting the internal or external regulatory compliance with third parties (e.g., compliance with safety and environmental standards, filing and payment of taxes, compliance with personal data protection regulations, etc.). In this manner, the company assesses:

1. The inherent risks (the risk present for Natraceutical in the absence of any action from the Management aimed at altering the probability of the risk occurring and the impact of the same).

2. The residual risks (the risk that remains after the Management has implemented a mitigation measure).

- Which of the company's governing bodies is to oversee the process.

Natraceutical has a procedure for documenting the Risk Control and Management System which is adapted both to its activity and to the associated risk profile. It also has a system for the continuous control of the risks within each process and Organisational Unit. Their status and management is reported to the Audit Committee and the Board of Directors through the channels established in this procedure.

The Audit Committee has the responsibility to propose the assumed risk profile to the Board of Directors, as well as to carry out the monitoring of the risks, establishing the appropriate measures to ensure its opportune control and management. The Board of Directors is ultimately responsible for overseeing the functioning of the Risk Control and Management System.

F.3 Control Activities

Indicate whether the Company has, at least, the following, indicating the key characteristics:

F.3.1. Procedures for the review and approval of the financial reporting and the description of the ICFR to be published in the securities markets, indicating those responsible for the same, as well as the documentation describing the control and activities flows (including those relating to fraud risk) of the different types of transactions that may significantly affect the financial statements, including the year-end procedure and the specific review of the judgments, estimates, measurements and projections.

There are procedures for the review and approval of the financial reporting and ICFR description, documenting the control activities and the risks of the processes relative to the Financial Statements in the form of flowcharts, process narratives and risk and control matrices. The Economic-Finance Department is responsible for their review and updating, as well as for coordinating the other areas involved in maintaining the ICFR up to date.

In 2012, the processes relevant to financial reporting were updated, following quantitative (impact on financial statements) and qualitative (difficulty of associated transactions, perceived risk, etc.) criteria for their identification.

The following are considered relevant processes for financial reporting in Natraceutical, which in turn are broken down, in some cases, into sub-processes:

- Property, plant and equipment
- Accounts payable
- Accounts receivable
- HR
- Consolidation
- Year-end
- Financial reporting

The areas involved, the risks that impact on the financial information (including fraud) and the associated control activities have been defined for each process and sub-process, including:

- The relevant financial information objectives covered.
- If key or not, considering a key control as that which mitigates, correctly and sufficiently in advance, the existence of fraud or errors which have a significant impact on the financial information issued.
- The person or body responsible, the person or body which implements the control and the frequency of the implementation.

- The type of control and the level of automation. The systems involved in the implementation of the control.

Additionally, the activities destined at implementing an Offence Prevention and Detection Programme have been initiated in 2013 with the collaboration of an external consultant. The model is to include measures such as the adequate segregation of duties, regular checks to detect illegal activities, staff training, etc.

F.3.2. Internal control policies and procedures for the information systems (including access security, monitoring of changes, their operation, operational continuity and segregation of duties, among others) that support the company's relevant processes in relation to the preparation and publication of financial information.

Natraceutical's information systems are currently subject to policies and procedures governing the access to and operation of the systems and applications that enable:

- Management of access to the systems and applications so as to ensure the adequate segregation of duties within the applications, adding access permissions to the system's user profiles. The availability of mechanisms affording continuity to the different systems operated in support of the business in the event of failure. The availability of data recovery mechanisms (backups, fireproof chambers for the storage of backup copies, external servers, etc.).
- Ensuring that the development of new applications or the maintenance of existing applications facilitates a definition, development and testing process that ensures the correct treatment of the information.
- The management of the proper operation of the systems. To do so, the IT Department is responsible for ensuring the correct, efficient operation of the systems and communication networks.

F.3.3. Internal control policies and procedures for monitoring the management of outsourced activities, as well as those aspects of assessment, calculation or measurement entrusted to independent experts and which may significantly affect the financial statements.

Within the processes that make up the Natraceutical value chain, the outsourced activities related to the financial information preparation and ICFR assessment processes are subcontracted to companies of renowned prestige that have certified their competence, training and independence. This procedure is followed in order to avoid relevant risks in the financial reporting. Notwithstanding the above, outsourced activities are always overseen and monitored by the area within Natraceutical affected by the same.

F.4 Information and communication

Indicate whether the Company has, at least, the following, indicating the key characteristics:

F.4.1. A specific function responsible for defining and maintaining updated the accounting policies (accounting policies area or department) and for resolving questions or disputes regarding their interpretation, maintaining fluid communication with those responsible for the organisation's operations, as well as maintaining an updated accounting policies manual and providing the company's operational unit's with access to the same.

The Economic-Finance Department is responsible for maintaining the accounting policies up to date, for defining and maintaining Natraceutical's Accounting Policy Manual and for resolving any questions and conflicts that may arise in its interpretation, and informing all those with a relevant involvement in the preparation of the financial information.

Additionally, Natraceutical has the support of external advisers of recognised standing which inform the company of new accounting standards. The Manual contains the policies and activities necessary for the correct recording of each accountable transaction, in addition to practical examples for the most significant transactions.

The latest update of the Manual was produced in November 2009. However, any changes of legislation affecting the accounts of the subsidiaries are taken into account and communicated to those responsible for preparing and monitoring the financial information.

F.4.2. Financial information collection and preparation mechanisms employing homogeneous formats for application and use by all units of the organization or group, capable of supporting the main financial statements and notes, as well as detailed information about the ICFR.

Natraceutical centralises the financial reporting collection, consolidation and preparation process. Natraceutical employs software that enables the standardisation of the budgeting, monitoring and consolidation processes. In order to cover all risks relevant to financial reporting, the year-end and consolidation process is accompanied by a series of implemented and documented controls with their corresponding flowcharts and risk and control matrices.

F.5 System operation monitoring

Indicate, at least, the following, indicating the key characteristics:

F.5.1. The ICFR monitoring activities carried out by the Audit Committee, as well as the existence of an internal audit function with competences that include providing support to the committee in its supervision of the internal control system, including the ICFR. Information is to be provided on the scope of the ICFR assessment carried out during the period and the procedure by which the person responsible for carrying out the assessment reports its results, whether the company has an action plan that details the applicable corrective measures, and whether it has considered the impact of the same on the financial reporting.

The Audit Committee is responsible for ICFR monitoring activities, which include:

- Approving the audit plans, which are currently being defined by the Internal Audit function (implemented in 2011, as stated in the Audit Committee minutes dated October 27, 2011) and which will have a risk-based approach;
- Determining those responsible for their implementation, assessing the adequacy of the work carried out, reviewing and assessing the results and considering their effect on the financial information; Reviewing and assessing the reliability of the accounting and management financial reporting with regard to compliance with the procedures for its recording and the use of information, accounting management and data processing systems;
- Advising the organization on issues relating to the prevention of fraud, corruption and other illegal activities;
- Implementing the prioritisation and monitoring of corrective actions, and reporting on the evolution of the same to Senior Management Management
- Advising on issues relating to corporate governance and the prevention of fraud, corruption and other illegal activities.

The Internal Audit Department is responsible for supporting the Audit Committee in the monitoring of the ICFR, which is defining a three-year plan for the monitoring of all the key controls and processes for the financial statements. This requires the definition of a consistent methodology based on best Internal Control and Internal Audit practices. The Internal Audit function is regulated by the Internal Audit Charter approved by the Board of Directors' Audit Committee. It is functionally dependent on the Audit Committee and hierarchically dependent on the Board of Directors. The rest of the Organisation's Departments have no authority over the Internal Audit Department.

F.5.2. The existence of a discussion process by means of which the accounts auditor (in accordance with the provisions of the NTA), the internal audit function and other experts are able to inform the senior management and the Audit Committee or company directors about the internal control's material weaknesses identified during the financial statements review process or during any other review process which they have been entrusted. Information is also to be provided about the existence of an action plan for the correction or mitigation of the weaknesses observed.

The Audit Committee is subject to a formal procedure that ensures the periodic communications with the external auditors to receive information concerning matters that may jeopardise their

independence, in addition to any other issues related to the development of account auditing procedures, and any communications provided for by the account auditing legislation and technical auditing regulations.

It must receive written confirmation from the external auditors on an annual basis of their independence vis-à-vis the Company or entities directly or indirectly related thereto, as well as information on additional services of any kind provided to such entities by such auditors or persons or entities related thereto pursuant to the regulations applicable to the auditing of accounts. Subsequently, it must inform senior management and the Board of Directors of any material internal control incidents and weaknesses identified during audits. The Internal Audit Department is to regularly report to the Audit Committee on any incidents detected in the course of its work. When considered necessary, other experts are required to present the results of their work to the Audit Committee.

F.6 Other relevant information

N/A

F.7 External auditor's report

Inform whether:

F.7.1. If ICFR information sent to markets has reviewed by the external auditor, in which case the company must include the report as an Annex. To the contrary, it must report its reasons.

Natraceutical has not subjected the ICFR information sent to markets to review by an external auditor. However, Natraceutical's Management plans to commission an external auditor to review the ICFR sent to the markets.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the Unified Good Governance code.

In the event that any recommendation is not followed, or is partially followed, a detailed explanation of the reasons is to be included in such a manner as to provide shareholders, investors and the market in general with sufficient information with which to evaluate the behaviour of the company. Generalised explanations will not be accepted.

1. The Bylaws of the listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Met X

Explain

2. When both the parent company and a subsidiary are listed, both clearly define:

a) The respective areas of activity and any business dealings between the same, as well as those of the listed subsidiary and other group companies, have been publicly defined:

b) The mechanisms designed to resolve possible conflicts of interest

See sections: D.4 and D.7

Met X Partially met Explain Not applicable

3. That, although not expressly required under mercantile law, transactions which involve a structural change in the company and, in particular, the following are subject to approval by the General Shareholders Meeting:

a) **The transformation of listed companies into holding companies through the process of subsidiarisation, i.e., reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;**

b) **The acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;**

c) **Operations that effectively are equivalent to the company's liquidation.**

See section: B.6

Met Partially met X Explain

The Board reserves the following matters:

- a) The approval of the financial statements, the allocation of profit and the approval of the corporate management.
- b) The appointment and removal of Directors, liquidators and, where appropriate, accounts auditors, as well as the exercise of corporate responsibility actions against any of the same.
- c) The amendment of the Bylaws.
- d) The increase and reduction of share capital.
- e) The suppression or limitation of preferential subscription and pre-emption rights.
- f) The transformation, merger, division or transfer of assets and liabilities and the transfer abroad of the company's registered offices.
- g) The dissolution of the company.
- h) The approval of the final liquidation balance sheet.
- i) Any other matters determined under Law or the Bylaws.

4. Detailed proposals of the resolutions to be adopted at the General Shareholders Meeting, including the information stated in Recommendation 27, should be made available simultaneous to the publication of the Meeting notice.

Met X Explain

5. That the General Shareholders Meeting shall vote separately on matters that are substantially independent in order that shareholders may separately exercise their right to vote. This regulation shall apply in particular to:

a) **The appointment or ratification of Directors, which shall be voted on individually.**

b) **In the case of amendments to the Articles of Association, to each substantially different article or group of articles.**

Met X Partially met Explain

6. Companies should allow split votes in order that financial intermediaries acting as nominees on behalf of different clients may issue their votes according to instructions.

Met X

Explain

7. The Board is to perform its duties with a unified intention and independent criteria, dispense the same treatment to all the shareholders and be guided by the interests of the company, understood as the sustainable maximisation of the company's economic value.

It should likewise ensure that the company abides by the applicable laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories in which it operates, and upholds any additional social responsibility principles it has subscribed to voluntarily.

Met X

Partially met

Explain

8. The Board is to understand the core components of its mission as to approve the company's strategy and authorise the organisational resources to develop the same, and to ensure that the management meets the objectives established and respects the company's interests and corporate purpose. As such, the Board in full reserves the right to approve:

a) The Company's general policies and strategies, and in particular:

i) The strategic or business plan, management targets and annual budgets;

ii) Investment and financing policy;

iii) The definition of the corporate group structure;

iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The remuneration and assessment of senior officer performance;

vii) The risk management and control policy, periodic monitoring of the internal information and control systems.

viii) The dividend and treasury policies, and in particular their limits;

See sections: C.1.14, C.1.16, and E.2

b) The following decisions:

i) On the proposal of the company's CEO, the appointment and removal of senior officers, as wells as their compensation clauses;

ii) Directors' remuneration and, in the case of Executive Directors, the additional remuneration for their management duties and other contract conditions.

iii) The financial reporting that all listed companies must periodically disclose.

iv) Investments or transactions of any kind which, by virtue of their high amount or special characteristics, are considered strategic in nature, unless their approval corresponds to the General Meeting;

v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.

c) Transactions which the company conducts with Directors, significant shareholders or shareholders represented on the Board, or with persons related thereto (“related-party transactions”).

Board authorisation will not, however, be required for related-party transactions that simultaneously meet the following three conditions:

1st. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;

2nd. They are undertaken at general tariffs or prices as established by the person/entity acting as the supplier of the goods or services in question;

3rd. The amount does not exceed 1% of the company’s annual revenue.

It is recommendable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or another committee with the same function; and that the Directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

Ideally, the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: D.1 and D.6

Met Partially met Explain

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: C.1.2

Met Explain

10. Proprietary and independent external Directors should occupy an ample majority on the Board, while the number of executive Directors should be the minimum practical, bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.3 and C.1.3.

Met Partially met Explain

11. The relationship between proprietary and independent external Directors is to reflect the relationship between the capital represented on the Board by proprietary Directors and the remainder of the company's capital.

This proportional criterion can be relaxed in order that the weight of proprietary Directors is greater than would strictly correspond to the total percentage of capital they represent.

1st In heavily capitalised companies with a scarce or null proportion of shares that may legally be considered as major shareholdings, notwithstanding the existence of shareholdings representing a high absolute value.

2nd In the case of companies with multiple, unrelated shareholders represented on the Board.

See sections: A.2, A.3 and C.1.3

Met X

Explain

12. The number of independent Directors is to represent at least one third of all Board members.

See section: C.1.3

Met

Explain X

The Company has appointed an independent Director during 2013, which is proportional in relation to the number of Board members.

13. The nature of each Director should be explained to the General Shareholders Meeting, which will effect or ratify the appointment, which is to be confirmed or reviewed in each year's Annual Corporate Governance Report, following verification by the Appointment Committee. The above-mentioned report should also contain an explanation of the reasons behind the appointment of proprietary Directors at the request of shareholders representing less than 5% of the company's capital; it should detail the reasons behind the dismissal, when applicable, of any formal requests for presence on the Board received from shareholders holding an ownership interest that is equal to or greater than those of shareholders who have successfully requested the designation of proprietary Directors.

See sections: C.1.3 and C.1.8

Met

Partially met

Explain X

BMS PROMOCIÓN Y DESARROLLO, S.L was appointed due to its condition as a major shareholder in Natra SA and its position as a Director of the same.

14. In the event of a reduced or inexistent presence of female Directors, the Appointment Committee is to ensure that, when new vacancies are produced:

a) The procedures for covering Board vacancies have no implicit bias against female candidates;

b) The company makes a conscious effort to include women with the target profile among the candidates for Board posts.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Met Partially met Explain Not applicable

15. The Chair, as the person responsible for the efficient functioning of the Board of Directors, is to ensure that the Directors are provided with sufficient information in advance of Board meetings, and work to procure a suitable level of debate and the active involvement of all Directors, safeguarding their rights to freely express and adopt positions; he or she is to organise and coordinate regular assessments of the Board and, where appropriate, the company's chief executive, along with the Chairs of the relevant Board Committees.

See sections: C.1.19 and C.1.41

Met Partially met Explain

16. When the Chair of the Board is also the Company CEO, an independent Director is to be empowered to request the calling of Board Meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external Directors; and to lead the Board's assessment of the Chair of the Board.

See section: C.1.22

Met Partially met Explain Not applicable

17. The Board Secretary shall specifically ensure that the Board's actions:

a) Adhere to the letter and spirit of the applicable laws and regulations, including those approved by the regulatory bodies;

b) Comply with the company's Articles of Association and the Board, General Meeting Regulations and other company regulations;

c) Are informed by the good governance recommendations of the Unified Code to which the company has subscribed.

In order to safeguard the Secretary's independence, impartiality and professionalism, the appointment and dismissal of the same should be informed by the Appointment Committee and approved by a full Board meeting; and this appointment and dismissal procedure must be reflected in the Board's Regulation.

See section: C.1.34

Met Partially met Explain

18. The Board is to meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas established at the beginning of the year, to which each Director may propose the addition of other items.

See section: C.1.29

Met Partially met Explain

19. Director absences are to be kept to an indispensable minimum and quantified in the Annual Corporate Governance Report. When Directors have no choice but to delegate their vote, they should do so with instructions.

See sections: C.1.28, C.1.29 and C.1.30

Met Partially met Explain

20. When Directors or the Secretary express concerns about proposals or, in the case of Directors, about the company's performance, and such concerns are not resolved at the Board Meeting, the person responsible for expressing the same may request that they be recorded in the minutes.

Met Partially met Explain Not applicable

21. The Board shall evaluate annually:

a) The quality and efficiency of the Board;

b) The performance of the Chair and the chief executive, based on a report submitted by the Appointment Committee;

c) The performance of its committees, based reports submitted by the same.

See sections: C.1.19 and C.1.20

Met Partially met Explain

22. All Directors must be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the bylaws or Board regulations indicate otherwise, such requests are to be addressed to the Chair or Secretary of the Board.

See section: C.1.41

Met Explain

23. All Directors must have the right to the advice they require from the company in order to perform their functions. The company is to provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: C.1.40

Met Explain

24. The companies are to establish induction programmes for new Directors in order that they may rapidly acquaint themselves with the workings of the company and its corporate governance rules.

Directors are also be offered refresher programmes when circumstances so advise.

Met Partially met X Explain

Partial compliance. There is currently no defined and structured guidance programme to rapidly provide Directors with appropriate knowledge of the company, however:

- a) Directors have the widest powers for the collection of information on the Company.
- b) In the event of new Directors requiring further information about a specific matter, the Chair or Secretary of the Board must provide the requested information and/or any opportune explanations, or direct the Director to the most appropriate interlocutor. In the event of such guidance proving insufficient, the Director may request the contracting of external experts.

25. Companies are to require their Directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors are to inform the Appointment Committee of any other professional obligations which may detract from the necessary dedication;

b) Companies are to establish rules regarding the number of directorships their Board members may hold.

See sections: C.1.12, C.1.13 and C.1.17

Met Partially met Explain X

The general obligations of Directors (Art. 16 of the Regulations of the Board of Directors) do not specifically mention that companies are to establish rules on the number of Boards in which their Directors may participate, although they do contain indications of the necessary time and effort required in order to regularly monitor the issues raised by the Company's Board of Directors and of the requirement for the Directors to actively participate in the Board.

26. The proposal for the appointment or renewal of Directors which the Board submits to the General Shareholders Meeting, as well as provisional appointments by the method of co-option, must be approved by the Board:

a) On the proposal of the Appointments Committee, in the case of independent Directors. (b)

Following a report by the Appointments Committee, in the case of the other Directors

See section: C.1.3

Met X Partially met Explain

27. The company will disclose, through its website, and maintain updated the following information about its directors:

a) Professional experience and background;

b) Other directorships held, independently of whether they correspond to listed companies;

c) Indication of the category of director to which they belong, including, in the case of outside directors, the shareholder represented or with whom they maintain a relationship.

d) Date of first appointment as Company director, as well as that of subsequent appointments, and;

e) Company shares and share options held.

Met X Partially met Explain

28. Proprietary Directors are to tender their resignations when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their shareholding, thereby losing their entitlement to proprietary Directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and C.1.2

Met X Partially met Explain

29. The Board of Directors shall not propose the removal of independent Directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a report from the Appointment Committee. Specifically, just cause will be presumed when a Director is in breach of his or her fiduciary duties or incurs one of the disqualifying circumstances, in accordance with the provisions of Order ECC/461/2013.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Met X Explain

30. Companies are to establish rules requiring Directors to inform the Board of any circumstance that may damage the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

When a Director is indicted or tried for any of the offences established in Article 213 of the Corporations Act, the Board is to examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not the Director is to continue in his/her position. The Board is to duly reflect the above in a reasoned manner in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Met X Partially met Explain

31. All Directors are to express clear opposition if they believe that a proposal submitted for the Board's approval may damage the corporate interest. In particular, independents and other Directors unaffected by the conflict of interest should challenge any decision that may oppose the interests of shareholders lacking Board representation.

When the Board adopts material or reiterated decisions about which a Director has expressed serious reservations, the Director in question must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the following Recommendation.

The terms of this Recommendation are also to apply to the Secretary of the Board, independently of his/her condition as a Director.

Met Partially met Explain Not applicable

32. In the event of the removal of a Director prior to the termination of the appointed term, whether through resignation or other reasons, the Director is to explain the reasons motivating the resignation in writing to all Board members. Irrespective of whether such removal is filed as a significant event, the motive for the same is to be explained in the Annual Corporate Governance Report.

See section: C.1.9

Met Partially met Explain Not applicable

33. Remuneration comprising the awarding of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes are to be confined to Executive Directors.

The concession of shares is excluded from this limitation when Directors are obliged to retain the same until the end of their tenure.

Met Partially met Explain Not applicable

34. The external Directors' remuneration must compensate the dedication, qualifications and responsibility inherent to each position, whilst avoiding reaching sums capable of compromising the corresponding Director's independence.

Met Explain Not applicable

35. In the case of performance-related remuneration, deductions are to be computed for any reservations appearing in the external auditor's report and which reduce the company's profit.

Met Explain Not applicable

36. In the case of variable remunerations, the remuneration policies are to include the limits and necessary technical safeguards to ensure that these concepts reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or similar circumstances.

Met Explain Not applicable

37. When the company has an Executive Committee, the breakdown of its members by Director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: C.2.1 and C.2.6

Met Partially met Explain Not applicable X

38. The Board is to be kept fully informed of the matters dealt with and the decisions taken by the Executive Committee. To this end, all Board members are to receive a copy of the Committee's minutes.

Met Explain Not applicable X

39. The Board of Directors must, in addition to the Audit Committee required by the Securities Market Act, create an Appointment and Retribution Committee, or two separate committees, from among its members.

The rules governing the composition and operation of the Audit Committee and the Appointment and Remuneration Committee or Committees should be set forth in the Board regulations, and include the following:

a) The Board of Directors is to appoint the members of such committees taking into account the knowledge, aptitudes and experience of its Directors and the tasks entrusted to each committee; deliberate the corresponding proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first Board plenary following each meeting;

b) Such committees are to be formed exclusively of external Directors and have a minimum of three members. The above is to be interpreted notwithstanding the attendance of Executive Directors or senior managers, in the event of the presence of such figures being expressly agreed upon by the Committee members.

c) The committees are to be chaired by an independent Director.

d) The committees may engage external advisors when considered necessary for the discharge of their duties.

e) Meeting proceedings are to be minuted and a copy sent to all Board members.

See sections: C.2.1 and C.2.4

Met X Partially met Explain

40. The task of supervising compliance with internal codes of conduct and corporate governance rules is to be entrusted to the Audit Committee, the Appointment Committee or, as the case may be, separate Compliance or Corporate Governance Committee.

See sections: C.2.3 and C.2.4

Met

Explain X

41. The Audit Committee's members, and specifically its Chair, are to be appointed in accordance with their knowledge and experience in the field of accounts, audits or risk management.

Met X

Explain

42. Listed companies are to have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See section: C.2.3

Met X

Explain

43. The person responsible for the internal audit function should present an annual work programme to the Audit Committee; report directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Met

Partially met

Explain X

While a work plan has not been submitted to the Audit Committee, the Board of Directors has been informed of the work already performed and the incidents that have arisen during its preparation.

44. The control policy and risk management shall identify at least:

a) The different types of risk (operative, technological, financial, legal, reputation, etc.) faced by the company, including contingent liabilities and other off-balance sheet risks;

b) The determination of the level of risk considered acceptable by the company;

c) The measures in place to mitigate the impact of the identified risk;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: E

Met X

Partially met

Explain

45. The Audit Committee is responsible for:

1st In relation with the information and internal control systems:

a) The appropriate management and diffusion of the main risks identified as a consequence of the monitoring of the efficiency of the company's internal control and risk management systems.

b) Safeguarding the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that Senior Management is acting on the findings and recommendations of its reports.

c) Establishing and supervising a mechanism whereby staff can report confidentially and, if necessary, anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, detected within the company.

2nd In relation to the external auditor:

a) Receiving regular information from the external auditor on the progress and findings of the audit programme, and verifying the Senior Management's observance of its recommendations.

b) Ensuring the independence of the external Auditor, and to this effect ensure:

i) That the company reports any change of auditor to the Spanish Securities Market Commission as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

iii) The examination of any issues giving rise to the resignation of the external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Met X Partially met Explain

46. The Audit Committee is to be empowered to meet with any company employee or manager, to the extent that it must be able to require their appearance without the presence of another senior officer.

Met X Explain

47. The Audit Committee is to report to the Board, prior to the Board's adoption of the corresponding decisions, on the following points indicated in Recommendation 8:

a) The financial reporting that all listed companies must periodically disclose. The Committee must ensure that interim statements are drawn up under the same accounting principles as those employed for the annual statements and, to this end, may ask the external auditor to conduct a limited revision.

b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.

c) Related-party transactions, except where their scrutiny has been entrusted to a separate supervision and control committee.

See sections: C.2.3 and C.2.4

Met X Partially met Explain

48. The Board of Directors is to procure to present the financial statements to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should any such reservations or qualifications exist, both the Chair of the Audit Committee and the auditors are to give a clear account to shareholders of their scope and content.

See section: C.1.38

Met X Partially met Explain

49. The majority of Appointment Committee members – or Appointment and Remuneration Committee members, as the case may be – should be independent Directors.

See section: C.2.1

Met Explain X Not applicable

The Appointment and Remuneration Committee currently has only two proprietary Directors and one independent Director, with the latter acting as Committee Chair due to the absence of other independent Directors on the Board.

50. The Appointments Committee shall have the following functions, in addition to those detailed in previous recommendations:

- a) **Assessing the skills, knowledge and experience necessary for Board members, defining the functions and capabilities to be met by the candidates for each vacancy, and determining the time and dedication necessary for them to properly perform their duties.**
- b) **Examining or organising, in the manner considered most appropriate, the succession of the Chair and chief executive and, where appropriate, making recommendations to the Board in order that the succession occurs in an orderly and well-planned manner.**
- c) **Providing information relative to the appointments and removals of senior managers proposed to the Board by the CEO.**
- d) **Reporting to the Board on matters of gender diversity. Recommendation 14 of this Code.**

See section: C.2.4

Met X Partially met Explain Not applicable

51. The Appointment Committee should consult with the Chair and Chief Executive, especially on matters relating to Executive Directors.

Any Board member may suggest directorship candidates to the Appointment Committee for its consideration.

Met X Partially met Explain Not applicable

52. The Remuneration Committee should have the following functions, in addition to those stated in previous recommendations:

a) Propose to the Board of Directors:

i) The remuneration policy for Directors and senior managers;

ii) The individual remuneration of executive Directors and other terms of their contracts. iii) The basic conditions of the Senior Management contracts.

b) Safeguard compliance with the remuneration policy established by the Company.

See sections: C.2.4

Met Partially met Explain Not applicable

53. The Remuneration Committee should consult with the Chair and Chief Executive, especially on matters relating to Executive Directors and senior management.

Met Explain Not applicable

H OTHER RELEVANT INFORMATION

1. Provide a brief summary of any relevant information relative to corporate governance in the company or in the group companies that has not been detailed in the other sections in this report but which is necessary in order to reflect the most complete and reasoned information on the company's or the group companies' governance structure and practices.
2. This section may also include any other relevant but not re-iterative information, clarification or detail related to previous sections of the report.

Specifically, indicate whether the Company is subject to the corporate governance legislation of a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. The Company may also indicate whether it has voluntarily adopted other codes of ethical principles or good practice, whether international, sectoral or pertaining to other fields. Where applicable, identify the code in question and the corresponding date of adoption.

The parent of the Consolidated Group is Natra, SA, which directly holds a 46.86% stake in the share capital of Natraceutical, SA. Natra SA is also a listed company in Spain.

Events after closure:

1. Resignation of Natra SA as Director (March 3, 2014). The shareholder Galo Alvarez Goicoechea was appointed as a member of the Board by co-optation, and appointed Chair of the same.
2. Natra, SA reduced its 50% on March 5, 2014.

3. Resignation of Directors Teresa Lozano Jiménez and Ibersuizas Alfa, SLU on January 7 and 8, 2014, respectively.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its Meeting held on 26/02/2014.

Indicate whether any Directors voted against or abstained from voting on the approval of this report.

Yes

No