

ANNUAL CORPORATE GOVERNANCE REPORT

A OWNERSHIP STRUCTURE

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

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

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

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:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
INVERSIONES IBERSUIZAS HOLDING, S.A.	0	16,435,897	5.000
KUTXABANK, S.A.	0	15,080,318	4.588
CARAFAL INVESTMENTS SLU	12,279,834	0	3.736
HISPÁNICA DE CALDERERÍA, S.A.L.	9,947,366	0	3.026

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

Name or company name of shareholder	Transaction date	Description of transaction
KUTXABANK, S.A.	04/01/2012	3% of share capital exceeded

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

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
NATRA, S.A.	154,034,791	12,279,834	50.596
FÉLIX REVUELTA FERNÁNDEZ	160,000	25,050,000	7.669
BMS PROMOCIÓN Y DESARROLLO, S.L.	2,460,000	559,374	0.919
JUAN IGNACIO EGAÑA AZURMENDI	681,561	0	0.207
MARIA TERESA LOZANO JIMÉNEZ	1,300	0	0.000

Name or company name of indirect holder of shareholding	Through: Name or company name of direct holder of shareholding	Number of direct voting rights	% of total voting rights
NATRA, S.A.	CARAFAL INVESTMENTS SLU	12,279,834	3.736
FÉLIX REVUELTA FERNÁNDEZ	KILUVA, S.A.	17,241,588	5.245
FÉLIX REVUELTA FERNÁNDEZ	HOUSEDIET S.L.U	6,058,412	1.843
FÉLIX REVUELTA FERNÁNDEZ	KILUVA DIET S.L.	1,750,000	0.532
BMS PROMOCIÓN Y DESARROLLO, S.L.	GRUPO LAFUENTE	559,374	0.170

% total voting rights held by board of directors	59.391
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Complete the following tables on the members of the Company's Board of Directors holding rights over the company shares:

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

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

A.6 Indicate whether the company is aware of the existence of shareholders agreements that may affect its activities, pursuant to article 112 of the Securities Market Act. When applicable, briefly describe these agreements and indicate the shareholders bound by the same:

NO

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

YES

% of share capital affected: 0.919

Brief description of agreement: Concerted action between BMS Promoción y Desarrollo, S.L. and Grupo Lafuente.

Intervening parties in the shareholders' agreement

GRUPO LAFUENTE

BMS PROMOCIÓN Y DESARROLLO, S.L.

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

There were no amendments to the company's concerted actions during 2012.

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

Name or company name

NATRA, S.A.

Remarks

At December 31, 2012, Natra SA is the direct holder of 46.86% of the Natraceutical, SA., shares.

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

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
4,305,677	0	1.310

(*) Through:

Total	0
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List any significant changes that have taken place during the year, as provided for in Royal Decree 1362/2007:

Gain/(loss) of treasury shares during the period (thousands of euros)	0
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A.9 Detail the conditions and the terms of the General Shareholders Meeting's current mandate to the Board of Directors for the acquisition or transfer of treasury shares.

The General Shareholders Meeting held on June 28, 2012 delegated to the Board of Directors the authority to repurchase the Company's treasury shares, directly or through subsidiaries, within the limits and requirements established in the Public Limited Companies Act, rendering without effect the authorisation granted during the Meeting of June 23, 2011.

A.10 Indicate, where applicable, any restrictions under law or the company's bylaws on the exercise of voting rights and any legal restrictions on the acquisition and/or transfer of shareholdings in the share capital. Indicate any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise due to legal restrictions	0
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Indicate any restrictions included in the company's Bylaws on the exercise of voting rights:

YES

Maximum percentage of voting rights that a shareholder may exercise due to restrictions statutory	0.000
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Description of any legal restrictions and restrictions included in the company's bylaws on the exercise of voting rights:

Under Article 17 of the Company's Bylaws, holders of at least one thousand shares represented by book entries of shares in the corresponding accounting register five days prior to the Meeting, to be accredited by the provision of the corresponding certificates, have the right to attend the General Shareholders Meetings.

Indicate any legal restrictions on the acquisition or transfer of interests in the share capital:

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.

NO

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

B STRUCTURE OF THE CORPORATE MANAGEMENT

B.1 Board of Directors

B.1.1 List the maximum and minimum number of Directors under the Bylaws:

Maximum number of Directors	15
Minimum number of Directors	5

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

Name or company name of Director	Representative	Position on the Board	Date of First appoint.	Date of Last appoint.	Election procedure
NATRA, S.A.	GALO ÁLVAREZ GOICOCHEA	CHAIRMAN	28/06/2004	18/06/2009	VOTE IN SHAREHOLDERS MEETING
FÉLIX REVUELTA FERNÁNDEZ	-	VICE-CHAIRMAN	21/02/2008	21/02/2008	VOTE IN SHAREHOLDERS MEETING
FRANÇOIS GAYDIER	-	CHIEF EXECUTIVE OFFICER	19/06/2008	19/06/2008	VOTE IN SHAREHOLDERS MEETING
BMS PROMOCIÓN Y DESARROLLO, S.L.	JOSÉ LUIS NAVARRO FABRA	DIRECTOR	10/09/2002	28/06/2012	VOTE IN SHAREHOLDERS MEETING
IBERSUIZAS ALFA, S.L.	RICARDO IGLESIAS BACIANA	DIRECTOR	28/06/2012	28/06/2012	VOTE IN SHAREHOLDERS MEETING
JUAN IGNACIO EGAÑA AZURMENDI	-	DIRECTOR	13/12/2012	13/12/2012	CO-OPTION
MARÍA TERESA LOZANO JIMÉNEZ	-	DIRECTOR	23/06/2011	23/06/2011	VOTE IN SHAREHOLDERS MEETING
Total number of Directors					7

Indicate any removals that have occurred on the Board of Directors during the period:

Name or company name of Director	Condition of Director at the time of termination	Termination date
ERIC BENDELAC &NBSP;	EXECUTIVE	28/02/2012
KUTXA KORPORAZOIA, S.L.	PROPRIETARY	28/06/2012
MARÍA JESÚS ARREGUI ARIJA	PROPRIETARY	13/12/2012

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

EXECUTIVE DIRECTORS

Name or company name of Director	Commission which proposed appointment	Position held in the company
FRANÇOIS GAYDIER	APPOINTMENT AND REMUNERATION COMMITTEE	CHIEF EXECUTIVE OFFICER

Total number of Executive Directors	1
% of total Board	14.286

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of Director	Commission which proposed appointment	Name or corporate name of significant shareholder represented or proposing the appointment
NATRA, S.A.	BOARD OF DIRECTORS	NATRA, S.A.
FÉLIX REVUELTA FERNÁNDEZ	APPOINTMENT AND REMUNERATION COMMITTEE	KILUVA, S.A.
BMS PROMOCIÓN Y DESARROLLO, S.L.	BOARD OF DIRECTORS	BMS PROMOCIÓN Y DESARROLLO, S.L.
JUAN IGNACIO EGAÑA AZURMENDI	BOARD OF DIRECTORS	NATRA, S.A.
MARÍA TERESA LOZANO JIMÉNEZ	APPOINTMENT AND REMUNERATION COMMITTEE	KUTXABANK, S.A.

Total number of proprietary Directors	6
% of total Board	85.714

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

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

B.1.4 Explain, if applicable, the reasons why proprietary Directors have been appointed by shareholders whose ownership interests are less than 5% of the share capital.

Name or company name of shareholder

BMS PROMOCIÓN Y DESARROLLO, S.L.

Justification

BMS PROMOCION Y DESARROLLO, S.L. holds 0.919% of NATRACEUTICAL SA and is a Director and significant shareholder in NATRA, SA, the Company's controlling shareholder.

Name or company name of shareholder

KUTXABANK, S.A.

Justification

KUTXABANK,S.A. holds 4.588% of the share capital (close to 5%).

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

NO

B.1.5 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:

YES

Name of Director

MARÍA JESÚS ARREGUI ARIJA

Reason for termination

Due to her growing professional responsibilities with other companies and to maintain the proportionality between Kutxabank's shareholding and the number of Directors proposed by this company.

B.1.6 Indicate, where applicable, any powers delegated to Chief Executives:

Name or company name of Director

FRANCOIS GAYDIER

Brief description

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

B.1.7 List any Board members holding senior management posts or directorships in other companies belonging to the listed company's group:

Name or company name of Director	Name of the group entity	Position
NATRA, S.A.	COCOTECH S.L.	CHAIRMAN OF THE BOARD OF DIRECTORS
NATRA, S.A.	HABITAT NATRA SA	SOLE ADMINISTRATOR

Name or company name of Director	Name of the group entity	Position
NATRA, S.A.	NATRA CHOCOLATE INTERNATIONAL SL	MEMBER OF BOARD OF DIRECTORS
NATRA, S.A.	NATRA OÑATI SA	MEMBER OF BOARD OF DIRECTORS
FRANÇOIS GAYDIER	FORTE PHARMA IBERICA. SL	INDIVIDUAL REPRESENTING THE SOLE ADMINISTRATOR NATRACEUTICAL INDUSTRIAL. SLU
FRANÇOIS GAYDIER	FORTE SERVICES SAM	REPRESENTATIVE OF ADMIN. AND DIRECTOR
FRANÇOIS GAYDIER	LABORATOIRES FORTE PHARMA SAM	INDIVIDUAL REPRESENTING THE ADMIN.
FRANÇOIS GAYDIER	NATRACEUTICAL INDUSTRIAL S.L.U	INDIVIDUAL REPRESENTING THE ADMIN.
BMS PROMOCIÓN Y DESARROLLO, S.L.	NATRA. SA	MEMBER OF BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	COCOATECH S.L.	REPRESENTATIVE OF ADMIN. NATRA SA
JUAN IGNACIO EGAÑA AZURMENDI	NATRA CACAO. SL	MEMBER OF BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	NATRA. SA	CHAIRMAN OF THE BOARD OF DIRECTORS

B.1.8 List all Board members who are also members of the Board of Directors of other companies listed on official securities markets in Spain, other than your own group, that have been reported to the company:

Name or company name of Director	Name of the listed company	Position
FÉLIX REVUELTA FERNÁNDEZ	SNIACE SA	DIRECTOR

B.1.9 Indicate and explain if the company has established rules limiting the number of directorships that may be held by its Board members:

NO

B.1.10 In relation to recommendation 8 of the Unified Code, indicate the company's general policies and strategies pending approval by the Board:

Investment and financing policy	YES
The definition of the corporate group structure	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
The strategic or business plan, management targets and annual budgets	YES
Remuneration and assessment of senior management performance plan	YES
The risk management and control policy, periodic monitoring of the internal information and control systems	YES
The dividend and treasury policies, and in particular their limits	YES

B.1.11 Complete the following tables, indicating the aggregate remuneration accrued by Directors during the year:

a) In the company subject to this report:

Remuneration concept	In thousands of euros
Fixed remuneration	286
Variable remuneration	0
Per diems	126
Statutory compensation	0
Share options and/or other financial instruments	0
Other	0
Total	412

Other Benefits	In thousands of euros
Advances	0
Loans	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations	0
Life insurance premiums	0
Guarantees issued by the company in favour of Directors	0

b) For Directors belonging to other Boards of Directors and/or holding senior management positions in group companies:

Remuneration concept	In thousands of euros
Fixed remuneration	0
Variable remuneration	0
Per diems	0
Statutory compensation	0
Share options and/or other financial instruments	0
Other	0
Total	0

Other Benefits	In thousands of euros
Advances	0
Loans	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations	0
Life insurance premiums	0
Guarantees issued by the company in favour of Directors	0

c) Total remuneration by type of Directorship:

Type of Director	By company	By group
Executives	286	0
External proprietary Directors	126	0
External independent Directors	0	0
Other external Directors	0	0
Total	412	0

d) Remuneration as a percentage of profit attributed to parent company:

Total remuneration of Directors (in thousands of euros)	412
Total remuneration of Directors/Profit attributed to parent (in %)	2.9

B.1.12 List Senior Management members who are not executive Directors and indicate the total remuneration accrued in their favour during the year:

B.1.13 Identify, in aggregate terms, any guarantee or protective clauses for dismissal or changes in control benefiting Senior Management (including executive Directors) of the company or its group. Indicate whether these clauses must be reported to and/or authorised by the governing bodies of the company or its group:

Number of beneficiaries	0
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	Board of Directors	General Shareholders Meeting
Body authorising clauses	YES	NO

Is the General Shareholders Meeting informed of the clauses?	YES
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B.1.14 Indicate the procedures for establishing Board members' remuneration and any related clauses in the Bylaws.

Process for establishing Board members' remuneration and any the Bylaw clauses.

The content of Articles 24 and 25 of the Board of Directors Regulations follows:

REMUNERATION OF DIRECTORS

Directors will have the right to obtain the remuneration established by the Board of Directors pursuant to the provisions of the Bylaws.

The Board of Directors shall ensure that the remuneration is commensurate with that paid in the market in companies of similar size and activity.

The Directors' remuneration shall be fully transparent, and to this effect the Directors' remuneration policy is to figure in the annual report.

The remuneration policy, which must be approved by the Board of Directors and submitted to the advisory vote of the General Shareholders Meeting, must cover the following minimum concepts:

- a. The amount of the fixed components, itemised where necessary, of Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to.
- b. Variable concepts, including:
 - i. The types of Director to which they apply.
 - ii. The results assessment criteria on which any rights to remuneration in share options, shares or variable components are based.
 - iii. The main parameters and rationale for any annual bonus scheme and any other non-cash benefits.
 - iv. An estimate of the total amount of variable remuneration.
- c. The main features of pension systems, with an estimate of their amount or equivalent annual cost.
- d. The conditions that apply to the contracts of those performing Senior Management functions, such as executive Directors, including:
 - i. Duration.
 - ii. Notice periods.
 - iii. Any other clauses covering contracting bonuses and compensation, golden parachutes or early termination of the contractual relationship between the company and the Executive Director.

The remuneration derived from the membership of the Board of Directors shall be compatible with the other professional or contractual remuneration corresponding to the Director for any other executive or advisory functions that they perform in the Company.

REMUNERATION OF INDEPENDENT DIRECTORS

The Board of Directors will adopt all measures available to ensure that the remuneration of independent Directors offers incentives for their dedication without compromising their independence. Furthermore, in reference to the remuneration of the Board of Directors, Article 32 of the Company's Bylaws states that the Board members are to receive compensatory per diems for any expenses incurred as a result of attending Board meetings, and which are to be established by the Board. Notwithstanding the aforementioned compensation, the Directors are to receive fixed, periodic remuneration for the performance of their duties, to be determined by the General Shareholders Meeting and which will vary annually according to the Consumer Price Index, until such time as the amount is modified by a new General Shareholders Meeting agreement. The Board of Directors, by means of a resolution adopted to this effect, is to distribute the aforementioned remuneration among its members in accordance with the criteria, method and amount

which it determines. Both the aforementioned remuneration and per diems are to be compatible with and independent of any remuneration that the Directors may perceive for performing any other executive duties within the Company.

Indicate whether the Board acting in full has reserved the approval of the following decisions.

On the proposal of the company's CEO, the appointment and removal of Senior Management, as well as their compensation clauses.	YES
Directors' remuneration and, in the case of Executive Directors, the additional remuneration for their management duties and other contract conditions.	YES

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the points included:

YES

The amount of the fixed components, itemised where necessary, of Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to.	YES
Variable remuneration components	YES
The main features of pension systems, with an estimate of their amount or equivalent annual cost.	NO
The conditions that apply to the contracts of those performing Senior Management functions, such as executive Directors	YES

B.1.16 Indicate whether the Board submits a report on the Directors' remuneration policy to the advisory vote of the General Shareholders Meeting as a separate item on the agenda. Where applicable, explain the aspects of the report regarding the remuneration policy approved by the Board for future years, the most significant changes in these policies with regard to the policy applied during the year and an overall summary of how the remuneration policy was applied during the years. Indicate the role of the Remuneration Committee, along with the identity of any external advisors engaged:

YES

Questions dealt with by the remuneration policy

Yes, submitted for consultation

Has an external advisor been engaged? NO
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Identity of external advisors

B.1.17 Indicate, where applicable, the identity of the members of the Board who are also members of the Board of Directors, management or employees of companies which hold major shareholdings in the listed company and/or in the entities pertaining to the group:

Name or company name of Director	Company name of major shareholder	Position
NATRA, S.A.	NATRA, S.A.	CHAIRMAN OF THE BOARD OF DIRECTORS
BMS PROMOCIÓN Y DESARROLLO, S.L.	NATRA, S.A.	MEMBER OF THE BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	NATRA, S.A.	BOARD OF DIRECTORS

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:

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

NO

B.1.19 Indicate the procedures for the 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.

Under Article 8 of the Board of Directors Regulation, the Directors are to be appointed by the General Shareholders Meeting or by the Board of Directors, in accordance with the provisions of the applicable Law.

Directors shall hold office for a maximum period of five years, upon the termination of which they may be reappointed for periods of equal or shorter duration.

The proposals for the appointment of Board members which the Board of Directors submits for the consideration of the General Meeting and the decisions regarding appointments adopted by said body by virtue of its attributed powers of co-option, must be effected in accordance with the provisions of the Board's Regulation, which may be consulted on the website www.natraceuticalgroup.com, under Legal Information for Shareholders.

Proposals for the re-election of Directors submitted by the Board of Directors to the General Shareholders Meeting must be subject to a formal preparation process, during which the quality of the work and the dedication to the position of the Directors proposed during the previous mandate are to be assessed.

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

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

B.1.20 Indicate the circumstances under which Directors are be 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 in the following cases:

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

B.1.21 Explain whether the duties corresponding to the CEO are carried out by the Chairman of the Board. Where applicable, indicate the measures taken to limit the risk of the accumulation of powers in a single person:

NO

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

NO

B.1.22 Are qualified majorities, other than those established by law, required for certain decisions?

NO

Describe how agreements are adopted by the Board of Directors and specify the minimum attendance quorum and the type of majority necessary for adopting agreements:

Description of agreement:

All agreements

Quorum	%
Personal attendance or representation of half of the directors plus one	50.01

Type of majority	%
Agreements are adopted by the favourable vote of the majority of those present and, in the case of ties, the chairman has the casting vote.	50.01

B.1.23 Explain if there are any specific requirements, other than those applicable to Directors, for appointment as Chairman.

NO

B.1.24 Indicate whether the Chairman has the casting vote:

YES

Matters for which a casting vote is required
In the event of a tie between those present

B.1.25 Indicate whether the Bylaws or the Board of Directors Regulation establish an age limit for Directors:

NO

Age limit for Chairman -**Age limit for CEO -****Age limit for Director -****B.1.26 Indicate whether the Bylaws or the Board of Directors Regulation establish a limit on the term for independent Directors:**

NO

Maximum term of office (in years)	0
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B.1.27 In the event of a reduced or inexistent number of female Directors, state the reasons for such a situation and the corrective measures taken.**Explanation of reasons and initiatives**

On 18/02/2011, the Board of Directors appointed María Teresa Lozano Jiménez, whose appointment was ratified by the General Shareholders Meeting held on 23 June 2011.

Explanation of reasons and initiatives

Both the Board of Directors and the Appointment and Remuneration Committee are increasing their efforts to ensure that there is gender parity in the composition of the corporate bodies.

In particular, indicate whether the Appointments and Remuneration Committee has established procedures in order to avoid any implicit bias in the selection processes that hinders the selection of female Directors, and whether it deliberately seeks female candidates that meet the required profile:

YES

Indicate the main procedures

There is no indication at Article 26 of the Bylaws, which defines the requirements for Company Directors, contains any requirements that could be considered as having an implicit bias. Nevertheless, when faced with future vacancies, the Company will take all measures possible to identify candidates that meet the target profile.

B.1.28 Indicate the existence of any formal processes for proxy voting in the Board of Directors. Where applicable, provide a brief description:

Representation by another Director, in writing and valid for one meeting of the Board of Directors.

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

Number of Board Meetings	11
Number of Board Meetings held in the absence of the Chairman	0

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

Number of Executive Committee meetings	0
Number of Audit Committee meetings	0
Number of Appointment and Remuneration Committee meetings	0
Number of Appointment Committee meetings	0
Number of Remuneration Committee meetings	0

B.1.30 Indicate the number of sessions held during the years by the Board of Directors without the presence of all its members. Non-attendance shall also include proxies without specific instructions:

Number of non-attendances of Directors during the year	5
% of non-attendances of the total votes cast during the year	62.500

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

NO

Identify, where applicable, the person(s) certifying the individual and consolidated financial statements for their formulation by the Board:

B.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 31 of the 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 is to make every effort to prepare the Financial Statements in such a manner as to avoid the inclusion of reservations on behalf of the Auditors.

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

NO

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

Pursuant to Article 27 of the Company's bylaws, the Board is to elect a Chairman from among its members. The Board will also elect a Secretary. If the Secretary is chosen from among the Directors, he/she will not be eligible to vote during the Board of Directors Meetings. Chairmen and Secretaries who are re-elected as members of the Board by the General Shareholders Meeting will continue to hold the positions held previously in the Board of Directors without the need for a new election, notwithstanding the power to revoke such positions held by the Board.

Is the appointment informed by the Appointment Committee?	YES
Is the removal informed by the Appointment Committee?	YES
Does the Board in full approve the appointment?	YES
Does the Board in full approve the removal?	YES

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

YES

B.1.35 Indicate the mechanisms, if any, established by the Company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.**B.1.36 Indicate whether the Company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:**

NO

Outgoing auditor	Incoming auditor
-	-

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

NO

B.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

	Company	Group	Total
Amount for work other than auditing (thousands of euros)	8,000	0	8,000
Amount for work other than auditing/Total amount invoiced by the audit company (in %)	11.270	0.000	7.020

B.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 Chairman of the Audit Committee in explanation of the content and the scope of the mentioned reservations and conditions.

NO

B.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	3	3

	Company	Group
Number of years audited by the current auditor/Number of years during which the company has been audited (in %).	27.3	27.3

B.1.40 List the interests held by the members of the company's Board of Directors in the capital of companies with the same, similar or complementary types of activity to that which constitutes the corporate purpose of the company and/or its group, and which have been reported to the company. Similarly, indicate the positions held or duties performed in such companies:

Name or company name of Director	Name of the company	% Ownership interest	Position or functions
FÉLIX REVUELTA FERNÁNDEZ	NATRACEUTICAL CORP.	0.060	WITHOUT POSITION
FÉLIX REVUELTA FERNÁNDEZ	NATURHOUSE SP ZOO	77.030	DIRECTOR
FÉLIX REVUELTA FERNÁNDEZ	KILUVA PORTUGUESA	77.030	MANAGER
FÉLIX REVUELTA FERNÁNDEZ	ZAMODIET, S.A.	35.890	DIRECTOR
FÉLIX REVUELTA FERNÁNDEZ	KILUVA, S.A.	77.030	CHAIRMAN AND CEO
FÉLIX REVUELTA FERNÁNDEZ	ZAMOGSLAS SA	18.150	WITHOUT POSITION
FÉLIX REVUELTA FERNÁNDEZ	HOUSEDIET S.L.U	77.030	JOINT ADMINISTRATOR
FÉLIX REVUELTA FERNÁNDEZ	KILUVA DIET S.L.	77.030	JOINT ADMINISTRATOR
FÉLIX REVUELTA FERNÁNDEZ	NH SPRL (BELGIUM)	77.030	CHAIRMAN

Name or company name of Director	Name of the company	% Ownership interest	Position or functions
FÉLIX REVUELTA FERNÁNDEZ	HO, SARL	77.030	CHAIRMAN
FÉLIX REVUELTA FERNÁNDEZ	NATURHOUSE SRL	77.030	CHAIRMAN
FÉLIX REVUELTA FERNÁNDEZ	NH FRANCHISING CO, LTD	77.030	CHAIRMAN
FÉLIX REVUELTA FERNÁNDEZ	NATURHOUSE GMBH	73.950	DIRECTOR
FÉLIX REVUELTA FERNÁNDEZ	ICHEM, SP ZOO	27.590	DIRECTOR
FÉLIX REVUELTA FERNÁNDEZ	GARTABO SA	17.590	DIRECTOR
FÉLIX REVUELTA FERNÁNDEZ	LABORATORIOS ABAD SL	77.030	JOINT ADMINISTRATOR
FÉLIX REVUELTA FERNÁNDEZ	HOUSEDIET LLC	66.740	CHAIRMAN
FÉLIX REVUELTA FERNÁNDEZ	ZAMODIET DE MEXICO SA	55.890	CHAIRMAN
FÉLIX REVUELTA FERNÁNDEZ	NATURHOUSE SARL	77.030	CHAIRMAN
FÉLIX REVUELTA FERNÁNDEZ	GIROFIBRA SL	37.740	WITHOUT POSITION

B.1.41 Indicate and, where applicable, provide details of any procedures through which Directors may receive external advice:

YES

Details of the procedure

During Board sessions, the Directors are provided with information on the financial/economic situation of the company and the group sufficiently in advance. The most significant decisions on investment, disinvestment and all relevant issues regarding the company's performance are examined. In addition to the information provided during Board meetings, the Board members also have the right to request any information that they deem necessary or useful in order to carry out their duties.

B.1.42 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

Details of the procedure

During Board sessions, the Directors are provided with information on the financial/economic situation of the company and the group sufficiently in advance. The most significant decisions on investment, disinvestment and all relevant issues regarding the company's performance are examined. In addition to the information provided during Board meetings, the Board members also have the right to request any information that they deem necessary or useful in order to carry out their duties.

B.1.43 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

Explain the regulations

Directors must tender their resignation to the Board of Directors and, if deemed appropriate, formalize their resignation in the following cases:

- a) When they cease to occupy the executive positions associated with their appointment as Directors.
- b) When they are involved in any of the situations of incompatibility or legal prohibition established in law.
- c) When they are seriously reprimanded by the Audit and Compliance Committee for the violation of their obligations as directors.
- d) When their permanence on the Board may place the company at risk or when the reasons for which they were appointed cease to exist.
- e) When they have been prosecuted or charged in connection with criminal proceedings or have been subject to disciplinary actions for serious or very serious offences instructed by the supervisory authorities.

B.1.44 Indicate whether any Directors have notified the company of their prosecution or trial for any of the crimes stated in Article 124 of the Public Limited Companies Act:

NO

Indicate whether the Board has examined this case. If yes, provide a reasoned explanation of the decision taken in relation to the Director's continuity in his/her corresponding position.

NO

B.2 Board of Directors' Committees

B.2.1 List the Board of Directors Committees and their members:

AUDIT COMMITTEE

Name	Position	Type
IBERSUIZAS ALFA, S.L.	MEMBER	
NATRA, S.A.	MEMBER	PROPRIETARY

APPOINTMENT AND REMUNERATION COMMITTEE

Name	Position	Type
IBERSUIZAS ALFA, S.L.	MEMBER	
NATRA, S.A.	MEMBER	PROPRIETARY

B.2.2 Indicate whether the following functions correspond to the Audit Committee.

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.	YES
Review internal control and risk management systems on a regular basis in order to correctly identify, manage and disclose the main risks.	YES
Safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that Senior Management is acting on the findings and recommendations of its reports.	YES
Establish and supervise a mechanism whereby staff can report confidentially and, if necessary, anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, detected within the company.	YES
Submit proposals to the Board for the selection, appointment, reappointment and removal of external auditors, and the terms of their engagement.	YES
Receive regular information from the external auditor on the progress and findings of the audit programme, and verify Senior Management's observance of its recommendations.	YES
Safeguard the independence of the external auditor.	YES
In the case of groups, favour the undertaking by the group auditor of the auditing of all the group companies.	YES

B.2.3 Describe the organisational and operational rules and the responsibilities attributed to each of the Board committees.

Name of committee

APPOINTMENT AND REMUNERATION COMMITTEE

Brief description

The main purpose of the Appointment and Remuneration Committee, which meets at least twice a year, is to make proposals to the Board of Directors in relation to:

- the Group's remuneration policy at the highest level.
- the general lines of the remuneration policy of the Group and its subsidiaries;
- provide the Board of Directors with recommendations, in turn to be presented to the General Shareholders Meeting, on the Directors' retribution systems and on systems of participation in Natraceutical's share capital for managers and employees;
- analyse the Group's related-party transactions. In the event of a transaction involving a particular Committee member, s/he is to abstain from participating in the analysis;
- the characteristics and conditions of the Company's share option plans and the managers and employees to whom they are directed.

The members of the Appointment and Remuneration Committee do not receive any remuneration for their participation in this Committee.

Name of committee

AUDIT COMMITTEE

Brief description

The main rules governing the functioning of the Audit Committee are:

- to propose the appointment and the terms and conditions of engagement of the Accounts Auditor and, where applicable, the cancellation or extension of the corresponding contract. .
- to supervise the suitability of the internal audit procedures and control systems.
- to review, with the external auditor, the processes and conclusions of the same.
- to supervise the application of the generally accepted accounting principles.

There are currently no specific regulations governing the Audit Committee, and its duties are thus governed by the provisions of the Board of Directors Regulations.

The members of the Audit Committee receive no remuneration.

B.2.4 Indicate any advisory or consulting powers and, where applicable, delegated powers held by each of the committees:

Name of committee

APPOINTMENT AND REMUNERATION COMMITTEE

Brief description

The main purpose of the Appointment and Remuneration Committee, which meets at least twice a year, is to make proposals to the Board of Directors in relation to; the Group's remuneration policy at the highest level;

- the general lines of both the Group's and its subsidiaries' remuneration policies; to submit recommendations to the Board of Directors, for their proposal to the General Shareholders Meeting, on the Directors' remuneration systems and on systems of participation in Natraceutical's share capital for management and employees;
- to analyse the Company's related-party transactions. In the event of a transaction involving a particular Board member, he/she is to abstain from participating in the analysis;
- the characteristics and conditions of the Company's share option plans and the managers and employees to whom they are directed. The members of the Appointment and Remuneration Committee do not receive any remuneration for their participation in this Committee.

Name of committee

AUDIT COMMITTEE

Brief description

The main rules governing the functioning of the Audit Committee are;

- to propose the appointment and the terms and conditions of engagement of the Accounts Auditor and, where applicable, the cancellation or extension of the corresponding contract;
- to supervise the suitability of the internal audit procedures and control systems;
- to review the external auditing processes and conclusions with the external auditor;
- to supervise the application of the generally accepted accounting principles.

There are currently no specific regulations governing the Audit Committee, and its duties are thus governed by the provisions of the Board of Directors Regulations. The members of the Audit Committee receive no remuneration.

B.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 prepared.

Name of committee

AUDIT COMMITTEE

Brief description

Article 36 of the Bylaws establishes that:

The Audit Committee is to be composed of a minimum of three and a maximum of five Directors appointed by the Board of Directors from among its members. All of the Committee's members must be non-executive Directors.

The Chairman of the Audit Committee will be appointed by the Board of Directors from among the Committee's members, and must be substituted each four years. A Director may be re-elected Chairman of the Audit Committee one year after the termination of his/her previous term.

The Audit Committee is to appoint a Secretary, who need not be a member of the same. The Audit Committee is to have the following minimum competences:

1. To inform the General Shareholders Meeting, through its Chairman and/or Secretary, of the issues raised that are within the Committee's scope of competence;
2. To propose to the Board of Directors, for submission to the General Shareholders Meeting, the appointment of the Accounts Auditor referred to in Article 264 of the Companies Act.
3. To supervise the internal audit services.
4. To be informed of the Company's financial reporting process and internal control systems.
5. To liaise with the accounts auditors to receive information concerning matters that may jeopardise their independence, in addition to any other issues related to the development of account auditing procedures, as well as any other notifications stipulated in the account auditing legislation and technical audit regulations.
6. Any other competences defined in the Bylaws.

The Audit Committee is to meet at least once every half-year and whenever deemed necessary, subsequent to a call issued by the Chairman, either upon the initiative of the Chairman or in response to a request by three of its members or by three members of the Executive Committee.

The Audit Committee shall be validly constituted with the direct or represented attendance of at least half of its members. Agreements are to be adopted with a majority of votes in favour cast by the members in attendance.

Article 31 of the Board of Directors Regulations states that:

1. The Bylaws must define the number of the Audit Committee's members and its competences and operational regulations.
2. Notwithstanding the provisions established in the Bylaws, the Audit, Control and Conflict of Interest Committee is to be composed of at least 3 members, the majority of whom are to be external Directors, and chaired by an independent Director.
3. The Audit Committee members shall be appointed taking into account their knowledge and experience in accounting, auditing and risk management.
4. The Audit, Control and Conflict of Interest Committee shall have the following basic responsibilities, notwithstanding other duties assigned by the Board of Directors and as determined in the Bylaws:
 - a. To report to the General Shareholders Meeting on the issues raised by shareholders in matters of its competence.
 - b. To propose to the Board of Directors, for submission to the General Shareholders Meeting, the appointment of the external Accounts Auditor referred to in Article 264 of the Companies Act.
 - c. To supervise the internal audit services, in the event of the designation of such a body within the Company's business organisation.
 - d. To be informed of the Company's financial reporting process and internal control systems.
 - e. To liaise 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.
 - f. To review the annual financial statements and the periodic financial statements to be submitted to the markets' regulatory or supervisory bodies.
 - g. To review the financial statements, ensure compliance with the legal requirements and the correct application of generally accepted accounting principles, and to report on the proposed amendments to principles and criteria suggested by the management team.
 - h. To report to the Board of Directors on any amendments to accounting criteria and balance sheet and off balance risks.
 - i. To propose the appointment, terms and conditions, and when applicable cancellation or extension, of the engagement of the Auditor.
 - j. To receive regular information from the external Auditor on the audit plan.
 - k. To safeguard the independence of the external Auditor.
 - l. To 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 financial statements.

- m. To assess the adequacy and integrity of the internal control systems and review the appointment and replacement of key personnel.
- n. To establish and supervise a mechanism whereby staff can report confidentially and anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, detected within the company.
- o. To supervise compliance with the internal codes of conduct and corporate governance regulations.
- p. To report to the Board of Directors in relation to the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens. At the beginning of each session, a Secretary is to be appointed from among the Committee members. Up to December 13, 2012, the Audit Committee had three proprietary Directors among its members. This number was reduced to two as of the mentioned date. The Company is engaged in covering the vacancy through the addition of an independent Director. The process of identifying and selecting an independent Director has been hindered by the Company's operations related to the divestment in Natrex and the amortisation of the syndicated loan.

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

NO

If not, explain the composition of the executive committee

Not applicable, as there is no Executive Committee

C RELATED-PARTY TRANSACTIONS

C.1 Indicate whether the Board has reserved the right to approve, subsequent to the issue of a favourable report by the Audit Committee or by any other body charged with the task, the transactions which the company effects with the Directors, major shareholders or shareholders with representation on the Board, or with related persons:

YES

C.2 List any relevant transactions entailing a transfer of resources or debentures between the company or its group companies and the significant shareholders in the company:

Name or company name of significant shareholder	Name or corporate name of company or group company	Nature of relationship	Type of transaction	Amount (thousands of euros)
KUTXABANK, S.A.	NATRACEUTICAL, S.A.	Kutxabank S.A. owns 4.588% of Natraceutical S.A.	Repayment or cancellation of loans and leases (lessee)	3,220
KUTXABANK, S.A.	NATRACEUTICAL, S.A.	Kutxabank S.A. owns 4.588% of Natraceutical S.A.	Finance costs	161

C.3 List any relevant transactions entailing the transfer of resources or debentures between the company or its group companies and the company's managers or Directors:

Name or Company name of the Directors or managers	Name or company name of the company or group company	Nature of relationship	Type of transaction	Amount (thousands of euros)
BMS PROMOCIÓN Y DESARROLLO, S.L.	NATRACEUTICAL, S.A.	Reception of services	Reception of services	6
NATRA, S.A.	NATRACEUTICAL, S.A.	Finance costs	Finance costs	528
NATRA, S.A.	NATRACEUTICAL, S.A.	Reception of services	Reception of services	422
NATRA, S.A.	NATRACEUTICAL, S.A.	Provision of services	Provision of services	1

C.4 List 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:

C.5 Identify, where appropriate, any conflicts of interest affecting company Directors pursuant to Article 127 of the Companies Act.

NO

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

The Appointment and Remuneration Committee establishes whether transactions involving parties related to the Company are to be analysed.

In the event of a transaction involving a particular Committee member, s/he is to abstain from participating in the analysis. Article 16 of the Board of Directors Regulation establishes that Directors must avoid conflicts of interest between the Directors and their most direct family and the Company.

The Board of Directors is to be notified of any such situations, when unavoidable.

Article 19 of the Board of Directors Regulations states that:

1. Directors are to abstain from intervening in deliberations that affect issues in which they are directly or indirectly an interested party.
2. Directors are considered to have personal interest when the issue affects a member of their family or a company in which they hold a management position or a significant ownership interest in its share capital.
3. Directors may not effect commercial transactions with the Company or any of the companies which are part of the group without the previous agreement of the Board of Directors.

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

YES

Identify the listed subsidiaries:**Listed subsidiary**

NATRA, S.A.

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

YES

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

NATRA SA (this company is not a subsidiary, but a controlling shareholder in NATRACEUTICAL, SA).

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**

No mechanisms for resolving such conflicts of interest have been formally defined. In practice, conflicts of interest are resolved by the Board of Directors, with assessment, when necessary, from the committees.

D RISK CONTROL SYSTEMS

D.1 Provide a general description of company's and/or its group's risk policy, detailing and assessing the risks covered by the system, together with evidence of the system's suitability for the profile of each type of risk.

In order to establish suitable control systems, the Company prepares a series of regulations, which are periodically reviewed and which are intended to regulate the system's basic aspects, and implements the control systems. Those in executive positions in the Company actively participate in the preparation of proposals for these regulations.

Types of risks

Natraceutical, S.A. has identified the risks that affect its business and it has established an internal control system for each one. The main types of risk identified and managed by the Company are summarised as follows:

- Material risk: relates to the risk of possible damage to goods belonging to or under the control of the Company.
- Third-party liability: relates to liability that might arise, pursuant to current legislation, from personal and material damage as well as harm to third parties as a result of events arising from the activities carried out by the Company.
- Loss of profit: relates to losses arising from the discontinuation or disruption of business activity or as a consequence of material damage, extraordinary or catastrophic risks or risks attributable to suppliers.
- Financial risk: relates to the risk arising from changes in exchange or interest rates or from credit risk affecting the Company's liquidity.

Furthermore, a special report on the control of risks associated to the issue of financial reporting, in accordance with the new requirements under the Sustainable Economy Law, is attached to this Corporate Governance Report.

D.2 Indicate if any different types of risk (operative, technological, financial, legal, reputation, etc.) affecting the company and/or the group have been arisen during the year.

NO

If yes, indicate the motivating circumstances and whether the established control systems worked adequately.

D.3 Indicate whether there is a committee or other governing body responsible for establishing and supervising these control systems.

YES

If yes, explain its duties.

Name of committee or body

AUDIT COMMITTEE

Description of duties

The Audit Committee's duties include the establishment and supervision of the various control systems for assessing, mitigating and reducing the different types of risks to which the company and its group are exposed.

D.4 Identify and describe the processes for compliance with the regulations applicable to the company and/or its group.

The Audit and Control Committee provides support to the Board of Directors in its monitoring tasks, safeguarding the compliance with the laws and internal standards applicable to the Company. It supervises the compliance with both domestic and international regulations in matters related to securities market behaviour and data protection. It ensures that the Internal Codes of Ethics and Conduct and those relative to the Securities Markets and applicable to the Group's staff comply with the required regulations and that they are appropriate for the Company. Similarly, the Audit and Control Committee supervises the preparation and the integrity of the financial reporting relative to the Company and the Group, verifying the compliance with the regulatory requisites and the correct application of the accountancy criteria.

E GENERAL MEETING

E.1 Indicate, and where applicable describe, any differences that exist between the minimum provided in the Companies Act and the quorum required for the constitution of the General Shareholders Meeting

YES

	Quorum % different to that established in Art. 102 of the Companies Act for general circumstances	Quorum % different to that established in Art. 103 of the Companies Act for general circumstances
Quorum required for 1st session	50.000	0
Quorum required for 2nd session	0	0

Description of the differences

Both Ordinary and Extraordinary General Meetings will be validly assembled:

- In general terms, at first call when attended by shareholders representing at least half of the paid-in capital. The second call will be considered valid regardless of the capital present or represented.
- For the Board to validly agree on the issue of debentures, promissory notes, bonds and other similar financial instruments, capital increases or reductions, the transformation, merger, de-merger of the company and, in general, any modification of the Bylaws, the favourable vote corresponding to two-thirds of the shares present or represented at the General Shareholders Meeting will be necessary, when shareholders representing less than 50% of the subscribed capital with the right to vote are present. At first call, sufficient quorum is required pursuant to the applicable Law, which establishes a quorum of 25%.

E.2 Indicate, and where applicable describe, the differences required for adopting shareholder agreements with respect to the minimum established by the Companies Act.

NO

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

E.3 List all shareholders' rights relative to the General Shareholders Meetings, other than those established under the Companies Act.

E.4 Indicate, where applicable, the measures adopted to encourage the participation of shareholders in the General Shareholders Meetings.

In accordance with Article 528.2 of the Consolidated Companies Act, prior to the last General Shareholders Meeting the Company the activated an Electronic Shareholders Forum in its website.

E.5 Indicate whether the General Shareholders Meeting is chaired by the Chairman of the Board of Directors. List the measures, if any, adopted to guarantee the independence and functioning of the General Shareholders Meeting:

YES

Describe the measures

1. The Table of the General Shareholders Meeting is to be composed by its Chairman and Secretary, notwithstanding the right of the members of the Board of Directors attending the session to form part of the same.
2. The Chairman or Vice-Chairman of the Board of Directors is to chair the General Shareholders Meeting. In their absence, they are to be substituted in accordance with the provisions of Article 21 of the Bylaws. In the absence of the above, this function will correspond to the shareholder elected in each case by the shareholders attending the meeting. In the event of a Meeting being called upon the orders of a court, the Judge in question shall decide who is to act as Chairman.
3. The Chairman or acting Chairman has the following responsibilities:
 - a) To direct the meeting in such a manner that all points in the Agenda are covered.
 - b) To resolve doubts raised in relation to the list of shareholders and the content of the Agenda.
 - c) To give the floor to shareholders who so request, when deemed appropriate, and withdraw the same when a specific issue is deemed sufficiently debated or if it is affecting the course of the meeting.
 - d) To indicate when it is necessary to vote on agreements and to announce the results of votes.
 - e) In general, to exercise all powers necessary for the optimum management of the meeting, including the interpretation of the provisions of this Regulation.
4. The Secretary or the Vice-Secretary of the Board of Directors or, in their absence, the corresponding substitute, in accordance with Article 21 of the Bylaws, will act as Secretary of the General Meeting. In the absence of the above, this function will correspond to the shareholder elected in each case by the shareholders attending the meeting.
5. If for any reason the Chairman or Secretary have to excuse themselves during the celebration of the General Meeting, their substitution shall proceed in accordance with the provisions of sections 2 and 4 above.

E.6 Indicate the amendments, if any, made to the General Shareholders Meeting Regulations during the year.

No amendments were made during 2012.

The General Shareholders Meeting Regulations are available in the Company website:
www.natraceuticalgroup.com

E.7 Indicate the attendance figures for the General Shareholders Meetings held during the financial year referred to in this report:

Date of General Shareholders Meeting	% attending in person	Details of attendance			Total
		% by proxy	% remote voting		
			Electronic voting	Others	
28/06/2012	17.150	53.470	0.000	0.000	70.620

E.8 Briefly describe the resolutions adopted at the General Shareholders Meetings held during the year and the percentage of votes by which each resolution was adopted.

The General Shareholders Meeting of June 28, 2012 adopted the following agreements:

I. The individual and consolidated financial statements and the Directors' Report for 2011 were unanimously approved.

II. The allocation of the 2011 profits to the losses of previous years to be offset by profits from future years was unanimously approved.

III. The remuneration for the Board of Directors for 2012 was established at 150,000 euros, the same as that of the previous year, by an ample majority.

IV. It was agreed by ample majority to authorise the Board of Directors to carry out the derivative acquisition of treasury stock, either directly or via investees, with the limits and requirements established in the Companies Act, thus superseding the authorisation granted in the Meeting of 23 June 2011.

V. It was agreed by ample majority to maintain the number of seven members of the Board of Directors and:

- To ratify the company IBERSUIZAS ALFA, SL, sole proprietorship, with registered offices in Madrid, Calle Marqués de Villamagna, n 3, registered in Company House, Madrid, Tome 14104, Book 0, Sheet 13, Section 8, Leaf M231.737 and holder of Tax Identification Code B-82294315, as a Director.

- To re-elect the entity BMS PROMOCIÓN Y DESARROLLO, S.L., with registered offices in Valencia, Avenida Menéndez Pelayo 1, puerta 10, registered at Companies House, Valencia, Tome 4976, Book 2284, Sheet 221, Section 8, Leaf V-36.569 and holder of Tax Identification Code B96329354, as a Director for a period of five years as of this date.

- To re-elect the FÉLIX REVUELTA FERNÁNDEZ, of legal age, married, resident in Barcelona, Pasaje Pedro Rodríguez, no 4, puerta 6, and holder of Tax Identification Number 16483572-R, as a Director for a period of five years as of this date.

- To cease the Director CK CORPORACION KUTXA-KUTXA KORPORAZIOA, S.L.U. and designate MARÍA JESÚS ARREGUI ARIJA, of legal age, unmarried, resident of Donostia-San Sebastián (Gipuzkoa), Calle Garibai, 15, and holder of Tax Identification Number 15984931-S, in replacement thereof, as director for a period of five years as of this date.

VI. The Secretary of the Board of Directors was unanimously granted the powers necessary for the development, documentation and enforcement of the agreements adopted by the General Shareholders Meeting.

E.9 Indicate any statutory restrictions which establish the minimum number of shares required to attend General Shareholders Meetings.

YES

Number of shares required to attend General Shareholders Meeting	1,000
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E.10 Indicate and justify the policies followed by the company in relation to the delegation of votes during the General Shareholders Meetings.

Shareholders with attendance rights may delegate their representation to another person who, as a Company shareholder, forms part of the Meeting.

The representation must be accepted by the representative. The representation will only be valid for one Meeting and may be granted in the following ways:

a) By sending either a signed letter, on paper, by means of which the representation is conferred, or the card referred to in the previous article, duly completed and signed by the shareholder, in the terms established in the Bylaws, to the Chairman.

b) Through electronic or remote means that duly guarantee the attributed representation and the identity of the representative. Representation granted via these means will be admitted when the electronic document by means of which it is granted includes the represented party's electronic signature, or any other type of electronic signature which, by virtue of a prior resolution adopted to the effect, is considered by the Board of Directors to offer appropriate guarantees of authenticity and identification of the shareholder granting representation. Representation conferred by these methods is to be sent to the Company by the procedure and within the term determined by the Board of Directors in the Meeting convocation agreement.

In the event of a public request for representation, the provisions of Article 107 of the current Companies Act and, where applicable, Article 114 of Law 24//1988, 28 July, Securities Market, will be applicable. Specifically, documents in printed or electronic format and reflecting the granted power are to contain or have as an attachment the agenda, as well as the request for instructions to exercise the voting right and the indication of the representative's voting intention in the absence of precise instructions.

Individual shareholders who are not in full possession of their civil rights and legal entity shareholders may be represented by their duly accredited legal representatives. In both cases and in the event of the shareholder delegating the right of attendance, there may not be more than one representative in the Meeting. The representation is always revocable.

The attendance of the shareholder at the Meeting, in person or through remote communication, as well as that arising from the votes cast by such means, supposes the revocation of any proxy, regardless of the date thereof.

E.11 Indicate whether the company is aware of the institutional investors' policy regarding participation in the company's decisions:

NO

E.12 Indicate the address and access to the corporate governance content in the company's website.

Natraceutical's Corporate Governance information is available from <http://www.natraceuticalgroup.com> It is located in the Corporate Governance sub-menu of the Shareholders and Investors Information section.

F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the Unified Good Governance code. Should the company not comply with any of the aforementioned recommendations, explain the recommendations, rules, practices or criteria the company applies.

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

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Compliant

2. When a parent and a subsidiary company are listed, the two should provide detailed disclosure on:

a) The respective areas of activity existent between the companies, as well as those between the listed subsidiary and the other companies within the group;

b) The mechanisms for the resolution any possible conflicts of interest that may arise.

See sections: C.4 and C.7

Partially compliant

The areas of activity between the group's companies are disclosed in the companies' financial statements. No formal mechanisms for resolving conflicts of interest have been defined.

In practice, conflicts of interest are resolved by the Board of Directors, with assessment, when necessary, from the committees. Points 1 and 2 of Article 19 of the Natraceutical Board of Directors' (of which Natra S.A. is a Director) Regulation establish:

1 - Directors are to abstain from intervening in deliberations that affect issues in which they are directly or indirectly an interested party.

2 - Directors are considered to have personal interest when the issue affects a company in which they hold a management position or a significant ownership interest in its share capital.

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

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

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

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

Compliant

4. Detailed proposals of the resolutions to be adopted at the General Shareholders Meeting, including the information stated in Recommendation 28, should be made available simultaneous to the publication of the Meeting notice.

Compliant

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

- a) The appointment or ratification of Directors, with separate voting on each candidate;
- b) Amendments to the Bylaws, with votes taken on all articles or groups of articles that are materially different

See section: E.8

Compliant

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

See section: E.4

Compliant

7. The Board is to carry out its duties with a unified intention and independent criteria, dispense the same treatment to all the shareholders and be guided by the interests of the company, understood as the sustainable maximisation of the company's economic value. It should likewise ensure that the company abides by the applicable laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories in which it operates; and upholds any additional social responsibility principles to which it has voluntarily subscribed.

Compliant

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

- a) The company's policies and strategies, and in particular:
 - i) The strategic or business plan, as well as the management targets and annual budgets;
 - ii) The investment and financing policy;
 - iii) The definition of the group companies structure;
 - iv) The corporate governance policy;
 - v) The corporate social responsibility policy;
 - vi) The Senior Management remuneration and performance assessment policy;

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

viii) The dividend policy, as well as the treasury policy and, especially, its limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) On the proposal of the company's CEO, the appointment and removal of Senior Management, as well as their compensation clauses;

See section: B.1.14

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

See section: B.1.14

iii) The financial reporting which, due to its condition as a listed entity, the company must periodically disclose.

iv) Any investments or operations which, by virtue of their amount or special characteristics, are considered of a strategic nature, unless their approval corresponds to the General Shareholders Meeting;

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

c) Transactions which the company conducts with Directors, significant shareholders or shareholders represented on the Board, or with persons related thereto ("related-party transactions"). Board authorisation will not, however, be required for related-party transactions that simultaneously meet the following three conditions:

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

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

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

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

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

See sections: C.1 and C.6

Compliant

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

See section: B.1.1

Compliant

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

See sections: A.2, A.3, B.1.3 and B.1.14

Partially compliant

The operations undertaken by the Company during 2012 have required a greater concentration and dedication on the part of its governing and executive bodies. Following the implementation of these operations (divestment in Naturex and the amortisation of the syndicated loan), the company is able to resume its efforts to appoint at least one independent Director. The Company has only one executive Director.

11. In the event of an external Director not holding the consideration of either a representative or an independent Director, the company must provide an explanation of this circumstance and of the Director's relationships with the company, its Directors or its share holders.

See section: B.1.3

Not applicable

The operations undertaken by the Company during 2012 have required a greater concentration and dedication on the part of its governing and executive bodies. Following the implementation of these operations (divestment in Naturex and the amortisation of the syndicated loan), the company is able to resume its efforts to appoint at least one independent Director. The Company has only one executive Director.

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

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

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

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

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

Explain

The Company has no independent Directors, but is taking steps aimed at the appointment of at least one by the General Shareholders Meeting.

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

See section: B.1.3

Explain

The Company has no independent Directors, but is taking steps aimed at the appointment of at least one by the General Shareholders Meeting.

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

See sections: B.1.3 and B.1.4

Explain

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

15. In the event of a reduced or inexistent presence of female Directors, the Board is to state the reasons for such a situation and the corrective measures taken; in particular, the Appointment Committee must take steps to ensure that:

- a) The procedures for covering Board vacancies have no implicit bias against female candidates;
- b) The company makes a conscious effort to include women with the target profile among the candidates for Board posts.

See sections: B.1.2, B.1.27 and B.2.3

Compliant

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

See section: B.1.42

Compliant

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

See section: B.1.21

Not applicable

18. The Secretary is to specifically ensure that the Board's actions:

a) Conform to the spirit and letter of the law and its implementing regulations, including those issued by regulatory agencies;

b) Are informed by the company's Bylaws, the General Shareholders Meeting and Board of Directors Regulations, and any other Regulations applicable to the company;

c) Observe any corporate governance recommendations contained in this Unified Code and which have been accepted by the company. In order to safeguard the Secretary's independence, impartiality and professionalism, the appointment and dismissal of the same should be informed by the Appointment Committee and approved by a full Board meeting; and this appointment and dismissal procedure must be reflected in the Board's Regulation.

See section: B.1.34

Compliant

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

See section: B.1.29

Compliant

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

See sections: B.1.28 and B.1.30

Compliant

21. 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 Meeting, the person responsible for expressing the same may request that they be recorded in the minutes.

Compliant

22. The Board in full is to assess the following points on a yearly basis:

- a) The quality and the efficiency of the Board's actions;
- b) The performance of the Chairman and the chief executive, based on a report submitted by the Appointment Committee;
- c) The performance of its committees, based reports submitted by the same;

See section: B.1.19

Compliant

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

See section: B.1.42

Compliant

24. All Directors must have the right to receive from the company the advisory services they require in order to perform their duties. The company is to provide suitable channels for the exercise of this right, extending in special circumstances to external advisory services, to be provided at the company's expense.

See section: B.1.41

Compliant

25. The companies are to establish induction programmes for new Directors in order that they may rapidly acquaint themselves with the workings of the company and its corporate governance rules. Directors are also be offered refresher programmes when circumstances so advise.

Partially compliant

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

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

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

- a) Directors are to inform the Appointment Committee of any other professional obligations which may detract from the necessary dedication;
- b) Companies are to establish rules regarding the number of directorships their Board members may hold.

See sections: B.1.8, B.1.9 and B.1.17

Explain

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

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

- a) On the proposal of the Appointments Committee, in the case of independent Directors.
- b) Following a report by the Appointments Committee, in the case of the other Directors.

See section: B.1.2

Compliant

28. Companies must post the following details about the Directors on their websites, and keep the information permanently updated:

- a) Professional and biographical profile;
- b) Other Boards of Administration to which they belong, whether or not in listed companies;
- c) An indication of the Director category to which each Director belongs, indicating, in the case of proprietary Directors, the shareholder that they represent or to whom they are related.
- d) The date of the first appointment as a Director of the company, as well as the dates of subsequent appointments, and;
- e) The company's shares, and the options on the same, held by the Director.

Explain

The Company is in the process of updating its website. The process is being carried out under the responsibility of the Company's Communication Manager, Gloria Folch.

29. Independent Directors are not to remain in their positions for a continuous period of more than 12 years.

See section: B.1.2

Compliant

30. Proprietary Directors are to resign when the shareholders they represent dispose of their entire ownership interest. If such shareholders reduce their ownership, thereby losing their entitlement to proprietary Directors, the latter's number should be reduced accordingly.

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

Compliant

31. The Board of Directors is not to propose the removal of independent Directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Appointment Committee. Specifically, just cause will be presumed when a Director is in breach of his or her fiduciary duties or incurs one of the disqualifying circumstances enumerated in section III.5 (Definitions) of this Code.

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

See sections: B.1.2, B.1.5 and B.1.26

Compliant

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

When a Director is indicted or tried for any of the offences stated in Article 124 of the Companies Act, the Board is to examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not the Director is to continue in his/her position. The Board is to duly reflect the above in a reasoned manner in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Compliant

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

When the Board adopts material or reiterated decisions about which a Director has expressed serious reservations, the Director in question must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the following Recommendation. The terms of this Recommendation are also to apply to the Secretary of the Board; Director or otherwise.

Compliant

34. 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 resignation is filed as a significant event, the motive for the same is to be explained in the Annual Corporate Governance Report.

See section: B.1.5

Compliant

35. The remunerations policy approved by the Board must define the following concepts, as a minimum:

a) The amount of the fixed components, itemised where necessary, of Board and Board Committee attendance fees, with an estimate of the fixed annual payment to which they give rise;

b) Variable remunerations, including:

i) The types of Directors to which they apply, with an explanation of the relative importance of the variable remuneration concepts in relation to fixed remuneration concepts.

ii) Performance assessment criteria used to establish any rights to remuneration in shares or share options or any variable component;

iii) The main parameters and rationale for any system of annual bonuses or other, non cash benefits; and

iv) An estimate of the absolute variable remuneration on which the present plan is based, in accordance with the degree of compliance with the reference hypotheses or objectives.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount of annual equivalent cost.

d) The conditions to apply to the contracts of executive Directors exercising senior management functions, including:

i) Duration.

ii) Notice periods.

iii) Any other clauses relative to contracting bonuses, as well as compensation or “golden parachutes” in the event of the early termination of the contractual relationship between the company and the Executive Director.

See section: B.1.15

Compliant

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

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

See sections: A.3 and B.1.3

Compliant

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

Compliant

38. In the case of performance-related remuneration, any reservations appearing in the external auditor's report and which give rise to a reduction in the company's profits are to be taken into account.

Compliant

39. In the case of variable remunerations, the remuneration policies are to include 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 circumstances of this kind.

Not applicable

40. The Board is to submit a report on the Directors' remuneration policy to the advisory vote of the General Shareholders Meeting, as a separate item on the agenda. This report is to be forwarded to the shareholders, separately or in the manner deemed appropriate by each company.

The report is to place specific importance on the remunerations policy approved by the Board for the current year, as well as, when applicable, the policy applicable to coming years. It is to address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. Importance is to be placed on the most significant changes to the mentioned policies in relation to the policies applied during the previous tax year. It is also to include a global summary of the application of the remunerations policy during the mentioned previous tax year.

The Board is to inform of the role of the Remuneration Committee in the preparation of the remuneration policy, along with the identity of any external advisors engaged in the process.

See section: B.1.16

Compliant

41. The Report is to list individual Director's remuneration during the year, including:

a) A breakdown of the remuneration obtained by each company Director, to include where appropriate:

- i) Attendance per diems and other fixed Director remunerations;
- ii) Additional remuneration for acting as Chairman or member of a Board Committee;
- iii) Any remuneration made under profit-sharing or bonus schemes, and the motive for their accrual;
- iv) Contributions on the Director's behalf to defined-contribution pension plans, or any increase in the Director's vested rights in the case of contributions to defined-benefit schemes;
- v) Any severance packages agreed or paid;
- vi) Any remuneration received as Directors of other companies in the Group;
- vii) Any remuneration received by executive directors for undertaking senior management functions;
- viii) Any remuneration other than those listed above, of whatever nature and provenance within the Group, especially when having the consideration of a related-party transaction or when the omission of the same would detract from a true and fair view of the total remuneration received by the Director.

b) An individual breakdown of the concessions to Directors of shares, share options or other share-based instruments, itemised by:

- i) Number of shares or options granted in the year, and the terms established for their execution;
- ii) Number of options exercised in the year, specifying the number of shares involved and the option price;

- iii) Number of options pending at year-end, specifying their price, date and other option conditions;
 - iv) Any change occurred in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration perceived by Executive Directors and the company's profits, or other means of measuring the company's performance.

Explain

The provisions of the Law are applicable. The aggregate remuneration amounts are presented in the individual Company and consolidated Group financial statements. The information is detailed in this Annual Corporate Governance Report.

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

See sections: B.2.1 and B.2.6

Not applicable

43. The Board is to be kept fully informed of the issues 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.

Not applicable

44. The Board of Directors must, in addition to the Audit Committee required by the Securities Market Act, create an Appointment and Retribution Committee, or two separate committees, from among its members. The rules governing the composition and operation of the Audit Committee and the Appointment and Remuneration Committee or Committees should be set forth in the Board regulations, and include the following:

- a) The Board of Directors is to appoint the members of such committees taking into account the knowledge, aptitudes and experience of its Directors and the tasks entrusted to each committee; deliberate the corresponding proposals and reports; and be responsible for overseeing and assessing their work, which should be reported to the first Board plenary following each meeting;
- b) Such committees are to be formed exclusively of external Directors and have a minimum of three members. The above is to be interpreted notwithstanding the attendance of Executive Directors or senior managers, in the event of the presence of such figures being expressly agreed upon by the Committee members
- c) The committees are to be chaired by an independent Director.
- d) The committees may engage external advisors when considered necessary for the discharge of their duties.
- e) Meeting proceedings are to be minuted and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

Partially compliant

There is no compliance with point b), since both the Appointment and Remuneration Committee and the Audit Committee are composed of two Directors and the Appointment and Remuneration Committee.

Point c) is not met, as the Chairman of the Audit Committee is a proprietary Director. .

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

Explain

In accordance with Article 29 of the Board of Directors Regulations and in compliance with Natraceutical S.A.'s Internal Code of Conduct, these duties currently correspond to Secretary of the Board.

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

Compliant

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

Explain

The internal audit function was implemented in 2011, as registered in the minutes of the Audit Committee of 27 October 2011. Due to a lack of the Audit Committee's necessary quorum, in 2012 the internal auditor has been placed under the supervision of the Board.

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

Explain

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 arising in its development.

49. The control and risk management policy should identify at least:

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

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

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

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

See sections: D

Compliant

50. The Audit Committee is responsible for:

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

a) Monitor the preparation and the integrity of the financial reporting relative to the company and, where appropriate, the group, verifying compliance with the legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) The periodic revision of the internal control and risk management systems in order to identify, manage and appropriately inform of the main risks.

c) Safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.

2nd In relation to the external auditor:

a) Submit proposals to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of engagement;

b) Regularly receive information on the audit plan from the external auditor, and verify that senior management are acting on its recommendations;

c) Ensure the independence of the external auditor and, to this effect:

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

ii) Ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;

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

d) In the case of groups, favour the undertaking by the group auditor of the auditing of all the group companies

See sections: B.1.35, B.2.2, B.2.3 and D.3

Compliant

51. 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.

Compliant

52. The Audit Committee is to prepare information on the following points from Recommendation 8 for input to board decision-making:

- a) The financial reporting that all listed companies must periodically disclose. The Committee must ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.
- c) Related-party transactions, except where their scrutiny has been entrusted to committee other than the supervision and control committees.

See sections: B.2.2 and B.2.3

Compliant

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

See section: B.1.38

Compliant

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

See section: B.2.1

Explain

The Appointment and Remuneration Committee currently has only two proprietary Directors. The Company is making its best efforts to include independent Directors as explained in section F.10.

55. The Appointment Committee is to have the following functions, in addition to those stated in earlier recommendations:

- a) Assess the skills, knowledge and experience necessary for the members of the Board, defining the roles and capabilities required of the candidates to fill each vacancy, and assessing the time and dedication necessary for the Board members to properly perform their duties.
- b) Examine or organise, in an appropriate manner, the succession of the Chairman and Chief Executive, making recommendations to the Board so the succession takes place in a planned and orderly manner.
- c) Report on the appointments and removals of Senior Officers proposed to the Board by the Chief Executive.
- d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Compliant

56. The Appointment Committee should consult with the Chairman and Chief Executive, especially on matters relating to Executive Directors. Any Board member may suggest directorship candidates to the Appointment Committee for its consideration to cover vacancies.

Compliant

57. The Remuneration Committee is to have the following functions, in addition to those stated in earlier Recommendations:

a) Submitting proposals to the Board of Directors regarding:

i) The remuneration policy for Directors and senior management;

ii) The individual remuneration and other contractual conditions of Executive Directors.

iii) The standard conditions for senior management employment contracts.

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

See sections: B.1.14 and B.2.3

Compliant

58. The Remuneration Committee is to consult with the Chairman and Chief Executive, especially on matters relating to Executive Directors and senior management.

Compliant

G OTHER RELEVANT INFORMATION

List and explain below the contents of any relevant principles or aspects of corporate governance applied by the Company that have not been covered by this report.

It has not been possible in this report to reflect Natra SAs condition as a significant shareholder, group company and company Director. The reason is that the application does not permit the simultaneous validation of the 3 characteristics.

This section may include any other relevant but not re-iterative information, clarification or detail related to previous sections of the report.

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

Binding definition of independent Director:

List any independent Directors who have or have had a relationship with the Company, its significant shareholders or managers, which is sufficiently significant nature to determine that the Directors may not be deemed independent as per the definition included in point 5 of the Unified Good Governance Code:

NO

Date and signature:

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its Meeting on

26/02/2013

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

NO

APPENDIX TO NATRACEUTICAL, SA CORPORATE GOVERNANCE REPORT FOR 2012 REQUIRED BY ARTICLE 61 A OF THE SECURITIES MARKET ACT (SMA)

During its session held on 26 February 2013, the NATRACEUTICAL, S.A. Board of Directors (hereinafter "NATRACEUTICAL" or the "Company"), pursuant to the provisions of Article 253 of the Corporations Act, has prepared the parent's and the consolidated group's financial statements and management report for 2012.

In accordance with Article 61 a of Law 24/1988 of 28 July, on the Securities Market Act (hereinafter, the "SMA"), added by Act 2/2011 Sustainable Economy (hereinafter the "LES"), the NATRACEUTICAL Board of Directors has agreed to include additional information which is not contemplated in the current Corporate Governance Report model approved by the Spanish Securities Market Commission's Circular 4/2007, of December 27, which is still in force, in this document.

Specifically, the Corporate Governance Report for 2012 is accompanied by the following information:

a) Article 61a 4, a, 3rd SMA - Information on securities that are not traded on a regulated EU market, indicating, where appropriate, the various classes of shares and, for each class of shares, the rights and obligations conferred.

Not applicable. All shares comprising the share capital of NATRACEUTICAL are listed on the Spanish Stock Exchanges' Continuous Market, specifically in Madrid, Barcelona, Bilbao and Valencia.

b) Article 61a 4, a, 4th SMA - Information relative to the rules applicable to the amendment of the company's Bylaws.

Article 13 of the Bylaws establishes that the General Shareholders Meeting is the supreme body of the Company and, therefore, is empowered to adopt any resolutions for which it is competent pursuant to the Law and the Company Bylaws.

Similarly, Article 19 of the Bylaws establishes that, in order for General Shareholders Meetings to validly approve the issue of debentures, promissory notes, bonds and other analogous financial instruments, capital increases or decreases, the transformation, merger or de-merger of the Company and, in general, any amendment of the Company Bylaws, the quorum of shareholders demanded by law for such cases must be present.

c) Article 61a 4, b SMA - Restrictions on the transfer of securities and on voting rights.

There are no statutory restrictions on the transfers of securities representing the share capital or on the exercising of voting rights, with the sole exception that, pursuant to Article 17 of the Bylaws, all shareholders holding two hundred and fifty or more shares represented by means of book entries are entitled to attend General Meetings. Shares must be registered in the corresponding accounts register at least five days prior to the date of the Meeting.

- d) **Article 61a 4, c, 4th SMA - 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.**

There company has not entered into any significant agreements that will come into effect, alter or terminate upon a change of control of the company following a takeover bid.

- e) **Article 61a 4, c, 5th SMA. - Information on agreements between the Company and its Directors and executives or employees providing for compensation in the event of their resignation or dismissal without just cause or if the employment relationship is terminated as a result of a takeover bid.**

There are no senior management or administration personnel protection clauses.

- f) **Article 61a 4, h SMA - Description of the main features of the internal control and risk management systems in relation to the process of issuing financial information.**

F1 Company control

F1.1. 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.

By means of its regulation, the Board of Directors has formally assumed the ultimate responsibility for the existence and maintenance of an adequate and effective ICFR, as stated in Article 5.2 of the Board of Directors regulation: "The full Board reserves the non-delegable authority to approve the financial information which the company must periodically disclose"

The Audit, Control and Conflicts of Interest Committee is responsible for monitoring the mentioned ICFR, as stated in the Bylaws (Article 36-A.3) and Article 31.4 of the Board of Directors Regulations: "Knowledge of the Company's financial reporting process and internal control systems" and "monitoring the internal audit services, in the event of the designation of such a body within the Company's business organisation"

The Finance Department is responsible for the design, implementation and updating of the ICFR, ensuring compliance with the internal control procedures, while the Internal Audit Department is responsible for assessing the effectiveness of the ICFR and regularly reporting to the Audit, Control and Conflicts of Interest Committee in order that it may exercise its monitoring responsibility.

F1.2. 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 procedures for appropriate dissemination within the company.

Article 32 of the Board of Directors Regulation establishes the authority of the Appointments and Remuneration Committee to ratify the appointment of managers. The Committee is responsible for defining and periodically reviewing the organisational structure at the highest level, whilst the Senior Management is responsible for ensuring that it has access to the necessary resources.

The Appointments and Remuneration Committee is created by the Board of Directors to inform on or make proposals regarding the appointments, terminations, and compensation of the Company's Directors and Senior Management.

Pursuant to Article 32 of the Board of Directors Regulation, the Appointments and Remuneration Committee "is to be composed of a majority of independent Directors and its Chairman is to be an independent Director"

The Appointments and Remuneration Committee is responsible for:

- Assessing the skills, knowledge and experience necessary for Board members, for defining the functions and capabilities to be met by the candidates for each vacancy, and for determining the time and dedication necessary to properly perform their duties.
- Examining or organising the succession of the Chairman and chief executive and, where appropriate, making recommendations to the Board in order that the succession occurs in an orderly and well-planned manner.
- Reporting the appointment and removal of senior managers proposed to the Board by the CEO.
- Reporting to the Board on matters of gender diversity.
- Consulting with the company's Chairman and chief executive, especially on matters relating to executive directors and senior management.
- Making proposals to the Board of Directors on:
 - The remuneration policy for directors and senior managers.
 - The individual remuneration of executive directors and other terms of their contracts.
 - The basic conditions of senior management contracts,
- Ensuring observation of the remuneration policy established by the company.

The Human Resources Department is responsible for the design, development, implementation and review of the organisational structure dependent on Natraceutical's highest management level. Consequently, it is also responsible for the areas and units involved in the preparation of financial information.

The organisation process is not formally defined as a whole, but is taken into account in the overall People Management process. Once the Job Definition Map, which is under development, has been completed, it will be presented to all the company's employees.

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

The Natraceutical Code of Conduct, which aims to establish standards of conduct, integrity and ethical behaviour consistent with the Company's image and reputation within the communities in which it operates, was approved by the Natraceutical Board of Directors. The code was presented to the Spanish Securities Market Commission and, as the Code itself provides, was published on the website www.natraceutical.es.

The Natraceutical Code of Conduct has been in force since its approval and is applicable to the members of the company's Board of Directors and management, as well as to all the employees of the companies forming Natraceutical.

The purpose of the Code is:

- To ensure the professional, ethical and responsible behaviour of all Natraceutical employees when undertaking their activities and performing their duties.
- To create a corporate culture based on the integrity of the employees behaviour, in accordance with Natraceutical's corporate reputation.

Under the provisions of the Code of Conduct, the body responsible for monitoring compliance with the same is the Board of Directors. Nevertheless, the implementation of an Ethics Committee is under study, to act under the supervision of the Audit Committee and the Board of Directors. The main functions of this Committee will be to promote the dissemination and knowledge of and compliance with the Code of Conduct, as well as to establish lines of communication with employees in order to collect or to provide information or to resolve issues regarding compliance with the Code, advising on the actions to be taken in case of doubt.

The code of conduct makes express reference to the recording of transactions and to the personnel responsible for preparing the financial information.

Employees directly involved in the ICFR have signed a statement by means of which they have committed to safeguarding the confidential information to which they have access and to observing the principles of transparency, accuracy and reliability in the preparation of the financial information with which they are entrusted and in the due accounting of transactions in the Company's files and books.

There is a space reserved for the Code of Conduct in the website www.natraceutical.es, which may be consulted without restriction.

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

The Complaints Channel, which is called the "Code of Conduct Mailbox", establishes the communication channels through which employees and other stakeholders will be able to provide information to the Ethics Committee (when formally established) on incidents and complaints prior to their examination, where applicable, by the Audit Committee.

The complaints channel is currently regulated and its future implementation is being analysed in order to ensure the confidentiality of the entire process.

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

The training provided in Natraceutical is planned. A training item is established annually within the budget and each Natraceutical department identifies the individual training requirements of each of its staff members.

One of the Finance Department's objectives is to remain up to date regarding the developments in applicable internal control and accounting material. Natraceutical employs the services of external advisers who inform on applicable updates relevant to internal control, accounting, International Financial Reporting Standards, Risk Management, consolidation and other relevant areas.

The personnel involved in the preparation and review of financial reporting has received courses in accounting, consolidation and management control. They have also attended several seminars given by ASSEF (Spanish Treasurers Association). These training activities are carried out externally, and there are mechanisms to evaluate their effectiveness.

F2 Financial reporting risk assessment

F2.1. What are the main characteristics of the risk identification process, including error or fraud, in terms of:

- If the process exists and is documented:

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

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

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

The ICFR covers all the objectives of each of the following sections:

- 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.

The ICFR covers all the objectives of each of the following sections:

- 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 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 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 concepts, the possible existence of complex corporate structures and special purpose entities.

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

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

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

- Strategic Risk: referring to those risks that are considered key to the Group and which must be managed proactively and with priority (e.g., decisions on investment, entering new segments, personnel replacement, etc).
- 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 / Financial 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 Risk: Those risks affecting the internal or external regulatory compliance with third parties (e.g., compliance with safety and environmental standards, filing and payment of taxes, compliance with personal data protection regulations, etc.).

In this manner, the company assesses:

- The inherent risks (the risk present for Natraceutical in the absence of any action from the Management aimed at altering the probability of the risk occurring and the impact of the same).
- The residual risks (the risk that remains after the Management has implemented a mitigation measure).

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

Natraceutical has a Risk Control and Management System documentation 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 status and management is reported to the Audit Committee and the Board of Directors through the channels established in this procedure.

The Audit Committee has the responsibility to propose the assumed risk profile to the Board of Directors, as well as to carry out the monitoring of the risks, establishing the appropriate measures to ensure its opportune control and management.

The Board of Directors is ultimately responsible for overseeing the functioning of the Risk Control and Management System.

F3 Control Activities

F3.1. Procedures for the review and approval of the financial reporting and the description of the ICFR to be published in the securities markets, indicating those responsible for the same, as well as the documentation describing the control and activities flows (including those relating to fraud risk) of the different types of transactions that may significantly affect the financial statements, including the year-end procedure and the specific review of the judgments, estimates, measurements and projections.

There are procedures for the review and approval of the financial reporting and ICFR description, documenting the control activities and the risks of the processes relative to the Financial Statements in the form of flowcharts, process narratives and risk and control matrices.

The Economic-Finance Department is responsible for their review and updating, as well as for coordinating the other areas involved in maintaining the ICFR up to date.

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

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

- Property, plant and equipment
- Accounts payable
- Accounts receivable
- 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.
- If key or not, considering a key control as that which mitigates, correctly and sufficiently in advance, the existence of fraud or errors which have a significant impact on the financial information issued.
- The person or body responsible, the person or body which implements the control and the frequency of the implementation.
- The type of control and the level of automation.
- The systems involved in the implementation of the control.

Additionally, an Offence Prevention and Detection Model is scheduled to be implanted in 2013 with the collaboration of an external consultant. The model is to include measures such as the adequate segregation of duties, regular checks to detect illegal activities, staff training, etc.

F3.2. Internal control policies and procedures for the information systems (including access security, monitoring of changes, their operation, operational continuity and segregation of duties, among others) that support the company's relevant processes in relation to the preparation and publication of financial information.

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

- The management of access to the systems and applications so as to ensure the adequate segregation of duties within the applications, adding access permissions to the system's user profiles.

- The availability of mechanisms that enable the continuity of the business' different operational systems in the event of a failure.
- The availability of data recovery mechanisms (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 Natraceutical value chain, the outsourced activities related to the financial reporting preparation and ICFR assessment processes are subcontracted to companies of renowned prestige that have certified their competence, training and independence. This procedure is followed in order to avoid relevant risks in the financial reporting. Notwithstanding the above, outsourced activities are always overseen and monitored by the area within Natraceutical affected by the same.

F.4 Information and communication

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

The Economic-Finance Department is responsible for maintaining the accounting policies up to date, for defining and maintaining Natraceutical's Accounting Policy Manual and for resolving any questions and conflicts that may arise in its interpretation. It provides access to the same to all those with a significant involvement in the preparation of financial information. Additionally, Natraceutical has the support of external advisers of recognised standing which inform the company of new accounting standards.

The Manual contains the policies and activities necessary for the correct recording of each accountable transaction, in addition to practical examples for the most significant transactions. The latest update of the Manual was produced in November 2009. However, any changes of legislation affecting the accounts of the subsidiaries are taken into account and communicated to those responsible for preparing and monitoring the financial information.

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

Natraceutical centralises the financial reporting collection, consolidation and preparation process.

Natraceutical employs software that enables the standardisation of the budgeting, monitoring and consolidation processes.

In order to cover all risks relevant to financial reporting, the year-end and consolidation process is accompanied by a series of implemented and documented controls with their corresponding flowcharts and risk and control matrices.

F5 System operation monitoring

F5.1. The ICFR monitoring activities carried out by the Audit Committee, as well as the existence of an internal audit function with competences that include providing support to the committee in its supervision of the internal control system, including the ICFR. Information is to be provided on the scope of the ICFR assessment carried out during the period and the procedure by which the person responsible for carrying out the assessment reports its results, whether the company has an action plan that details the applicable corrective measures, and whether it has considered the impact of the same on the financial reporting.

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

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

The Internal Audit Department is responsible for supporting the Audit Committee in the monitoring of the ICFR, which is defining a three-year plan for the monitoring of all the key controls and processes for the financial statements. This requires the definition of a consistent methodology based on best Internal Control and Internal Audit practices.

The Internal Audit function is regulated by the Internal Audit Charter approved by the Board of Directors' Audit Committee. It is functionally dependent on the Audit Committee and hierarchically dependent on the Board of Directors. The rest of the Organisation's Departments have no authority over the Internal Audit Department.

F5.2. 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

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 Appendix. To the contrary, it must report its reasons.

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

In Valencia, on 26 February 2013.