



2013 Progress Report

2020 Commitment to Corporate Social Responsibility



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**“Progressing on our
2020 Commitment”**

Natra has recently celebrated its **70th anniversary.** Throughout its existence, it has become a leading company in the manufacture and preparation of cocoa derivatives and chocolate products, with a presence on the five continents.

“We would like to share the efforts carried out during the year”

As a consequence of our desire to contribute to our society and to be recognized as a responsible company, in 2012 Natra undertook the commitment to promote and inform on a permanent and periodical basis about the initiatives that our company develops in the field of Corporate Social Responsibility (CSR).

In this 2013 Progress Report, we would like to share the efforts carried out during the year to advance the fulfilment of the goals we have set ourselves in the five major areas of our CSR plan: raw materials, the environment, working conditions, society and healthy nutrition.

We face ambitious challenges from now until 2020: the acquisition of 100% certified cocoa, the measurement and reduction of the carbon footprint of each of our products, and an increase in our collaboration with organizations working directly for the welfare of the populations in the countries where we source cocoa. For this task, we have a highly-committed team.

Finally, I would like to take the opportunity to emphasize that Natra remains committed to the ten principles of the United Nations Global Compact, to which the company adhered in 2012.

Mikel Beitia
Chief Executive Officer, Natra

Natra, 70 years of history

Natra is a Spanish multinational with a position of leadership in Europe in the production and preparation of chocolate products and cocoa derivatives. The company places emphasis on distribution brands and other food companies. Natra currently markets its products on the five continents and articulates its business through two main divisions:

- **Consumer Products Division:** this division supplies the main retailers.
 - **Products:** countlines, spreads, tablets, chocolates and Belgian specialties.
 - **Main markets:** Germany, France, Belgium, Holland, Spain and the UK.
- **Industrial Products Division:** this division supplies the international food industry.
 - **Products:** cocoa derivatives, such as cocoa-paste, butter and powder as well as solid and liquid chocolate.

Natra has six production plants in Spain (Oñati & Valencia), Belgium (Bredene & Malle), France (Saint-Étienne) and Canada (London-Ontario). We also have commercial presence in Europe, the U.S. and Asia. The activity of the production facilities in Canada has been launched in the first quarter of 2014.

Spain	France	Belgium	Canada
Oñati Valencia	Saint-Étienne	Bredene Malle	London-Ontario



Our strategic vision is defined as follows:

“We aim to be the global strategic partner of reference for the food industry, largescale supply chains and other channels in the development and manufacture of cocoa and chocolate products”

vision

Our strategic vision is supported by our values and is articulated around four levels, which make up the company's “4i Strategy”:

- **Innovation:** ongoing identification of consumer needs and market trends.
- **Industrial and retailer partners:** long-term partnerships as a model for customer relationships.
- **Internationalisation:** a firm commitment to expansion in markets beyond Europe, and specifically in America and Asia.
- **Internal efficiency:** in terms of the company's operations as a whole, with special emphasis on the food safety, quality policy and corporate social responsibility.

values

Our values:

- **Client and consumer orientation:** a company orientated towards the client and to the consumer, offering excellent levels of service quality and a permanent focus on determining and anticipating client and consumer needs.
- **Long-term relationships:** a company composed of proactive, flexible professionals who are open to the development of new products, and especially motivated when it comes to working as a team with suppliers and clients within the context of long-term relationships.
- **Committed team:** a committed, passionate and highly-talented team with solid experience and a deep understanding of the entire cacao and chocolate sector value chain.
- **Sustainability and profitability:** an ethical working environment that is respectful towards the people, the organizations and the environments with which the company works, with a clear focus on sustainable business and long-term profitability.



Natra shares are listed on the Madrid and Valencia stock exchange.

In addition to its main activity in the chocolate industry, Natra has a controlling interest in the Spanish multinational Natraceutical, which is specialized in the commercialization of natural nutritional complements in Europe through its subsidiary Laboratoires Forté Pharma.

2013 main economic indicators

The cocoa and chocolate activity closed the year with sales of 329M€, representing a year-to-year sales increase of 3% for the period 2010 to 2013.

The evolution of revenues and EBITDA in the cocoa and chocolate business for the period 2010-2013 is shown below:

Natra - Cocoa and Chocolate

Turnover M€	EBITDA M€	EBITDA Margin
2013 329	2013 24	2013 7.3%
2012: 326 2011: 327 2010: 302	2012: 28 2011: 23 2010: 15	2012: 8.7% 2011: 7.0% 2010: 5.1%
Evol. 2012-13: 1.2% CAGR 2010-13: 3.0%	Evol. 2012-13: -14.9% CAGR 2010-13: 16.5%	



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In June 2012, the Board of Directors of Natra approved a statement related to the main strategic lines of Natra's Corporate Social Responsibility plan, which has led to a series of objectives that are reflected in our RSC 2020 Commitment.

This 2013 Progress Report shows the actions implemented by Natra in 2013 in order to reach the objectives established in the RSC 2020 Commitment.

2020 Commitment	Objectives
Procurements	To gradually increase the purchase of certified cocoa until it represents 100% of our consumption by 2020
	To promote certification among the cocoa farmers cooperatives with whom we have relationships
	To participate in non-profit organisations that promote the protection of farmers and their families, as well as the effective organisation of the cooperatives to which they belong
	To publish information annually on the origin of the cacao, indicating the proportion of the total has been certified and the certification stamps
Caring for the environment	To acquire 100% of our palm oil from plantations which are compatible with the survival of tropical forests
	To promote the rational use of natural resources, with special emphasis on reducing energy and water consumption
	To measure the carbon footprint of each of our products
	To buy green energy whenever possible
	To use cardboard produced via appropriate and socially-beneficial environmental management
The Natra team	To promote the re-use of all waste generated
	To report on occupational health, safety and training indicators
	To design, harmonize and promote common policies in the human resources area*
Concern for the community	To maintain and improve, where necessary, the ratios relating to employee permanence in the company
	To increase the collaboration with organisations working directly for the welfare of the population in provider countries where we source cocoa
	To establish ongoing collaboration with local food banks
Healthy nutrition	To continue promoting sponsorship activities related to sport and healthy living
	To eliminate trans fats
	To replace artificial aromas with 100% natural aromas
	To reduce salt content
	To avoid the use of artificial colorants

**This Objective has been reformulated in 2013*

Procurements

“An active commitment to a sustainable supply through programmes that ensure product traceability and the long-term viability of obtaining the supply, with special emphasis on the abolition of all forms of child or forced labour”

Under the CSR 2020 Commitment, and in relation to supplies, Natra has concentrated its efforts on the main raw materials. These are, in order of economic importance, cocoa, sugar, milk derivatives, oils and nuts. Of these, cocoa marks the company's identity.

Since milk derivatives and sugars are highly-regulated products which are produced and purchased in Europe, it was decided to focus on cocoa, oils and nuts.

Cocoa

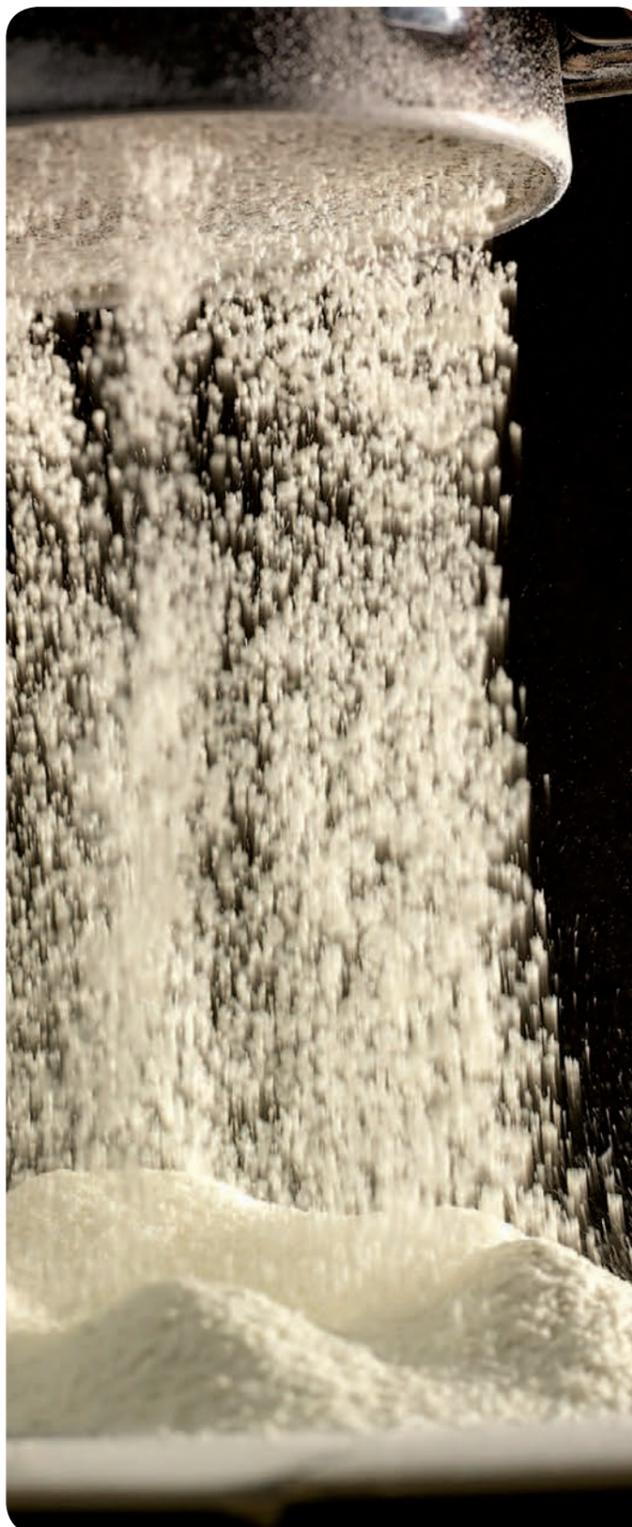


An increasing number of customers and consumers demand that products such as cocoa are grown according to responsible parameters. In this regard, our commitment consists in purchasing quality cocoa that is grown and marketed in an ethical, sustainable and responsible manner.

In order to maximize the surveillance necessary to prevent abuses and bad practice, for some years now Natra has demanded that its suppliers provide written certification that the cocoa supplied has been produced with respect to the conventions of the International Labour Organization, especially in relation to issues such as forced labour, freedom of association, right to organize and collective bargaining, equal remuneration and child labour.

Natra is a member of CAOBISCO, through the different national associations, and of the Federation of Cocoa Commerce. Both associations promote forums for the discussion of issues that are relevant to the cocoa industry, thus enabling the beneficial exchange of experiences and the development and implementation of best practices.

Natra also maintains ongoing relationships with other organisations responsible for the promotion of cocoa farming sustainability through the improvement of the living conditions of farmers, their families and communities and the preservation of the environment. Natra is registered with or is a member of Fairtrade International, UTZ Certified and Rainforest Alliance. These non-profit organizations certify that the cocoa has been produced in accordance with requirements such as good agricultural and management practices, safe and healthy working conditions, the abolition of child labour and the environmental protection. Another type of certification is that of organic cocoa, which has been produced under favourable environmental conditions, limiting, for example, the use of fertilizers and pesticides.



Natra has signed a supply agreement with a cooperative in Ivory Coast which consists of approximately 15,000 cocoa farmers – a figure which rises year after year. Our commitment is to acquire all the cocoa they produce under UTZ Certified requirements. The cooperative's members are becoming increasingly aware of the advantages of certification, which they cite as: better prices, continuous training, which will enable further progress in the future, and the improvement in the educational conditions of their children, with regular attendance at school being one of the obligatory requirements that need to be fulfilled in order to maintain the certificate.

Our CSR 2020 Commitment is to gradually increase the purchase of certified cocoa until it accounts for Natra's entire consumption.

In 2013, certified cocoa represented 9% of the total and its distribution per seal is as follows:

- **Fairtrade, 1.3%** (57% of which was also organic)
- **UTZ Certified, 3.3%** (8% of which was also organic)
- **Organic, 4.0%**

The complexity of the classification is due to the demand of our clients.

As a result of the actions undertaken to promote certification among the different cooperatives of cocoa farmers, we are pleased to report that one of our suppliers in Cameroon was granted the UTZ certification for the first time in 2013.

Even if progress seems somewhat slow, we believe that the availability of certified cocoa will increase consistently in the near future – thus allowing us to reach our objective of 100% consumption in 2020.

Palm oil

It is undeniable that the growth of oil palm plantations has caused large areas of deforestation in some producer countries, most notably Indonesia.

This has led to the launch of a multilateral initiative called *Roundtable on Sustainable Palm Oil* (RSPO) as a means to halt this pernicious effect. A non-profit association, it brings together all the various stakeholders in the value chain (palm growers, oil manufacturers, distributors of products containing palm derivatives, and environmental and social NGOs) with the aim of promoting the production and use of palm oil in accordance with environmentally-, socially- and economically-sustainable criteria.

Natra is an active member of this organization and is committed to consuming only palm oil obtained from RSPO certified plantations.

In 2013, more than 95% of palm oil and palm oil derivatives was acquired from RSPO-certified plantations in Malaysia and Indonesia. We are confident of reaching 100% consumption by as early as 2014.

Hazelnuts

As Turkey is by far the world's largest producer of hazelnuts, a large proportion of our purchases comes from this country (usually over 90%).

Natra is very proud to collaborate with UTZ Certified on the launching and development of an initiative to improve the living conditions of hazelnut-industry workers in Turkey, with emphasis on the education of the children who move with their families during the harvest season. This is a complex issue that has the support of the Turkish government at both the state and local levels.

Natra is also involved in a project promoted by the International Labour Organization to address the issue of child labour during the Turkish hazelnut harvest. In 2013, the project analyzed the situation in Ordu (Turkey), which lies in the heart of the production area, and began work on raising public awareness and testing small-scale solutions with the intention of increasing their reach throughout 2014.



Caring for the environment

"We are committed to contributing to a better-quality, healthier environment through programmes aimed at controlling and reducing water and energy consumption, the production of waste materials, containers and packaging in each of the production plants and central offices, encouraging the implementation of environmentally-friendly technologies"

Although Natra's activities are among the least polluting in modern industry, we believe that the fight against climate change requires the commitment of everybody, and hence environmental protection is one of the main chapters in Natra's Corporate Social Responsibility. Within the framework of Natra's 2020 Commitment, environmental objectives were established in order to promote the rational use of natural resources, to measure the carbon footprint and to promote the re-use of all waste generated.

With a focus on the objectives set for 2020, 2013 has been the year in which we have identified environmental improvement opportunities and areas, as well as to set the benchmark against which to measure ourselves in the future. Our efforts, therefore, have been mainly addressed to:

- **Establishing and defining environmental indicators.**
- **Measuring the indicators chosen for each production plant.**
- **Identifying improvement opportunities.**

Subsequent to the analysis of different environmental protocols and guidelines (GRI, DEFRA and IHOBE), the following environmental indicators were identified: materials, energy and water inputs; emissions, effluents, waste and carbon footprint. Within each group we defined new indicators, which were analyzed in the different industrial processes for each of Natra's production plants. Finally, we obtained the data corresponding to 2012.

Some of the most relevant figures related to gas consumption, energy and carbon footprint are included below:

2012	Natra
Gas consumption (m ³)	3.762.929
Gas consumption ratio (m³/tonne year)	19
Electricity consumption (kWh)	49.887.279
Electricity consumption ratio (kWh/tonne year)	255
CO ₂ emissions (tonnes of CO ₂ equivalent)*	30.299
Emissions ratio (tonnes of CO₂ equivalent/tonne year)	0,15
CO ₂ emissions avoided (tonnes of CO ₂ equivalent)	1.780

*Including direct and indirect emissions, goods transport (considering transport from the supplier to the production plants and from the production plants to the customer) and all staff travel, both to and from the workplace to the home and business travel.

As can be seen in the last line of the table above, our positive contribution to the environment in terms of avoided emissions of CO₂ equivalent was **1,780 tonnes**. This saving is due to the existence of a cogeneration plant in Natra Cacao and the solar panels installed in Natra Malle.

The results obtained to date have allowed us to identify various areas for improvement, which will be analysed at a later stage in order to establish more specific objectives.

The Natra team

“Working conditions: higher staff retention in the company through training programmes that encourage internal promotion and a recruitment policy that seeks gender balance at all levels of the company. Natra's production plants and administrative offices are currently in developed countries. However, if in the future Natra were to establish a unit in a country in which labour laws seem insufficient, the development of an internal procedures that mitigates the possible shortcomings in labour protection will become a necessary pre-condition”

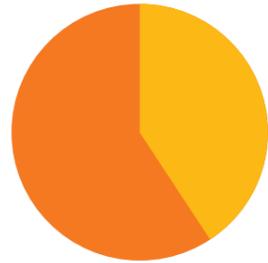


In economically challenging times such as these, the dedication, commitment and performance of our team are crucial. Natra has an excellent team of professionals determined to put their knowledge, experience, effort and initiative at the service of our organization.

In 2013, Natra boasts a team of 1,015 professionals spread throughout Europe, America and Asia, of which 41% are women and 59% are men.

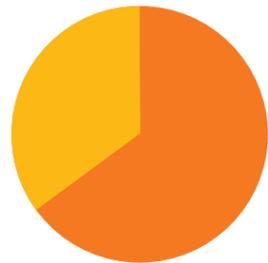
Workforce by gender

Men: 59%
Women: 41%



Employees by professional categories

Operators and Production Supervisors: 65%
Directors, Managers, Administration, Sales and Technicians: 35%



Within the framework of our CSR 2020 Commitment in terms of HR and globalization, our objectives are aimed at streamlining measurement and monitoring policies and indicators and at maintaining or improving our retention ratios within the company.

Building a common policy framework

One of the biggest challenges facing international companies is the progressive establishment of policies in different corporate areas to create a common corporate framework that harmonizes criteria while simultaneously maintaining departmental autonomy. This should also facilitate the establishment of shared objectives, measurement and monitoring.

Along these lines, we are working towards the unification, homogenization and implementation of structural criteria in the areas of compensation, benefits and communication. The aim is to obtain greater adaptation to current, more demanding, market requirements and greater alignment with the objectives of the group as a whole.

At the same time, in terms of international mobility, we have established criteria and procedures for our expatriate staff, and in the process we have established and defined their responsibilities, together with their compensation, benefits and duration conditions.

As a direct result of the above-mentioned initiatives, we have designed tailor-made organizational structures for the consumer and industrial divisions, based on business, client, sales channel and geographical area organizational criteria.



Labour indicators for health, safety and training

Aware of the difficulties that arise in a company with an international profile in establishing criteria, definitions, objectives and common indicators, we have introduced indicators for all the productive plants in two of the priority areas: training and health and safety. New indicators will be introduced each year.

These KPIs measure the investment in training, the training hours scheduled for the different professional categories, the number of accidents with sick leave, as well as the establishment of a procedure applicable in the event of accidents.

To develop the team, Natra is supporting different training programmes that range from management skills to technical knowledge for different groups in the company, with particular emphasis on health and safety.

We also have specific welcome programmes for newly-hired specialist technicians and managers which include the participation of all the work centres that have a relationship with the new collaborators. In order to strengthen this programme, next year will see the development of a corporate welcome manual.

Another initiative that is being launched as a common practice is the priority use, whenever possible, of videoconferencing devices in meetings and training sessions, thus avoiding travel costs and staff time whilst facilitating a more multicultural way of working.

Finally, it may be noted that, in relation to the management of occupational risks, each of our plants complies with the legislation applicable in the corresponding country through the use of either proprietary or certified management systems, such as the OSHAS 18001 certification held by our plant in Valencia. Furthermore, all our plants carry out numerous training and awareness activities.



Retention ratio

Regarding employee turnover, we continue to maintain high retention ratios, with a global turnover ratio of about 1% in 2013.

In the coming years we will continue to work both on the consolidation of common indicators in the fields of health, safety and training and on the definition of new indicators; we will continue with the homogenization of policies and the maintenance and improvement of our retention ratios.

Concern for the Community

“Extension of the company’s responsibility to its suppliers, customers, consumers and the communities related to our scope of business”



Our concern for the Community is present in our Company through several channels through which we are able to collaborate in the development and prosperity of those regions in which we operate.

On one hand, we are aware of the socio-economic difficulties faced by many of the cocoa producer countries and, in response, we continue collaborating with the Doumé Center located in Abidjan, the capital city of Ivory Coast, which is the world's leading cocoa producer and where our main suppliers are located. The Doumé Center is run by Fundación Amigó, which is a non-profit organization dedicated to socio-educative intervention in favour of children, teenagers, young people and their families in situations of maladjustment and/or social exclusion, and especially those with behavioural problems.

Additionally, Natra contributes to the socio-economic development of our main cocoa suppliers through the promotion of the UTZ Certification, as explained in the chapter on Procurement.



Furthermore, Natra is committed to establishing an ongoing partnership with local food banks and to promoting sponsorship activities related to sports activities and healthy lifestyles.

Thus, during 2013 we have donated a total amount of 21.5 Tons of products from our factories in Oñati (Spain) and Malle (Belgium) to local food banks. Additionally, and to a lesser extent, Natra has also donated certain amounts of chocolate products in order to support local or sporting events.

We also continue to support the Sports Club Aloña Mendi K.E., which is the Natra Oñati basketball team.

Other social initiatives

The catastrophic events experienced in the Philippines as a result of Typhoon Haiyan affected 14.1 Million people, of which 4.1 were displaced, including 1.7 children (source UNICEF). Natra made an appeal to all its staff members to participate in the economic contribution that the Company made to the Red Cross.

In the coming years, Natra will continue to sponsor local sports, collaborate with local food banks and with Fundación Amigó in its activities in favour of children and young people in Ivory Coast.

Healthy nutrition



“Driving the search and usage of healthy ingredients in accordance with the progress in knowledge of human nutrition”

Nutrition and well-being

Nutritional well-being is obtained through a healthy and balanced diet. This is achieved by combining foods with effectiveness in order to ingest the required nutrients in accordance with age, sex, and physical activity.

In relation to chocolate consumption, recent scientific studies emphasize that, in addition to its energetic properties, chocolate has a positive impact on cardiovascular health and that, by facilitating vasodilatation, it helps reduce blood pressure, thus reducing the risk of suffering cerebral or myocardial infarction. Other studies attribute additional properties to chocolate, such as its role as an antitussive, a brain stimulator and even as an adjunct in cancer prevention. Nevertheless, the daily consumption of chocolate should be accompanied by, amongst other things, the consumption of fruit and vegetables and regular physical exercise.

In Natra, we want to offer clients and consumers alternative products that meet their nutritional, health and well-being preferences. With this aim, and within the framework of our RSC 2020 Commitment, we encourage initiatives aimed at promoting healthy nutritional habits and healthy lifestyles.

Thus, during 2013, we have made some progress in the development of chocolate products with no added sugars. Other products saw their soy lecithin content replaced by sunflower lecithin in order to reduce allergen risks. Cereal bars with yoghurt and strawberry pieces have been developed for children.

Chocolates have been enriched with calcium and phosphorous, also for children and for countries with low solar exposure. We have developed a light chocolate to reduce the amount of calories per portion and fruit pieces have been added to chocolate bars. Finally, spreads and countlines have been developed without palm oil.

Natra's commitments to improving the nutritional characteristics of our product range are focused on:

- Eliminating hydrogenated fats that may imply a greater risk of cardiovascular disease. In 2013, the amount of hydrogenated fats has been significantly reduced. As a result, less than 1% of our recipes contain hydrogenated fats.
- Reducing salt content due to its high correlation with high blood pressure. Salt levels are currently very low (less than 0.2%).
- Substituting artificial aromas for 100% natural aromas and avoiding the use of artificial colorants in order to prevent allergic reactions. Over 50% of all flavours in Natra's products are now natural, and this amount will increase further in 2014.

In relation to the promotion of healthy lifestyles, Natra Cacao has promoted the consumption of fresh fruit and vegetables in the company restaurant.

Food safety

Guaranteeing maximum food safety in all our products is a key issue in our activity. Our organization is prepared to satisfy the increasing demands of customers all over the world.

Natra's commitment with food safety is endorsed by the IFS and BRC certifications held by all the production plants in the consumer goods division and the ISO22000 and FSSC 22000 certifications held by those in the industrial goods division.



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