

**MIQUEL Y COSTAS & MIQUEL, S.A.
AND SUBSIDIARY COMPANIES**

Non-Financial Information Report

for 2021

(Free translation from the original in Spanish)

This report is part of the
Consolidated Directors' Report for 2021
(ANNEX III)



MIQUEL Y COSTAS & MIQUEL, S.A.



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**MIQUEL Y COSTAS & MIQUEL, S.A.
and Subsidiaries**

Independent Verification Report

Consolidated Non-Financial Information
Statement for the financial year ended
31st December 2021

Independent Verification Report on the Consolidated Non-Financial Information Statement

To the Shareholders of
MIQUEL Y COSTAS & MIQUEL, S.A.

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31st December 2021 of **MIQUEL y COSTAS & MIQUEL, S.A.** (hereinafter the parent Company) and its **Subsidiaries** (hereinafter the Group) that forms part of the Group's Consolidated Management Report.

The content of the NFIS includes additional information to that required by current commercial legislation on non-financial reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in Appendix I "Traceability table under Law 11/2018" included in the accompanying NFIS.

Responsibility of the Directors

The preparation of the NFIS included in the Group's Consolidated Management Report, and the content thereof, is the responsibility of the Directors of **MIQUEL Y COSTAS & MIQUEL, S.A.** The NFIS has been drawn up in accordance with the provisions of current commercial legislation and following the criteria of the selected Sustainability Reporting Standards of the Global Reporting Initiative ("GRI standards"), in line with the details provided for each matter in Appendix I "Traceability table under Law 11/2018" in the aforementioned NFIS.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure the NFIS is free from material misstatement, due to fraud or error.

The Directors of **MIQUEL Y COSTAS & MIQUEL, S.A.** are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.



Our firm applies the International Standard on Quality Control 1 (ISQC1) and therefore has in place a global quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements 3000 Revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on Non-Financial Information Statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas en España").

In a limited assurance engagement, the procedures performed vary in terms of nature and timing of execution and are more restricted than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several of the Group's units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with personnel from the Group to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content included in the NFIS for 2021 based on the materiality analysis carried out by the Group, considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for 2021.
- Review of the information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2021.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2021 and its adequate compilation using data supplied by the information sources.
- Obtainment of a representation letter from the Directors and Management.



Conclusions

Based on the procedures performed in our verification and on the evidence we have obtained, no matters have come to our attention which may lead us to believe that the NFIS of **MIQUEL Y COSTAS & MIQUEL, S.A. and Subsidiaries** for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the provisions of current commercial legislation and following the criteria of the selected GRI standards in accordance with the details provided for each matter in Appendix I "Traceability table under Law 11/2018" of the aforementioned NFIS.

Emphasis of matter

The European Parliament and Council's (EU) Regulation 2020/852 of 18th June 2020 related to establishing a framework to facilitate sustainable investments establishes the obligation to divulge information on how and to what extent the company's activities are associated to economic activities which are considered environmentally sustainable in relation to the objectives to mitigate climate change and adaptation to climate change for the first time for financial year 2021 as long as the non-financial information statement is published after 1st January 2022. Consequently, comparative information on this matter has not been included in the attached NFIS. Additionally, information has been included for which **MIQUEL Y COSTAS & MIQUEL, S.A.**'s Directors have opted to apply criteria that, in their opinion, better enable compliance with the new obligation and which are defined Note 2 of the attached NFIS. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

Barcelona, 13th April 2022

Mazars Auditores, S.L.P.

(signed in the original in Spanish)

Juan Luque

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Annex III NON-FINANCIAL INFORMATION

The present Non-Financial Information Statement (NFIS) has been elaborated to comply with Law 11/2018 of 28 December on non-financial information and diversity, which entails the transposition to the Spanish legal system of the European Directive 2014/95 and is elaborated in accordance with some selected internationally recognized standards of the Global Reporting Initiative (GRI) and those contained in the Law.

The reporting perimeter of the present NFIS coincides with that of the Consolidated Financial Statements and all exceptions to the defined scope have been appropriately identified in each case.

The report shows a brief description of the Group's business model, a summary of due diligence policies and procedures applied in the identification, assessment, prevention and mitigation of risks and significant impacts, together with the results from policies applied.

To provide comparability in the information reported, for most of the indicators, data for the previous year (2020) is included.

Materiality:

Miquel y Costas & Miquel, S.A. and Subsidiaries (hereinafter the Group), with a view to complying with the principle of materiality, have internally analysed and assessed the legal requirements established by Law 11/2018, of 28th December, on non-financial information and diversity, and have determined that all matters mentioned are relevant for the Group, except for action to fight food waste, given that the activity carried out by the organisation is not linked to the generation of this type of waste.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

1. The Group's business model

Miquel y Costas & Miquel, S.A. is the parent company of the Miquel y Costas Group, an industrial group with its registered offices at Calle Tuset, 8 and 10, 7th floor, 08006-Barcelona. The Group's current parent company was incorporated as a public limited liability company ("sociedad anónima") in 1929 and the Miquel y Costas Group is now made up of 15 companies devoted to the production of specialty papers, the provision of services associated to this activity and their commercialisation.

The companies that make up the Group are the following:

Manufacture	Services	Distribution
Miquel y Costas & Miquel	Payá Miralles	Miquel y Costas Deutschland
Miquel y Costas Argentina	Miquel y Costas Tecnologías Desvi	Sociedad Española Zigzag
MB Papeles Especiales	Miquel y Costas Energía y Medio Ambiental	Miquel y Costas Chile
Terranova Papers	Miquel y Costas Logística	
Clariana	Oficina de Representación en Filipinas	
Fourtube (associated company)		
Celulosa de Levante		

The main corporate purpose since the outset has been the manufacture of low-grammage fine and specialty papers, the main specialty being high-tech paper for cigarettes, as well as printing paper, specialty paper, coloured paper and card and cellulose pulp, among others.

The Group currently has three main lines of business: the so-called "Tobacco Industry", that covers the sale of pulp and paper connected with the tobacco industry, "Industrial Products", connected with paper for use in industrial products and "Others" which covers commercialization, and other services or activities.

The Group's in-depth knowledge of the manufacture of specialty papers, perfected by means of systematic research and technological experience, has allowed it to extend its portfolio to include other products based on similar technical bases.

This effort and experience are reflected in the quality of the cigarette paper, specialty paper for industry, printing paper and specialty pulps manufactured, placing the Miquel y Costas Group in a leading position in Spain's paper industry among manufacturers of low-grammage papers, as well as in a pre-eminent position worldwide.

The industrial activity is highly integrated, so that synergies are generated in the areas of research and technology both to develop new products and in relation to process control and management, where the Group has made considerable progress.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

The Group has industrial plants in Besós (Barcelona), Capellades (Barcelona) and Mislata (Valencia) engaged in the production of fine and specialty lightweight and converted papers, particularly for the cigarette industry; in Tortosa (Tarragona), where it produces textile pulps using flax and hemp for the cigarette industry and other fibres for other industrial sectors; in La Pobla de Claramunt (Barcelona), where it has a plant producing speciality papers for industrial uses and another making highly porous specialty papers; in Villarreal (Castellón), where coloured papers and cards are manufactured, and in Avellaneda (Buenos Aires, Argentina), making cigarette rolling paper packs and other converted papers. The Group also has an associate, Fourtube (Seville), engaged in the manufacture of converted paper. Additionally, the Group has a company that manages two logistics centres to carry out storage services, transportation, and product distribution, located in the provinces of Castellón and Barcelona, the latter also handles a small part of the manipulated production. In turn, the Group also has offices in most of the abovementioned locations.



The high level of technology, derived from its own developments, has enabled the Group to be present in most of the world's markets. In addition to meeting domestic demand, a highly significant portion of the Group's sales are exports, which are deeply rooted in the Group, as shown by the fact that nearly one hundred and twenty-five years ago the Company already had its own sales agencies and a large number of customers in Havana, Federal District of Mexico, Valparaíso, New York, etc. Export sales accounted for 88% in 2021, the main market being the European Union at a little over 30%, while OECD countries and the rest of the world accounted for 27% and 31%, respectively.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The international area in which the parent company and most of the Group companies operate exposes them to foreign exchange rate risk. Currency fluctuations are partially offset by monetary flows of a different kind from imports and exports. In aggregate terms, the Group is a net exporter.

At the same time, as the commercial activity is developed in a wide variety of markets, the Group is also exposed to trade credit risks, which are managed by means of internal credit policies and external credit risk insurance policies.

In a fiercely competitive global market, the Group invests continuously in research, development, and innovation, giving rise to new products that meet the highest standards of quality and consistency, and emerging needs, while the very latest technology, much of which is exclusive, assures an increase in productivity and quality to be maintained in the range of products.

The Group's energy consumption is mainly electricity and gas, so a significant part of its investments is made in technologies designed to enhance production yields and reduce energy consumption, while also managing these resources effectively. Likewise, purchasing policies are also in place for the main raw materials to minimise the possible impacts of purchase price fluctuations.

In reference to the impact from the COVID-19 pandemic on the Group's business in 2021, the prompt and rigorous application of internal protocol has allowed the risks of propagation to be prevented and minimised for most people and operations in the Group, allowing work centres to maintain their main activities throughout the year without any notable incidents.

Regarding governmental bodies, the Board of Directors is the Company's ultimate decision-making body, barring those matters reserved for the General Meeting within current regulation. The relevant information is set out in the Annual Corporate Governance Report, which is part of the 2021 Annual Accounts, as well as on the corporate website: <https://miquelycostas.com/informacion-corporativa/#gobiernocorporativo>.

2. Environmental Matters

- Effect of business activity on the environment

The Miquel y Costas Group, within the value chain of the paper sector, centres its activity to a large extent on the manufacturing and commercialisation of papers for the tobacco industry, industrial products, and printing papers. Its high technological and specialisation level allow the Group to be present in most worldwide markets, with the highest quality standards, focusing on the client and their needs as a reference for their activity.

In this sense, the environmental policy of the Miquel y Costas Group has basically two defined, established and conveyed objectives: 1) to ensure that products supplied to clients comply with set requirements, that this compliance is permanent and that the necessary operating and human conditions are established for an ongoing and profitable improvement in product quality; and 2) to develop activities with the highest respect for the environment, minimising impacts that may derive from the core operations and from auxiliary operations in all production centres.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

In accordance with the above, and as established in the Group's Corporate Social Responsibility Policy, in addition to ensuring strict compliance with legal obligations in force, the Group has voluntarily included, among others, environmental concerns in the governance, management and business strategy such as the promotion of sustainable forest management and the efficient use of resources, thus demonstrating a high degree of commitment to protecting the environment.

Activities developed by the Miquel y Costas Group follow objectives to contribute to the preservation of the environment, causing direct and indirect effects on sustainability: participation in appropriate forest management, an efficient and responsible production process, contribution to improving the quality of life and wealth generation in the area, and leadership in recovery and recycling.

The wood used to produce cellulose is exclusively obtained from forest plantations of fast-growing species, indirectly resulting in environmental (specifically in forests), social and economic benefits. Concerning the environmental benefits, they help increasing forested areas and conserving natural forests, while acting as efficient CO₂ sinks and providing effective erosion control.

Regarding social and economic benefits, we highlight our indirect contribution to rural development as driver for the creation of employment and wealth, and to the dynamization of sustainable growth of the forest sector.

Additionally, the production of cellulose and paper intensively consumes energy and water extraction. In order to counteract the above, the Miquel y Costas Group works on the development and application of new technologies that are increasingly environment-friendly, and in the design and utilisation of production processes aimed at minimising the consumption of energy, water and other natural resources, as well as the number of emissions, effluents and waste generated. Moreover, the Group has strongly committed to cogeneration and clean and renewable fuels.

As detailed below, significant achievements are being made in the savings of natural resources and reduction of emissions and waste generated in the different processes.

- Environmental assessment or certification procedures

In order to achieve the objectives of quality, environment and safety in the product, the Miquel y Costas Group has established a Product Quality, Environment, Custody Chain, Security and Safety Management System.

This Integrated Management System (hereinafter IMS) complies with the current version of:

- Standard UNE-EN ISO 9001 and UNE-EN ISO 14001, for all production centres located in Spain, in addition to the headquarters.

This certification UNE-EN ISO 14001, for environmental management systems, was achieved on 10-10-2006. Its scope covers the design, manufacturing, and sales of cigarette, plug wrap and tipping papers for the tobacco industry, rolling papers, thin papers for the publishing, printing and packaging industry and special filter and absorbent papers. It also includes the design, manufacturing and sale of special cellulose pulps made from non-wood fibres.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

- Standard IATF 16949, for MB Papeles Especiales and Terranova Papers, which defines the basic requirements of the automobile industry's quality management system for automotive and spare parts companies.
- Standard BRCGS Packaging Materials, for Terranova Papers, which is an international standard that defines hygiene-sanitary requirements to be met by packaging and wrapping to ensure food safety, legality, and quality to the consumer.
- Standard ISO 22000, for Miquel y Costas & Miquel in the manufacturing centre located in Mislata (Valencia). This certification establishes the requirements that a management system must fulfil to ensure food safety throughout the supply chain, which also includes those packaging and wrapping materials which come into contact with food.
- Custody chain standards FSC-STD-40-003, FSC-STD-40-004, FSC-STD-50-001, PEFC-ST-2002:2013 and PEFC-ST-2001:2008, have been certified since 16-10-2009. Said standards cover all production centres, (except for Celulosa de Levante, for which it is not applicable), and they include the necessary requirements to ensure that raw materials of a forest origin come from responsibly managed forests and to guarantee their traceability throughout the supply chain.

Within the IMS, the Miquel y Costas Group has defined and implemented the following policies:

- The Product Quality, Environment, Security and Safety Policy (POLCAM) at the companies Miquel y Costas & Miquel, S.A., MB Papeles Especiales, S.A., Terranova Papers, S.A., Celulosa de Levante, S.A. (Celesa) and Clariana, S.A.
- The Custody Chain Policy (POLCDC) at the companies Miquel y Costas & Miquel, S.A., MB Papeles Especiales, S.A., Terranova Papers, S.A. and Clariana, S.A.

As a result of the IMS and the application of its policies, three procedures are applied to identify, assess, prevent, and mitigate significant risks and impacts, as well as for verification and control purposes:

- The general supplier assessment procedure (PRCOM02) states that all reception of raw material into the custody chain (wood pulp) must go through the stipulated due diligence system, which is also necessary to comply with Regulation (EU) No. 995/2010 (EUTR) in the case of non-EU suppliers.

As a consequence of the POLCDC and the PRCOM02, only FSC or PEFC certified or FSC controlled wood material is purchased, thus eliminating the risk of using pulp from non-responsibly managed wood.

- The general risk and opportunity analysis procedure (PRRYO01) states that annually each work centre that is ISO 9001 and ISO 14001 and ISO 22000 certified must identify risks and opportunities of all the processes that make up the IMS of each organisation, also considering the context and needs and expectations of the stakeholders of each production centre. The procedure is based on a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and an FMEA (Failure, Mode and Effects Analysis). As a result, preventive action and improvement plans/objectives are established and developed to address the risks and opportunities for inclusion in, among others, the annual investment plan.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The main risks in the IMS environmental control process identified by means of the PRRYO01 have been the following:

- Possible breach of the thresholds laid down in the Integrated Environmental Authorisations (IEAs) for each environmental aspect (emissions, waste, discharges, noise, light and soil).
 - Possible incorrect functioning of the environmental Best Available Techniques (BATs) in place in the plants.
 - Lack of knowledge of amendments to environmental legislation.
 - Failure to meet deadlines for environmental legal formalities.
- The procedure for identifying and assessing environmental impacts (PRSAM01) establishes the methodology for identifying and assessing the environmental impacts related to the activities, products and services of companies that have implemented the IMS, from a life-cycle perspective, the main ones being:
- Consumption of natural resources: decrease, abiotic depletion, global warming, and indirect impacts associated with the manufacture of the good consumed.
 - Emissions and odours: air pollution, abiotic depletion, and global warming.
 - Waste: impacts associated with waste management (decrease in natural resources, air pollution, water pollution and landfill clogging).
 - Discharges or sewage: reduction in water quality, aquatic ecotoxicity and indirect impacts associated with water purification.
 - Noise and light: disturbance and possible harm to health.
 - Soil: pollution of water and soil, abiotic depletion and aquatic ecotoxicity.

In order to monitor the application of these established environmental policies, procedures and objectives, the Group has a general Internal Audit Procedure (PRAUD01), which formalises the annual performance of internal audits in all production centres under standards and rules applicable in each centre. And, on a half-year basis, the Group verifies the correct functioning of the defined operating control, as well as compliance with the environmental policy, objectives and legal requirements established in each centre, as described in the PRAUD01 and in the Operating control procedure (PRSAM04).

Additionally, annual external audits are performed by companies certified under the abovementioned standards.

Moreover, and in order to reduce the impact on climate change, the Miquel y Costas Group considers that it is necessary to involve its supply chain, thus guaranteeing its commitment, as detailed in the POLCAM. In this sense, annual assessments are performed on product and service suppliers with a specific section on the environment, assessing environmental certificates and performance. The rating obtained, together with other elements such as the performance of second party audits, is used to make purchasing decisions. For more information, consult section 6 (Society) of this report.

- Resources dedicated to environmental risk prevention

The Miquel y Costas Group permanently dedicates resources to the prevention of environmental risks and to the reduction of the climate impact. In 2021, total net environmental investments in national companies, deducting grants received, have amounted to €6.971 thousand (€3.976 thousand in 2020), which is 75% more than the previous year.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Within the production process, resources have mainly focused on the reduction of energy and water consumption, thus contributing to climate change prevention.

And, concerning investments not directly related to the production process, resources have mainly been dedicated to projects for the guarantee and improvement of the drying of sewage sludge, to the reduction of raw material consumption and of the waste generated due to a better use of the cut generated and to the new installation of photovoltaic panels as a more environmentally sustainable alternative given the use of a renewable source, such as solar energy.

- Environmental protection and responsibility

Total environmental protection costs incurred by the Group in 2021, after deducting revenue from the sale of by-products and excluding expenses arising from CO₂ emission rights have amounted to €4.854 thousand (€4.035 thousand in 2020). They included no extraordinary items and related mainly to the social contribution through charges paid for the use of water to regional governments, consumption of raw materials and energy in environmental protection activities and waste collection and treatment. There are no contingencies related to environmental protection and improvement of which the Group is currently aware.

In addition, the Miquel y Costas Group has an environmental liability insurance policy which includes all national production centres.

Production centres of the Miquel y Costas Group that are involved in the reporting of the environmental data presented, are listed below:

Centre	Location	Company
Besós Production centre	Barcelona	Miquel y Costas & Miquel, S.A.
Mislata Production centre	Valencia	Miquel y Costas & Miquel, S.A. S.A. Payá Miralles
MB Production centre	La Pobla de Claramunt (Barcelona)	MB Papeles Especiales, S.A.
TP Production centre	La Pobla de Claramunt (Barcelona)	Terranova Papers, S.A.
Celesa Production centre	Tortosa (Tarragona)	Celulosa de Levante, S.A.
Clariana Production centre	Villarreal (Castellón)	Clariana, S.A.

The present report does not include data related to the production centre of Miquel y Costas & Miquel, S.A., located in Capellades (Barcelona), the production and logistics centres of Miquel y Costas Logística, S.A. located in Betxí (Castellón) and Pas de l'Aigua (Barcelona) and the work centre located in Tuset (Barcelona), given the little relevance that their environmental aspects have. Additionally, for the same reason, the present report does not include data on foreign subsidiaries.

Data reported hereafter are based on tonnes produced:

t prod	2020	2021
Product	90.436	93.806

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

Pollution and Climate Change

The main greenhouse gases (hereinafter, GHG) emitted by the Miquel y Costas Group relate to combustion equipment that generates the steam used in pulp and paper manufacturing processes. Also, a small percentage of emissions linked to the fuel consumption for the periodic launch of auxiliary emergency equipment is taken into account.

For the new 2021-2025 period, the MB, Terranova, Mislata and Clariana production centres, which are low emission plants, have been excluded from the European Union's Emissions Trading System. In applying the corresponding legislation, a maximum annual emission has been established for each of them which, in the case it was surpassed and as an equivalent mitigation measure, it would entail delivering the volume of surplus emission rights to the State.

In 2021 all production centres have complied with the limit of annual maximum emissions established with the exception of MB, which surpasses it by just 3%.

Conversely, the Besós and Celesa production centres have remained within the European Union's Emissions Trading System and have been regulated by the corresponding legislation for the purposes of delivering the equivalent amount of allowances and in this way compensating the corresponding emissions.

Moreover, emissions related to the electricity generated by cogeneration plants, which do not perceive allowances in this allocation scheme, are also relevant.

Emissions linked to the abovementioned facilities are annually verified by an authorised external entity and are reported to the authorities.

The GHG protocol standard lays down a classification of emissions of said gasses in terms of "scopes". Scope 1 refers to direct emissions from own or controlled sources, while scope 2 includes indirect emissions due to the generation of purchased energy; and scope 3 comprises indirect emissions produced in the company's value chain.

Data is as follows for the Group as a whole:

t CO ₂ /t prod	2020	2021
Scope 1	0,84	0,83
Scope 2*	0,36	0,02

*The information is calculated based on the emission factor annually published by the National Markets and Competition Commission (CNMC).

It should be highlighted that in 2021, the Group has taken a further step in their decarbonisation and sustainability strategy ensuring that 93% of electricity acquired is produced from renewable sources, eliminating in this way scope 2 CO₂ emissions by 94% compared with 2020.

In addition, the Group informs annually on their emission data and on management regarding their carbon footprint, through the CDP Climate Change questionnaire.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

CDP is a non-profit organisation that measures the transparency, commitment, strategy and management of companies and cities, at worldwide level, to promote the evolution towards a sustainable economy.

The CDP valuation report enables the understanding of our current position and those aspects that require attention, allowing the company to continuously progress in environmental management and to improve climate governance. This assessment positions the company in one of the four consecutive levels through which it will pass as it advances towards optimal environmental management (D Outreach, C Awareness, B Management, A Leadership,) allowing the results obtained to be compared according to the sector, region, and global average. There are 3 types of questionnaires:

- CDP Climate Change promotes the efficient management of the carbon and climate change risk.
- CDP Forest provides an action framework to restore forests and ecosystems.
- CDP Water Security boosts the reduction of the impact on the hydric footprint, which is an environmental indicator that defines the total volume of water used in the manufacturing of goods and services.

As a consequence of the significant effort made in the implementation of the best current practices, for the promotion of the environmental management and investments carried out in each production centre, the Miquel y Costas Group has managed to maintain an A- rating in the CDP Climate Change questionnaire filed in 2021, which is within the range of "Leadership". For comparative purposes, it is above the regional average in Europe, the paper and forest sector's average, and the global average, the ratings of which are within the range of "Management" and "Awareness" (ratings B and C).

Rating	2020	2021
CDP Climate Change	A-	A-

It should be noted that achieving this A- rating two years running, both in the CDP Climate Change module and in the one mentioned below, related to the hydric footprint, stands for excellence and reaffirms the Group's commitment to sustainability, their commitment to boosting decarbonisation in all production processes and communication transparency.

Also, to consolidate this commitment, the Group has decided to include environmental performance in the compensation of its Management Committee including incentives in its objectives which are linked to sustainability and, in addition, encouraging General Management to obtain the Leadership rating of A- in the annual world valuation carried out by CDP in order to reinforce the company's leadership in terms of sustainability, adaptation and mitigation of climate change.

In the abovementioned questionnaire, identified risks may be separated into the following types:

- Risks of changes to legislation and legal risks (EU ETS, energy, climate change, etc.)
- Risks due to new technologies (adaptation to best techniques available)
- Risks of changes in physical climate parameters (natural catastrophes and changes to climate conditions)
- Risks of other changes related to the market (reputation, corporate image, and purchase of raw materials)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Moreover, the Miquel y Costas Group has implemented important programmes and initiatives to reduce emissions and improve energy efficiency:

- Acceleration of their development plan to generate clean energy: continuity of studies concerning biomass boilers, installation of photovoltaic panels for self-consumption. More specifically, in 2021 the Group's first photovoltaic installation has been consolidated with an output of 193 kWp, located in Celesa, the functioning of which started at the end of 2020. Likewise, the Project concerning the photovoltaic installation in Terranova has been developed and executed successfully, with an installed output of 562 kWp and the project concerning a new installation in Mislata has begun, with an output of 940 kWp, which will begin working in the first quarter of 2022.
- Execution of an intensive programme of energy efficiency measures in all production centres, to optimise the conventional and cogeneration boilers, the results of which have contributed to the minimisation of the Group's carbon footprint.
- Implementation of energy improvement and efficiency measures identified in the energy audits presented to the competent authority in the first quarter of 2021 based on the data of the 2017-2020 period. Such as, for example, the new photovoltaic installations mentioned above.
- Implementation of standard ISO 50001 on energy management systems in the centres of Miquel y Costas & Miquel (Mislata factory), Celesa, MB Papeles Especiales, Terranova Papers y Clariana. This certification allows the energy aspects derived from industrial activities to be adequately managed through control and continuous improvement tools with an aim of minimising energy consumption and, in this way, maximising energetic efficiency in the future. In 2021 the basis for being able to obtain said certification in 2022 were established.
- Collaboration with NGO Trees for the Future® for the purpose of repopulating areas of Sub-Saharan Africa and helping the growth of the region's economy through sustainability. Thanks to this initiative and to participation through the campaign #RollWithGreen by Smoking® more than 150.000 trees have been planted in the period 2017-2021, which has also helped GHG absorption.

The following table presents the achievement of objectives established by the Group with regard to scope 1 and 2 emissions:

		2005	2020	2021	Variation 2005-2021	Objective 2005-2025	Objective 2005-2030
Scope 1	t CO ₂	118.184	75.650	77.486	-34,4%	-32,0%	-43,0%
	t CO ₂ /t product	1,35	0,84	0,83	-38,8%		
	t CO ₂ /km ² product	53,10	27,49	27,89	-47,5%		
Scope 1+2	t CO ₂	153.817	107.919	79.449	-48,3%		
	t CO ₂ /t product	1,76	1,19	0,85	-51,8%		
	t CO ₂ /km ² product	69,11	39,23	28,60	-58,6%		

As a result of the measures adopted within the framework of the transition towards a decarbonised economy, in 2021 a big reduction in scope 1 and 2 GHG emissions has been achieved, in this way surpassing all absolute and specific objectives established for the 2005-2025 period as well as several of those established for the 2005-2030 period.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

For information purposes, scope 3 emissions (t CO₂) are also included:

Scope 3*	2020	2021
Upstream	134.451	129.573
Downstream	5.132	5.866

* Estimated Scope 3 emissions, based on the analysis of life cycle in 2015 of the two main traded products, extrapolated to the whole of the production in the year.

Likewise, NO_x and SO_x emissions from the combustion boilers are measured periodically, as indicated in the relevant IEAs.

kg/t prod	2020	2021
NO _x	0,93	0,92
SO _x	0,03	0,01

The Miquel y Costas Group has established as an objective not to exceed certain thresholds of NO_x emissions, in each of the production centres:

Facility	Objective 2025 NO _x (mg/Nm ³)	O ₂ % reference
Cogeneration plants	150	15
	190	15
Conventional boilers	200	3

The main energy sources consumed by the Miquel y Costas Group are natural gas and electricity:

Consumption natural gas and electricity	2020	2021
Natural gas (thousands of Nm ³ /t prod)	0,39	0,39
Electricity consumed by company (MWh/t prod)	1,32	1,33

Circular economy and waste prevention and management

- Circular economy

Concerning the consumption of the paper factories' main raw material, virgin wood pulp, 100% of the pulp acquired in 2021 has been provided by suppliers that are certified both in FSC® (FSC-C041521) and in PEFC which, as explained above, are those certifications the ones that apply the most demanding standards concerning the environment and sustainability.

Moreover, in most manufacturing processes, the paper that is generated, as waste, within the production process is recovered.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The Group considers that it is necessary to collaborate with suppliers to tackle the raw materials' impact on the environment. Accordingly, the Group assess that 100% of our suppliers are certified through the implemented custody chain, ensuring that the pulp produced or acquired originates from sustainable sources. Moreover, all entries of wood pulp, before becoming part of the custody chain, are subject to the due diligence system established in the PRCOM02, thus ensuring the traceability of the wood or pulp back to its place of origin.

The main raw materials are wood pulp and non-wood fibres. The figures below do not include other fibres employed in the production process, such as synthetic fibres, nor those purchased from Group companies.

t fibra	2020	2021
Wood pulp and non-wood fibres	77.587	81.938

In 2021, the Miquel y Costas Group has participated, for the first time, in the CDP Forest questionnaire, reporting on management data of raw materials with a forest origin used in their production centres. To demonstrate the Group's commitment to the decrease of deforestation, a B rating has been obtained, which is within the "Management" range. For comparative purposes it is greater than the European and Global average and coincides with the average within the sector.

Punctuation	2021
CDP Forest	B

The needs and expectations of stakeholders have been analysed, as well as the risks derived from the purchase and management of timber products, the most important of which is related to a possible change in the climate conditions that could cause problems in the supply chain.

Likewise, new opportunities and objectives have been established to continue advancing in the Group's commitment to all that related to forest management throughout the supply chain such as, for example, maintaining 100% of pulp suppliers certified under standards FSC and PEFC and increasing their level of participation and of monitoring of the established objectives.

In order to achieve this, the Group has worked on the creation of a questionnaire which will take effect in 2022 and which will be directed towards the main suppliers in order to annually analyse their commitment to the environment. Specific data on GHG emissions and water management regarding the products supplied to the Group will be requested, as well as actions taken or planned to lower their environmental impact and their participation in the CDP questionnaires. The result of these questionnaires will be taken into account as an important factor in the purchasing decisions.

- Waste prevention and management

Waste is managed through authorised companies, always observing the hierarchy of prevention, reuse, recycle, appraisal and, lastly, elimination.

kg waste/t prod	2020	2021
Hazardous waste	2,18	2,94
Non-hazardous waste	106,72	95,59

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The destination of waste generated by the Miquel y Costas Group has been the following:

kg waste/kg total waste	2020	2021
Waste recovered	98%	95%
Waste disposed of	2%	5%

According to the POLCAM and the PRSAM01, all centres analyse their annual waste generation and, if it is significant, establish waste reduction objectives, both for hazardous and non-hazardous waste.

Among others, measures established to reduce the amount of non-hazardous waste include the following:

- Reduction of paper residue in order to take greater advantage of the cut generated in the factory itself, boosting the circular economy.
- Optimisation of the system for the dehydration of sludge in order to generate a lower amount of moist sludges and to increase their possible appraisal.

In turn, production centres that generate more than 10 tonnes of hazardous waste per year are compelled to present a hazardous waste minimisation study every four years, as established by Royal Decree 952/1997. Minimisation is understood as any action that aims to reduce hazardous waste by amount or by dangerousness, and covers aspects related to changes in processes, internal recycling or through the adoption of best practices.

As a consequence of the above, the affected Group factories periodically assess such aspects and implement measures, considering technological, environmental and economic feasibility criteria, to reduce the main hazardous waste generated (such as polluted containers, used oils, fluorescent bulbs, chemical product waste, absorbers, etc.).

The following are some of the main measures established to decrease the amount of hazardous waste generated:

- Optimisation of purchases of hazardous products.
- Control of product stock.
- Appropriate segregation of packaging.
- Use of larger packages
- Efficient management of maintenance plans and cleaning procedures for equipment and facilities.
- Change of the light installation for LED lighting, implying the reduction of fluorescent waste.
- Periodic review of the state of receptacles and containers of raw material, products, and waste.
- Workers' training and awareness.

As a result of this effort, production centres to which the above is applicable have complied with 88% of objectives established in the hazardous waste minimisation study of the previous period.

For the following four years, new objectives have been established for the minimisation of hazardous waste, highlighting the reduction of contaminated packaging between 3% and 9%, fluorescent tubes between 70% and 80% or obsolete chemical product residues by 65%, among others. In the case that it is not possible to establish the minimisation of a specific hazardous waste, maintaining its stable generation is established as an objective.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

- Sustainable use of resources

The paper industry employs water in its production processes, mainly as a means of transport to generate the physical and chemical reactions that are necessary to make pulp, paper, and cardboard. It should be noted that paper plants use water from different sources, but only a small percentage is consumed, since most of it is reintroduced to the receiving medium. The paper industry cannot therefore be strictly classed as a large “consumer” of water, but as a user (source: Voluntary agreement between the Ministry of the Environment and Aspaper dated 2009).

Extracted water used in the production process is mainly obtained from natural sources owned by the Miquel y Costas Group (wells and upwellings). Each production facility has water treatment and fibre recovery plants (fibre is reintroduced into the production process).

For the whole of the Group’s production plants, the origin of water is the following:

m ³ /t prod	2020	2021
Underground water	23,42	23,06
Municipal water	0,10	0,10

Water is finally discharged primarily through the municipal sewers and natural effluents:

m ³ /t prod	2020	2021
Discharge	21,44	20,85

The Miquel y Costas Group is fully aware of the current problem related to the shortage of water. Accordingly, internally and at all levels, the Group promotes the sustainable management of this resource. The main objective is to minimise risks related to the hydric stress and any impact on ecosystems.

In this sense, the company created a Water Committee, in 2015, to analyse and manage in further detail the short- and long-term targets related to this field. This Committee, led by the CEO and the General Director of the Miquel y Costas Group, in addition to dealing with the issue of the hydric stress, focuses on the best practices of each production centre. This Committee holds periodic meetings to review the strategy related to the sustainable management of water and set objectives. One of this Committee’s results has been the implementation of the Water Reduction Plan.

Additionally, the Group annually reports on its water cycle consumption, extraction, and management data through the CDP Water Security questionnaire, which measures the organisation’s transparency, commitment, strategy and management in relation to its hydric footprint, demonstrating the Group’s commitment to the conservation of resources.

As a consequence of the application of the strategic plan, identification of risks and opportunities, best practices in all production centres and new implemented technologies, the Miquel y Costas Group has achieved an A- rating in 2021, within the range of “Leadership”. For comparative purposes, this rating is higher than the European average, the average in the paper and forestry sector and the global average, the ratings of which are within the range of “Management” (rating B).

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Rating	2020	2021
CDP Water Security	A-	A-

As indicated above, in reference to the module CDP Climate Change, it should be noted that this rating of A- two years running, synonym of excellence, reaffirms the Group's commitment to sustainability, the promotion of the circular economy in all processes, and transparency in communication.

Objectives established for the conservation of hydric resources are the following:

- Short term, in the period 2014-2025, the main objective focuses on the reduction of water extraction by 12%, while reducing the hydric stress both at absolute and intensive level according to production.
- The objective of reducing the generation of sludge in 2025 by 20% with regard to 2014's data has also been established for this same period, an objective that has already been surpassed in 2021. In this way, the Group commits to helping the circular economy and the reduction of the carbon footprint due to transport and management of this sludge.
- Likewise, during the mentioned period, maintaining a path without any environmental incidents has been posed as an objective in all production centres, an objective that has been satisfactorily achieved in 2021 thanks to the Group's good practices.

Moreover, and in order to reach such a strict objective, the Miquel y Costas Group is carrying out actions and implementing new technologies, such as, for instance, advanced filtration technologies to maximise the reutilisation of water.

It should be noted that the set objectives are not solely absolute (m³/per year), but also include specific values that allow the Group's development in the reduction of its hydric footprint per tonne of product and surface of product to be measured.

To achieve these objectives, the company monitors different variables, such as for example, the amount of extracted water, quality parameters both in the entry and exit, the discharged volume or the amount of water recycled in the production process.

The following table presents the achievement of objectives set by the Group:

	2014	2020	2021	Variation 2014-2021	Objective 2014- 2025
Extracted water (thousands of m ³)	2.271	2.126	2.172	-4,4%	-12,0%
Extracted water (thousands of m ³)/t product	0,025	0,024	0,023	-7,6%	
Extracted water (thousands of m ³)/km ² product	0,888	0,774	0,782	-12,0%	
Environmental incidents	0	0	0	NA	0
t sludges	5.485	4.707	4.179	-23,8%	-20,0%
t sludges / t product	0,061	0,052	0,045	-26,4%	

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

In its efforts to decrease the hydric footprint, the Miquel y Costas Group involves its supply chain. Accordingly, in addition to the assessment of suppliers from an environmental standpoint, the company identifies (among the most important suppliers) those most aware in this field (such as, for example, through the involvement in the CDP Water Security). As of 2022, the company will try to promote sustainable water management among its suppliers as explained previously in the section on circular economy.

In this way, in some factories, controls are carried out through the calculation of biodiversity indicators.

Biodiversity

Production plants are located in areas that are not protected or regarded as high value in biodiversity terms. Even so, certain measures are carried out for their preservation.

The IBMWP index is a tool that assesses the status of the quality and ecologic potential of river waters. It consists of the recount of the families of invertebrates present in sampling points.

The Miquel y Costas Group performs an annual analysis of this index in its facilities of La Pobla de Claramunt and Tortosa, according to the corresponding IEA, given that they discharge into public waterways.

Results obtained in the analyses performed both in 2020 and in 2021 determine that, based on the index obtained, there are no differences related to the level of biological quality, and therefore the factories' discharge does not influence the abundance of invertebrates in the rivers.

- Group activities according to European taxonomy for the mitigation of and adaptation to climate change

The European taxonomy of sustainable finance is a new classification of economic activities which contribute to environmental objectives of the European Union, such as mitigating and adapting to climate change and its objective is to encourage investment in those that lead to sustainable growth. For this, the European Parliament and the European Union Council adopted the Taxonomy Regulation in 2020. This regulation seeks to increase transparency and coherence in reporting on economic activities which, on complying with specific criteria, can be considered environmentally sustainable.

A) Eligibility analysis

In 2021, the Miquel y Costas Group has initiated a process to analyse their activities in order to identify those that can be considered eligible according to European Regulation 2020/852.

The Group's main activity is based on the manufacture of low-grammage fine and specialty papers. Following an analysis of the activities stated in Annexes I and II of the Delegated Regulation 2021/2139, it is observed that they centre on sectors the exercise of which supposes direct mitigation/adaptation of climate change. Therefore, this does not cover the Group's core business. However, the Group generates energy through photovoltaic solar technology and produces heat/cooling from bioenergy, eligible activities according to the aforementioned Regulation as activities number 4.2 and 4.24 respectively.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

B) Sales

The key indicator referring to the business volume is calculated as the proportion of income derived from eligible activities (numerator) over the company's total revenue (denominator). Said revenue corresponds to those recognised in accordance with the International Accounting Standard (IAS) 1, paragraph 82, letter a), adopted by the Regulation (EC) No.1126/2008 de la Commission. The denominator of this key indicator appears in note 18 "Net turnover and other operating revenue" of FY2021's consolidated notes. However, the eligible activities do not generate revenue, as the energy and heat/cooling generated in the production processes of the Group are destined for self-consumption. Consequently, the value reported is 0%.

C) CAPEX

This indicator is obtained as the proportion of fixed assets invested in eligible economic activities (numerator) with regard to the total assets that have been acquired in FY2021 (denominator). Said denominator (CapEx total) is obtained as the additions to tangible and intangible assets prior to depreciations, amortizations, revaluations and value impairments arising excluding the changes in reasonable value.

Likewise, it includes those additions resulting from business combinations. Therefore, the total CapEx will cover the costs registered in accordance with:

- a) NIC 16 Tangible fixed assets, paragraph 73, letter e), subsections i) and iii);
- b) NIC 38 Intangible Assets, paragraph 118, letter e), subsection i);
- c) NIC 40 Real estate investments, paragraph 76, letters a) and b), (for the reasonable value model);
- d) NIC 40 Real estate investments, paragraph 79, letter d), subsections i) and ii), (for the cost model);
- e) NIC 41 Agriculture, paragraph 50, letters b) and e);
- f) NIIF 16 Leases, paragraph 53, letter h).

In accordance with the consolidated financial statements, the total CapEx appears in notes 4 and 5 of 2021's consolidated notes and correspond to the year's registers. The Miquel y Costas Group commits to sustainability implementing measures to generate renewable energy in their installations and the production of cold/heat from black liquors (bioenergy). Therefore, the numerator has been calculated as the monetary sum of the Group's investments in said measures for each of the eligible activities.

Proportion of eligible and non-eligible activities according to the Capex taxonomy

	Proportion of eligible economic activities (in %)	Proportion of non-eligible economic activities (in %)
4.2 Generation of energy through photovoltaic solar technology	3%	95%
4.24. Production of cold/heat from bioenergy	2%	

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

D) OPEX

This indicator is defined as the proportion of eligible taxonomic OpEx (numerator) among the total taxonomic OpEx (denominator). Said denominator reduces total operating expenses to the direct non-capitalized costs related to research and development, measures to renovate buildings, short-term leases, maintenance and repairs, as well as other direct expenses related to daily maintenance of tangible fixed assets by the company or a third party to who activities are subcontracted and which are necessary to guarantee the continued and effective functioning of said assets. Conversely, the numerator of this indicator would cover the operating expenses included in the denominator that were destined for eligible activities.

The only expenses associated to the activities identified as eligible are those for maintenance of the photovoltaic panels, which are not significant in the year ended at 31st December 2021. In addition, the direct non-capitalised costs covered by European taxonomy, that is, those included in the denominator, represent less than 5% of the total operating expenses of the Group. Therefore, their value is not considered material and, in accordance with that stated in section 1.1.3.2 of annex I of Delegated Regulation 2021/2178 of 6th July 2021, the numerator of the indicator is reported as 0.

3. Social and personnel-related matters¹

The early and rigorous application of internal protocols has helped to prevent and minimize the risks of the spread of the coronavirus for the Group's people and operations. This action has enabled the workplaces to maintain their activities and, with this, to comply with its commitments in this exceptional situation.

For 2021 at the Mislata centre, a Temporary lay-off was processed due to production motives from 01/01/2021 to 31/12/2021 for a total of 83 days of suspension, which was applied in view of the factory production load and affected 59 people.

¹ In the calculation of the following indicators foreign Group subsidiaries are not included, which as a whole represent 5.14% of the Group's workforce at the close of FY2021: number of dismissals, average remunerations, number of people with a disability employed, number of hours of absenteeism, accidents in the workplace and work-related illnesses and number of hours of training.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Despite the above, the average number of employees in this year has been 904 (average number of employees in 2020 was 893) and the total number of workers of the Miquel y Costas Group at 2021's closing was 874. For reporting purposes, the number of workers at year-end closing is used, given the high stability of the workforce, with the following classification by gender and professional category:

Classification by gender and professional category	Men	Women	Total
Board members	3	0	3
Senior management	6	3	9
Directors	22	0	22
Supervisors and middle management	96	9	105
Administrative and technical personnel	79	91	170
Production personnel	429	136	565
Total	635	239	874

The classification by age and gender is as follows:

Classification by age and gender	Men	Women	Total
<= 20	0	0	0
21 to 30	43	12	55
31 to 40	102	40	142
41 to 50	238	96	334
51 to 60	192	76	268
>= 61	60	15	75
Total	635	239	874

The distribution by country is as follows:

Distribution by country	Men	Women	Total
Spain	613	216	829
Argentina	17	23	40
Chile	2	0	2
Germany	2	0	2
Philippines	1	0	1
Total	635	239	874

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Regarding the individual figures for Miquel y Costas & Miquel, S.A., the number of workers at year end is shown below:

Classification by gender and professional category	Women	Men	Total
Board Members	3	0	3
Senior Management	5	3	8
Directors	7	0	7
Supervisors and middle management	59	5	64
Administrative and technical personnel	45	52	97
Production personnel	228	109	337
Total	347	169	516

The prevalent feature of the Group's labour and human resources development policy has always been the principle for non-discrimination. This is based on respect for people's rights and dignity (irrespective of gender), adherence to the guiding principles of integrity, honesty and responsible conduct, and rejection of all forms of discrimination.

In line with these guiding principles, the parent Company has an Equality Plan which is currently being updated to adapt it to the new legal requirements in force, with the aim of contributing to the elimination of any discriminatory behaviour based on gender in the workplace, including the implementation of measures to favour the incorporation, continuance, and personal development to:

- Achieve a balance of women and men at all levels of the business organisation.
- Promote measures that favour a work-life balance.
- Tackle any incidents that may arise in connection with moral or gender-based harassment.

In the latter case, the Company has implemented an internal procedure to prevent moral or gender-based harassment in the workplace, the purpose being to prevent and, if necessary, penalise any act of harassment that takes place.

The distribution of employment contracts in the Group as a whole is set out below:

Classification by contract	Men	Women	Total
Indefinite-term contract	72%	28%	91%
Temporary contract	76%	24%	9%
Total	73%	27%	100%

At the year-end closing, there are no employees with a part-time contract, and only those who have requested a reduction in working hours or partial retirement are working less than full-time.

In the case of the individual company Miquel y Costas & Miquel, S.A., the distribution of contracts has been the following:

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Classification by contract	Men	Women	Total
Indefinite-term contract	67%	33%	91%
Temporary contract	73%	27%	9%
Total	67%	33%	100%

With regards to the annual distribution by age range the indefinite-term and temporary contracts in Group companies has been the following:

Classification contracts by age	Temporary	Indefinite	Total
< 20	0	0	0
21 to 30	20	35	55
31 to 40	26	116	142
41 to 50	24	310	334
51 to 60	9	259	268
> 61	0	75	75
Total	79	795	874

As shown in the figure above, 90.96% of the employees have a permanent contract.

And the distribution by category and gender is the following:

Classification by category and gender	Men		Women		Total
	Temporary	Indefinite	Temporary	Indefinite	
Executive board members	0	3	0	0	3
Senior management	0	6	0	3	9
Directors	0	21	0	0	21
Supervisors and middle management	5	91	0	9	105
Administrative and technical personnel	8	71	14	77	170
Production personnel	47	383	5	131	566
Total	60	575	19	220	874

92.05% of the Group's female employees have a permanent contract, while this ratio rises to 90.55% in the case of male employees.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

During 2021, the number of dismissals by age, gender and professional classification for national companies is detailed below:

Dismissals by gender and age	Men	Women	Total
<= 20	0	0	0
21 to 30	1	0	1
31 to 40	3	1	4
41 to 50	3	1	4
51 to 60	8	1	9
>= 61	6	1	7
Total	21	4	25

** Data on foreign subsidiaries are not included.*

Dismissals by professional classification and gender	Men	Women	Total
Executive board members	0	0	0
Senior management	0	0	0
Directors	0	0	0
Supervisors and middle management	0	0	0
Administrative and technical personnel	4	1	5
Production personnel	17	3	20
Total	21	4	25

** Data on foreign subsidiaries are not included.*

Remunerations to all Group employees comply with all statutory obligations established in the collective bargaining agreements in force. Additionally, Group employees have the voluntary option to adopt the corporate social security plan in progress, the accrual of which is made over three years, subject to compliance with the conditions established in said plan. Meanwhile, certain groups of employees (subject to certain conditions) have contributions to a social welfare plan, remunerations and variable incentives linked to the achievement of certain objectives, access to a stock option plan in the company (currently, in a vesting period) and life insurance.

In 2021, with the objective of evaluating the performance of personnel in administrative positions a qualitative and quantitative monitoring has been carried out on their performance evaluating dedication, efficiency and achievement of the objectives specified. This monitoring covered 91% of these workers in 2021 and the objective is that 100% of this collective received a performance valuation in 2022.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Gross average remunerations, by gender, age, and professional classification, for national companies have been the following:

	MEN		WOMEN		Difference
	Age	Average Salary	Age	Average Salary	
Board members	<=30		<=30		
	31-49		31-49		
	>=50		>=50		
		360.806,02		0,00	
Senior Management + Directors	<=30		<=30		13%
	31-49	94.187,73	31-49		
	>=50	119.886,54	>=50	137.830,79	
		113.461,84		128.573,73	
Supervisors and middle management	<=30	34.271,06	<=30		-14%
	31-49	49.424,78	31-49	46.990,87	
	>=50	54.632,59	>=50	41.516,19	
		52.748,33		45.622,20	
Technical and Admin	<=30	24.684,97	<=30	22.486,36	-20%
	31-49	34.839,30	31-49	27.498,44	
	>=50	48.994,38	>=50	38.284,59	
		38.535,99		30.999,55	
Production personnel	<=30	26.986,62	<=30		-14%
	31-49	31.565,24	31-49	28.033,74	
	>=50	34.438,86	>=50	26.101,78	
		32.293,83		27.777,22	
Production personnel (non-continuous)	<=30	21.459,59	<=30		-6%
	31-49	26.228,31	31-49	22.535,17	
	>=50	22.293,28	>=50	24.346,12	
		24.949,60		23.521,49	
	682		246		

(*) Dark shaded boxes without data relate to information on a single person.

- (1) Difference between men and women in the "Supervisors and Middle Management" group: the group of men have been with the company longer than the group of women in the age bracket of over 50 years. What is more, the two groups are not comparable quantitatively.
- (2) Difference between men and women in the "Technical and Admin" group, the group of men is made up of salesmen and engineers while the group of women are administrative personnel and sales assistants.
- (3) Difference between men and women in the "Production personnel" group from 31 to 49 years old: the women are mainly labourers, whilst the group of men are operators of all categories. What is more, the two groups are not comparable quantitatively.
- (4) Difference between men and women in the "Non-continuous Production personnel" group, most men are maintenance workers and the group of women paper conversion workers.
- (5) In 2021 workers whose contracts correspond to personnel who have been working less than 12 months have been included.

Information relating to the remuneration of Board members and Directors may be consulted in the Corporate Governance Annual Report which is part of FY2021 Financial Statements, and also in the Board Members' Remuneration Report, both available on the following corporate website: <http://www.miquelycostas.com/>

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Average remunerations by gender, age, and professional classification for national companies in the previous year were the following:

	MEN		WOMEN		Gap per category
	Age	Average salary	Age	Average salary	
Senior Management + Directors	<=30	0,00	<=30	0,00	29%
	31-49	84.923,12	31-49	0,00	
	>=50	115.322,52	>=50	137.169,53	
		106.636,98		137.169,53	
Supervisors and middle-management	<=30		<=30	0,00	-10%
	31-49	48.835,66	31-49	47.519,87	
	>=50	52.588,99	>=50		
		51.291,05		46.107,42	
Technicians and Admin.	<=30	21.122,18	<=30	22.562,36	-18%
	31-49	37.630,80	31-49	30.353,22	
	>=50	50.405,42	>=50	40.407,78	
		40.728,40		33.559,69	
Production personnel	<=30	26.185,96	<=30		-18%
	31-49	31.889,94	31-49	26.514,33	
	>=50	33.485,80	>=50		
		32.225,91		26.290,59	
Production personnel (non-continuous)	<=30		<=30	0,00	-6%
	31-49	26.438,57	31-49	22.955,04	
	>=50	22.676,73	>=50	24.866,01	
		25.355,31		23.865,88	

(*) Dark shaded boxes without data relate to information on a single person.

- (1) Difference between men and women in the "Technical and Admin" group: men are sales representatives and engineers, while women are administrative personnel and sales assistants.
- (2) Difference between men and women in the "Production personnel" group aged 31 to 49: women are mostly labourers while men are operatives in all categories.
- (3) Difference between men and women in the "non-continuous production personnel" group: men are mainly maintenance workers, and women are paper conversion workers.
- (4) Production personnel relates to employees subject to the Pulp, Paper, and Cardboard Collective Agreement, while non-continuous production personnel are subject to the Graphic Arts Collective Agreement.
- (5) Employees whose contracts correspond to personnel who have been working less than 12 months have not been included.

The information related to the remuneration of Board Members and Directors may be consulted in the Corporate Governance Annual Report which is part of FY2020 Financial Statements, and also in the Board Members' Remuneration Report, both available on the following corporate website: <http://www.miquelcostas.com/>

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Concerning the average remuneration of Directors in 2021, including all concepts established by Law, the details are the following:

Senior Management	Men	Women
	376,225	248,291

With regards to the employment of people with a disability, data related to the gender and type of contract in national companies have been the following:

People with disability by category and gender	Men	Women	Total
Executive board members	0	0	0
Senior management	0	0	0
Directors	1	0	1
Supervisors and middle management	0	0	0
Administrative and technical personnel	1	0	1
Production personnel	3	1	4
Total	5	1	6

** Data on foreign subsidiaries is not included.*

The Miquel y Costas Group complies (except for Clariana and Terranova Papers, which are under review) with all requirements of legal and comprehensive provisions in force concerning disabled people's rights. In this case, and for the purpose of complying with the General Law of disabled people's rights and social inclusion, given the nature and complexity, from the perspective of the safety at work, of job positions in the paper industry, the parent company and one of its subsidiaries have opted for requesting the certificate of exceptionality, while the remaining companies comply with their own personnel. This option and legal alternative allows for compliance with legal provisions in force by contracting certain production work with Special Employment Centres, an option which involves assistance and collaboration in job creation through said Centres. The Group has not adapted workplaces for disabled people.

Data related to absenteeism for 2021 include the hours lost through illness, occupational accident and maternity or paternity:

Hours of absenteeism	Hours
Hours of absenteeism for Temporary Disability	78.823,84
Hours of absenteeism por health contingencies derived from Covid-19	10.243,64
Hours of absenteeism for Occupational accident	5.799,32
Hours of absenteeism for maternity/paternity	11.718,77

** Data on foreign subsidiaries are not included.*

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

The current work calendars apply to all the employees and are in line with legislation in each country. The measures put in place to promote a work-life balance and the co-responsible use of this right by both parents are laid down in prevailing labour legislation, such as the reduction in working hours for childcare, parental leave, etc. The office personnel have a flexible working day, while production work is organised in rotating morning, afternoon, and night shifts, as well as a non-stop system (depending on the production centre). In 2021, considering health recommendations set to slow down the expansion of Covid-19, the Group has promoted, as far as possible, remote work for office personnel.

Work is regulated and organised as laid down in collective bargaining agreements, with the National Collective Agreement for the pulp, paper and cardboard industry and the National Collective Agreement for graphic arts, paper conversion, cardboard conversion, graphic arts, and ancillary industries being applicable according to the type of activity in each centre. Likewise, trade union membership rights are guaranteed through freedom of association for workers, facilitating the existence of trade union platforms. The Group has not implemented a disconnection policy because the situations in question have not been identified and priority has not been afforded to developing and regulating such a policy.

As regards social dialogue, the Group is covered by the above-mentioned collective bargaining agreements and holds periodic meetings with the employees' legal representatives, using the communication mechanisms that are common practice in the business world. Meetings are regularly held with the employees' representatives (works committee and delegates) to discuss various matters affecting labour relations in the plants and meetings with the health and safety committees.

The employees' representatives are informed quarterly of trends in the economic sector to which the company belongs, the economic situation and performance, forecast of new contracts and absenteeism statistics. A channel for communicating with the Audit committee, a delegated body of the Board, is available in the form of an open inbox. The Group applies national labour legislation in each country in which it has employees, all of whom are covered at national level by collective bargaining agreements.

The Miquel y Costas Group management understands that occupational risk prevention associated with their activity is a key aspect of business management to which all those involved must pay the utmost attention to continue ensuring a safe and healthy work environment for all those who provide services in the Group's facilities, both hired and external staff.

With the aim of guiding all those members with management responsibilities in the Company, whether senior or middle management, the Miquel y Costas Group adopts the present Prevention Policy, expressed in the following principles:

- The health and safety of the workers (SST in Spanish) must be managed in agreement with the international standard ISO 45001:2018, with the same professional rigor as any other of the Company's key areas and all managers must specifically consider these aspects in all activities they carry out or order to be carried out, and in all decisions taken, as an integral part therein.
- Working with security must be inherent to the activity developed and, in order to enable this, the necessary resources will be provided to reach set objectives with the commitment to eliminate eventual dangers.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

- Through express delegation from the General Management, ongoing implementation, and improvement of the SST management system, will be sustained in the leadership of the Management of each Factory, the commitment and involvement at all levels and functions within the organisation. In order to achieve this, the authority and responsibility of the Management of each area and chain of command will be essential to guarantee compliance with procedures, correct condition of equipment and installations, as well as the appropriate use of protective equipment, both collective and individual.
- The Group will maintain and reinforce systems to enable the ongoing identification of dangers and assessment of labour risks as a basis for the establishment of appropriate measures and control programmes, moving towards continuous improvement.
- Although all employees are trained in risk prevention for the safe performance of their work, actions will be reinforced to broaden their knowledge beyond what is legally established so that personnel can anticipate the occurrence of accidents in the workplace.
- Mechanisms will be boosted for the participation and consultation of workers' representatives to enable fluent communication in the area of prevention and to promote their involvement in risk assessment processes and in the design and application of preventive programmes.
- Management will keep operative and will monitor the necessary prevention plans and programmes to enable the achievement of objectives set in the path towards continuous improvement, in addition to compliance with legal requirements and others subscribed by the company.

The collective bargaining agreements in the Miquel y Costas Group's workplaces, encourage compliance with the provisions of current occupational health and safety legislation, particularly those specified under Law 31/1995 of 8 November on Occupational Risk Prevention and related enabling regulations.

In addition, the National Collective Agreement for the pulp, paper and cardboard industry requests the fullest cooperation from all industry companies, with the Group participating actively through the manufacturers' association Aspapel's ORP Technical Forum, which focuses on ensuring that preventive measures effectively reduce risks and potential accidents during the production process.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Work centres' accident data in 2021 are as follows:

Occupational accident with sick leave at workplace							
Centre ⁽¹⁾	No. accidents (men)	No. of accidents (women)	Objective accidents 2022	IF (2)	Objective IF 2022	IG (3)	Objective IG 2022
MCM. TUSET	0	0	(4)	0	(4)	0	(4)
PAPELES ANOIA	0	0	(4)	0	(4)	0	(4)
MCT	0	0	(4)	0	(4)	0	(4)
MCEMA	0	0	(4)	0	(4)	0	(4)
DESVI	0	0	(4)	0	(4)	0	(4)
MCM BESOS	5	0	(7)	14.8	(8)	0.8	(5)
MCL	1	0	(4)	59.7	(4)	0.9	(4)
CELESA	6	0	(7)	41.7	(6)	0.5	(5)
MCM MISLATA	5	0	(7)	40.7	(6)	1.4	(6)
MCM CAPELLADES	0	1	(4)	4.2	(4)	0.1	(4)
MB	5	0	(7)	35.0	(6)	1.6	(6)
TP	3	0	(7)	29.8	(6)	0.6	(5)
CLARIANA	2	0	(7)	20.2	(5)	0.4	(8)

Occupational accident with sick leave on the way to/from work		
Centre ⁽¹⁾	No. of accidents (men)	No. of accidents (women)
Miquel y Costas & Miquel, Work centre Tuset	0	1
Miquel y Costas & Miquel, Production Centre Besós	1	0
Papeles Anoia	0	0
Miquel y Costas Tecnologías	0	0
MCEMA	0	0
Desvi	0	0
Miquel y Costas Logística	0	0
Celesa Production Centre	0	0
Miquel y Costas & Miquel, Production Centre Mislata	1	0
Miquel y Costas & Miquel, Production Centre Capellades	0	0
MB Production Centre	1	0
Terranova Production Centre	0	0
Clariana Production Centre	0	0

- (1) Foreign subsidiaries are not included
(2) Frequency rate: number of accidents per million of worked hours
(3) Severity rate: number of days lost per thousand of worked hours
(4) Maintain 0 objective
(5) Not to surpass 80% of ASPAPEL's index 2021
(6) Equal the sector's index
(7) Reduction of the number of accidents by 20%
(8) Not to surpass 70% of ASPAPEL's index 2021

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

	ASPAPPEL 2021
FREQUENCY INDEX	21,2
SEVERITY INDEX	0,7

The occupational risk prevention system identifies, assesses, and controls the risk that there may be workers engaged in professional activities showing a high rate of incidence or risk of certain diseases. No professional disease was identified or declared in 2021.

In 2021, the Group was certified under standard ISO 45001:2018 in the work centres of Tuset (headquarters), production centre of Besós (Barcelona), production centre of Capellades (Barcelona), production centre of Mislata (Valencia), production centre of MB Papeles Especiales (La Pobla de Claramunt), production centre of Terranova Papers (La Pobla de Claramunt), production centre of Celesa (Tortosa) and production centre of Clariana, production centre of Miquel y Costas Logística, logistic warehouses in Betxí and Pas de l'Aigua (Miquel y Costas Logística).

Standard ISO 45001:2018 facilitates the integration of occupational health management systems with those of quality and environment and proposes continuous improvement through PDCA methodology in order to establish the processes to be confident that they are controlled, carried out as planned and achieve the intended outcomes of the occupational health and safety management system.

From the definition of the different work positions existing and in light of the training needs and/or training arising as a consequence of the objectives foreseen (defined by the Department/Area Head, Factory Management, Management and/or Division Management, for new products, processes or installations, for regulations applicable to the product or the process, for requisites of the Management System for Quality, Environment and Occupational Safety or changes in the Integrated Management System), a Training Plan is established annually. This guarantees training for personnel that could influence product quality, customer service, environmental aspects and all matters related to the positions they hold, which could improve their performance.

On an annual basis, the Group establishes the training plan for all Group employees, providing them (per category and position) with the necessary training for the development their daily activity. The objective of such training sessions could be the acquisition of new knowledge linked to their daily functions, improvements of skills or achievement of certificates.

In addition, in certain cases, according to forecast career plans, the company has provided certain directors access to specialised technical courses.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The number of training hours per professional category in 2021 for national companies has been the following:

No. hours training by professional category	Hours
Directors	276
Supervisors and middle management	1.811
Administrative and technical personnel	1.997
Production personnel	1.683
Total	5.767

4. Respect for Human Rights

The management of Miquel y Costas & Miquel, S.A. and its Group companies declares a firm commitment to assuring respect for human rights in all areas and at all levels of the organisation. The prevalent feature of the Group's labour and human resources development policy has always been the non-discrimination principle. Its guiding precepts being:

- Respect for personal rights and dignity, regardless of gender.
- Compliance of the guiding precepts of a conduct of integrity, honesty, and responsibility.
- Rejection of any form of discrimination.

Business policies have been defined in strict compliance with the fundamental principles and values promoted by the main international human rights organisations, such as the United Nations Organisation or the International Labour Organisation. Also, and on a continuous basis, the Miquel y Costas Group works for the improvement of individual and collective labour rights for all its workers, beyond those required by international bodies.

Labour policies approved by the Group are always established under the prevailing employment regulations or legislation, developing the corresponding due diligence procedures to assure compliance of said regulations or legislation.

Compliance with legislation on contracting and working conditions excludes the possibility of work situations that are abusive, forced or regarded as unlawful, such as child labour or human trafficking.

The different applicable collective bargaining agreements that govern labour relationships in the Miquel y Costas Group are independent of enterprises, with negotiations always remaining outside the company's core. Currently, both Collective Bargaining Agreements, that of Pulp, Paper, and Cardboard as well as Graphic Arts are in force, with both agreements having a biannual validity for 2021 and 2022. Likewise, in the development of labour relations, negotiations take place in the heart of the company, which usually terminate with agreements that adapt, if not improve, and seek to perfect the rights defined at state level in the different collective agreements.

Union and meeting rights are guaranteed for all workers, as legally established, as well as rights and guarantees set in the labour regulations for members of the existing workers' legal representation in all centres.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

The Miquel y Costas Group makes the necessary material and space resources available to the different workers' legal representations and different union representations, for the successful development of their functions, in the interest of their organisations and represented parties, thus easing the holding of meetings and/or assemblies.

The union percentage is known and relatively low, as a consequence of having healthy and collaborative labour relationships, not exempt from occasional differences, but also not exempt from the search for ways to solve possible discrepancies.

With the approval of the Code of Ethics by the Board of Directors, on November 27, 2017, the Miquel y Costas Group's willingness to develop its activity based on its values of integrity, transparency, equality, commitment, and excellence becomes evident, as a guide for its employees' conduct, as well as for the Senior Management and the Board of Directors. The Code of Ethics ensures the Group's commitment to the development of its activities in agreement with solid ethical values, and to the compliance with the legislation in force.

The Code of Ethics is applicable in all companies that make up the Miquel y Costas Group and reaches all personnel who deliver services for the Group. The Board of Directors and Management are responsible for setting an example and, through the Compliance Officer, for spreading and guiding all collaborators in compliance with the principles and standards therein established.

In turn, it is also extendable to, and must be known and adhered by, all third parties who, in one way or another, collaborate with the Miquel y Costas Group.

In addition to compliance with legal obligations, and in accordance with our firm commitment to the Sustainable Development Objectives (SDO) and with the Corporate Social Responsibility Policy implemented, social, labour, environmental concerns and respect for Human Rights arising from the relationship with the groups of interest are voluntarily integrated in the governance, management, and business strategies.

In response to the guiding principles, the parent company has implemented an "Equality Plan" which has already been outlined in the section "3. Social and personnel-related matters.

Additionally, the Group has implemented an "Internal procedure to prevent sexual, moral or gender harassment at work", establishing penalties for any case of harassment in Group companies.

Furthermore, and in agreement with the "People management procedure (PRGESRH)", the Miquel y Costas Group, twice a year, carries out employee satisfaction surveys in the centres of MB and Terranova Papers, measuring and analysing the results and, based on the values obtained in the different items, improvement actions are implemented. In 2021, as well as those previously mentioned another two types of surveys have been created. The first consists of two questionnaires: "Labour satisfaction survey", which analyses seven aspects of the labour environment; and "Direct Manager's evaluation survey", which evaluates ten points regarding the way the immediately-superior manager works. Both questionnaires complement their results and have been carried out in the Celesa work centre, with a notably good result being obtained. The second has been a survey which evaluates the HR Department through 5 final items and questions which qualifies the department.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The different surveys will be carried out in accordance with the following objectives: biennial satisfaction surveys according to IATF in the MB and Terranova centres; four-yearly evaluation surveys on HR by all the work centres; and, annual evaluation surveys on the direct manager and on job satisfaction in 2 work centres which will change on a rotational basis each year in accordance with an established agenda.

Given that ethical values drive the activity and build trust with both the personnel as well as the environment, it is essential to ensure respect for human rights and business policies, reporting any non-compliance with these principles. For such purposes, the Group has implemented a Whistleblowing Channel which, in agreement with the “European Directive related to the protection of people who report illegal activities and abuses of rights”, all reports received will be diligently processed, with absolute confidentiality and ensuring the rights of the parties involved: the figure of the whistle-blower will be protected by the Audit Committee (delegated body of the Board of Directors) against any type of retaliation, direct or indirect; additionally, the rights of any person who could be unjustly accused, or in bad faith, will be protected.

In 2021, no complaints related to discrimination, harassment or lack of respect for Human Rights have been received. Regarding other issues, 3 communications have been received, of which, the first has been evaluated and resolved, informing the sender of the conclusions. The other 2 communications, at the year’s close, are being appropriately assessed and the conclusions will be discussed at the following Audit Committee’s meeting.

Moreover, and in order to guarantee compliance with the guiding principles of the labour policy, the Group carries out training plans on ethics standards for all staff.

Additionally, all newly recruited employees receive, on their arrival, a Welcoming Manual which includes, among others, information related to policies and procedures concerning business ethics and their compulsory compliance and penalising system.

5. Fight against corruption and bribery

The Audit Committee, as delegated responsible body, agreed, on November 27, 2017, and ultimately the Board of Directors ratified, on December 18, 2017, the Anticorruption and Antibribery Policy, in addition to the Code of Ethics and the Corporate Social Responsibility Policy.

The Code of Ethics, Corporate Social Responsibility Policy and Anticorruption and Antibribery Policy are applicable in all the companies of the Miquel y Costas Group and all personnel providing services within.

In turn, they are also extendable, and their knowledge and adhesion are compulsory for all third parties who, in one way or another, collaborate with the Miquel y Costas Group, through representations and guarantees of anticorruption conduct (ethics clauses in contracts, due diligences).

The Anticorruption and Antibribery Policy reinforces the commitment held by the Miquel y Costas Group to develop its activities in agreement with the legislation in force, substantiated in the values and principles of the Code of Ethics (integrity, transparency, equality, commitment, and excellence). Also, the Anticorruption and Antibribery Policy includes the necessary mechanisms to prevent the risk of money laundering.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

NON-FINANCIAL INFORMATION FY2021

Likewise, the Corporate Social Responsibility Policy has, in addition to strict compliance with legal obligations in force, been established for the voluntary integration in the government, management and business strategies, of the social, labour, environmental concerns and respect for Human Rights related to the stakeholders who make up this area and constitute the sustainable value of the Miquel y Costas Group.

In order to comply with the Code of Ethics, the Corporate Social Responsibility Policy and the Anticorruption and Antibribery Policy, the control model implemented to prevent criminal risks, is applied.

Since 2016, the Miquel y Costas Group has had their "Internal Control Model to Prevent Criminal Risks" implemented. This management and organisation model has been designed under the conviction and willingness to cover all areas of activity and includes the necessary measures of surveillance and control to prevent and detect the commission of crimes (and with greater attention being paid to criminal breaches that could affect the legal entity), guaranteeing the company's goodwill before third parties.

Through the Compliance Officer, legal regulations in force are complied with through the review, analysis and periodic supervision of control activities applied in the different processes exposed to the risk, in order to identify criminally punishable conduct and procedures, both internally and by third parties, and which occur within the Group or its activities, and to adopt appropriate measures in each case.

Based on the implementation of the management system to control criminal risks, criminal acts that could have a greater incidence are detected and prioritised, while identifying areas and processes that are most strongly exposed to the risk and mitigating control mechanisms. The management model is kept updated and, for such purposes, the following actions are performed:

- Periodic supervision of the effectiveness of existing controls;
- Action plans to establish new control mechanisms or improve existing mechanisms;
- Internal audit plan of critical controls; and
- External audit to assess the management model.

Periodically, the Group performs an internal follow-up on the compliance with the control mechanisms implemented in the most exposed processes, extracting conclusions on the suitability of their design, assessing their operating effectiveness in the prevention or detection of offences (particularly criminal), and actions derive.

Additionally, and on a periodic basis, a diagnosis report is carried out by the external audit, assessing the compliance-management system to verify the degree of maturity and effectiveness, benchmarking the best practices, which includes its alignment with technical aspects and needs defined in the UNE 19601. Unfortunately, it has not been possible to perform the external audit in 2021, given the circumstances caused by the situation of the worldwide pandemic, although the work to be carried out at the start of 2022 has already been contracted.

The Audit Committee (body delegated by the Board of Directors) is in charge of supervising and approving the action carried out and the results obtained.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The Code of Ethics, as well as the Corporate Social Responsibility Policy and the Anticorruption and Antibribery Policy in force in all Miquel y Costas Group companies is public, consultable, and accessible (both internally and externally) on the following website: www.miquelycostas-gob.com

Management of compliance with this set of policies and procedures related to business ethics, and the resolution of consultations deriving from them, are centralised in the Audit Committee through the Compliance Officer, as well as the thorough examination of possible claims or suspicions regarding the commission of illegal actions that could be processed through channels available in the Group.

In order to make it easier for personnel and third parties to report acts of non-compliance or illegal actions or suspicions thereof, it is considered mandatory to have internal reporting channels and procedures. The Miquel y Costas Group has implemented the Ethical Channel for this purpose.

Through a contact mailbox on its corporate governance site (mainly, for external use), and physical mailboxes available at each work centre (for internal use), all communications are collected and registered by the Compliance Officer, before being conveyed to the Audit Committee, who studies them, assesses them and adopts measures, with the due diligence, as deemed convenient in each case within the framework of the Miquel y Costas Group's internal control.

In agreement with the "European Directive related to the protection of people who report illegal activities and abuse of Rights", all reports received will be diligently processed, with absolute confidentiality and ensuring the rights of the parties involved: the figure of the whistle-blower will be protected by the Audit Committee against any type of retaliation, direct or indirect; additionally, the rights of any person who could be unjustly accused or accused in bad faith will be protected.

In the period subject to the present report, there are no confirmed cases of corruption, bribery, fraud or any type of offence contemplated under criminal risks, including those related to the security of information. As a consequence, derived from this:

- There has not been any warning or dismissal of any employee.
- There has not been any termination or lack of renewal of contracts with any business partner.
- The Group has not received lawsuits for this reason, neither against the organisation or any of its employees.

The totality of centres located in national territory and the most significant risks related to corruption have been assessed.

Centres distributed per typology are detailed below:

- Industrial: Miquel y Costas & Miquel S.A. (Besós centre, Mislata centre, Capellades centre), MB Papeles Especiales S.A., Terranova Papers S.A., Celulosa de Levante S.A., Miquel y Costas Logística S.A., Clariana S.A.
- Commercial: Papeles Anoia S.A., Sociedad Española Zig-Zag S.A.
- Services: Miquel y Costas & Miquel (Tuset centre), Miquel y Costas Tecnología S.A., Miquel y Costas Energía y Medioambiente S.A.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

The most relevant risks related to corruption and linked to the group's activities are detailed below, due to their probability of occurrence or impact:

- Fraud and scams.
- Thwarting enforcement.
- Criminal insolvency.
- Money laundering.
- Bribery.
- Influence peddling.

In addition, and due to the seriousness that an occurrence could suppose and the relevance that, currently, aspects related to cybersecurity are having, we are adding the following to the previous list, also among the most relevant risks:

- Security of information

In order to strengthen the position related to the zero tolerance of acts of corruption or any crime, the Group carries out training plans on ethics standards, for all staff. The training is not only given to key employees exposed to high risks, but to all personnel.

These training programmes are destined to ensure the application of the risk prevention procedure and to identify possible warning signs, as well as disclosing and guaranteeing compliance with the Code of Ethics principles, the Corporate Social Responsibility Policy and the Anticorruption and Antibribery Policy which include the whistleblowing channel and sanctioning regime.

At 2021's close:

- All members of the governing body have received information on the policies related to corporate ethics and training on the organization's anti-corruption procedures.
- 100% of those newly hired this year, have been informed of policies and procedures that govern the group's activities and of the ethics principles which define their conduct, including the Anticorruption and Antibribery Policy.
- 90% of personnel has received training on ethical standards of the organisation, corresponding to the percentage pending for those recently hired or with temporary disabilities.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

6. Society

The Group stays permanently in contact with its local communities, including education authorities, businesses, municipal entities, and their sectors. The purpose of this relationship is to obtain information on potential collaborators and establish close contacts among industry companies and associations to improve management and knowledge of different situations, or in the interests of economic development in the local population or area in which the Group companies are located.

Through the Miquel y Costas Foundation, promoted within the Group, most collaborations with the different stakeholders are materialised, such as, for illustrative purposes, collaboration in educational programmes in our stakeholders' communities.

Concerning the relationship with business associations, the Group (through its companies or through the Miquel y Costas Foundation) is a sponsoring member of Museu Molí Paperer de Capellades (Barcelona) and is member of the business association of the Anoia UEA region (Unió Empresarial de l'Anoia).

Donations made by the Group in the year have amounted to €85 (73 thousand euros the previous year), almost all of which have been offered to the Miquel y Costas Foundation, which in turn has reverted it to society.

a) Purchases

As regards the supply chain, the purchasing department assesses suppliers of materials for industrial and business activity considering aspects related to quality, price, delivery, technical service and assistance, and the environment. Regular assessments are carried out covering all these matters. 159 reviews were carried out with an average score of 91.4 out of 100, as well as presential audits in the suppliers' installations carried out by the Group's technicians using internal questionnaires that must be completed.

The purchasing department manages raw material orders regularly with each supplier, analysing available stocks and future needs. Raw materials are then assigned to the plants as necessary. As regards the other production materials, the department negotiates prices and delivery terms with each supplier and each plant is responsible for quantifying the material needs (product, quantity, and delivery date). The purchasing department then prepares and sends the orders to the suppliers.

For supplier approval purposes, the Miquel y Costas Group has a general supplier assessment procedure (PRCOM02) that describes the selection, evaluation, and monitoring of suppliers in their facilities, determining their capacity to meet quality requirements for each product and service, including environmental criteria for all suppliers and custody chain criteria for raw materials of forest origin. When contracting all its suppliers, particularly those linked to the production activity, the Group also informs them of its Code of Ethics, Corporate Social Responsibility and Anticorruption Policy, and verifies CSR aspects in the supplier audits.

In addition, an operational control procedure (PRSAM04) is applied to determine the way in which to control environmental aspects associated with equipment and facility maintenance activities and those performed by subcontractors.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Specifically for subcontractors that carry out work in the facilities of Miquel y Costas & Miquel, S.A. and its Group, the CTAIMA platform is used to manage Business Activity Coordination, informing the companies of the labour, prevention of occupational risks and environment related requirements to be fulfilled in order to work inside the facilities.

Finally, a Welcoming Manual is provided to all subcontracted personnel who are to work for the Group containing environmental information, among other aspects.

b) Tax information

The Group contributes to the support of the territories in which it is located. Certain assistance is also received to promote public policies aligned with those of the Group. Details of this assistance may be found in note 14 a) to the 2021 Consolidated Annual Accounts.

Net profits obtained by country, as well as payments carried out linked to corporation tax in 2021 are as follows:

COUNTRY	PROFIT BEFORE TAX	CORPORATE INCOME TAX PAYMENTS
SPAIN	65.062	15.040
OTHER COUNTRIES (Subsidiaries)**	1.996	700
TOTAL	67.058	15.740

* Data in thousands of euros.

** Other countries (Subsidiaries) include mainly Argentina with around 85% of the values of this section

** Payments carried out for corporation tax at 2021's close amount to 14,515 thousand euros

Net benefits obtained by country, as well as payments linked to corporation tax carried out in 2020, are as follows:

COUNTRY	PROFIT BEFORE TAX	CORPORATE INCOME TAX PAYMENTS
SPAIN	56.969	11.304
OTHER COUNTRIES (Subsidiaries)	1.293	552
TOTAL	58.262	11.856

* Data in thousands of euros

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

c) Consumers

The Group complies with legislation in force in the countries where its products are sold. Most are industrial products that are included in other companies' production processes. Products used in the food industry fulfill all requirements to guarantee the health and safety of consumers and, in the case of Terranova Papers, meet the BRC-IOP standard and in the case of Mislata the Standard ISO 22000. Product technical specifications are defined by customers, no claim of customers having been received in relation to consumer health. Derived from the quality management system certified under standard ISO 9001, procedures have been established for the communication, reception, management, and resolution of any incident or claim that could take place by our clients.

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MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

Appendix I. Traceability table under Law 11/2018

SCOPE	Content	GRI Reference Standards	Section of this report
Business model	Brief description of the group's business model, including: 1.) business context 2.) organization and structure 3.) markets in which it operates 4.) objectives and strategies 5.) main factors and trends that may affect its future performance.	102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-15, 102-45, 103-2	1. Business model
Policies	A description of the policies applied by the group in relation to environmental matters, social issues, respect for human rights, combating corruption and bribery, and those related to personnel, including any measures that may have been adopted to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of the disabled and universal accessibility	103-2	These policies are described throughout the chapters of this NFIS
S/T, M/T and L/T risks	The main risks related to these matters linked to the group activities including, where relevant and proportionate, its commercial relationships, products or services that could have adverse effects on those areas; and * how the group manages those risks, * explaining the procedures employed to detect and assess them in accordance with the national, European or international reference frameworks for each area. * Information must be included on any impacts detected, providing a breakdown, particularly of the main short-, medium- and long-term risks	102-15, 102-30	Risks are described throughout the chapters of this NFIS
Environmental matters	Overall Environment		
	1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, if applicable, on health and safety, environmental assessment or certification procedures; 2.) Resources devoted to preventing environmental risks; 3.) Application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. under environmental responsibility legislation).	103-2, 102-11	2. Environmental matters
	Pollution		
	1. Measures to prevent, reduce or repair carbon emissions that seriously affect the environment. 2. Taking into account any form of atmospheric pollution specific to an activity, including noise and light.	305-7, 303-4	2. Environmental matters

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

SCOPE	Content	GRI Reference Standards	Section of this report
	Circular economy and waste prevention and management		
	Circular economy;	306-3, 306-4, 306-5, 103-2	2. Environmental matters
	Waste: Measure for the prevention, recycling, reuse, other forms of recovery and disposal of waste;		
	Actions to combat food waste.		Not reported, non-material
	Sustainable use of resources		
	<u>Consumption</u> of water and water supply <u>in accordance with local limits</u> ;	303-3, 303-5, 103-2 301-1, 302-1	2. Environmental matters
	<u>Consumption</u> of raw materials and <u>measures adopted to use them more efficiently</u> ;		
	Direct and indirect <u>consumption of energy, measures taken to improve energy efficiency and the use of renewable energies</u> .		
	Climate change		
	Significant aspects of the greenhouse gas emissions generated by the company's activities, including the use of the goods and services produced;	103-2, 305-1, 305-2, 305-5	2. Environmental matters
	Measures to adapt to the consequences of climate change;		
	Medium- and long-term reduction targets set voluntarily to reduce greenhouse gas emissions and the means implemented to this end.		
	Protection of biodiversity		
	Measures taken to preserve or restore biodiversity;	103-2, 304-1, 304-2	2. Environmental matters
	Impact of activities or operations on protected areas.		
Social and personnel-related matters	Employment		
	Total number and distribution of employees by gender, age, country and professional category;	102-8 405-1	3. Social and personnel-related matters
	Total number and distribution of employment contract types		
	Annual average indefinite contracts, temporary contracts and part-time contracts by gender, age and professional category;		

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

SCOPE	Content	GRI Reference Standards	Section of this report
	Number of lay-offs by gender, age and professional category;	103-2	3. Social and personnel-related matters
	Average remuneration and trends by gender, age and professional category or equivalent value;	103-2	3. Social and personnel-related matters
	Wage gap, remuneration for the same positions or the company's average remuneration;	405-2	3. Social and personnel-related matters
	Average remuneration of Board directors and executives, including variable remuneration, subsistence, indemnities, payments to long-term pension schemes and any other remuneration broken down by gender;	103-2	3. Social and personnel-related matters
	Implementation of 'right to disconnect' policies;	103-2	3. Social and personnel-related matters
	Disabled employees.	405-1	3. Social and personnel-related matters
	Work organization		
	Organization of working hours;	103-2	3. Social and personnel-related matters
	Number of hours of absenteeism;	403-9	3. Social and personnel-related matters
	Measures to facilitate a work-life balance and encourage the co-responsibility of both parents.	103-2	3. Social and personnel-related matters
	Health and safety		
	Health and safety in the workplace;	103-2, 403-1, 403-4b	3. Social and personnel-related matters
	Occupational accidents, particularly frequency and severity, professional diseases, broken down by gender.	403-9, 403-10	3. Social and personnel-related matters
	Labour relations		
	Organization of social dialogue, including procedures to inform, consult and negotiate with personnel;	103-2	3. Social and personnel-related matters

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

SCOPE	Content	GRI Reference Standards	Section of this report
	Percentage of employees covered by collective bargaining agreements by country;	102-41	3. Social and personnel-related matters
	Main content of the collective agreements, particularly in relation to occupational health and safety.	403-4	3. Social and personnel-related matters
	Training		
	Implemented training policies;	103-2, 404-2a	3. Social and personnel-related matters
	Total training hours by professional category.	404-1	3. Social and personnel-related matters
	Accessibility		
	Universal accessibility for the disabled	405-1	3. Social and personnel-related matters
	Equality		
	Measures adopted to promote equal treatment and opportunities for women and men;		
	Equality plans (Chapter III of Organic Law 3/2007 of 22 March on the effective equality of women and men), measures taken to promote employment, sexual and gender harassment protocols, integration and universal accessibility for the disabled;	103-2	3. Social and personnel-related matters
	The policy on all kinds of discrimination and, if applicable, on diversity management.		
Human rights	Human rights		
	Application of due diligence procedures in relation to human rights; Prevention of risks of infringement of human rights and, if applicable, measures to mitigate, manage and repair any abuse committed;	102-16, 103-2	4. Respect for Human rights
	Claims for the infringement of human rights;	102-17, 406-1	4. Respect for Human rights
	Promotion and fulfilment of the provisions of the fundamental conventions of the International Labour Organization relating to freedom of association and the right to collective negotiation; Elimination of discrimination in the field of employment and occupation;	103-2	4. Respect for Human rights

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
NON-FINANCIAL INFORMATION FY2021

SCOPE	Content	GRI Reference Standards	Section of this report
	Elimination of forced or compulsory labour; Effective abolition of child labour.		
Corruption and bribery	Corruption and bribery		
	Measures taken to prevent corruption and bribery;	103-2, 102-16 205-1	5. Fight against corruption and bribery
	Measures to combat money laundering.	102-16, 103-2	5. Fight against corruption and bribery
	Contributions to foundations and non-profit entities.	103-2	5. Fight against corruption and bribery
Society	Company's commitments to sustainable development		
	The impact of the company's activity on employment and local development;	103-2	6. Society
	The impact of the company's activity on employment and local development;	103-2	6. Society
	Relations and modes of dialogue with members of local communities;	102-43	6. Society
	Associations or sponsorships.	102-13	6. Society 6. Society
	Subcontracting and suppliers		
	The inclusion in the purchasing policy of social, gender equality and environmental matters; Consideration of social and environmental responsibility in relations with suppliers and subcontractors;	103-2 102-9 308-1 414-1	6. Society
	Supervisory and audit systems and related findings.	103-2	6. Society
	Consumers		
	Consumer health and safety measures;	103-2, 416-1, 416-2	6. Society
	Claim systems, complaints received and solutions.	103-2	6. Society
	Tax information		
	Profits obtained by country	207-4	6. Society
	Income tax paid	207-4	6. Society
Government grants received	201-4	6. Society	

