



ANNUAL CORPORATE GOVERNANCE REPORT OF
LABORATORIO REIG JOFRE, S.A.

Tax Code: A96184882
Registered office: Gran Capita 10, Sant Joan Despi (Barcelona), Spain
Reference year-end date 31/12/2015

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED CORPORATIONS

IDENTIFICATION DETAILS OF ISSUER

REFERENCE YEAR-END DATE

31/12/2015

TAX

A-96184882

COMPANY NAME

LABORATORIO REIG JOFRE, S.A.

REGISTERED OFFICE

GRAN CAPITA 10, SANT JOAN DESPI (BARCELONA)

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED CORPORATIONS

A OWNERSHIP STRUCTURE

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

Last date modification	Share capital (€)	Number of shares	Number of voting rights
31/12/2015	126,428,440,00	63,214,220	63,214,220

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
NATRA, S.A.	7,578,124	

Name or corporate name of indirect holder of shareholding	Through: Name or corporate name of direct holder of shareholding	Number of voting rights
NATRA, S.A.	CARAFAL INVESTMENT, S.L.U.	613,991

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

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 voting indirect votes	% of total rights
REIG JOFRE INVESTMENTS, S.L.	46,778,514	0	74.00%
MARIA LUISA FRANCOLÍ PLAZA	7,519	0	0.01%

% of total voting rights held by the Board of Directors	74.01%
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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:

Related name or corporate name
LABORATORIO REIG JOFRE, S.A. REIG JOFRE INVESTMENTS, S.L.

Type of relationship: Commercial

Short description:

In 2015, Reig Jofre Investments, SL, accrued from Laboratorio Reig Jofre, SA, the amount of 0.57 million euros for operating leases and 0.28 million euros for services rendered.

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 Corporate Enterprises 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

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

The Company is not aware of any concerted action involving Company shareholders

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 corporate name
REIG JOFRE INVESTMENTS, S.L.

Remarks
Reig Jofre Investments, S.L., owns 74.00% of Laboratorio Reig Jofre, S.A.'s share capital.

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
236,826	0	0.37%

(*) Through:

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

Explain any significant changes

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 Laboratorio Reig Jofre, S.A., General Shareholders Meeting held in June 11, 2015, 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's shares quoted on the Stock Market. The acquisition of treasury shares must always be effected within the limits specified for this purpose, with the minimum and maximum price for the proposed acquisition as follows:

- (a) Minimum acquisition exchange value: 0.10 Euros per Company share, par value 0.10 cents
- (b) Maximum acquisition exchange value: 2 Euros per Company share, par value 0.10 cents

The Board may decide on acquisitions at a higher exchange value than the maximum acquisition exchange value agreed by the General Shareholders Meeting in the event of changes in the nominal value or market value of the share; in such cases, the Board may adjust the acquisition exchange value to the corresponding effective market value in accordance with the variation of the nominal value of the Company's shares.

In this regard, on September 22, 2015, the Company conducted a grouping of shares (reverse split) for the value of one new share for each twenty old shares. The par value of the Company was thus established at 2 euros per share.

Term: five years as of the date of adoption of this corporate resolution.

A.9. bis Estimated floating capital:

	%
Estimated floating capital	13.00

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 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 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 No

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

B GENERAL MEETING

B.1B.1 Indicate, and where applicable describe, any differences that exist between the minimum provided in the Corporate Enterprises Act (CEA) and the quorum required for the constitution of the General Shareholders Meeting.

Yes No

	Quorum % different to that established in Art. 193 of the Corporate Enterprises Act for general	Quorum % different to that established in Art. 194 of the Corporate Enterprises Act for
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, in relation to general circumstances, a sufficient quorum different to that established Article 193 of the Corporate Enterprises Act, which establishes a quorum of 25% of the share capital, as opposed to the 50% of the share capital established in the Company's

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

Yes No

Describe any differences from the provisions established in the Corporate Enterprises Act.

B.3 Indicate the regulations 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 Article 1 of the General Shareholders Meeting Regulation is regulated in the same terms.

Similarly, Article 24 of the Bylaws, as well as Article 3 of the General Shareholders Meeting Regulation, establish that the General Shareholders Meeting has complete sovereignty to inform itself of and resolve all matters of its competence assigned under Law or the Bylaws or the General Shareholders Meeting Regulation, listing all its special powers and attributions, including the amendment of the Bylaws.

Article 19 of the Bylaws establishes that, for the adoption of agreements relative to 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, if the capital present or represented at the General Shareholders Meeting exceeds fifty percent, the agreement may be adopted by absolute majority. However, the affirmative vote of two-thirds of the capital present or represented at the General Meeting is required at the second call when shareholders representing 25% or more of the share capital with voting rights are present, without reaching 50%.

The General Shareholders Meeting may delegate its competences to the Board of Directors in the cases contemplated under Law and the Bylaws.

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:

General Meeting date	%	% by proxy	Details of		Total
			Electronic voting	Other	
30/06/2014	54.93%	2.37%	0.00%	0.00%	57.30%
24/10/2014	47.08%	5.92%	0.00%	0.00%	53.00%
11/06/2015	74.31%	12.54%	0.00%	0.18%	87.03%

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

Yes No

B.6 Section repealed.

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

URL of the corporate governance information in the company

website: [http://www.reigjofre.com/es/inversores/gobierno-](http://www.reigjofre.com/es/inversores/gobierno-corporativo)

corporativo URL of the GSM information in the company

website: [http://www.reigjofre.com/es/inversores/junta-general-](http://www.reigjofre.com/es/inversores/junta-general-accionistas)

accionistas

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 corporate name of Director	Representative	Director category	Position on the Board	Date of most recent appointment	Date of last appointment	Election procedure
EMILIO MORALEDA MARTÍNEZ		Independent	DIRECTOR	31/12/2014	31/12/2014	GENERAL SHAREHOLDERS MEETING AGREEMENT
RAMIRO MARTINEZ-PARDO DEL VALLE		Independent	DIRECTOR	31/12/2014	31/12/2014	GENERAL MEETING AGREEMENT
IGNASI BIOSCA REIG		Executive	DIRECTOR DELEGATE	31/12/2014	31/12/2014	GENERAL MEETING AGREEMENT
ANTÓN COSTAS COMESAÑA		Independent	DIRECTOR	31/12/2014	31/12/2014	GENERAL SHAREHOLDERS MEETING AGREEMENT
RAMON GOMIS I DE BARBARA		Independent	DIRECTOR	31/12/2014	31/12/2014	GENERAL MEETING AGREEMENT
ALEJANDRO GARCIA REIG		Executive	DIRECTOR	31/12/2014	31/12/2014	GENERAL MEETING AGREEMENT
MARIA LUISA FRANCOLÍ PLAZA		Independent	DIRECTOR	31/12/2014	31/12/2014	GENERAL SHAREHOLDERS MEETING AGREEMENT
REIG JOFRE INVESTMENTS, S.L.	ISABEL REIG LÓPEZ	Proprietary	CHAIR	31/12/2014	31/12/2014	GENERAL SHAREHOLDERS MEETING AGREEMENT

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

Name or corporate name of Director	Director category at the time of removal	Termination date
NATRA, S.A.	Proprietary	24/08/2015

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

EXECUTIVE DIRECTORS

Name or corporate name of Director	Position held in the company structure
IGNASI BIOSCA REIG	CEO FINANCE
ALEJANDRO GARCIA REIG	DIRECTOR

Total number of Executive Directors	2
% of total board	25.00%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of Director	Name or corporate name of significant shareholder represented or proposing the appointment
REIG JOFRE INVESTMENTS, S.L.	REIG JOFRE INVESTMENTS, S.L.

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

EXTERNAL INDEPENDENT DIRECTORS

Name or corporate name of Director:

EMILIO MORALEDA MARTÍNEZ

Profile:

Degree in law from the Complutense University of Madrid
Diploma in Human Resources Management from the Universities of Columbia and Harvard (USA)
Labor Relations and Social Security Law Consultant, Escuela Social de Madrid
Currently a member of the board of directors of the following companies: Bionaturis
Audax
Laboratorio Reig Jofre
HR manager at Pfizer, Pechiney Ugine Kuhlmann and Artes Gráficas Toledo, S.A. (Grupo Mondadori Internacional)
Sales manager at Pfizer with responsibility for sales and training of the pharmaceutical division Executive
Director of Pfizer's pharmaceutical division
Chair and Managing Director of Pfizer España
Since its creation in 1998 to date, Chair of the Pfizer Foundation.

Name or corporate name of Director:

RAMIRO MARTINEZ-PARDO DEL VALLE

Profile:

Degree in Economics and Business Administration from the Complutense University of Madrid
Chartered Accountant, member of the Institute of Chartered Accountants of Spain
Professor in different masters and postgraduate courses on securities markets, financial law, ethics and codes of conduct, prevention of money laundering
Director of Audax Energía, S.A., A former member of the Board of Directors of companies such as:
- Eurodeal, S.V.
- Banco Madrid Gestión de Activos, SGIIC.
- Sociedad Gestora del Fondo de Garantía de Inversiones
- Nordkapp Gestión, SGIIC. Chair and CEO until 11/2012

General Manager of Development and Manager of the Market Participants Division of the CNMV during the period May 1989-September 2000

Name or corporate name of Director:

ANTÓN COSTAS COMESAÑA

Profile:

Industrial engineer
Degree in Economics and Business Administration
Doctor of Economics
Professor of Economic Politics, University of Barcelona
Director of the Master in "Economics and Regulation of Public Telecommunications, Energy, Water and Transport Services"
Chair of the Economic Circle in Barcelona
Member of the Barcelona Chamber of Commerce Economic Policy Committee
Member of the Board of Directors of Trea Capital Partners, S.A., Grup Marítim TCB S.A., Laboratorio Reig Jofre, S.A. and the HOTUSA Strategy Board
From 2001-2006, Ombudsman at ENDESA S.A.
From 2006-2012, Chair of the Advisory Board of ENDESA in Catalonia

Name or corporate name of Director:

RAMON GOMIS I DE BARBARÀ

Profile:

Degree in Medicine
Doctor of Medicine from the University of Barcelona
Postdoctoral training in endocrinology and obesity at the Free University of Brussels
Professor of Endocrinology
Chair of the Board of the Spanish Diabetes Society (*SED*) (2014 - present) Professor of Medicine, University of Barcelona (2011 - present)
Director of Institut d'Investigacions Biomèdiques August Pi i Sunyer, (IDIBAPS) (2008 - present)
Senior Consultant, Department of Endocrinology, Hospital Clínic (1996 - present)
Member of Merck's International Advisory Board for diabetes products Member of Boehringer's National Advisory Board for diabetes products

Name or corporate name of Director:

MARIA LUISA FRANCOLÍ PLAZA

Profile:

Degree in Economics from the University of Barcelona MBA in Finance from the University of St. John, in New York
Member of advisory committees in various start-ups in Spain and the US, 2013-2014 Member of the Board Of Directors of Oak House Barcelona

Chief Executive Officer, Havas Media Norteamérica, 2004-2013
 Founder and CEO of Media Contacts, 1997-2004 Director of
 corporate development at Media Planning, 1993-1996

Total number of independent Directors	5
% of total Board	62.50%

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

Identify other external Directors and 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 category that may have taken place during the period:

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

	Number of female				% of the total number of Directors of each type			
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2015	FY 2014	FY 2013	FY 2012
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	1	1	2	12.50%	11.11%	16.00%	33.33%
Independent	1	1	1	0	12.50%	11.11%	100.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	2	2	2	2	25.00%	22.22%	25.00%	28.57%

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
As a consequence of the merger by acquisition of Laboratorio Reig Jofre, S.A., by Natraceutical, S.A., the Company assumed the commitment to the National Securities Market Commission to ensure compliance with all the corporate governance recommendations, including the annual verification by the Appointments and Remuneration Committee of the continued validity of the conditions existing at the time of the appointment of each Director, and the nature or type thereof, informing the Board of the same and ensuring, upon covering new vacancies, that the selection procedures are not implicitly biased against the selection of female directors and that they include women who meet the required profile among the potential candidates.

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
As a consequence of the Company's commitment before the CNMV to include good governance recommendations in its internal regulations, the Board of Directors shall, within the scope of its powers, ensure that the choice of candidates is focussed on persons of recognized solvency, competence and experience and who are willing to devote a sufficient portion of their time to the Company.

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

Explanation of reasons
N/A

C.16 bis Explain the findings of the Appointments Commission on the verification of compliance with the director selection policy. Specifically, the manner in which the policy is promoting the goal established for 2020, by which the number of female directors is to represent at least 30% of the total members of the board.

Explanation of findings
At year-end 2015, 2 of the Company's 8 Directors are women. This represents 25% of the total number of members of the Board Of Directors. The Appointments Committee works towards attending the good corporative governance recommendations and shall make every effort to comply with the recommended percentage within the period established, guaranteeing above all that the election of candidates focuses on individuals of recognized solvency, competence and experience.

C.17 Explain the method of representation on the Board of the controlling shareholders.

Reig Jofre Investments Ltd., a major shareholder, as Director Chair, is represented on the Board by Isabel Reig Lopez and has proposed the appointment of Ignasi Biosca Reig and Alejandro Garcia Reig.

C.18 Explain, if applicable, the reasons why proprietary Directors have been appointed by shareholders whose stakes are less than 3% of the share capital.

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. Where applicable, explain why these requests have been rejected.

Yes No

C.19 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 below, as a minimum, the reasons given:

Name of Director:

NATRA, S.A.

Reason for termination:

On August 24, 2015, Natra, S.A., informed the Chair of the Laboratorio Reig Jofre, S.A., of its resignation from the post of Director in order to concentrate on its core business in the cocoa and chocolate sector.

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

Name or company name of Director:

IGNASI BIOSCA REIG

Short description:

Ignasi Biosca is to undertake all the executive duties corresponding to a CEO in the company, exercising all the powers which are either directly or indirectly related to the post, under the terms provided in the applicable legislation, as agreed by the Company's Board of Directors, whose resolution for the appointment as CEO expressly delegates, and to the extent permitted under Law, each and every one of the powers of the Company's Board of Directors that can be delegated under Law and the Bylaws, as well as confirming his power to represent the Company. Among others, the CEO may assume the delegable duties in accordance with the provisions of the Company Bylaws, except as provided to the contrary in the applicable legal or statutory provisions, and without prejudice to the powers of the other corporate bodies, which may partially or fully limit such powers.

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 corporate name of Director	Corporate name of the group company	Position	Do they have executive powers
IGNASI BIOSCA REIG	LABORATORIOS MEDEA, S.A.	SOLE ADMINISTRATOR	YES
IGNASI BIOSCA REIG	LABORATORIO FARMACEUTICO ORRAVAN, S.L.	SOLE ADMINISTRATOR	YES
IGNASI BIOSCA REIG	LABORATORIO RAMON SALA, S.L.	SOLE ADMINISTRATOR	YES
IGNASI BIOSCA REIG	GEADIC BIOTEC, A.I.E.	JOINT AND SEVERAL ADMINISTRATOR	YES
IGNASI BIOSCA REIG	BIOGLAN AB	JOINT AND SEVERAL ADMINISTRATOR	YES
IGNASI BIOSCA REIG	FORTE PHARMA IBERICA, S.L.	SOLE ADMINISTRATOR	YES
IGNASI BIOSCA REIG	REIG JOFRE UK, LTD	JOINT AND SEVERAL ADMINISTRATOR	YES
IGNASI BIOSCA REIG	REIG JOFRE EUROPE PTE, LTD.	JOINT AND SEVERAL ADMINISTRATOR	YES

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:

Name or corporate name of Director	Corporate name of the group company	Position
EMILIO MORALEDA MARTÍNEZ	Bioorganic Research and Services, S.A. (Bionaturis)	DIRECTOR

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 Section repealed.

C.1.15 Indicate the total remuneration of the Board:

Remuneration of the Board of Directors (thousands of Euros)	761
Amount of the rights accrued by the current Directors in relation to pensions (thousands of Euros)	0
Amount of the rights accrued by the former Directors in relation to pensions (thousands of Euros)	0

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 corporate name	Position
GABRIEL ROIG ZAPATERO	Corporate Finance General Manager
IGNACIO VILA ROCAFORT	Industrial General Manager
ANTONIO BALLESTEROS GOMEZ	RJF Pharma España General Manager

Total remuneration Senior Management (in thousands of Euros)	426
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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 corporate name of Director	Company name of major shareholder	Position
IGNASI BIOSCA REIG	REIG JOFRE INVESTMENTS, S.L.	DIRECTOR DELEGATE
ALEJANDRO GARCIA REIG	REIG JOFRE INVESTMENTS, S.L.	DIRECTOR DELEGATE

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 corporate name of the related Director:

IGNASI BIOSCA REIG

Name or corporate name of related significant shareholder:

REIG JOFRE INVESTMENTS, S.L.

Description of relationship:

Reig Jofre Investments, S.L., is the investment company of the Reig family. Ignasi Biosca Reig is a member of the Reig family.

Name or corporate name of the related Director:

ALEJANDRO GARCIA REIG

Name or corporate name of related significant shareholder:

REIG JOFRE INVESTMENTS, S.L.

Description of relationship:

Reig Jofre Investments, S.L., is the investment company of the Reig family. Alejandro Garcia Reig is a member of the Reig family.

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

Yes

No

Description of amendments

In 2015, the Company's Board of Directors Regulation was amended to adapt its content to the latest amendments to the Corporate Enterprises Act and incorporate best practices in corporate governance. Specifically, the new Regulation was approved by the Board of Directors on April 29, 2015 and the shareholders were informed of the same during the General Shareholders Meeting held on June 11, 2015.

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: Under Article 529 decies of the Board of Directors Regulation, the Directors are to be appointed by the General Shareholders Meeting or by the Board of Directors by co-optation. Article 8 of the Board of Directors Regulation regulates the requirement of a prior proposal from the Appointments and Remunerations Committee in the case of independent Directors, as well as a prior report from the same Committee in the case of all other categories of Director. Similarly, Article 14 of the Board Regulation establishes that, without prejudice to the competence of the General Meeting and, when applicable, the Board of Directors, the proposals for the appointment of Board Members shall correspond to the Chair, in the event of co-optation, and to the Board of Directors in relation to the General Meeting, and to the Appointments and Remuneration Committee in the case of independent Directors.

Article 9 of the Board of Directors Regulation establishes that, within the scope of its powers, every effort shall be made to ensure that candidates in the category of independent Directors 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 management of the Company or its Group, or who are related by family, professional or commercial links with the Company's executives, management staff or major shareholders. And, specifically, the Board may not propose candidates affected by the conditions referred to in paragraph 4 of Article 529 duodecies.

Reappointment: Under the provisions of Article 10 of the Board of Directors Regulation, 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 the Company has carried out such assessment informally. During 2015, the Company worked on the preparation of a regulation for the Appointments and Remunerations Committee, which will expressly contemplate such an evaluation in the terms established in the corporate governance recommendations. It is expected that the regulation will be definitively approved during 2016.

Cessation: Article 12 of the Board of Directors Regulation establishes that 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 Meeting or by the Board of Directors, by virtue of their legal or statutory powers. It is also determines the causes for which the Directors are to make their posts available to the Board.

Article 13 of the Board Regulation establishes the common criteria to be following in relation to the appointment, re-election or cessation of Directors, indicating that Directors which are the subject of appointment, re-election or cessation proposals are to be abstain from participation in the deliberations and voting relative to such matters; similarly, all votes are to 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 Explain the extent to which annual assessment of the Board has given rise to major changes in the internal organization and the procedures applicable to its activities:

Description of amendments

There have been no major changes in the internal organization of the Board of Directors or in the procedures applicable to their activities.
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C.1.20.bis Describe the assessment process and areas assessed by the Board of Directors with the assistance, where applicable, of an external consultant, in relation to the diversity of its composition and powers, the operation and composition of its committees, the performance of the Chair of the Board of Directors and the Company's CEO, and the performance and contribution of each Director.

To date, the Board of Directors has carried out its assessment in an informal manner, although the approval of an Appointments and Remuneration Committee regulation designed to establish the opportune procedures in accordance with the corporate governance recommendations is planned. Consequently, the services of an external consultant have not so far been contracted for the undertaking of the relevant assessment.

C.1.20.ter Breakdown, where applicable, of the business relationships that the consultant or any company in its group maintains with the Company or any company in its group.

N/a

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

Pursuant to 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 when:

- a) They cease to hold the executive positions associated with their appointment as Directors.
- b) They are involved in any of the situations of incompatibility or legal prohibition established in law.
- c) Seriously reprimanded by the Audit, Compliance and Conflict of Interest Committee for having breached their duties as Directors.
- d) 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) Indicted for an alleged criminal offense or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.

Proprietary Directors shall tender their resignation when the shareholders they represent dispose of their entire shareholding, or in the corresponding number, when such shareholders reduce their ownership interest to a level that requires a reduction in the number of its proprietary Directors.

The Board of Directors shall not propose the removal of outside Directors before the expiry of the statutory period for which they were appointed, except where just cause is found by the Board, based on a report from the Appointments and Remuneration Committee.

In the event of the removal of a Director prior to the termination of the appointed term, whether through resignation or for other reasons, the Director is to explain the reasons thereof in writing to all Board members. The motive for the removal is to be reflected in the Annual Corporate Governance Report.

C.1.22 Section repealed.

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 total

C.1.26 Indicate whether the Bylaws or the Board of Directors Regulations 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 limitations in relation to categories to which it is possible to delegate, beyond the limitations under the applicable legislation, have been established. Where 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 Article 30 of the Bylaws (to be granted in writing and specific for each call of the Board), providing specific voting instructions in relation to all points on the agenda, without establishing the obligation to delegate to a Director of the same category, with the exception of non-executive Directors, who may only delegate their representation to another non-executive Director under the terms of the Law.

C.1.29 Indicate the number of sessions held by the Board of Directors during the year. Similarly, indicate the number of times, if any, that the Board has met in the absence of its Chair:

Non-attendance shall also include proxies with specific instructions:

Number of Board Meetings	9
Number of Board Meetings held in the absence of the Chair	0

If the Chair is an executive Director, indicate the number of meetings held without the attendance or representation of any executive Directors and chaired by the coordinating Director

Number of meetings	0
---------------------------	---

Indicate the number of Board Committee meetings held during the year:

Committe	No. of Meetings
Audit Committee Audit Committee	9
Appointments and Remuneration Committee	0
Appointments and Remuneration Committee	7
Appointments and Remuneration Committee	0

C.1.30 Indicate the number of sessions held during the year by the Board of Directors with the presence of all its members. Non-attendance shall also include proxies with specific instructions:

Number of meetings with the attendance of all Directors	7
% of attendees of the total votes during the year	97.50%

C.1.31 Indicate whether the individual and consolidated financial statements are certified prior to their presentation to the Board of Directors for approval:

Yes No

Identify, where applicable, the person(s) who have certified the Company's individual and consolidated financial statements for their formulation by the Board:

C.1.32 Explain, where applicable, the mechanisms established by the Board of Directors to avoid the presentation to the General Shareholders Meeting of individual and consolidated financial statements formulated by the Board with reservations in the audit report.

Pursuant to Article 35 of the Board of Directors Regulation, the Board will establish an objective, professional and continuing relationship with the Company's External Auditor appointed by the General Shareholders Meeting, ensuring its independence and making available all information necessary for the exercise of its functions.

The Board of Directors shall make every effort to ensure the preparation of the financial statements in such a manner as to avoid the inclusion of Auditor reservations. In the case of the existence of such reservations, both the Chair of the Audit, Compliance and Conflict of Interests Committee and the Auditors shall clearly explain to shareholders the content and scope of the same.

Under Article 31 of the Board Regulation, the Audit, Compliance and Conflict of Interests Committee is to maintain the necessary relations with the external auditors in order to receive information on issues 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 will also act as liaison between the Board of Directors and the auditors, assess the results of each audit and the management team's response to its recommendations, and mediate in cases of discrepancy

between both in relation to the principles and criteria applicable to the preparation of the financial statements.

C.1.33 Is the Secretary of the Board also a Director?

Yes No

If the Secretary of the Board is not a Director, complete the following table:

Name or corporate name of Secretary	Representative
ADOLF ROUSAUD VIÑAS	

C.1.34 Section repealed.

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.

Under the provisions of Article 31 of the Board of Directors Regulation, the Company shall create and maintain an Audit, Compliance and Conflict of Interest Committee, which shall be mandatory and permanent in nature. This Committee, composed in accordance with the provisions of Article 529 quaterdecies of the CEA, shall ensure the independence of the external auditor and, to this effect, the Company shall report any change of auditor to the Spanish Securities Market Commission as a material fact, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same. The auditor must respect the applicable regulations on the provision of services other than audit services, the limits applicable to the concentration of the auditor's business activity and, in general, all other regulations established to ensure the independence of the auditors. In all cases, the Committee must receive a statement from the external auditors on an annual basis relative to their independence in relation to the Company or companies directly or indirectly related thereto, as well as information on additional services of any kind provided and the corresponding fees perceived from such companies by the external auditor or by persons or entities related to the auditor pursuant to the provisions of the legislation applicable to the account auditing. The examination of any circumstances giving rise to the resignation of the external auditor.

The mentioned article also established that the Committee is to issue annually, prior to the issuance of the account audit report, a report expressing an opinion on the independence of the accounts auditor. This report shall include, in all cases, the assessment of the provision of additional services referred to previously, considered individually and collectively, other than the statutory audit and in relation with the regulations governing independence or the audit regulations.

C.1.36 Indicate whether the Company changed its external auditor during the year. Where applicable, 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

	Company	Group	Total
Amount for work other than auditing (thousands of Euros)	20	0	20
Amount for work other than auditing/Total amount invoiced by the audit company (in %)	23.60%	0.00%	23.60%

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	2	2
Number of years audited by the current auditor/Number of years during which the company has been audited (in %).	14.29%	14.29%

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

Yes

No

Detail 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

Detail 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 obligation to request any information that they deem necessary or useful in order to diligently carry out their duties under the provisions of Article 15 of the Board Regulation.

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 rules

Pursuant to 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 are involved in any of the situations of incompatibility or legal prohibition established in law.
- b) When seriously reprimanded by the Audit, Compliance and Conflict of Interest Committee for having breached their duties as Directors.
- c) When their presence on the Board may jeopardize the Company's interests.
- d) 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 Corporate Enterprises Act:

Yes

No

Indicate whether the Board has examined this case. If affirmative, 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.

No conditions applicable

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: 1

Type of beneficiary: CEO

Description of the Agreement:

Compensation: in the event of the termination of the Contract, the following criteria shall apply with respect to the calculation of the following amount payable to the CEO:

- If the contract is terminated following a decision by the Company with 3 months notice, the CEO will be entitled to receive an amount equivalent to 39 days of total remuneration (fixed + variable remuneration) for each year that they have undertaken functions in the Company. This amount will be calculated pro rata in the event of incomplete years. Those cases in which the contract is terminated by resignation or retirement, death, absolute or total permanent disability are exempt from the above, as are those cases in which the cause of termination of the contract is derived from a non-fulfilment of its provisions by the CEO, or a failure by the CEO to comply with their duties of loyalty and due diligence in the terms established by the law.

In the absence of notice by the Company, the CEO shall additionally be entitled to an amount equivalent to the remuneration corresponding to the duration of the unfulfilled period.

- If the contract is extinguished upon the decision of the CEO, the CEO will be entitled to the same compensation as above, provided any of the following causes are incurred:

1. Substantial changes in the conditions of the tenure as CEO.
2. Non-payment or continuous delays in the payment of the agreed remuneration.
3. The succession of the Company or a significant change in the ownership thereof (including, without limitation, the change of control in the Company), provided that the termination of the contract occurs within 3 months of such changes.
4. Any other serious breach of its contractual obligations by the Company, except in cases of force majeure, in which cases the payment of the mentioned amount will not apply.

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	YES	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 executive, proprietary, independent and other outside Directors:

Audit Committee

Name	Position	Category
RAMIRO MARTINEZ-PARDO DEL VALLE	MEMBER	Independent
ANTÓN COSTAS COMESAÑA	CHAIR	Independent
RAMON GOMIS I DE BARBARÀ	MEMBER	Independent

% of proprietary directors	0.00%
% of independent directors	100.00%
% of other external directors	0.00%

Explain the functions assigned to this Committee, describe the procedures and rules of organization and operation thereof and summarize its most important actions carried out during the year.

The members of the Audit, Compliance and Conflict of Interest Committee are to be appointed for a term of four years, and may be re-elected for successive terms of the same duration. The Audit, Compliance and Conflict of Interest Committee shall name a Chair from among those of its members which hold the condition of outside Directors.

The Audit, Compliance and Conflict of Interest Committee is to be composed of a minimum of three and a maximum of five Directors, and is to be chaired by an independent Director.

Without prejudice to any other duties that may be assigned by the Board of Directors or its Chair, and under the current legislation, the Audit, Compliance and Conflicts of Interest Committee shall exercise, in addition to those established under Article 529 of the CEA, the following functions:

- a) Report on the annual financial statements, as well as the half-yearly and quarterly financial statements, which must be filed with the regulatory or market supervision bodies, indicating the internal control systems, the monitoring procedures followed and compliance through the internal audit, and, where appropriate, the accounting principles applied.
- b) Inform the Board of Directors of any amendments to accounting criteria and balance sheet and off balance risks.
- c) Supervise the internal audit services. The Committee shall have full access to the internal audit and will report during the process of selection, appointment, renewal and removal of its Director and on the establishment of the Director's remuneration. The Committee must also report on the budget of this department.

d) Call the Directors deemed pertinent to the Committee's meetings in order that they may inform to the degree agreed by the Audit, Compliance and Conflict of Interest Committee.

e) Prepare an annual report on the activities of the Audit, Compliance and Conflict of Interest Committee, which must be included in the management report.

The Audit, Compliance and Conflict of Interest Committee met on 9 occasions in 2015, and its most important activities during the year were:

- The establishment of the organizational and operational procedures of the new Audit, Compliance and Conflicts of Interest Committee formed after the merger between the former Laboratorio Reig Jofre, S.A., and Natraceutical, S.A.

- Report on the quarterly, half-yearly and annual financial statements in the first year after the merger.

Identify the Director who is a member of the Audit Committee and whose appointment was effected taking into account his/her knowledge of and experience in accounts, auditing, or in both, and indicate the number of years during which the Chair of this Committee has held his/her post.

Name of Director with experience	ANTON COSTAS COMESANA
Number of years the Chair has held	1

Appointments and Remuneration Committee

Name	Position	Category
EMILIO MORALEDA MARTÍNEZ	CHAIR	Independent
MARIA LUISA FRANCOLÍ PLAZA	MEMBER	Independent
REIG JOFRE INVESTMENTS, S.L.	MEMBER	Proprietary

% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0.00%

Explain the functions assigned to this Committee, describe the procedures and rules of organization and operation thereof and summarize its most important actions carried out during the year.

The members of the Appointments and Remuneration Committee are to be appointed for a term of four years, and may be re-elected for successive terms of the same duration. The Appointments and Remuneration Committee shall name a Chair from among those of its members which hold the condition of outside Directors.

The Appointments and Remuneration Committee shall exercise, in addition to those established under Article 529 quincecies of the CEA, the following functions:

a) Prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the management report.

b) Propose the basic conditions of senior management contracts to the Board of Directors.

c) Safeguard compliance with the Directors' remuneration policy approved by the Company's General Meeting.

d) Consult with the Company's Chair and Chief Executive, especially on matters relating to Executive Directors and senior management.

e) Organize and monitor the annual assessment of the performance of the Board of Directors and that of its committees and propose, on the basis of its outcome, an action plan to correct any deficiencies identified.

f) Analyse requests received from Board members relative to potential candidates for vacancies on the Board of Directors. The operation of the Appointments and Remuneration Committee shall be governed by the rules determined by the Board of Directors in its corresponding Regulations.

The Appointments and Remuneration Committee met on 7 occasions in 2015, and its most important activities during the year were:

- The preparation of the Board of Directors remuneration policy for FY 2015, which was submitted to the vote of the General Shareholders Meeting held on June 11, 2015

- The establishment of the remunerative conditions of the CEO for his/her executive functions in the Company.

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 Directors							
	FY 2015		FY 2014		FY 2013		FY 2012	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00%	0	0.00%	1	33.00%	0	0.00%
Appointments and Remuneration Committee	1	33.00%	0	0.00%	1	33.00%	0	0.00%

C.2.3 Section repealed.

C.2.4 Section repealed.

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 Audit, Compliance and Conflict of Interest Committee is regulated by Article 36 bis of the Bylaws and Article 31 of the Board of Directors Regulations. The Appointments and Remuneration Committee is regulated by Article 36 ter of the Bylaws and Article 32 of the Board of Directors Regulations.

The Bylaws and the Board of Directors Regulations are available on the Company's website, www.reigjofre.com.

In 2015, the Bylaws (by virtue of the agreements adopted by the General Shareholders Meeting held on June 11, 2015) and the Board of Directors Regulations, during the Board Meeting held on April 29, 2015, were amended.

During the respective Committee meetings held on February 24, 2016, the corresponding reports for FY 2015 were approved.

C.2.6 Section repealed.

D RELATED PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Explain, where applicable, the procedure for approval of related party and intra-group transactions.

Procedure for reporting on 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:

- Are related to the marketing of the Company's products;
- Affect the Company's internal or external financing.
- 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.

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 corporate name of Directors or managers	Name or corporate name Relationship with related party	Relationship	Nature of transaction	Amount (thousands of Euros)
REIG JOFRE INVESTMENTS, S.L.	LABORATORIO REIG JOFRE, S.A.	Administrator	Provision of services	280
REIG JOFRE INVESTMENTS, S.L.	LABORATORIO REIG JOFRE, S.A.	Administrator	Operating lease contracts	566

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 transaction:

D.5 Indicate the amount of operations carried out with other related parties. 0 (in thousands of Euros).

D.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:
Directors are to abstain from intervening in deliberations that affect issues in which they are directly or indirectly an interested party. Directors shall be considered as having personal interest when the matter affects a member of their family or a company in which they hold a management post or a significant stake in the share capital. 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

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:

Define any business relationships between the parent and the listed subsidiary, and between the listed subsidiary and other group

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, including as applicable to financial risk.

The Risk Control and Management System established by Laboratorio Reig Jofre, S.A., covers all relevant areas and processes within each of the Company's Organisational Units and contemplates, among others, financial risks, fraud and consolidation.

E.2 Identify the Company bodies responsible for the development and implementation of the Risk Management System.

Audit, Compliance and Conflict of Interest Committee

E.3 Indicate the main risks, including those of a financial nature, 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, including financial risks.

The Company has a procedure 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 situation and management is reported to the Audit, Compliance and Conflict of Interest Committee and to the Board of Directors: 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, including tax risks, have materialized during the year.

None

E.6 Explain the response and supervision plans for the Company's main risks, including tax 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. 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 (ICFR) 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.

Under the provisions of the Board of Directors Regulation, the Audit, Compliance and Conflicts of Interest Committee, under the supervision of the Board of Directors, is responsible for reviewing the internal risk control and management systems, the design of which falls under the responsibility of the Financial Management.

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 Laboratorio Reig Jofre, S.A., Internal Code of Conduct Relating to the Securities Markets, 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 Company's Board of Directors on April 29, 2015. It was communicated to the National Securities Market Commission and published in the website www.reigjofre.com

The 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 bodies.

The object of this Regulation is to regulate the activities that fall within the scope of the members of the Board of Directors and of certain employees within the context of the Company, establishing rules for the management and control of Inside Information, the transparent communication of Material Information, the conducting of treasury stock operations and the detection and treatment of conflicts of interest, as well as imposing certain obligations, limitations and prohibitions on Persons Affected, Insiders and Treasury Stock Managers, with the aim of protecting the interests of investors in the securities of the Company and its Group and to prevent and avoid situations of misuse, as well as to promote and facilitate the participation of its directors and employees in the Company's capital in strict observance of the applicable legislation.

The Board of Directors of Laboratorio Reig Jofre, S.A., will, at all times, guarantee the validity of the Regulation and ensure that its content is known, understood and accepted by all the subjects defined within its scope of application.

- 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.

To date, there is no formal, documented procedure for the recording of incidents and claims in this area, nor have channels for the reception of complaints been created. Nevertheless, the Company is working on the establishment of various processes in the field of risk management, and expects to implement a suitable system throughout 2016.

- 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 to the Company's staff is planned. A training item is established annually within budget and each 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.

The Company 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 Report on, 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 covers, among others, financial, fraud and consolidation risks. For the detailed analysis of these risks, and there is an established procedure for 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 process implemented during 2015 following the merger of Natraceutical, SA, with Laboratorio Reig Jofre, SA, is to be reviewed during 2016 (it has not yet been subject to review due to its recent implementation), in accordance with the recommendations received from the Company's auditors and external advisors, with the following objectives:

To identify and assess the key risks: To identify the risks that must be assumed and the risks to be avoided for the development of the business.

To prepare the action plans necessary to mitigate the main risks. Among others:

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

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

- Measurement and accuracy: the transactions, facts and other events are recorded and measured in accordance with the applicable regulations.

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

- 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 aspects, 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.

- 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, Laboratorio Reig Jofre, S.A., has structured the risks into four groups:

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.).

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.).

Compliance risks: 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:

The inherent risks (the risk present for Laboratorio Reig Jofre, S.A., in the absence of any action from the Management aimed at altering the probability of the risk occurring and the impact of the same).

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.

The Audit, Compliance and Conflict of Interest 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.

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 judgements, estimates, measurements and projections.

There are procedures for the review and approval of the financial reporting and ICFR description. 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 2015, 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 Laboratorio Reig Jofre,

S.A:

- Property, plant and equipment
- Accounts payable
- Accounts receivable
- H.R.
- 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.
- Whether 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 for the implementation of 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, during 2015 work was carried on the implantation of an Offence Prevention and Detection Programme 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., although it has not been formally approved yet. It is the Company's intention to do so during FY 2016.

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.

Laboratorio Reig Jofre, S.A., has implemented policies and procedures governing the access to and operation of the systems and applications that enable:

- Managing 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 devices and systems that enable the continuity of the business' different operational systems in the event of a failure.
The availability of data recovery devices and systems (backups, fireproof chambers for the storage of backup copies, external servers, etc.).
- The guarantee 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 Company's 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 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 Finance Department is responsible for maintaining the accounting policies up to date, 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, the Company has the support of external advisers of recognised standing which inform the company of new accounting standards. The Company is working on the review of current policies, in order to enable their implementation during 2016.

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.

The Company centralises the financial reporting collection, consolidation and preparation process and possesses computer resources that allow for the standardization of the budgeting, monitoring and consolidation processes.

In order to cover all risks relevant to financial reporting, the balance closure and consolidation process is accompanied by a series of implemented controls.

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, Compliance and Conflicts of Interest Committee is responsible for ICFR monitoring activities, which include:

- Approving the audit plans, which are currently being defined by the Internal Audit function and which will have a risk-based approach;
- 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;
- Implementing the prioritisation and monitoring of corrective actions, and reporting on the evolution of the same to Senior Management
- Advising on issues relating to corporate governance and the prevention of fraud, corruption and other illegal activities.

The Internal Audit Management is responsible for supporting the Audit, Compliance and Conflict of Interest Committee in the monitoring the ICFR, and 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

Report:

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.

Laboratorio Reig Jofre, S.A. has not subjected the ICFR information sent to markets to review by an external auditor.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

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

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.

Met

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

Met Partially met Explain Not applicable

3. That, during the celebration of the ordinary general meeting, in addition to the distribution of in written form of the annual corporate governance report, the Chair of the Board of Directors will orally inform the shareholders, in sufficient detail, of the most relevant aspects of the Company's corporate governance and, in particular:

- a) The changes since the previous ordinary general shareholders meeting.
- b) The specific reasons why the company does not follow some of the Corporate Governance Code recommendations and, if applicable, the alternative rules that are applied in this area.

Met Partially met Explain

4. That the Company defines and promotes a policy of communication and contact with shareholders, institutional investors and proxy advisors that is fully respectful of the regulations against market abuse and which provides similar treatment to shareholders who are in the same position.

And that company publishes the policy on its website, including information on how it has been implemented and identifying the partners or persons responsible for carrying it out.

Met Partially met Explain

Through the investor relations department, the Company bases its relationship with shareholders, investors and financial analysts on criteria that are fully-respectful of the rules against market abuse and dispense similar treatment to all shareholders.

However, the Company has not formally reflected this communication policy in a document which is available for consultation on its website, although it intends to produce such a document in 2016.

5. That the Board of Directors does not present the General Shareholders Meeting with a proposal for the delegation of powers for the issue of shares or convertible securities with the exclusion of preferential subscription rights for more than 20% of the share capital at the time of the delegation.

And when the Board of Directors approves the issue of shares or convertible securities with the exclusion of preferential subscription rights, the Company immediately publish on its website the reports on the exclusion referred to by corporate law.

Met Partially met Explain

6. That listed companies prepare the mandatory or voluntary reports listed below and publish them on their website in time for the celebration of the Ordinary General Shareholders Meeting, even when their dissemination is not mandatory:

- a) Report on the independence of the auditor.
- b) Report on the operation of the Audit Committee and Appointments and Remuneration Committee
- c) Audit Committee report on related-party transactions.
- d) Corporate social responsibility report.

Met Partially met Explain

7. That the company broadcasts the live transmission of the General Shareholders Meetings via its website.

Met

Explain

Following the merger in December 2014 which resulted in the new Laboratorio Reig Jofre Lab, SA, in 2015 the Company implemented for the first time the live broadcast via its website of the presentation of the half-year results, although the celebration of the Shareholders Meetings was not broadcast. This will be taken into consideration for future years.

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

Met

Partially met

Explain

9. That the company permanently publish, via its website, the accepted requirements to prove share ownership, the right to attend the general shareholders meeting and the exercise or delegation of voting rights.

And that such requirements and procedures favour the shareholders' attendance and the exercise of their rights and that they are applied in a non-discriminatory manner.

Met

Partially met

Explain

10. That, in the event of a shareholder exercising the right, prior to the celebration of the general shareholders meeting, to complete the agenda or to present new agreement proposals, the company:

- a) Immediately publish the additional points and new agreement proposals.
- b) Publish the attendance card or proxy voting or remote voting form, with the necessary amendments to enable voting of the new items on the agenda and to propose alternatives, in the same terms as those proposed by the Board of Directors.
- c) Submit all the points or alternative proposals to voting, with the application of the same rules as those applied to the points and proposals made by the Board of Directors, including specifically, the presumptions or deductions about the intention of the vote.
- d) Following the celebration of the General Shareholders Meeting, announce the breakdown of the vote on the additional points or alternative proposals.

Met

Partially met

Explain

Not applicable

11. That, in the event of the company's intention to pay attendance bonuses for the General Shareholders Meeting, a general policy is established beforehand in relation to such bonus and that the policy is stable.

Met

Partially met

Explain

Not applicable

12. 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 corporate interest, understood as the creation of a profitable and sustainable business in the long-term which promotes the continuity of the same and the maximisation of the Company's economic value.

And that, in the pursuit of corporate interest, in addition to compliance with the laws and regulations and behaviour based on good faith, ethics and respect for commonly-accepted uses and good practices, strive to reconcile the corporate interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and the environment.

Met Partially met Explain

13. 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.

Met Explain

14. That the Board of Directors approve a director selection policy which:

- a) Is specific and verifiable.
- b) Ensures that appointment or reappointment proposals are based on a preliminary analysis of the needs of the Board of Directors.
- c) Promotes the diversity of knowledge, experience and gender.

That the result of the prior analysis of the Board of Directors requirements is contained in the Appointments Committee's explanatory report, to be published upon the call of the General Shareholders Meeting to which the ratification, appointment or re-election of each Director is to be submitted.

And that the director selection policy promotes the goal established for 2020, by which the number of female directors is to represent at least 30% of the total members of the board.

The Appointments Committee is to annually verify the compliance with the director selection policy, and is to detail its findings in the annual corporate governance report.

Met Partially met Explain

15. Proprietary and independent Directors should occupy an ample majority on the Board of Directors, 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.

Met Partially met Explain

16. That the percentage of proprietary directors in relation to the total number of non-executive directors is not greater than the ratio between the Company's share capital represented by such directors and the remainder of the share capital.

This criterion can be attenuated:

- a) In heavily capitalised companies with a scarce or null proportion of shares that may legally be considered as major shareholdings.
- b) In the case of companies with multiple, unrelated shareholders represented on the Board of Directors.

Met Explain

17. The number of independent Directors is to represent at least one half of all Board members.

That, nevertheless, when the Company does not have an elevated capitalization or when, in the event of having an elevated capitalization, has one or various shareholders acting jointly and who control more than 30% of the share capital, the number of independent Directors is to represent, at least, a third of the total number of Directors.

Met

Explain

18. 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, as well as all other paid activities they carry out, independent of their nature.
- 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 director of the Company, as well as that of subsequent re-elections.
- e) Company shares and share options held.

Met

Partially met

Explain

19. That the corporate governance report, following verification by the Appointments Committee, must explain the reasons behind the appointment of proprietary Directors at the request of shareholders representing less than 3% 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.

Met

Partially met

Explain

Not applicable

20. Proprietary Directors are to tender their resignations when the shareholders they represent transfer 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.

Met

Partially met

Explain

Not applicable

21. The Board of Directors shall not propose the separation of independent Directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board of Directors, based on a report from the Appointments Committee. Specifically, just cause will be presumed when a Director occupies new positions or assumes new obligations that impede him/her from dedicating the necessary time to the undertaking of the functions inherent to the position of Director, breaches his or her fiduciary duties or incurs one of the disqualifying circumstances that give rise to the loss of the condition of independence, in accordance with applicable legislation.

The removal of independents may also be proposed as a consequence of a takeover bid, merger or similar corporate operation that produces changes in the company's capital structure, when such changes in the structure of the Board of Directors arise to meet the proportionality criterion set out in Recommendation 16.

Met

Explain

22. Companies are to establish rules requiring Directors to inform the Board of Directors 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 corporate legislation, the Board of Directors 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 of Directors is to duly reflect the above in a reasoned manner in the Annual Corporate Governance Report.

Met Partially met Explain

23. All Directors are to express clear opposition if they believe that a proposal submitted for the Board of Director'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 of Directors 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 of Directors, independently of his/her condition as a Director.

Met Partially met Explain Not applicable

24. 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.

Met Partially met Explain Not applicable

25. That the Appointments Committee ensures that the non-executive Directors have sufficient time available for the proper performance of their duties.

And that the Board Regulation establish the maximum number of Company Boards on which its Directors may sit.

Met Partially met Explain

That, in view of the obligations inherent to the position of Director (including dedication), to date it has not been considered to include in the Board of Directors Regulation a limitation on the number of Governing Bodies of other companies on which the Company's Directors may hold a position. Notwithstanding the foregoing, and in order to reflect to the maximum extent the corporate governance recommendations, the Board of Directors is assessing an amendment to the Regulation for these purposes.

26. The Board is to meet with the necessary frequency to properly perform its functions and on at least 8 occasions per year, in accordance with a calendar and agendas established at the beginning of the year, to which each Director may individually propose the addition of other items.

Met Partially met Explain

27. That Director absences are to be kept to an indispensable minimum and quantified in the Annual Corporate Governance Report. And, when they do occur, the corresponding representation with instructions must be granted.

Met Partially met Explain

28. 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

29. That the Company establish the appropriate channels in order that the Directors may obtain the advice they need to fulfil their duties, including, if required by circumstances, external assistance, the costs of which are to be borne by the Company.

Met Partially met Explain

30. That, independently of the knowledge required of the Directors for the exercise of their functions, the Companies also offer the Directors knowledge refresher programmes, as warranted by the circumstances.

Met Explain Not applicable

31. That the agenda of the sessions clearly indicate those points on which the Board of Directors shall adopt a decision or agreement in order that the Directors may study or seek, in advance, the information required for its approval.

Where, exceptionally and for reasons of urgency, the Chair wishes to submit decisions or agreements that do not figure on the agenda to the approval of the Board of Directors, the express, prior consent of the majority of the Directors present must be obtained and duly recorded in the minutes.

Met Partially met Explain

32. That the Directors should be regularly informed of the movements in the shareholding and of the opinion held by the main shareholders, investors and rating agencies about the Company and its group.

Met Partially met Explain

33. That the Chair, as the person responsible for the effective functioning of the Board of Directors, and in addition to exercising the functions conferred by law the Company's bylaws, prepare and submit to the Board a calendar and a list of issues to be addressed; organize and coordinate the periodic assessment of the Board and, where appropriate, of the CEO; hold responsibility for the management of the Board and the effectiveness of its operation; ensure that the Board dedicated the necessary time to the discussion of strategic issues, and review and agree refresher programs for each Director, when circumstances so require.

Met Partially met Explain

34. Coordinating Directors, when applicable, shall be attributed the following powers by the Bylaws or the Board of Directors Regulation (in addition to those attributed under law): chairing the board in the absence of the Chair and Vice Chairs, if any; echoing the concerns of non-executive Directors; maintaining contacts with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly in relation to the Company's corporate governance; and coordinating the plan of succession for the position of Chair.

Met Partially met Explain Not applicable

35. The Secretary of the Board of Directors must ensure that his/her actions and decisions facilitate the Board of Directors with those recommendations on good governance set out in the Code of Good Governance and which are applicable to the Company.

Met Explain

36. That the full Board of Directors annually assesses and adopts, when applicable, a plan of action to correct the deficiencies detected in relation to:

- a) The quality and efficiency of the Board of Directors;
- b) The operation and the composition of its committees.
- c) Diversity in the composition and powers of the Board of Directors.
- d) The performance of the Company's Chair of the Board of Directors and of the CEO.
- e) The performance and contribution of each Director, paying particular attention to those responsible for the various Board committees.

The report which they submit to the Board of Directors will be used a base for the assessment of the different Committees, and for the latter, the report submitted by the Appointments Committee.

Every three years, the Board of Directors will be assisted in the preparation of the assessment by an external consultant, whose independence will be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group maintains with the Company or any company in its group, must be detailed in the annual corporate governance report.

The process and the areas assessed will be described in the annual corporate governance report.

Met Partially met Explain

To date, the Board of Directors has carried out the assessment in an informal manner, although work is underway on the preparation of a regulation for the Appointments and Remunerations Committee, which will expressly contemplate such an evaluation in the terms established in the corporate governance recommendations. It is expected that the regulation will be definitively approved during 2016.

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.

Met Partially met Explain Not applicable

38. The Board of Directors 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 Partially met Explain Not applicable

39. That 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, and that the majority of the Committee's members are to be independent Directors.

Met Partially met Explain

40. That, under the supervision of the Audit Committee, there is an internal audit function that ensures the proper operation of internal reporting and control systems and which functionally depends on the non-executive Chair of the Board or of the Audit Committee.

Met Partially met Explain

Although the Company's financial department has established internal audit procedures and a person has been designated to perform the internal audit management functions, the Board of Directors aims to formalize the internal unit that carries out such function and prepare the corresponding action, function and procedural protocol during 2016.

41. The person responsible for the unit that assumes 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 Not applicable

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.

42. That, in addition to those provided for in law, the Audit Committee has the following functions:

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

- a) 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.
- b) Safeguard the independence of the unit that assumes the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the budget for this services; approve the orientation and work plans, ensuring that its activity is principally focussed on the relevant risks faced by the Company; receive regular reports on its activities; and verify that Senior Management is acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report confidentially and, if possible and considered appropriate, anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, detected within the Company.

2. In relation to the external auditor:

- a) The examination of any circumstances giving rise to the resignation of the external auditor.
- b) Ensure that the remuneration of the external auditor for their work does not compromise either its quality or its independence.

- c) That the company reports any change of auditor to the Spanish Securities Market Commission as a material fact, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor meets annually with the full Board of Directors to inform of the work carried out and the evolution of the Company's accounting and risk situation.
- e) Ensure that the Company and the external auditor adhere to current regulations on the provision of services other than audit services, the limits applicable to the concentration of the auditor's business activity and, in general, all other regulations on the independence of the auditors.

Met Partially met Explain

43. That 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 Partially met Explain

44. That the Audit Committee is informed about the structural and corporate amendment operations planned by the Company, in order to be in a position to present analyses and reports to the Board of Directors on the economic conditions and accounting impact of the same and, specifically and where appropriate, report on the proposed exchange ratio.

Met Partially met Explain Not applicable

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

- a) The different types of financial and non-financial risk (including operative, technological, legal, corporate, environmental, political and reputational) faced by the company, including, among those of a financial or economic nature, contingent liabilities and other off-balance sheet risks;
- b) The level of risk that the Company considers acceptable.
- 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.

Met Partially met Explain

46. That under the direct supervision of the Audit Committee or, where appropriate, a specialized Board of Directors committee, there is an internal risk control and management function that is exercised by a unit or internal department of the Company to which the following functions have been expressly attributed:

- a) Ensure the proper functioning of the risk control and management systems and in particular, to identify, manage and adequately quantify all important risks affecting the Company.
- b) Actively participate in the preparation of the risk strategy and in the major decisions about its management.
- c) Ensure that the control and risk management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Met Partially met Explain

While the Company's financial department has established risk control and management and the Audit, Compliance and Conflicts of Interest Committee monitors the same, the Board of Directors is committed to formalizing the internal risk control and management function during 2016 through the creation of a unit that will assume these functions. A protocol is to be developed for this purpose.

47. That the members of the Appointments and Remunerations Committee, or of the Appointments Committee and the Remunerations Committee, if two such separate committees exist, are to be designated in accordance with the knowledge, skills and experience required by the duties they are called upon to perform. The majority of the members of these committees are to be independent Directors.

Met Partially met Explain

48. That large cap companies have a separate Appointments Committee and a Remuneration Committee.

Met Explain Not applicable

49. That the Appointments Committee consult with the Chair of the Board of Directors and the Chief Executive, especially on matters relating to Executive Directors.

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

Met Partially met Explain

50. That the Remuneration Committee exercise its functions independently and that it be attributed, in addition to the functions assigned to it by law, the following:

- a) Propose the basic conditions of senior management contracts to the Board of Directors.
- b) Safeguard compliance with the remuneration policy established by the Company.
- c) Periodically review the remuneration policy applied to Directors and senior executives, including compensation systems with shares and their application, as well as ensure that their individual remuneration is proportionate to that paid to other Company Directors and senior executives.
- d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the committee.
- e) Verify the information on the remuneration of the Directors and senior management contained in the various corporate documents, including the annual report on the remuneration of Directors.

Met Partially met Explain

51. That the Remuneration Committee consult with the Company's Chair and Chief Executive, especially on matters relating to Executive Directors and senior management.

Met Partially met Explain

52. That the regulations governing the composition and functioning of the monitoring and control committees are included in the Board of Directors Regulation, and that they are consistent with those applicable to legally obligatory commitments under the above recommendations, including:

- a) That they are composed exclusively of non-executive Directors, with a majority of independent Directors.
- b) That the committees are to be chaired by independent Directors.
- c) 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 report on its activity and respond to the work undertaken during the first Board Meeting to be held following its respective meetings.
- d) That the Committees may engage external advisors when considered necessary for the discharge of their duties.
- e) That its meeting are to be minuted and a copy sent to all Board members.

Met Partially met Explain Not applicable

53. That the monitoring of the fulfilment of the corporate governance regulations, internal codes of conduct and the corporate social responsibility policy is attributed to one or distributed among various Board Committees, such as the Audit Committee, the Appointments Committee, the Corporate Social Responsibility Committee, the latter where applicable, or a specialized committee created to this effect by the Board, and to which the following minimum functions are to be specifically attributed:

- a) The monitoring of compliance with the internal codes of conduct and corporate governance regulations.
- b) The monitoring the shareholder and investor communication strategy, including as applicable to small and medium shareholders.
- c) The periodic assessment of the adequacy of the Company's corporate governance system in order to fulfil its mission of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders.
- d) The review of the Company's corporate responsibility policy, ensuring that it is aimed at value creation.
- e) The monitoring of the corporate social responsibility strategy and practices and the assessment of their compliance.
- f) The monitoring and assessment of the processes regulating relationships with different stakeholders.
- g) The assessment of all matters relating to the Company's non-financial risks, including those of an operational, technological, legal, social, environmental, political and reputational nature.
- h) The coordination of the non-financial and diversity information reporting process, in accordance with the applicable regulations and international reference standards.

Met Partially met Explain

54. That the corporate social responsibility policy include the principles or commitments which the company voluntarily assumes in its relationship with the different stakeholders, and identify at least:

- a) The objectives of the corporate social responsibility policy and the development of the support instruments.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) The specific practices on issues related to: shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal behaviour.

- d) The monitoring methods or systems for the results of the implementation of the specific practices identified in the previous paragraph, the associated risks and their management.
- e) The monitoring mechanisms for the non-financial risk, ethics and business conduct.
- f) The channels of communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that prevent manipulation of information and protect integrity and honour.

Met Partially met Explain

While corporate social responsibility actions have been defined for different Company departments, a document which sets out the global CSR policy and which clearly details the objectives and procedures to be implemented in order to comply with the policy is pending preparation.

55. That the Company report, in a separate document or in the management report, on matters related to corporate social responsibility, using any of the internationally accepted methodologies.

Met Partially met Explain

While corporate social responsibility actions have been defined for different Company departments, a document which sets out the global CSR policy and which clearly details the objectives and procedures to be implemented in order to comply with the policy is pending preparation.

56. That the external Directors' remuneration must be sufficient to attract and retain Directors of the target profile and to compensate the dedication, qualifications and responsibility inherent to each position, whilst avoiding reaching sums capable of compromising the independence of the criteria of the non-executive Directors.

Met Explain

57. Variable remunerations related to the Company's performance and individual performance, as well as remuneration comprising the awarding of shares, share options or rights or other share-based instruments and long-term savings systems, such as pension plans, retirement plans or other social benefit systems, are to be confined to Executive Directors.

The delivery of shares can be considered as remuneration to the non-executive Directors when it is conditioned to their retaining the shares until the end of their tenure. The above shall not apply to the shares of which the Director needs to dispose, where applicable, in order to satisfy the costs related to their acquisition.

Met Partially met Explain

58. 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.

And in particular, that the variable remuneration components:

- a) Are related to performance criteria that are predetermined and measurable and that these criteria consider the risk taken to obtain a result.
- b) They promote the sustainability of the Company and include non-financial criteria that are suitable for creating long-term value, such as compliance with the Company's internal rules and procedures and its policies for risk control and management.

c) They are established on the basis of a balance between fulfilling short-, medium- and long-term objectives, which allow for a return on performance for a continued performance over a period of time that is sufficient to appreciate their contribution to creation of sustainable value, in such a manner that the elements used to measure the performance do not revolve solely around specific, occasional or extraordinary events.

Met Partially met Explain Not applicable

59. That the payment of a significant part of the variable remuneration components be deferred for a period sufficient to ensure that the previously-established performance conditions have been met.

Met Partially met Explain Not applicable

60. That, 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 Partially met Explain Not applicable

61. That a significant percentage of the variable remuneration of the executive Directors is linked to the delivery of shares or financial instruments referenced to their value.

Met Partially met Explain Not applicable

The current variable remuneration policy for executive directors does not contemplate payment in shares, although the Appointments and Remuneration Committee is studying the preparation of a potential stock option plan.

62. Once shares or options or share rights corresponding to the compensation systems have been attributed, Directors cannot transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, and cannot exercise the corresponding options or rights until at least three years as of the attribution.

The above shall not apply to the shares of which the Director needs to dispose, where applicable, in order to satisfy the costs related to their acquisition.

Met Partially met Explain Not applicable

63. That contractual agreements include a clause allowing the Company to demand reimbursement of variable remuneration components when the payment was not adapted to the performance conditions or when they have been paid in accordance with data which is subsequently proven to be inaccurate.

Met Partially met Explain Not applicable

In the case of the CEO, the variable remuneration subject to annual targets will be paid in the three years following the year in which these objectives have been reached. Nevertheless, deferred payments will not be effective if the new targets determined for the current year are not reached in the years in question.

The establishing of the CEO's variable components is subject to the agreement of the Board of Directors, in accordance with the economic-financial and strategic objectives set at by the Board. The establishment of reimbursement procedures is not considered necessary in so far as the variable remuneration is set by the Board in accordance with the objective data it has in its possession.

64. Payments for contract termination must not exceed a fixed amount equivalent to two years of total annual remuneration, and must not be paid until the Company has been able to verify the Director's compliance with the previously-established performance criteria.

Met Partially 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 to 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.

N/A

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its Meeting held on 24/02/2016.

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

Yes

No