

# Progress Report 2016



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# Message from the Chief Executive Officer



As Chief Executive Officer, I am pleased to present Natra's progress report for 2016 in which we renew our commitment to the ten principles of the United Nations Global Compact and share the actions taken to advance our 2020 commitment with our stakeholders.

Following the successful restructuring of the Group's debt carried out in 2015, at 31 December 2016 the Group complied with the financial ratios stipulated in the restructuring framework agreement.

In 2016 Natra maintained its focus on profitability, reaching sales figures of EUR 366 million and EBITDA of EUR 22.5 million through its consumer and industrial divisions, the latter figure being 6.8% higher than the one achieved in the previous year.

Regarding ethical management and regulatory compliance throughout 2016, several actions have been undertaken and initiated to progress and improve in the Compliance System.

In the raw materials chapter, we continue to prioritize the focus on the sustainable supply of cocoa, oils and nuts; being very active in organizations of reference like UTZ Certified, International Cocoa Initiative, Roundtable on Sustainable Palm Oil (RSPO), among others.

With regard to our people, we continue to bet on their training with an investment of more than 300 thousand euros and more than 30,000 hours of training throughout 2016. Likewise, we have high levels of job stability showing evidence in long-term recruitment figures of 90% and rotation levels close to 2%.

In environmental matters we have continued to advance in initiatives related mainly to the reduction of consumption of water, energy and waste.

Likewise, as in previous years, we have continued to collaborate with the Amigo Doumé Center managed by the Amigó Foundation in Côte d'Ivoire, with local food banks and other social initiatives. In line with the commitment to promote healthy living we have supported various sports initiatives.

Finally, let me thank, once again, all those who are part of Natra: employees, customers, suppliers, shareholders and society, for their work, trust, commitment and dedication.

**Dominique Luna Tudela**  
*Chief Executive Officer*

OUR COMPANY  
*is endorsed by*  
*more than* **70** years  
**of history**

## Company profile

Natra is a leading multinational group in the production of chocolate products and cocoa derivatives, specialising in the distribution brand and other food companies. The company activity is divided between the Consumer Goods Division and the Industrial Division.

### Consumer Goods Division

*It supplies the **the large distribution chains***

- Countlines
- Chocolates and belgian specialities
- Tablets
- Chocolate spreads



### Industrial Division

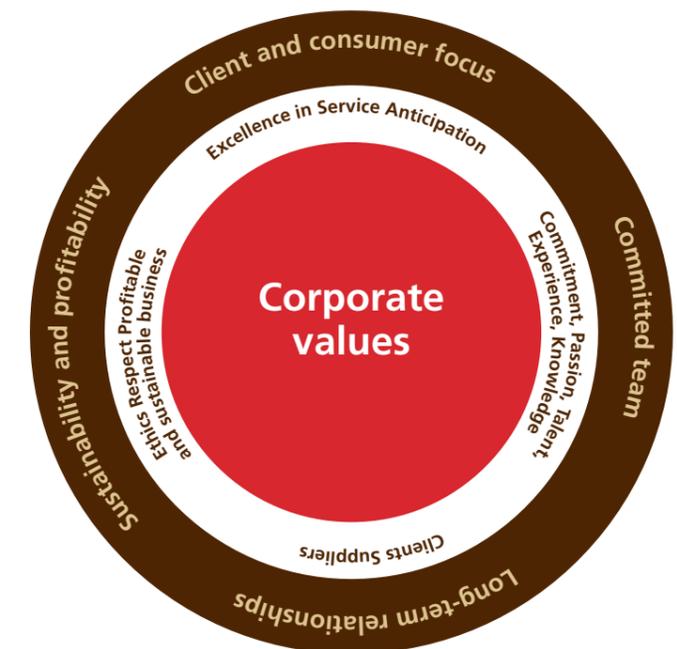
*It supplies the **food industry***

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



The company's organisation model is divided into four product-focused business units: Countlines, Cocoa, Chocolate & Tablets, Spreads and Belgian Specialities. Also, there are four functional areas: Financial, Resources, Technical, Quality & Brands. The directors of the business units and also the directors of each functional area make up the management committee.

Natra aims to become the world's single strategic partner in large-scale food distribution, the food industry and other stages of developing and manufacturing chocolate products and cocoa derivatives.





# Countlines



# Cocoa



# Chocolate



# &



# Tablets



# Spreads



# Belgian



# Specialties



# Natra in 2016



Natra's international focus is reflected in its six production plants in Oñati and Valencia (Spain), Bredene and Malle (Belgium), Saint-Étienne (France) and Ontario (Canada), and in the fact that it sells its products in over 60 countries.

Natra shares are officially quoted in the continuous market in Madrid and Valencia. Also, the company owns shares in Laboratorio Reig Jofre, a pharmaceutical company that specialises in selling medicines and nutritional supplements.

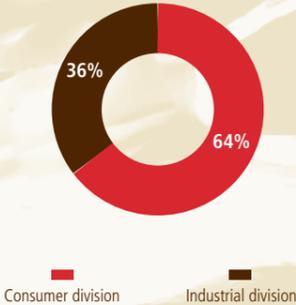
**Natra Evolution**  
(Millions of Euros)



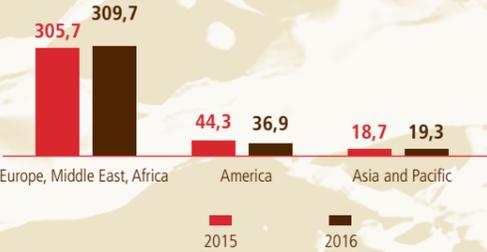
**Turnover by divisions**  
(Millions of Euros)



**% Turnover by division**



**Turnover by geographical area**  
(Millions of Euros)



In 2015, Natra and some companies within its Group, signed a restructuring contract for the Group's financial debt with its main credit financing entities. They also drew up the road map for completely formalising the agreements aimed at strengthening their financial structure. On 31 December 2016, the Group complied with the financial ratings set out in the restructuring framework agreement.

Maintaining its focus on profitability, Natra closed financial year 2016 with an EBITDA of 22.5 million Euros, 6.8% higher than the previous financial year, thanks to the costs reduction process and the search for efficiency within the Group.

## Ethical management and standard compliance

Aware of the importance of having an ethics-based corporate culture, in recent years we have carried out various initiatives aimed at guaranteeing responsible behaviour by the people working within Natra.

Therefore, in December 2014, the Natra Board of Directors approved the Code of Ethics, applicable to all personnel in the companies within the Group, and which includes the ethical and behavioural principles that must preside over the company's activity, based on the corporate values, the ten commitments of the Global Compact and applicable standards.

Also, the Ethics Committee was formed with its corresponding complaints channel, i.e. canal.etico@natra.com. During 2016, no complaints were received through the ethics channel.

The code is included in the reception plan for employees joining the Group.

Moreover, to foster the ethics culture and standard compliance within Natra, at the end of 2015 an extensive standard compliance project was launched, reinforcing the *Compliance Program* to guarantee that ideal monitoring and control measures were included to prevent offences or to significantly reduce the risk of these offences being committed. Throughout 2016, various actions have been taken to improve the Compliance System:

- **The creation of the Compliance function within the Group was approved.**
- **As part of the Offence Prevention Program, an analysis is being conducted of the penal risks and possible behaviour leading to offences in all the business units.**
- **Internal rules are being developed and improved, such as the policies and procedures for complying with current legislation, the code of ethics and the in-house code of conduct.**
- **Improving the corporate governance system by developing and improving documents, such as the company statutes, the Board Regulation and its commissions and including Good Governance recommendations in the Unified Code.**

To continue advancing along these lines, the following action have been envisaged in 2017:

- Updating the map of corporate risks.
- Implementing the Offence Prevention Program.
- Updating the Code of Ethics.
- Implementing a compliance Management System based on ISO 19600.
- Training for all the employees on issues regarding ethics and compliance.

...in recent years **WE HAVE CARRIED**  
**out various initiatives aimed**  
**at guaranteeing responsible**  
**behaviour by the people**  
**WORKING WITHIN NATRA**



# Supplies



## Palm oil



**99%** of the palm oil  
PURCHASED IN 2016 *comes from*  
**certified RSPO plantations**

We support palm oil production with environmental, social and economic sustainability criteria. In fact, 99% of the palm oil purchased in 2016 comes from certified RSPO plantations, with the remaining 1% being compensated by buying GreenPalm certificates. The palm oil bought by Natra comes mainly from Malaysia and Indonesia, totalling 84% and 8%, respectively in 2016.

Natra is a member of the initiative RSPO, and it also takes an active part in the Belgian Alliance for Sustainable Palm Oil (BASP), where it is also represented on the Executive Committee. This platform actively promotes and divulges the use of palm oil according to the RSPO principles and criteria.

Moreover, in 2016, the Natra plant in Canada obtained the RSPO certification and will pass the UTZ auditing in 2017.

As a target for 2017, Natra has proposed continuing to participate in initiatives promoting the use of sustainable palm oil in other countries. Specifically, it is envisaged that Natra will be one of the members of the Spanish Foundation for sustainable palm oil.

## Hazelnuts



**We promote the use**  
**of certified**  
**hazelnuts** **AMONG**  
**OUR CLIENTS**

Most of the hazelnut purchases come from Turkey, the world's greatest hazelnut producer, totalling 80.5% in 2016. The remaining percentage is divided between Italy and Spain.

Child labour is one of the main challenges facing the hazelnut sector in Turkey. Along these lines, Natra continues to cooperate actively in a project run by International Labor Organization (ILO) and CAOBISCO which, in line with the Turkish government's strategy, focuses primarily on contributing to eliminate child labour during the hazelnut harvest in Turkey, paying particular attention to schooling for the children who travel with their families.

Also, Natra plays an active role in the UTZ Certified initiative, of which it is a founding member and member of the Director Committee, and which promotes sustainability standards in hazelnut farming. At the end of 2016, there were already about 3,600 UTZ Certified farmer standards, outlining requirements on good farming practices, safe and healthy working conditions and environment protection.

Continuing with the commitment it has undertaken, Natra bought part of the hazelnuts from the 2015 harvest that were from the first batch of UTZ certified hazelnuts. This certification guarantees that no child labour has been used. The aim was to reach 20% of certified hazelnuts by the end of 2016, although finally they reached a total of 3%. At the same time, they have promoted the use of certified hazelnuts among the Natra clients.



# Caring for the environment





# Our people

# Aims 2020

- To provide information on the labour indicators related to health, safety and training.
- To design, harmonise and promote common human resources policies.
- To maintain and improve, where necessary, the permanency ratios within the company.

Throughout 2016, the main lines of action focused essentially on the remuneration policy, internal and external communication, unifying criteria and indicators and setting up annual meetings.

So, for example, in external communication the company has run proactive communication in specialised media in the sector and has drawn up a management protocol to be followed in the event of food incidents. Natra has organised six-monthly meetings with the corporate Human Resources department and the Human Resources managers from each plant, to define the department's objectives, unify criteria and share projects and situations arising on a local level.

During 2017 they will continue to promote stability among personnel, an increased number of training hours, and a greater balance between genders, generations and culture.

Training investment  
**325,000 euros**

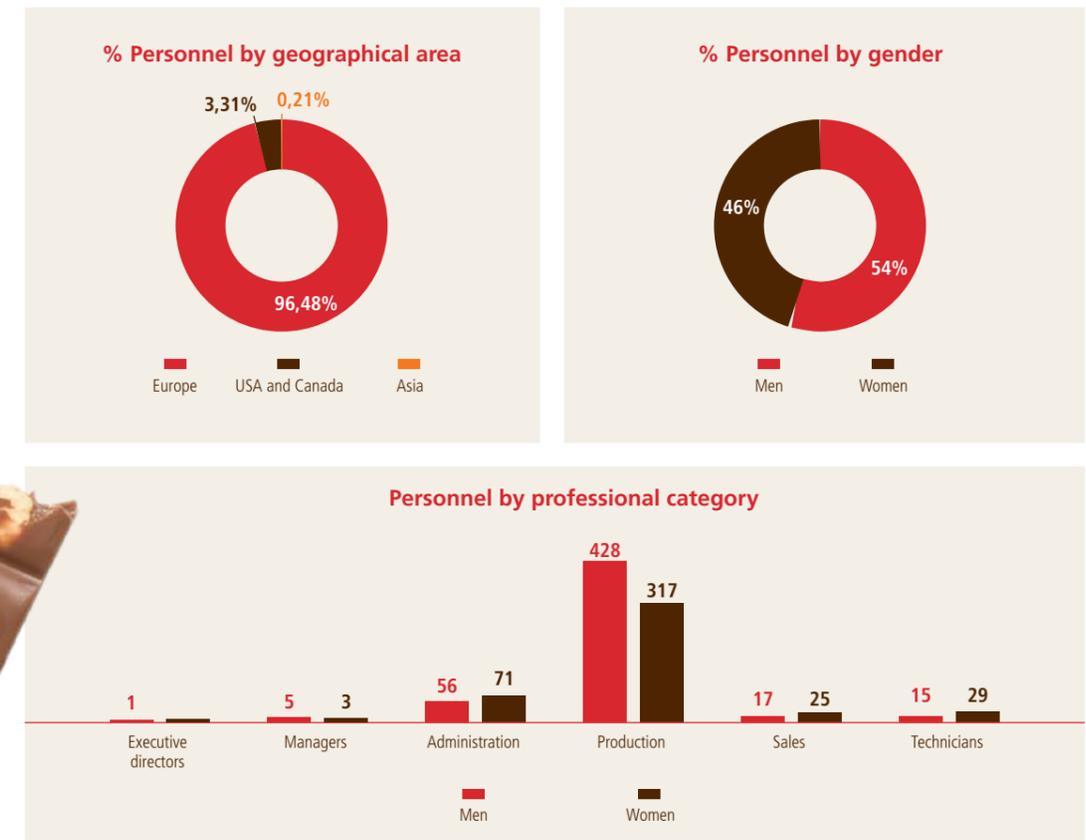
Training hours  
**+ 33,000**



On 31 December 2016, the Natra personnel was made up 967 people, i.e. 445 women and 522 men, between in Spain, France, Belgium, Canada, Hong Kong and USA.

The two plants in Spain exceed the ratios stipulated by the General Disability Act, LGD, totalling 3.40% in Oñati and 3.73% in Valencia.

Natra enjoys high levels of stability as reflected in the long-term hiring figures, totalling 90% in 2016, with 10% temporary contracts. Moreover, the rotation levels have remained very low, around 2%.



Also, we have continued promoting training among our employees during 2016, and this has focused on areas such as languages, food quality and safety, safety at work, and improving environmental efficiency or awareness.

Finally, initiatives have been carried out in areas of health and safety at work, some of which are detailed below:

- Regular health checks.
- Ergonomic improvements in ends of production, innovative protection in structures and shelving.
- Training in confined spaces.
- Fork-lift truck training.
- Training in the use of chemical products.
- Training in working with fire.
- Actions to communicate safety indicators in the plants.



# Interest for the Community

# Aims 2020

- To increase co-operation with the organisations working directly for the well-being of the population in the cocoa producing countries where we obtain our supplies.
- To set up continuous co-operation with the local food banks.
- To continue promoting sponsorship actions linked to sport and a healthy lifestyle.

At Natra we are concerned about our environment, and pay particular attention to the communities linked to our area of action. As described in the Supplies section, Natra contributes to the social-economic development of the communities in the countries providing its main raw materials, mainly through hiring local producers and by taking part in anti-child labour initiatives.

For the sixth consecutive year, Natra has worked voluntarily on a project developed by Fundación Amigó on the Ivory Coast, the origin of most of the cocoa that Natra uses to make its products.

At the Doumé Centre, in the country's capital, they take in girls and boys who live on the street, orphans, under-age delinquents and victims of abuse or exploitation, and give them social and educational support. Education is focused on training for a trade through workshops, and providing basic literacy and learning skills for life.

Also, Natra has continued working with local food banks. They have donated approximately 33,500 kg of product from the factories in Spain and Malle.

Other social initiatives:

- **Blood donation campaign.**
- **Co-operating with the Geiser Foundation for the research into rare diseases.**
- **Donating products to various activities.**
- **Donating to the Fundación Novia Salcedo which aims to accompany youngsters entering the professional working world.**

In connection with our commitment to promote initiatives linked to sport and a healthy lifestyle, we continue to be the official sponsor for the Aloña Mendi basketball team. We have also sponsored the Bellús trail mountain races and the Sierra de Chiva mountain race.

## Participation in fairs and associations

Natra takes an active part in forums and associations mainly associated with its activity, the food industry and sustainable supplies. Some of the organisations that Natra belongs to are listed below:

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

Also, Natra attended various international fairs to introduce its new products, set up contacts and new commercial relationships and to learn about the latest market trends and innovations.

- **ISM, Cologne (Germany)**
- **YUMMEX Middle East, Dubai**
- **PLMA, Amsterdam (Holland)**
- **PLMA, Chicago (USA)**
- **SIAL, Paris (France)**





# Healthy eating

# Aims 2020

- To eliminate trans fats.
- To replace artificial aromas with others that are 100% natural.
- To reduce the salt content.
- To avoid the use of artificial colouring.

## Nutrition, health and well-being

Well-being is achieved by combining a healthy, varied and moderate diet with regular physical activity.

Within the framework of the 2020 commitment, Natra is promoting initiatives to promote and foster healthy diet and lifestyle. Therefore, for example, in recent years we have succeeded in reducing the sugar levels in some products, by replacing the sugar with stevia. Also, we have continued replacing soy lecithin with sunflower lecithin to reduce the risk of allergens.

As for the trans fats (that can imply a greater risk of cardiovascular diseases), since the end of 2015, nearly all hydrogenated fats have been removed. Also, the salt levels in our spreadable creams and pralines are still very low.

With respect to chocolate eating habits, several studies endorse the beneficial properties of this product, providing it is not consumed in excess. A moderate intake could provide beneficial effects on both cardiovascular and emotional levels. Also antioxidant properties have been found in its nutrients.

The growing concerns among consumers regarding issues such as health and well-being mean that the company has to be pay permanent attention to consumer tastes and preferences, and take a decisive stand in favour of innovation and development.

**Natra is promoting initiatives to promote and foster healthy diet and lifestyle**



For example, attending to client and consumer tastes, during 2016 Natra started to produce energy bars, which combine the properties of energy drinks and the recipe for traditional bars, resulting in a very appropriate product for stimulating both physical and mental activity, increasing the capacity for attention, concentration and reaction, and also for reducing the feeling of tiredness or exhaustion.

The new energy bars are the result of the company's R+D drive, one of Natra's signs and the cornerstone of its growth. This way, Natra adapts to the needs of its clients and offers personalised solutions to each one, according to their needs.

## Food quality and safety

Consumers are increasingly concerned about the safety of the foods they eat. In this respect, Natra has the necessary systems and processes to satisfy the growing demands in this area, comply with the legal food safety requirements and guarantee the maximum level of consumer protection.

### Plants

- Natra Malle
- Natra Oñati
- Natra St. Etienne
- Natra Jacali
- Natra Cacao
- Natra London

### Certifications

- IFS and BRC
- IFS and BRC
- IFS and BRC
- IFS and BRC
- FSSC 22000
- BRC

El BRC (British Retail Consortium) and the IFS (International Food Standard) are two of today's most prestigious food safety models. They both draw up action frameworks to guarantee the safety of the food items in each stage of the supply chain, from design and production to product distribution.

The FSSC 22000 is another recognised food safety model. It is based on the ISO 22000 and PAS 220 standards, and just like the BRC and IFS, it is approved by the GFSI (Global Food Safety Initiative).





  
**Natra**

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