miquel y costas & miquel, s.a.
y sociedades dependientes

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

CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTORS' REPORT FOR 2021

(Free translation from Spanish)

miquel y costas & miquel, s.a.
y sociedades dependientes

The consolidated annual accounts (consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated annual accounts) and the consolidated Management report (of which the Annual Corporate Governance Report, the Annual Report on Directors' Remuneration and the Non-Financial Information form part in separate sections), of the consolidated Group, which are appended hereto, for the year ended 31 December 2021, have been issued in accordance with the agreement adopted by the Board of Directors of Miquel y Costas & Miquel, S.A. in their meeting of 28 March 2022 in accordance with article 253 of the Spanish Companies Act and following the electronic format established in Delegated Regulation EU 2018/815 of the European Commission, of 17 December 2018.

Barcelona, 28 March 2022

Chairman of the Board of Directors

Jorge Mercader Miró

Members of the Board:

Joanfra, S.A. represented by Bernardette Miquel Vacarisas	Álvaro de la Serna Corral	Javier Basañez Villaluenga
Eusebio Díaz-Morera Puig-Sureda	Joaquín Coello Brufau	Claudio Aranzadi Martínez
Joaquín Faura Batlle	Jorge Mercader Barata Vice Chair of the Board	Marta Lacambra Puig

The authorisation for issue is signed by Ms Victoria Lacasa Esteban, as the non-voting Secretary to the Board of Directors of Miquel y Costas & Miquel, S.A., who places on record that the director Mr. Joaquin Faura Batlle has not signed because he was unable to physically attend the Board Meeting due to health issues.

The non-voting Secretary to the Board of Directors initials all pages of the Annual Accounts and Management Report for the purposes of the identification of the documents.

Dª. Victoria Lacasa Estebanez

(Free translation from Spanish)

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

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(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated Balance Sheet
at 31 December 2021
(In thousand Euro)

		In thousand Euro	
ASSETS	**Note**	**2021**	**2020**
Non-current assets			
Property, plant and equipment	4	176,398	171,666
Intangible assets	5	3,132	3,030
Non-current financial assets	6,21	38,226	32,410
- At fair value through other comprehensive income		22,865	10,813
- At amortised cost		15,361	21,597
Deferred income tax assets	17.3	2,350	3,121
Current tax assets	17.4	1,710	1,710
Total non-current assets		**221,816**	**211,937**
Current assets			
Inventories	7	89,174	81,565
Trade receivables	8,21	56,270	41,635
Sundry receivables	9	240	251
Current financial assets	9	74,809	70,911
- At amortised cost		74,809	70,911
Other current financial assets	9	4,935	2,885
Current tax assets	17.2	-	-
Cash and cash equivalents	10	6,433	7,735
Total current assets		**231,861**	**204,982**
TOTAL ASSETS		**453,677**	**416,919**

Notes from pages 11 to 98 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated Balance Sheet
at 31 December 2021
(In thousand Euro)

EQUITY AND LIABILITIES	Note	In thousand Euro 2021	2020
Total Equity		**322,897**	**293,627**
Share capital	11	80,000	62,000
Own shares	11	(13,372)	(30,992)
Share premium	11	-	40
Retained earnings for the period	11	50,792	44,878
Other reserves	11	211,196	225,232
Shareholders' funds		**328,616**	**301,158**
Items not reclassified to results for the period:			
Equity instruments through other comprehensive income	11	(884)	(1,452)
Items that may not be reclassified subsequently to results for the year			
Conversion difference	11.2	(4,835)	(6,079)
Accumulated other comprehensive income		**(5,719)**	**(7,531)**
Non-current liabilities			
Borrowings	12,21	41,564	49,145
Deferred income tax liabilities	17.3	2,756	2,520
Other non-current liabilities	14	2,812	3,872
Total non-current liabilities		**47,132**	**55,537**
Current liabilities			
Borrowings	12,21	16,467	18,582
Trade creditors and other accounts payable	15,21	42,219	31,213
Current tax liabilities	17.2	1,036	537
Current provisions	16	2,256	3,038
Other current liabilities	16	21,670	14,385
Total current liabilities		**83,648**	**67,755**
TOTAL EQUITY AND LIABILITIES		**453,677**	**416,919**

Notes from pages 11 to 98 are an integral part of the consolidated annual accounts

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated Income Statement for the years ended at
31 December 2021
(In thousand Euro)

In thousand Euro	Note	2021	2020
Net turnover	18	301,286	274,151
Variation in inventories		1,271	(8,945)
Own work capitalised	4,5	1,189	1,198
Supplies	7	(99,816)	(85,194)
Other operating income	18	6,113	2,912
Staff costs	19	(46,814)	(44,733)
Other operating expenses	20	(80,518)	(64,738)
Amortisation and depreciation	4,5	(17,658)	(18,113)
Charge to non-financial fixed asset grants	14,26	1,343	1,760
Provision excess		24	9
Impairment and profit/ loss on fixed asset disposals		26	1
Operating profit / (loss)		**66,446**	**58,308**
Financial income	21	1,674	1,338
Financial expenses	21	(393)	(460)
Exchange differences	21	(678)	(948)
Net financial results	21	**603**	**(70)**
Share of results of associates	6	9	24
Profit / (loss) before tax on activities		**67,058**	**58,262**
Corporate income tax	17.2	(16,266)	(13,384)
Profit / (loss) for the year on activities		**50,792**	**44,878**
Profit / (loss) attributable to holders of equity instruments of the parent Company		**50,792**	**44,878**
Earnings per share basic and diluted (Euro)	22	**1.30**	**1.12**

Notes from pages 11 to 98 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of recognised income and expenses
at 31 December 2021
(In thousand Euro)

	Note	2021	2020
Consolidated profit for the year		**50,792**	**44,878**
Attributed to equity holders of the parent Company		50,792	44,878
Other comprehensive income- items that are not reclassified to results for the period		**620**	**(4,662)**
From actuarial gains and losses and other adjustment	13	69	(13)
Changes in fair value of investments at fair value through other comprehensive income	6	568	(4,652)
Tax effect	13, 17	(17)	3
Transfer to the consolidated income statement		**1,244**	**(481)**
From Exchange rate differences	11.2	1,244	(481)
TOTAL RECOGNISED INCOME AND EXPENSES		**52,656**	**39,735**
Attributed to equity holders of the parent Company		52,656	39,735

Notes from pages 11 to 98 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of changes in equity for the year ended
at 31 December 2021
(In thousand Euro)

Thousand Euro	Share capital and own shares (Note 11.1)	Share premium (Note 11.1)	Other reserves, value adjustments and conversion difference (Notes 11.2 and 11.3)	Retained earnings for the period (Note 11.3)	Other equity instruments (Note 11.3)	Total net equity
Balance at 31 December 2019	**40,517**	**40**	**200,450**	**39,218**	**355**	**280,580**
Profit / (loss) recognized for the year	-	-	(5,143)	44,878	-	39,735
Capital Increases / Reductions	-	-	-	-	-	-
Acquisition/amortization of own shares	(9,509)	-	-	-	-	(9,509)
Conversion differences	-	-	-	-	-	-
Dividends distribution and investments returns	-	-	(17,300)	-	-	(17,300)
Other equity movements	-	-	39,215	(39,218)	124	121
Balance at 31 December 2020	**31,008**	**40**	**217,222**	**44,878**	**479**	**293,627**
Profit / (loss) recognized for the year	-	-	1,864	50,792	-	52,656
Capital Increases	43,555	-	-	-	-	43,555
Capital Reductions	-	(40)	(43,515)	-	-	(43,555)
Acquisition/amortization of own shares	(7,936)	-	-	-	-	(7,936)
Conversion differences	-	-	-	-	-	-
Dividends distribution and investments returns	-	-	(15,500)	-	-	-
Other equity movements	-	-	44,804	(44,878)	124	50
Balance at 31 December 2021	**66,627**	**-**	**204,875**	**50,792**	**603**	**322,897**

Notes from pages 11 to 98 are an integral part of the consolidated annual accounts

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated cash flow statement for the year ended
at 31 December 2021
(In thousand Euro)

	Note	2021	2020
A) CASH FLOWS FROM OPERATIONS		**64,142**	**72,887**
1. Cash flow generated from operations	**23**	**77,393**	**83,273**
2. Other cash flows from operations,		**(13,251)**	**(10,386)**
- Interest payments (-),		(408)	(475)
- Receipts of interest and dividends (+),		1,299	1,260
- Receipts of dividends (+),		326	218
- Payments (receipts) for income tax (-/+),		(14,515)	(11,389)
- Other receipts/(payments) from operations (-/+)		47	-
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**(32,705)**	**(42,652)**
1. Amounts paid on investments (-)		**(136,712)**	**(124,706)**
(-) Group companies and associates		(9)	(25)
(-) Intangible assets		(1,910)	(359)
(-) Property, plant and equipment and intangible assets		(21,699)	(17,401)
(-) Other financial assets	**6, 9**	(113,094)	(106,921)
2. Amounts collected from divestments (+)		**104,007**	**82,054**
(+) Group companies and associates		68	69
(+) Property, plant and equipment and intangible assets		-	73
(+) Other financial assets	**6, 9**	103,939	81,912
C) CASH FLOWS FROM FINANCING ACTIVITIES		**(32,739)**	**(29,447)**
1. Collections and payments for equity instruments		**(7,552)**	**(9,521)**
(-) Acquisition of own shares	**11.1**	(7,936)	(9,508)
(+) Grants, donations and bequests received	**14**	384	(13)
2. Collections and payments for financial liability instruments		**(9,687)**	**(2,626)**
(+) Receipts from loans	**12**	25,086	26,476
(-) Redemption and amortisation of loans	**12**	(34,773)	(29,102)
3. Dividend payments	**11**	**(15,500)**	**(17,300)**
D) NET INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS		**(1,302)**	**788**
E) Cash or cash equivalents at beginning of the year	**10**	**7,735**	**6,947**
F) Cash or cash equivalents at end of the year	**10**	**6,433**	**7,735**

Notes from pages 11 to 98 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

1 GROUP ACTIVITIES AND CONSOLIDATION SCOPE

1.1 Companies forming part of the Group and consolidation scope

Miquel y Costas & Miquel, S.A. (hereon "the parent Company") is an industrial company with registered office in calle Tusset, nº 8-10, 7th floor, 08006 Barcelona, which at the 2021 year-end is the parent Company of a group (hereon, the Group) comprising: Miquel y Costas & Miquel, S.A., parent Company, and its subsidiary companies (see shareholding details and other information in Appendix I).

The parent Company, which bears Taxpayer ID nº A08020729, was incorporated in 1879 and became a public limited company in 1929. It is mainly engaged in the manufacture and trading of all types of paper. It is recorded in the Mercantile Registry of Barcelona on sheet B-85067, folio 139, volume 8686, inscription 1st and the last statutory modification is recorded as inscription 340.

The parent Company carries out its paper activity within the field of thin and special lightweight paper, especially for the tobacco industry.

The following subsidiary companies make up the consolidated Group:

- S.A. Paya Miralles established at San Antonio, No. 18, 46920 Mislata, Valencia, its corporate purpose, among others, is activities related to industrial and commercial exploitation of business papermaking and production of all kinds of manipulated cigarette paper, and the purchase, sale and rental of all types of movable property and buildings for business. It has leased its industrial facilities to Miquel y Costas & Miquel S.A.

- Celulosa de Levante, S.A., established at the C-42, Km 8.5, 43500 Tortosa, Tarragona; its corporate purpose is manufacturing and marketing of pulp and its derivatives in various forms and qualities. Under this purpose, the company manufactures pastas from hemp, flax, sisal, hemp, jute, cotton and other plants.

- Papeles Anoia, S.A., established in Carrer Tuset No. 8, 08006 Barcelona; its corporate purpose is mainly processing, finishing, handling, processing, marketing, exporting and importing papers of all kinds and all kinds of snuff related products, and simple and complex compounds of cellulose, paper, plastic, aluminium paraffins and other materials of different origin. Additionally, its corporate purpose contemplated business activities related to real estate industry.

- Desvi, S.A., established in Carrer Tuset, No. 10, 08006 Barcelona; its corporate purpose ranges from the commercial distribution of all kinds of products and technologies from third parties linked to the role of all types, creation, promotion, protection, exploitation and trading of distinctive signs, patents and other assets owned industry and investment in promotion and development of industrial or commercial enterprises.

- Miquel y Costas Argentina, S.A., established in Argentina; its principal activity is the manufacturing, transformation, handling and commercialization of smoking paper booklets and many other types of paper, cardboard and related products, for example machinery and equipment for manufacturing such products.

- Sociedad Española Zig Zag, S.A., established in Carrer Tuset No. 10, 08006 Barcelona; its corporate purpose is selling all kinds of paper, especially smoking paper, in addition to articles related to the paper and tobacco industry.

- M.B. Papeles Especiales, S.A., established in Barcelona; its corporate purpose is the manufacturing, marketing, promotion, distribution, import and export of paper of all kinds of papers, including special papers and processing and handling of papers.

- Miquel y Costas Energía y Medio Ambiente, S.A., established in Carrer Tuset 8-10, 08006 Barcelona; its corporate purpose consists of the management and supervision of industrial, energy and environmental facilities and the construction, management, operation and leasing of power generation plants. Currently the company has leased a cogeneration plant to MB Papeles Especiales, S.A.

- Miquel y Costas Tecnologías, S.A., established in Carrer Tuset, No. 8-10 08006 Barcelona; its corporate purpose includes, among others, the activities of design and installation of products, solutions, applications and systems, industrial technology, performing all sorts of projects and consultancy organization, industrial, R & D, quality and environment.

- Terranova Papers, S.A., established in calle Tuset, no. 10 08006 Barcelona; its corporate purpose includes the manufacturing, marketing, promotion, distribution, import and export of special papers industry sectors such as food and filtration, amongst others.

- Miquel y Costas Chile, S.R.L., established in Santiago de Chile (Chile); its corporate purpose consists of domestic and foreign trade, brokerage and representation of all related paper and tobacco industry and food products.

- Miquel y Costas Deutschland, GmbH, established in Cologne, Kaiser-Wilhelm Ring 3-5 (Germany); its corporate purpose consists of domestic and foreign trade, brokerage and representation of all related paper and tobacco industry and food products.

- Miquel y Costas Logística S.A., established in Carrer Tuset number 10 08006 Barcelona; its corporate purpose includes the rendering of logistics services for storage, transport and distribution of goods, raw materials, products and machinery, in addition to advice and technical assistance in the provision of these services.

- Clariana, S.A. with registered office at avenida Alemania 48 Vila-Real (Castellón). Its corporate purpose consists of the production and marketing of paper and in general of goods for the stationery industry: the promotion, management and development of all kinds of real estate and urban operations, the disposal and exploitation, even under lease, of properties, buildings, housing and premises and constructions in general, irrespective of their use, resulting from that activity. On 27 August 2019 the public document relating to the merger of Boncompte-Sierra S.L.U (absorbed company) into Clariana S.A (acquiring company) was registered in the Mercantile Register of Castellón.

- Fourtube, S.L., associate company established in Seville, in which the Group has a shareholding of 40% since the end of the year 2011; its main corporate purpose is the manufacturing and marketing of paper and cardboard.

All the Group companies have closed their accounting year at 31 December 2021.

The parent Company has subsidiary entities over which it exercises control, except for the associated company Fourtube, S.L., over which has significant influence, either directly or indirectly, which is why there is a group for the purposes of the preparation of these consolidated annual accounts in accordance with International Financial Reporting Standards and to its deposit in the Mercantile Register of Barcelona. The accounting principles applied to the preparation of the Group's consolidated annual accounts are set out in Note 2.3.

1.2 Variations in the consolidation scope

No change in the scope of consolidation in 2020 or 2021.

2 MAIN ACCOUNTING POLICIES SUMMARY

The main accounting policies adopted for the preparation of these consolidated annual accounts are set out below. They have been applied on a consistent basis with previous years.

2.1 Basis of presentation

2.1.1 General Information

The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards (hereon, IFRS) adopted for use in the European Union and approved by the Regulations of the European Commission in force at 31 December 2021.

As per IFRS-EU, these consolidated annual accounts for 2021 include, for comparative purposes, the figures for the prior year.

As explained below, during 2021 new accounting standards (IAS/IFRS) and interpretations (IFRIC) came into force. Additionally, at the issuance date of these consolidated annual accounts, new accounting standards (IAS/IFRS) and interpretations (IFRIC) have been published and are due to come into effect for the accounting periods commencing on or after 1 January 2022.

Standards, amendments and interpretations mandatory for all years beginning in January 1, 2021

- IFRS 9 (Amended), IAS 39 (Amended), IFRS 7 (Amended), IFRS 4 (Amended) and IFRS 16 (Amended) "Benchmark interest rate reform: Phase 2".
- IFRS 4 (Amendment) "Extension of temporary exemption from applying IFRS 9".
- IFRS 16 (Amended) "COVID-19 Rent reductions beyond 30 June 2021".

These standards have been taken into account effective 1 January 2021 and their impact which was not significant has been recognised in these consolidated annual accounts.

Standards, amendments and interpretations which have not yet come into effect but which may be adopted early:

- IAS 16 (Amended) "Property, plant and equipment: amounts received before intended use". The effective date of this amendment is 1 January 2022.
- IAS 37 (Amended) "Contracts for pecuniary interest: costs of fulfilling a contract". The effective date of this amendment is 1 January 2022.
- IFRS 3 (Amended), "Reference to the Framework". The effective date of this amendment is 1 January 2022.
- Annual Improvements to IFRS. Cycle 2018 - 2020: The following amendments affect IFRS 1, IFRS 9 and apply for annual periods beginning on or after 1 January 2022:

  o IFRS 1 "First-time Adoption of IFRS". IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. This amendment allows entities that have taken this exemption to also measure cumulative translation differences using the parent's carrying amounts, based on the parent's date of transition to IFRS.
  o IFRS 9 "Financial instruments". The amendment addresses which costs should be included in the 10% test for derecognition of financial liabilities. The costs or fees could be paid to third parties or to the lender. According to the amendment, costs or fees paid to third parties shall not be included in the 10% test.

- IAS 1 (Amendment) "Disclosure of Accounting Policies". The effective date of these amendments is 1 January 2023.
- IAS 8 (Amendment) "Definition of Accounting Estimates". The effective date of these amendments is 1 January 2023.

The amendments have not been adopted early by the Group. The impact of their application is not expected to be significant.

Standards, amendments and interpretations applied to existing standards that cannot be adopted in advance or have not been adopted by the European Union

As of the date of signature of these consolidated annual accounts, the IASB and IFRIC had published the standards, amendments and interpretations described below, which have not yet been endorsed by the European Union:

- IFRS 10 (Amended) and IAS 28 (Amended) "Sale or contribution of assets between an investor and its associates or joint ventures".
- IAS 1 (Amended) "Classification of liabilities as current or non-current".
- IAS 1 (Amended) "Disclosure of accounting policies".
- IAS 12 (Amended) "Deferred tax relating to assets and liabilities arising from a single transaction".

As mentioned above, the Group has not considered applying the above Standards and interpretations early and is in any event analysing the impact that these new standards/amendments / interpretations can have on its consolidated accounts if they are adopted by the European Union.

The preparation of consolidated annual accounts under IFRS requires the use of certain critical accounting estimates. The application of IFRS also requires management to exercise judgement in the process of applying the Group's accounting policies. Note 2.5 discloses the areas that require a higher level of judgement or entail greater complexity, and the areas where the assumptions and estimates are significant for the consolidated annual accounts.

The consolidated annual accounts comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated statement of changes in equity and the consolidated cash flow statement and notes to the consolidated accounts, and the consolidated directors' report are presented in thousand euro (exceptions will be indicated as appropriate). The Group's functional and presentation currency in these consolidated annual accounts is the euro. The consolidated annual accounts were drawn up by the parent company's Board of Directors on 28 March 2022 and are expected to be approved by the General Shareholders' Meeting without changes.

2.1.2 Accounting policies

The accounting policies described in the following paragraphs have been applied uniformly in the periods presented in these consolidated financial statements.

The consolidated financial statements were prepared, in general, under the historical cost method, except when relating to the revaluation of derivative instruments and derivative financial assets at fair value generating a profit or loss, and the valuation of equity instruments recognised at fair value through other comprehensive income (note 2.3).

The profit and loss account is structured according to the nature of the costs.

Variations in trade provisions (Note 20), income from grants (Note 18), own work capitalised (Note 4 and 5) and the transfer to results for the year of capital grants (Note 26) are included in the consolidated income statement under “Other operating expenses”, “Other operating income”, “Own work capitalised” and “Imputation of Grants”.

There are no discontinued operations in the companies of the group.

2.1.3 Comparability

The figures in the consolidated balance sheet and the consolidated income statement for the 2021 and 2020 financial years are considered comparable.

2.2 Consolidation criteria

Subsidiaries are all entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, which generally means a shareholding of more than half of the voting rights. When assessing if the Group controls another entity, the following conditions should be met:

(1) It should exercise power over the investee
(2) It should have exposure or rights to variable returns from involvement with the investee and
(3) It should have the ability to use its power over the investee to affect the amount of the investor’s return.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date that control ceases.

Associates are all entities over which the Group has significant influence but not control, generally accompanying an ownership interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's stake in the results obtained by the investee after the acquisition date. The Group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but remains significant influence, only the proportionate share of the amounts recognized in other comprehensive income are reclassified to results when appropriate.

The Group's participation of gains or losses after acquisition of their associates is recognized in the income statement, and participation in post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share in the losses of an associate equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognize further losses, unless it had incurred legal or constructive obligations or made payments on behalf of the associate.

At each reporting date of financial information, the Group determines whether there is any objective evidence of impairment in the associate valuation. In this case, the Group estimates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognizes the amount as "the share of profit / (loss) of an associate" in the income statement.

Gains and losses from upstream and downstream transactions between the Group and its associates are recognized in the Group's financial statements only to the extent corresponding to the shares of other investors in the non-associated investors. Unrealised losses are eliminated unless the transaction provides evidence of an impaired asset transferred. The accounting policies of associates have been changed when has been necessary to ensure consistency with the policies adopted by the Group.

Gains and losses arising on dilution of investments in associates are recognized in the income statement.

All subsidiaries in which Miquel y Costas & Miquel, S.A. holds, directly or indirectly, the majority of the voting rights and, therefore, has appointed most members of the Board of Directors, have been consolidated in these years by the global integration method.

Appendix I to these notes breaks down all subsidiaries and associated entities included in the consolidation scope. Subsidiaries consolidated by global integration method and associated company Fourtube S.L. is consolidated under the equity method.

There are no minority interests, since the parent Company holds, directly or indirectly 100% of the shares of all entities fully consolidated.

Group Companies close their accounts at 31 December, and the accounts at this date are those used in the consolidation.

In order to present the different items in the accompanying consolidated annual accounts homogeneously, all the companies in the consolidation scope have applied the accounting policies of the parent Company.

All subsidiary companies in the Group have adopted IFRS for consolidation purposes on the same date as the parent Company.

(In thousand Euro)

2.3 Accounting policies

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost, revaluated in 1996 as permitted by legislation, less accumulated depreciation and accumulated impairment losses, except in case of land, which is presented net of impairment losses.

The historic cost includes expenses directly attributable to the acquisition of the assets.

As a result of the first consolidation process, certain lands belonging to the subsidiary company S.A. Payá Miralles are stated at market value at the time of acquisition of the respective shareholding in said company, as determined by an independent expert. The revaluated amount resulting from the consolidation for the reasons indicated above totals Euro 848 thousand at 31 December 2021 and 2020.

In 2002, when the remaining 50% interest in MB Papeles Especiales, S.A. was purchased, certain assets (property, plant and equipment) were stated at their market value. The revaluated amount of these assets in the consolidation process at 31 December 2021 and 2020 amounts to 842 thousand Euro.

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight-line basis using updated cost values and their estimated useful lives are as follows:

	Years of useful life
Buildings and other constructions	33-50
Plant and machinery	7-20
Other plant, tooling and furniture	6-20
Vehicles	6-14
Computer equipment	4-7

The residual values and useful lives of tangible assets are reviewed and adjusted, if necessary, at each balance sheet date.

If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount.

Land and buildings mainly relate to those used in the business activity.

Repairs and maintenance expenses which do not improve or extend the useful lives of the related assets are expensed when incurred and charged to the income statement when they are generated.

Capitalised costs on the improvement of fixed assets include the costs of manufacturing and installing fixed asset elements incurred by the Group, effectively accrued and charged to each of the projects, up to a maximum limit of the market value or the revenue expected from these assets.

Losses and gains on the sale of PPE are calculated by comparing the revenue obtained to their carrying value, and they are included in the income statement.

INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition or direct cost of production, as appropriate, net of corresponding accumulated amortisation and impairment losses in accordance with the following criteria:

- Licences and trademarks acquired to third parties are carried at acquisition cost. Beginning in 2016, these assets are amortized, and their amortization is calculated using the straight-line method, with an estimated useful life of 20 years except for the case of the subsidiary Miquel y Costas Argentina, SA, in which the acquired trademarks have a defined useful life of 10 years and were already amortized in previous years. The patent box is also amortized within 10 years.

- The costs incurred in development projects (related to the design and testing of new or improved products) are recorded as intangible assets when it is probable that the project will be a success, taking into account its technical and commercial feasibility and when its costs can be reliably estimated. Other development costs are recognised as expenses when incurred. Development costs previously recognised as expense are not subsequently capitalised. Capitalised development costs with a defined useful life are amortised from the beginning of the commercial production of the product on a straight-line basis over a period no longer than three years in which is expected that they will generate profits.

- Computer software is stated at their acquisition cost or production cost and amortised on a straight-line basis over a useful life of three years.

- Greenhouse gas emission rights are stated at the price of acquisition. When rights are acquired free of charge, acquisition price is considered to be their market value at the time of acquisition with a balancing entry under grants. Emission allowances are not amortised and are taken to results for the year as the gas emissions they cover are emitted. They are derecognised as a balancing entry for the provision for the costs generated by the emissions when they are handed over to the Administration in order to settle the obligations assumed

ASSET IMPAIRMENT LOSSES

The Group evaluates at each year end whether there are any indications of asset impairment. If so, it estimates the recoverable amount of the asset.

Assets being depreciated and those non-depreciable are tested for impairment provided that an internal, external event or change in circumstances indicates that the book value cannot be recovered (in the case of non-depreciable assets are tested for impairment annually). An impairment loss is recognised in the part of book value that exceeds the recoverable amount. The recoverable amount is the higher of the fair value of the asset minus the costs of sale, or the use value in use obtained from the discounting of future cash flows. In order to evaluate impairment losses, assets are grouped at the lowest level for which there are identifiable separate cash flows (cash generating units).

NON-CURRENT INTEREST COSTS

The interest expense incurred in the financing of the construction of any qualifying asset is capitalised during the period of time necessary to complete or prepare the asset for its intended use. Other interest costs are expensed.

CURRENT AND NON-CURRENT FINANCIAL ASSETS

In order to prepare the consolidated annual accounts, investments in group companies and associates are consolidated in accordance with criteria set out in Note 2.2.

The Group has set up the appropriate control processes to identify events of potential impairment.

The Group classifies its financial assets in the following measurement categories:

- those assets which are subsequently measured at fair value (through profit or loss or other comprehensive income) and
- those that are measured at amortised cost.

The classification depends on the entity’s business model to manage financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recognised in the consolidated income statement or consolidated statement of other comprehensive income. For investments in equity instruments that are not held for trading, it will depend on whether the Group irrevocably elected at the time of initial recognition to recognise equity investments at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing these assets changes.

- Financial assets at amortised cost:

The Group classifies its financial assets at amortised cost only if the following two criteria are met:

- the assets are managed within a business model whose objective is to collect contractual cash flows and
- the contractual terms give rise to cash flows that are only payments of principal and interest.

- Loans and accounts receivable:

Loans and accounts receivable are non-derivative financial assets with fixed payments or payments that can be determined and are not listed on an official stock exchange. They arise when the Group provides money, goods or services directly to a debtor without the intention of negotiating with the debtor. These accounts are included in current assets unless they mature in more than 12 months as from the date of the balance sheet, in which case they are classified as non-current assets. Loans and accounts receivable are included in Trade receivables and other receivables of the balance sheet. They are measured at amortised cost.

In accordance with IFRS 9, the Group has used the simplified approach to assess expected credit losses over the term of the contract. The expected credit loss calculated is not significant (approx. 0.02% of trade receivables balances) and has therefore not recognised any impact on the consolidated annual accounts.

The Group has used the simplified approach to assess expected credit losses over the term of the contract.

- Investments in debt instruments:

Investments in debt instruments held to collect contractual cash flows when these cash flows are solely payments of principal and interest on the principal are measured at amortised cost. Interest income on these financial assets is included in financial income based on the effective interest method. Any gain or loss arising on derecognition is recognised directly in the income statement for the year and is presented in other gains /(losses). Impairment losses are presented separately in the income statement.

These financial assets are included in non-current assets, except for those maturing in less than 12 months of the balance sheet date that are classified as current assets

In accordance with IFRS 9, the Group has applied the expected loss model when estimating possible impairment of financial assets, measured at amortised cost. The application of that model has resulted in an immaterial future expected loss on financial assets (approximately 0.14% of total financial assets) and therefore no impact has been recognised in the consolidated annual accounts.

The maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) during which the entity is exposed to credit risk.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are investments over which the Group does not have significant influence or control. They are measured at fair value, the gain or loss being recognised in recognised income and expense in the consolidated statement of comprehensive income.

Impairment losses (and reversals) on equity investments measured at fair value through other comprehensive income are not presented separately from other changes in fair value. Dividends from all investments continue to be recognised in the income statement for the year as financial income when the Company's right to receive payment is established.

Regular purchases and sales of financial assets are recognised on the trade-date, i.e. the date on which the Group undertakes to purchase or sell the asset. Investments are recognised initially at fair value plus directly attributable transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at their fair value and the transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive the attendant cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards inherent to their ownership. In the event of the disposal of these assets, the profit or loss on the sale is recognised in Other comprehensive income, as established under new legislation.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value at the date on which the derivative contract is arranged and subsequently are remeasured at their fair value. The method for recognising the gains and losses obtained depends on whether the derivative is designated as a hedging instrument, and, in this case, on the nature of the asset that it hedges.

Group uses financial instruments to hedge risks related to fluctuations in exchange rates on future commercial transactions, and assets and liabilities recognised, denominated in a functional currency that is not the Group's functional currency. These derivatives do not usually qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the consolidated income statement.

INVENTORIES

Inventories are stated at cost of acquisition or production as follows:

- Raw materials and other materials supplied are stated at cost of acquisition, on a first-in, first-out basis (FIFO).

- Finished goods and work in progress are stated at standard cost of raw and other materials consumed on a FIFO basis, including the applicable portion of direct and indirect labour costs and other manufacturing overheads.

- Commercial inventories: at acquisition cost, determined in accordance with the average price method.

- The Group calculates a provision for the depreciation of inventories when cost exceeds net realizable value. The net realization value is the estimated sale price in the normal course of business, less the variable costs of sales applicable.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits with credit institutions.

SHARE CAPITAL

Ordinary shares are classified as equity. The incremental costs directly attributable to the issue of new shares are stated under equity as a net deduction, net of any tax effect, as the case may be.

OWN SHARES

The valuation of own shares acquired by the parent Company is made up of the amount paid, including the directly attributable incremental costs, and are stated decreasing equity attributable to the shareholders of the parent Company until they are cancelled, reissued or sold. When these own shares are cancelled, the nominal amount is recognised by decreasing share capital and the difference between the nominal and the cost in voluntary reserves. In the event that the shares are sold, any amount received, net of any directly attributable incremental cost, and the respective tax effect on the capital gains is included in equity attributable to the equity holders of the parent Company.

DISTRIBUTION OF DIVIDENDS

The distribution of dividends to the equity shareholders of the parent Company is recognised as a liability in the consolidated annual accounts of the Group in the year in which the dividends are approved by the Company’s shareholders.

GOVERNMENT GRANTS

Non-refundable capital grants, when there is reasonable assurance that the grant will be collected, and that Group will meet all conditions established, are recorded as liabilities in the balance sheet at the original amount granted (at fair value). Income from capital grants is recorded in the income statement on a straight-line basis over the useful lives of the fixed assets for which grants have been received.

Operating grants related to specific expenses are recognized in the income statement in the same year in which the related expenses are accrued. Grants granted to offset operating deficits are recognized in the year in which they are granted, except when they are intended to offset operating deficits of future years, in which case they are recognized in those years.

BORROWINGS

Borrowed funds are initially recognised at their fair value, which is equal to the fair value of the amount received adjusted by directly attributable transaction costs. Interest accrued is subsequently recorded at amortised cost in the income statement using the effective interest rate method.

Subsidized or zero interest borrowings are initially recognised at fair value, which is equal to the present value at market interest. The difference between loan's nominal value and its present value is considered an official subsidy.

The Group derecognises a financial liability (or part of one) when, and only when, it has been extinguished, i.e. when the obligation specified in the related contract has been discharged or cancelled, or it has expired.

An exchange of debt instruments between a lender and the related borrower, provided that the instruments have substantially different conditions, is recognised as a cancellation of the original financial liability and the subsequent recognition of a new financial liability. Similarly, a substantial amendment to the conditions of a financial liability or part of one (regardless of whether it is attributable to the debtor's financial difficulties), is recognised as a cancellation of the original financial liability and the subsequent recognition of a new financial liability.

The difference between the carrying amount of the financial liability (or part of one), cancelled or transferred to a third party and the consideration paid, which will include any non-cash asset transferred or liabilities assumed, is recognised in results for the year.

Borrowings are classified as non-current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. If not, they are classified as current liabilities.

Fees paid on the arrangement of loans are recognised as loan transaction costs provided that it is probable that part or all the facility will be used. In these cases fees are deferred until the facility is used. If there is no evidence that all or part of the credit facility will be used in full or part, the fees are capitalised as an advance payment for liquidity services and amortised over the period during which the credit facility is available.

TRADE PAYABLES

Trade payables are initially recognised at their fair value and subsequently stated at their amortised cost using the effective interest rate method.

CORPORATE INCOME TAX AND DEFERRED TAXES

Consolidated corporate income tax includes all domestic and foreign taxes on taxable profit. Corporate income tax also includes other taxes, such as tax on the repatriation of profit, as well as any other tax that is based on the calculation of accounting profit.

Corporate income tax expense accrued and carried in the consolidated annual accounts is calculated by aggregating the expenses recorded by each company in the consolidation scope, adjusted, as the case may be, by the tax effect of the adjustments to accounting consolidation, and the temporary differences arising from the tax bases of assets and liabilities and their carrying values in the consolidated annual accounts.

Corporate income tax expense for the year includes the deferred and current income tax. Corporate income tax expense is recognised in the income statement, except in those cases in which it is related to items that are recorded directly in equity, in which case the tax effect is also recorded in equity.

Deferred tax is determined using the liability method. According to this method, deferred income tax assets and liabilities are recorded based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, applying the tax rates estimated for when the assets and liabilities are to be realised, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The deferred income tax assets and liabilities arising from movements in equity are charged or credited directly to equity. Deferred tax assets and tax credits are recognised when the probability of their future realisation is reasonably assured, and they are subsequently adjusted if it is not probable that tax profits will not be obtained in the future.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets (liabilities) on the balance sheet. The deferred tax recorded is reviewed at each accounting closing period.

The difference between the corporate income tax expense recorded at the previous year end and the corporate income tax expense resulting from the definitive tax returns filed constitutes a change in accounting estimates and is recorded as an expense/income in the current year.

By meeting all requirements laid down under the Group Companies Tax Regime as per Chapter VI of title VII of Law 27/2014 of 27 November, of Corporate Income Tax, Miquel y Costas & Miquel, S.A. and the subsidiary companies S.A. Payá Miralles, Celulosa de Levante, S.A., Papeles Anoia, S.A., Desvi, S.A., Sociedad Española Zig-Zag, S.A., MB Papeles Especiales, S.A., Miquel y Costas Tecnologías, S.A., Miquel y Costas Energía y Medio Ambiente, S.A. and Terranova Papers, S.A., Miquel y Costas Logística S.A. and y Clariana S.A.

When there is a change in tax rates, the amounts of deferred tax assets and liabilities are re-estimated. These amounts are charged or credited against income or in equity, depending on the account that was charged or paid the original amount.

EMPLOYEE BENEFITS

a) Pension obligations

The Group has different pension commitments based on its work centres and companies:

- Defined contribution commitments:

  The Group has two defined contribution schemes as result of agreements with the workers' representatives for their retirement at the age 65. The commitment of the Company is only to make annual contributions of a predetermined amount. Since 2002 there are collective insurance policies through which the insurer guarantees that the employees will receive a certain return on the contributions made by the Group.

  Additionally, the Group's employees have had the voluntary option to take advantage of the current Employee Social Security Plan, which accrues in three years (subject to compliance with the conditions established in said Plan). The company commitment is only to take three year contributions of a predetermined amount.

  There is also insurance made up of defined contributions in favour of the executive directors, subject to certain conditions, and the Group's senior management personnel.

- Defined benefit commitments:

  The other commitments of the Group as defined benefit are insured through collective insurance policies.

  The commitments with the passive personnel are annuities for a closed group of pensioners.

  Commitments to the active staff (workers) are capitals upon retirement at age 63 under the state collective agreement in the paper, pulp and paper sector.

  The liability recognised in the balance sheet is net of the difference between the obligation accrued for past services and any costs for past services not recognised, minus the value of the insurance policy, determined by the value of the insured obligations.

The obligation accrued is calculated annually by an independent actuary using the "projected credit unit" actuarial method. The present value of the obligation is determined using actuarial calculation methods and financial and actuarial assumptions unbiased and mutually compatible.

The accounting policy for the recognition of actuarial gains and losses arising from historical experience adjustments and changes in actuarial estimates are included in the statement of recognized income and expenses included in equity in the corresponding period.

The past service costs are recognized immediately in the income statement, except in the case of revocable rights, in which case, they are recognized in the income statement linearly over the period remaining until the rights of past service are irrevocable. However, if an asset arises, revocable rights recognized in the income statement immediately, unless the emergence of a reduction in the present value of benefits that can be returned to the Group in the form of direct refunds or lower contributions future, in which case, what is imputed immediately in the profit and loss is the excess of such a reduction.

b) Severance indemnities

Except in the case of justifiable cause, Group companies are liable for the payment of indemnities to employees whose services are terminated. In the absence of any foreseeable need for abnormal termination of employees' services and because indemnities are not payable to those employees who retire or voluntarily leave their services, indemnity payments, if they arise, are expensed when the decision to terminate employment is taken.

SHARE BASED COMPENSATION

The Group has a compensation plan with management consisting of stock options, payable solely in shares of Miquel y Costas & Miquel, S.A. The plan is valued at fair value on initial recognition using a generally accepted financial calculation method.

The obligation is recognized in the consolidated income statement as a personnel expense based on the years that make up the vesting period of the option, against equity reserves. Each closing date, the Group reviews the original estimates of the number of options that are expected to become exercisable and records, if applicable, the impact of this review in the consolidated income statement with the corresponding adjustment to equity.

PROVISIONS FOR EMISSION RIGHTS

As from 2005 Spanish group companies emitting CO_2 as a result of their production must hand over emission rights equal to the emissions produced in the first few months of the following year. The current effective period runs from 2021-2030.

The installations of the companies MB Papeles Especiales S.A., Terranova Papers S.A., Clariana S.A., and S.A. Payá Miralles are considered low emitters and are therefore excluded from the emissions trading scheme for the 2021-2025 period. Therefore, no emission rights were surrendered because they remain excluded.

The obligation to hand over emission rights for the CO2 emissions produced during the year are recorded as provisions under "Other current liabilities" in the consolidated balance sheet, having recorded the respective cost under "Other operating expenses" in the consolidated income statement (Note 20).

OTHER PROVISIONS

Provisions for environmental restoration, restructuring costs and litigation are recognized when: the Group has a present obligation, either legal or implicit as a result of past events, it is probable that will involve an outflow of resources required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where a number of similar obligations exist, the probability that an outflow is needed to settle the obligation is determined by considering the class of obligations as a whole. A provision is recognized even though the probability of an outflow with respect to any item included in the same class of obligations may be not significant.

Provisions are measured at the present value of expected outflow to be required to settle the obligation using a pre-tax rate that reflects current market valuation of money temporary value and the specific risks to the obligation. The increase in provision due to the terms and conditions is recognized as interest expense.

REVENUE RECOGNITION

Ordinary income includes the fair value of the sale of goods and services, net of value added tax, returns and discounts, after eliminating intra-Group and are recognised when control of a good or service is transferred to the customer (thus the concept of control replaces the previous concept of risks and rewards).

The Group recognises revenue when the performance obligation is satisfied through the transfer of the goods or services committed with customers and an amount is recognised that reflects the consideration to which the Group expects to be entitled.

In this regard, the Group recognises revenue from contracts with customers based on the five step model established in IFRS 5 (Identify the contract with a customer, Identify the separate performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract. Recognise revenue when (or as) the Group satisfies a performance obligation).

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive the dividend is established.

LEASES

Until 31 December 2018 leases in which a significant part of the rewards and benefits of ownership were not transferred to the Group as the lessee were classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) were charged to the income statement on a straight-line basis over the lease term.

Following application of IFRS 16, starting on 1 January 2019 leases are recognised as a right-of-use asset along with the corresponding liability on the date on which the leased asset is made available for use by the Group.

Lease assets and liabilities are initially measured based on present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable lease payments that depend on an index or rate, initially valued in accordance with the index or rate at inception.
- amounts that are expected to be payable by the Group under a residual value guarantee
- the exercise price of a purchase option if the Group is reasonably certain that that option will be exercised, and
- payments of penalties due to the termination of the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Lease payments to be made when it is reasonably certain that the extension option will be exercised are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease if this rate may be easily determined. Otherwise, the lessee's incremental borrowing rate is used. Given the difficulty in determining it, the Group uses the incremental rate that it would have to pay in order to borrow the necessary funds to obtain an asset with a similar value to the right -of -use asset in a similar economic environment under similar terms, guarantees and conditions. The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is re-assessed and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and financial expense. The financial cost is charged to the income statement over the term of the lease such that a constant periodic interest rate on the remaining balance of the liability is produced for each period.

(In thousand Euro)

Right-of-use assets are measured at cost that comprises the following:

- amount of lease liability at initial recognition
- any lease payment made on or before commencement of the lease, less any lease incentive received
- any initial direct cost and
- restoration costs.

Right-of - use assets are amortised on a straight-line basis over the lower of the useful life of the asset and the lease term. The amortization period of current assets is between 2 and 5 years.

Short-term lease payments and all leases for low value assets are recognised on straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Notes 14 and 16 show a more detailed breakdown of balances with long and short-term suppliers linked to the aforementioned rights of use.

The details of these balances at year-end are as follows.

	31-12-2021	31-12-2020
Computer equipment	-	-
Offices	97	119
Vehicles	259	135
Other operational elements	1,660	1,245
Total rights of use	**2,016**	**1,499**

Additionally, the movement in these assets in 2021 and 2020 is detailed in Note 4.

ENVIRONMENT

Costs arising from business activity related to the protection and improvement of the environment are expensed for the year in which they are incurred. Capitalisation as tangible or intangible fixed assets is subject to the same criteria used for the other fixed assets.

HYPERINFLATION IN ARGENTINA

The Argentine economy has been considered hyperinflationary since 2018 and the Group has applied inflation adjustments to the company whose functional currency is the Argentine peso for the financial information for the periods ended 1 July 2018, applying IAS 29 "Financial reporting in hyperinflationary economies".

The main impacts of the application of adjustments for hyperinflation in Argentina on the Group's consolidated annual accounts for 2021 and 2020 are summarised below:

Impact of the application of hyperinflation adjustments		
	Thousand euros 2021	**Thousand euros 2020**
Sales and services rendered	1,248	704
Profit before taxes	(307)	(244)
Profit after taxes	(846)	(381)
Equity	1,773	1,225

In 2020, following the IFRIC hyperinflation agenda decision of March 2020, the Group reclassified for all periods presented the exchange rate and hyperinflation differences from the reserves caption to the translation differences caption. This reclassification has no impact on consolidated equity for the year

TRANSACTIONS IN NON-EURO CURRENCIES

a) Functional and presentation currency

The figures included in the annual accounts of each Group entity are denominated in the currency of the major economic market in which the entity operates (functional currency). The consolidated annual accounts are stated in Euro, which is the Group's presentation currency, although, for presentation purposes, they are stated in Thousand Euro (except when otherwise indicated).

b) Transactions and balances

Transactions in non-Euro currencies are recorded at their equivalent value in Euro, at the exchange rate in force during the periods in which they are realized. The profit or loss on exchange differences arising from the cancellation of balances from foreign currency transactions are taken to the consolidated income statement when occur.

The balances in non-Euro currencies relating to treasury, accounts receivable and accounts payable at the year-end are stated in Euro at the exchange rates at the year end, and any gains or losses are taken to the income statement.

c) Group entities

The group companies with a functional currency which differs from the presentation currency are:

- Miquel y Costas Chile, S.R.L. The results and financial position of are translated into the presentation currency as follows:

  - The assets and liabilities on the balance sheet are translated at the exchange rate on the balance sheet date.
  - Income and expenses of each income statement are translated at the average exchange rates for the year.
  - Equity (excluding results) is translated at the historical exchange rate.

The resulting exchange differences are recognised as a separate component in equity under “Cumulative translation differences” line.

- Miquel y Costas Argentina, S.A. Due to the consideration of Argentina as a hyper-inflationary country since July 2018, and with retroactive effect at 1 January that year, the presentation currency of all financial statements is translated at the year-end exchange rate.

(In thousand Euro)

DISTRIBUTION OF RESULTS

The results for 2021 for Miquel y Costas & Miquel, S.A. will be distributed as agreed by their respective General Meeting of Shareholders.

The parent Company plans to submit the following proposal for distribution of profit to its General Meeting of Shareholders, based on the Spanish Chart of Accounts currently in effect:

Thousand Euro	**2021**
Basis of distribution	
Profit for the year (Profit)	36,315
Total	**36,315**
Application	
Dividends	16,800
Legal reserve	3,600
Voluntary reserves	15,395
Capitalisation reserve	520
Total	**36,315**

The distribution of dividends to the shareholders of the parent Company is recognised as a liability in the consolidated annual accounts of the Group in the year in which the dividends are approved by the shareholders of the parent Company.

2.4 Financial segment reporting

An operating segment is a part of the Group:

a) that carries out business activities that can generate income and incur expenses.

b) whose operating income and expenses are examined at regular intervals by the highest decision-making bodies of the Group (Board of Directors) in order to decide on the resources that must be assigned and to evaluate their return, and

c) in relation to which there is differentiated financial information.

Reporting basis and methodology for the information:

The primary segment of the Group is determined by the different business lines that group different assets and operations.

The segment denominated “Tobacco Industry” obtains its results from the sale of paper pulp and paper related to the tobacco industry. The segment denominated “Industrial Products” obtains its results from those products with an industrial application.

(In thousand Euro)

In the "Others" line is included the information related to other business activities and the segments for which information disclosure is not required separately. This segment obtains its results from the services rendered and others.

- Income by segment, and sales to third parties of each segment made during 2021 are as follows:

	Tobacco industry	Industrial products	Others	**Consolidated Group**
Segment turnover	227,898	104,650	30,168	**362,716**
Sales to other segments	(42,465)	(11,318)	(7,647)	**(61,430)**
Consolidated Sales	**185,433**	**93,332**	**22,521**	**301,286**

Inter-segment sales relate mainly to the sale of products included in the Group value chain and are made at market prices.

- Results by segment, for the year ended at 31 December 2021 are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Operating results by segment	51,069	13,034	998	1,345	**66,446**
Net finance results and participation of income of associates (non-distributable profit)					**612**
Profit before tax					**67,058**
Income tax					**(16,266)**
Profit for the year					**50,792**

The segment result is determined by the difference between the ordinary income and the production and operating expenses, including the depreciation cost. Financial income and expenses are not included.

(In thousand Euro)

- Assets by segment, at 31 December 2021, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable assets by segments	190,326	114,117	20,538	(22)	**324,959**
Non-distributable assets					**128,718**
Total assets					**453,677**
Investments*	**15,435**	**5,548**	**1,044**	**-**	**22,027**

* Investments: Additions in tangible and intangible assets for the year (CO_2 gas emission rights not included).

Non-distributable assets correspond to non-current financial assets, other current assets and balances with the public administrations.

- Liabilities by segment, at 31 December 2021, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	32,749	19,597	4,695	(18,440)	**38,601**
Non-distributable liabilities					**92,179**
Equity					**322,897**
Total liabilities and equity					**453,677**

Non-distributable liabilities mainly relate to current and non-current and provisions mainly with the public administrations.

- Amortization and depreciation of tangible and intangible assets by segment, at 31 December 2021, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	8,664	6,453	2,273	268	**17,658**

(In thousand Euro)

- Information about geographical areas for the year ended at 31 December 2021:

	External turnover
Domestic market	35,271
Other countries	266,015
TOTAL	**301,286**

	Assets
Spain	443,506
Other countries	10,171
TOTAL	**453,677**

Assets located in other countries correspond mainly to Miquel y Costas Argentina, S.A., Miquel y Costas Chile, S.R.L., and Miquel y Costas Deutschland, GmbH.

- Information about the main customers for the year ended at 31 December 2021:

The percentage, over the consolidated turnover, for the main customers is as follows:

	Percentage	Ordinary income	Segment
1	9.7%	29,280	Tobacco industry
2	7.2%	21,651	Tobacco industry

(In thousand Euro)

Sales by country in 2021 and 2020 are as follows:

COUNTRY	31/12/2021 Amount> 2% revenue	%	31/12/2020 Amount> 2% revenue	%
Switzerland	34,049	11.30%	32,682	11.92%
Spain	35,271	11.71%	28,609	10.44%
Poland	19,358	6.43%	19,499	7.11%
USA	19,365	6.43%	15,615	5.70%
Russian Federation	16,283	5.40%	15,528	5.66%
Germany	16,239	5.39%	15,080	5.50%
China	13,534	4.49%	13,654	4.98%
Italy	15,988	5.31%	12,586	4.59%
Japan	12,579	4.18%	10,831	3.95%
Indonesia	9,555	3.17%	9,981	3.64%
France	8,077	2.68%	7,884	2.88%
Argentina	6,687	2.22%	5,614	2.05%
Rest of EU	32,888	10.92%	34,942	12.75%
Rest of Africa	15,808	5.25%	14,423	5.26%
Rest of Southeast Asia	14,401	4.78%	13,881	5.06%
Other	16,727	5.53%	9,295	3.39%
Rest of Central and South America	14,477	4.81%	14,047	5.12%
Total	**301,286**	**100.00%**	**274,151**	**100.00%**

- Income by segment, and sales to third parties of each segment made during 2020 are as follows:

	Tobacco industry	Industrial products	Others	**Consolidated Group**
Segment turnover	213,975	88,586	26,075	**328,636**
Sales to other segments	(37,359)	(9,139)	(7,987)	**(54,485)**
Consolidated Sales	**176,616**	**79,447**	**18,088**	**274,151**

Inter-segment sales relate mainly to the sale of products included in the Group value chain and are made at market prices.

(In thousand Euro)

- Results by segment, for the year ended at 31 December 2020 are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Operating results by segment	46,830	9,915	1,547	16	**58,308**
Net finance results and participation of income of associates (non-distributable profit)					**(46)**
Profit before tax					**58,262**
Income tax					**(13,384)**
Profit for the year					**44,878**

The segment result is determined by the difference between the ordinary income and the production and operating expenses, including the depreciation cost. Financial income and expenses are not included.

- Assets by segment, at 31 December 2020, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable assets by segments	177,649	95,343	27,311	(2,406)	**297,897**
Non-distributable assets					**119,022**
Total assets					**416,919**
Investments*	**16,163**	**3,831**	**2,022**	**-**	**22,016**

* Investments: Additions in tangible and intangible assets for the year (CO_2 gas emission rights not included).

Non-distributable assets correspond to non-current financial assets, other current assets and balances with the public administrations.

(In thousand Euro)

- Liabilities by segment, at 31 December 2020, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	26,428	13,550	3,958	(15,513)	**28,423**
Non-distributable liabilities					**94,869**
Equity					**293,627**
Total liabilities and equity					**416,919**

Non-distributable liabilities mainly relate to current and non-current and provisions mainly with the public administrations.

- Amortization and depreciation of tangible and intangible assets by segment, at 31 December 2020, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	9,245	6,394	2,211	263	**18,113**

- Information about geographical areas for the year ended at 31 December 2020:

	External turnover
Domestic market	28,615
Other countries	245,536
TOTAL	**274,151**

	Assets
Spain	408,868
Other countries	8,051
TOTAL	**416,919**

Assets located in other countries correspond mainly to Miquel y Costas Argentina, S.A., Miquel y Costas Chile, S.R.L., and Miquel y Costas Deutschland, GmbH.

- Information about the main customers for the year ended at 31 December 2020:

The percentage, over the consolidated turnover, for the main customers is as follows:

	Percentage	Ordinary income	Segment
1	11.3%	30,513	Tobacco industry
2	7.6%	20,462	Tobacco industry

2.5 Accounting estimates and judgements

In the preparation of the consolidated annual accounts estimates made by the Directors of the Group companies have been used to quantify some assets, liabilities, income, expenses and commitments carried therein.

The estimates and judgements are evaluated continuously on the basis of historical experience and other factors, including the expectation of future events considered reasonable.

These estimates are basically used in:

- The valuation of assets to determine impairment as a result of the valuation of third-party experts.
- The useful life of plant, property and equipment and intangible assets, determined on the basis of the valuation of independent experts.
- The assumptions used to calculate the fair value of the financial instruments that have been determined by the different financial entities.
- The classification, measurement and impairment of financial assets.
- The probability of occurrence and the amount of indeterminate or contingent liabilities.
- The valuation of the pension obligations made on the basis of actuarial valuations prepared by independent third parties.
- Outstanding litigations have been evaluated by independent experts.
- The assessment of the need for impairment of receivables and inventories.

2.6 Cash Generating Units

The “Cash Generating Units” identified meet with the profitability requirements necessary to determine that they have not been impaired, and, therefore, there has been no need to record an impairment loss. Likewise, no individual assets have been identified as having been impaired.

The Group has identified the following Cash Generating Units for the different production centres:

CGU	Activity
Production centre in the province of Barcelona	Manufacture of paper for the tobacco industry
Production centre in the province of Barcelona	Transformation of paper for the tobacco industry
Industrial plant in the province of Tarragona	Manufacture of special paper pulp
Industrial plant in the province of Valencia	Manufacture of paper for the tobacco industry and writing paper
Industrial plant in the province of Barcelona	Paper handling
Industrial plant in the province of Barcelona	Manufacture of special papers
Industrial plant in the province of Barcelona	Manufacture of special papers of high technology
Industrial plant in Argentina	Transformation of paper for the tobacco industry
Industrial plant in Villlareal	Manufacture of paper and in general of goods for the stationery sector

3 FINANCIAL RISK MANAGEMENT

The activities of the Group are exposed to different financial risks that are managed through the application of identification, evaluation and hedging systems. The Group’s overall risk management programme focuses on minimizing the potential adverse effects on the Group’s financial performance.

Risk management in Miquel y Costas Group is managed by the Audit Committee, Managing Commission and Corporate Finance Department in accordance with the internal risk management standards in force. These departments identify and evaluate the financial risks in collaboration with the Group’s operating units. The internal management standards and practices provide written policies on overall risk management, as well as on specific areas, such as exchange rate risk, credit risk, liquidity risk and interest rate risk.

3.1 Exchange rate risk

The Group operates internationally, and, therefore, is exposed to exchange rate risks for operations in foreign currency; especially the US Dollar, which represents approximately 91% of the foreign exchange transactions. The exchange rate risk arises from future commercial transactions, recognised assets and liabilities denominated in a functional currency other than the Group's functional currency.

The effects of currency fluctuations are partly offset by the currency flows generated by imports and exports. The resulting net positions are generally hedged by hedging instruments. Assuming an export position, with a similar volume of foreign currency transactions as in 2021, a depreciation in the USD/EUR exchange rate at the end of the next financial year of 10% would have a negative impact on the consolidated profit and loss account (assuming no hedging instruments were taken out) of approximately EUR 1,972 thousand (EUR 1,626 thousand in 2020).

Moreover, the Group has various investments in foreign operations, whose net assets are exposed to the risk of foreign currency translation. The exchange rate risk on net assets of the foreign operations of the Group is managed primarily through borrowings denominated in the relevant foreign currencies.

3.2 Commercial credit risk

The Group's trade receivables relate to debtors located in different geographic areas and although there is a significant concentration of sales, there is a deep knowledge of these that enables the Group to anticipate to a great extent possible risk situations.

However, the key for the Group is proper control of commercial credit risk and, accordingly, the Group has implemented internally a credit policy that includes, in addition to a preliminary analysis of the debtor, external insurance in certain situations of the main risks.

Other financial assets at amortised cost mainly relate to promissory notes and bonds of companies with a sound credit rating. Before any acquisition, the Group performs a detailed analysis (review of the issuer, issue rating etc) in order to discard those not meeting its low risk criteria. The issuer's credit quality is reviewed on a regular basis over the financial asset's life.

3.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through sufficient committed credit facilities, and the ability to close out market positions.

(In thousand Euro)

The forecast cash flow takes place from the parent Company of the Group. The Corporate Finance Department follows and monitors the forecasts of the Group's liquidity needs, to ensure it has sufficient cash to meet operational needs. These predictions take into account the financing plans for the Group. In this respect, the estimation of cashflow payments for loans and accounts payable is as follows:

At 31 December 2021	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years.**
Loans	1,226	15,449	35,924	4,928	1,062
Trade payables and other payables	59,301	5,395	-	-	-
At 31 December 2020					
Loans	2,859	15,996	32,722	14,398	2,626
Trade payables and other payables	41,467	4,464	-	204	-

The Corporate Treasury department invests surplus cash in financial instruments with adequate maturities or sufficient liquidity to provide the sufficient slack given by the above predictions framed in the financial investments policy, in low risk prevails over profitability and for which the credit rating or recognized creditworthiness of the issuers is verified, as described in Note 3.2.

With this objective, the Group has committed credit facilities to finance its variation in working capital. At the end of 2021 the use of these credit lines was 0% (0% in 2020) (Note 12).

3.4 Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The low level of leverage and internal controls to identify and evaluate risk means that is not necessary to arrange continuously supplementary interest rate hedge instruments.

Taking into account the level of bank borrowings for 2021, the effect of a 50 bp variation in the interest rate would have entailed an increase or decrease of approximately Euro 231 thousand in the Company's financial expenses for the coming year (Euro 270 thousand in 2020).

3.5 Price risk

The main cost component in the Group's activity is the acquisition of paper pulp. The paper pulp suppliers are able to satisfy the present market demand and prices are directly related to the offer and demand in the market.

Considering that a variation of paper pulp prices occurred by 10%, the impact in the consolidated income statement would amount Euro 4,094 thousand approximately (Euro 3,028 thousand in 2020).

At the year end, there are no investments with impairment risk which are not adequately provided, no operations with derivatives that are not reasonably hedged, and the assets related to the pension plans are adequately insured.

3.6 Capital management

The Group's objectives in terms of capital management are to safeguard its capacity to continue as a going concern in order to ensure shareholder's return and to maintain an optimal capital structure.

The Group monitors its capital in accordance with the leverage index. This index is calculated as the net debt divided by total equity. Net debt is calculated as the total of debts to financial entities (including current and non-current borrowed funds, as shown in the consolidated balance sheet) less cash and cash equivalents and short-term investments.

The reduced leverage rate of the Group and high level of financial solvency draw the Group to be not much exposed to the impacts of the international financial crisis impacts.

The leverage ratio for both December 31, 2021 and December 31, 2020 is not applicable because the Group has a volume of available and realizable resources greater than the debt with credit institutions:

In Thousand Euro	**December 2021**	**December 2020**
Total equity	322,897	293,627
Net borrowings:		
Long-term borrowings	41,564	49,145
Short-term borrowings	16,467	18,582
Cash at banks and in hand and short-term investments	(81,242)	(78,646)
Long-term financial investments	(38,226)	(32,410)
Total net borrowings	(61,437)	(43,329)
Leverage index	No applicable	No applicable

(In thousand Euro)

4 PLANT, PROPERTY AND EQUIPMENT

The balances and variations for the years ended at 31 December 2021 and 2020 of the accounts included under “Property, plant and equipment” are as follows:

	Land, Buildings and other constructions	Plant and machinery and other fixed assets	Prepayments and assets under construction	Total
Closing net book value at 31 December 2020	**52,622**	**104,059**	**11,265**	**167,946**
Cost or valuation	73,510	364,415	11,265	449,190
Accumulated depreciation and impairment loss	(20,888)	(260,356)	-	(281,244)
Net book value	**52,622**	**104,059**	**11,265**	**167,946**
Exchange differences	(657)	(688)	(91)	(1,436)
Additions	3	3,601	18,053	21,657
Additions IFRS 16	92	-	-	92
Consolidation adjustments and other cost adjustments	-	(25)	-	(25)
Hyperinflation – cost	441	485	-	926
Disposals	-	(1,724)	-	(1,724)
Disposals IFRS16	-	(181)	-	(181)
Transfers	7,186	13,926	(21,059)	53
Depreciation charge	(2,040)	(15,766)	-	(17,806)
Additions for depreciation IFRS 16	-	(8)	-	(8)
Consolidation adjustments and other depreciation adjustments	110	385	-	495
Transfer depreciation	(62)	22	-	(40)
Hyperinflation depreciation	(67)	(325)	-	(392)
Write off of depreciation due to disposals	-	1,651	-	1,651
Depreciation exchange differences	66	392	-	458
Closing net book value at 31 December 2021	**57,694**	**105,804**	**8,168**	**171,666**
Cost or valuation	80,575	379,809	8,168	468,552
Accumulated depreciation and impairment loss	(22,881)	(274,005)	-	(296,886)
Net book value	**57,694**	**105,804**	**8,168**	**171,666**
Net book value	**57,694**	**105,804**	**8,168**	**171,666**
Exchange differences	(184)	(201)	(2)	(387)
Additions	-	708	20,626	21,334
Additions IFRS 16	-	537	-	537
Consolidation adjustments and other cost adjustments	-	121	-	121
Hyperinflation – cost	755	912	-	1,667
Disposals	(150)	(3,674)	-	(3,824)
Disposals IFRS16	(21)	-	-	(21)
Transfers	1,516	12,299	(14,106)	(291)
Depreciation charge	(2,022)	(15,176)	-	(17,198)
Additions for depreciation IFRS 16	-	-	-	-
Consolidation adjustments and other depreciation adjustments	105	204	-	309
Transfer depreciation	(399)	698	-	299
Hyperinflation depreciation	(123)	(650)	-	(773)
Write off of depreciation due to disposals	80	2,670	-	2,750
Depreciation exchange differences	2	207	-	209
Closing net book value at 31 December 2021	**57,253**	**104,459**	**14,686**	**176,398**
Cost or valuation	82,491	390,511	14,686	487,688
Accumulated depreciation and impairment loss	(25,238)	(286,052)	-	(311,290)
Net book value	**57,253**	**104,459**	**14,686**	**176,398**

The additions in 2021 amounted to Euro 21,334 thousand (Euro 21,657 thousand in 2020) and relate mainly to constructions in progress resulting from continued investment in the Group's various production plants. These additions include gross additions of 3,567 thousand euros as a result of the reclassification from inventories of certain spare parts older than one year and with a finite life.

The additions for 2021 include Euro 1,113 thousand (Euro 1,136 thousand in 2020) relating to own work capitalised by the Group.

The consolidated income statement includes lease expenses relating to the rent of machinery and buildings amounting to Euro 28 thousand (Euro 12 thousand in 2020).

The Group has established proper controls to identify indications of possible impairment losses. In 2021 and 2020 no PPE items have been impaired.

In 1996 Miquel y Costas & Miquel, S.A. and the subsidiary companies S.A. Payá Miralles and Celulosa de Levante, S.A., which contributed 97% of the total property, plant and equipment to the consolidated Group, restated their balance sheets as per Royal Decree Law 7/1996, of 7 June, increasing the cost value of their property, plant and equipment by Euro 11,413 thousand using the updating rate tables published in Royal Decree 2607/1996, of 20 December. The net book value of the revaluated assets at 31 December 2021 totals Euro 545 thousand (Euro 561 thousand in 2020), and the depreciation charge for the year 2021 totals Euro 16 thousand (Euro 17 thousand in 2020).

The Group has taken out several insurance policies to cover the risks relating to its property, plant and equipment. The coverage of these policies is considered sufficient.

The Group's property, plant and equipment are not subject to guarantees. There are irrevocable commitments to acquire property, plant and equipment amounting to Euro 12,480 thousand at year end (Euro 655 thousand in 2020).

The Group has property, plant, and equipment outside of Spain totalling a net book value of Euro 2,980 thousand in 2021 (Euro 2,342 thousand in 2020).

There have been no capitalised interests on the Group assets during 2021 and 2020.

There are no significant non-operating assets.

Any tangible asset under construction is classified according its nature, in the corresponding PPE or intangible asset account.

At 31 December 2021 the value of fully-depreciated assets amounts to Euro 196,753 thousand (Euro 185,446 thousand in 2020).

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Notes to the annual accounts for the year 2021
(In thousand Euro)

5 INTANGIBLE ASSETS

Balances and movements for the years ended 31 December 2021 and 2020 of the items included under "Intangible assets" are as follows:

	Software	Industrial property	Development expenses	Gas emission rights	Intangible assets under construction	Total
At 31 December 2029	**373**	**129**	**133**	**1,521**	**381**	**2,537**
Cost	8,642	152	2,086	1,521	381	12,782
Accumulated amortisation and impairment	(8,269)	(23)	(1,953)	-	-	(10,245)
Net book value	**373**	**129**	**133**	**1,521**	**381**	**2,537**
At 31 December 2020						
Opening net book value		**129**	**133**	**1,521**	**381**	**2,537**
Exchange differences	(69)	(23)	-	-	-	(92)
Hyperinflation - cost	47	13	-	-	-	60
Additions	3	1	-	2,061	355	2,420
Disposals	-	-	-	(1,595)	-	(1,595)
Transfers	(122)	-	-	-	(373)	(495)
Business combination	-			-		-
Amortisation charge	(268)	(4)	(35)	-	-	(307)
Amortisation disposals	483	-	-	-	-	483
Business combination	-	-	-	-	-	-
Amortisation exchange differences	73	-	3	-	-	76
Hyperinflation - amortisation	(57)	-	-	-	-	(57)
At 31 December 2020	**463**	**116**	**101**	**1,987**	**363**	**3,030**
Cost	8,501	143	2,086	1,987	363	13,080
Accumulated amortisation and impairment	(8,038)	(27)	(1,985)	-	-	(10,050)
Net book value	**463**	**116**	**101**	**1,987**	**363**	**3,030**
At 31 December 2021						
Opening net book value	**463**	**116**	**101**	**1,987**	**363**	**3,030**
Exchange differences	(17)	(119)	-	-	-	(136)
Hyperinflation - cost	81	24	-	-	-	105
Additions	-	108	-	2,586	585	3,279
Disposals	-	-	-	(2,631)	-	(2,631)
Transfers	643	48	-	-	(647)	44
Amortisation charge	(354)	(5)	(101)	-	-	(460)
Amortisation disposals	3	-	-	-	-	3
Amortisation exchange differences	24	-	-	-	-	24
Hyperinflation - amortisation	(118)	(8)	-	-	-	(126)
At 31 December 2021	**725**	**164**	**-**	**1,942**	**301**	**3,132**
Cost	9,208	204	2,086	1,942	301	13,741
Accumulated amortisation and impairment	(8,483)	(40)	(2,086)	-	-	(10,609)
Net book value	**725**	**164**	**-**	**1,942**	**301**	**3,132**

(In thousand Euro)

See comments on emission rights in Note 25.2 to these notes to the consolidated annual accounts.

The Group has intangible assets outside of Spain totalling a net book value of Euro 24 thousand at 31 December 2021 (Euro 22 thousand at 31 December 2020).

Additions for 2021 include Euro 76 thousand (Euro 62 thousand in 2020) relating to own work capitalised. Additionally, the Group invested Euro 3,040 thousand in R&D-I in 2021 (Euro 3,077 thousand in 2020).

The value of fully amortised assets at 31 December 2021 is EUR 9,889 thousand (Euro 9,342 thousand in 2020).

The Group's intangible assets are not pledged as guarantees and there are no acquisition commitments at the current or the prior year end.

6 NON-CURRENT FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES

The balances and movement for the years ended at 31 December 2021 and 2020 of the line "Non-current financial assets" are as follows:

	Investments in associates	Other financial investments	Deposits and guarantees	Provisions for impairment	Total
Balance at 31 December 2019	**389**	**44,936**	**125**	**-**	**45,450**
Additions	-	5,476	-	-	**5,476**
Disposals	(68)	(3,287)	-	-	**(3,355)**
Fair value adjustments (Note 11.3)	-	(4,652)	-	-	**(4,652)**
Transfers (Note 9)	-	(10,533)	-	-	**(10,533)**
Share in profit/losses	24	-	-	-	**24**
Balance at 31 December 2020	**345**	**31,940**	**125**	**-**	**32,410**
Additions	-	13,407	-	-	**13,407**
Disposals	(68)	(78)	(9)	-	**(155)**
Fair value adjustments (Note 11.3)	-	568	-	-	**568**
Transfers (Note 9)	-	(8,013)	-	-	**(8,013)**
Share in profit/losses	9	-	-	-	**9**
Balance at 31 December 2021	**286**	**37,824**	**116**	**-**	**38,226**

The heading "Investments in associates" includes a loan that the parent granted to the investee Fourtube, S.L. in 2017 amounting to Euro 275 thousand. During the current year a total of Euro 68 thousand was repaid (Euro 68 thousand in 2020), leaving a balance of Euro 0 thousand at 31 December 2021 (Euro 68 thousand in 2020) and consequently amortised and settled.

(In thousand Euro)

"Other financial investments" in financial year 2021 includes long-term financial investments with maturities after 2022, remunerated at a nominal interest rate varying between 0.75 % and 4.75 % (1.86 % and 4.75 % in 2020). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return earned by the Group as these are purchased on the secondary debt market.

It also contains equity investments in respect of which securities of a SPAC (Special Purpose Acquisition Company) amounting to EUR 5,000 thousand were acquired in 2021 and whose value at 31 December 2021 totalled EUR 5,138 thousand. Also included are financial investments in shares of Iberpapel Gestión, S.A. representing an 8.84% interest at 2021 year-end (5.58% at the 2020 year-end), with a cost value of EUR 18,443 thousand, whose fair value at 31 December 2021 was EUR 17,558 thousand (EUR 10,596 thousand at the 2020 year-end). Fair value adjustments are recognised in the consolidated statement of recognised income and expense.

The breakdown of the items carried under investments in associates and provisions for impairment of these investments is as follows:

	Shareholding	2021	2020
Fourtube, S.L.	40%	286	276
Total cost		**286**	**276**
Net book value		**286**	**276**

The Group's participation in results of the associated company (Fourtube, S.L.) and its main figures are as follows at 31 December 2021 and 2020:

2021

Name	Registered office	Assets	Equity	Liabilities	Profit/(Loss)	Shareholding (%)
Fourtube, S.L.	Sevilla	696	574	122	24	40%
		696	**574**	**122**	**24**	

2020

Name	Registered office	Assets	Equity	Liabilities	Profit/(Loss)	Shareholding (%)
Fourtube, S.L.	Sevilla	719	567	152	61	40%
		719	**567**	**152**	**61**	

7 INVENTORIES

The breakdown of inventories at 31 December 2021 and 2020, in thousand Euro, is as follows:

	2021	2020
Commercial products	3,780	3,090
Raw materials and other supplies	28,705	22,558
Finished goods and work in progress	56,349	55,078
Prepayments to suppliers	340	839
TOTAL	**89,174**	**81,565**

The cost of trade inventories, finished goods and work in progress recognised as an expense and included in cost of goods sold amounts to EUR 99,816 thousand in 2021 (of which EUR 106,653 thousand are purchases and EUR 6,837 thousand are negative inventory changes) and EUR 85,194 thousand in 2020 (of which EUR 82,623 thousand are purchases and EUR 2,571 thousand positive inventory changes).

The breakdown of purchases by currency (Euro) is as follows:

	2021	2020
Euro	69,490	54,041
USD	36,073	26,566
Other currencies	1,359	2,016
Total	**106,922**	**82,623**

The Group has recorded impairment losses on the inventory, whose amount for impairment registered in the income statements for the year 2021 totals Euro 2,024 thousand (Euro 1,366 thousand in 2020).

There are no purchase commitments with suppliers at 31 December 2021 and 2020.

The Group has taken out several insurance policies to cover the risks to which inventories are exposed. The coverage of these policies is considered sufficient.

(In thousand Euro)

8 TRADE AND OTHER RECEIVABLES

The fair value of Trade receivables does not differ from their accounting value.

The balances for the years ended at 31 December 2021 and 2020 of trade receivables for sales and services are as follows:

	2021	**2020**
Trade receivables	56,270	41,635
Doubtful debtors	589	462
Less: Provision for impairment of accounts receivable	(589)	(462)
Balance at 31 December	**56,270**	**41,635**

The carrying values (in Euro) of trade receivables are denominated in the following currencies:

	2021	**2020**
Euro	44,076	31,756
	11,586	9,046
GBP	2	12
Other currencies	606	821
Total	**56,270**	**41,635**

The Group has a significant concentration of credit in certain accounts receivable. In order to minimise the risk, the Group has set up policies that guarantee the assignment of credit limits to customers with an appropriate credit record. The Group also takes out credit insurance policies for certain customers. The percentage of customers accounting for 75% of net sales by segment is as follows:

Tobacco industry	3.33%
Industrial products	11.51%
Other	12.11%

At 31 December 2021, accounts receivable that are not due total Euro 44,318 thousand (Euro 33,936 thousand in 2020).

The Group considers that accounts receivable, except for the impaired amount by Euro 589 thousand in 2021 (Euro 462 thousand in 2020), included in this note, have not suffered any impairment.

(In thousand Euro)

The breakdown by ageing of these due accounts is as follows:

	2021	2020
Less than 3 months	9,791	5,865
Between 3 and 6 months	1,305	884
More than 6 months	856	950
Total	**11,952**	**7,699**

The movement in the accounts receivable under bad debt provisions for the years 2021 and 2020 has been as follows:

	2021	2020
Balance at 1 January	**462**	**451**
Charge for the year (Note 20)	184	25
Recoveries of balances provided for (Note 20)	(7)	(14)
Write off of balances provided for	(50)	-
Balance at 31 December	**589**	**462**

The recognition and reversal of the provisions for impairment of accounts receivable have been included in the income statement. Amounts charged to the impairment provision are eliminated when there is no expectation that more cash will be collected. In the current year no direct expense is recognised in the profit and loss account for uncollectible trade receivables (EUR 8 thousand in 2020).

9 OTHER CURRENT FINANCIAL ASSETS

The accounting values of “Other current financial assets” do not differ from their fair value.

The balances for the years ended at 31 December 2021 and 2020 of other current financial assets are as follows:

	2021	2020
Sundry receivables	240	251
Public Administrations	4,704	2,717
Derivatives	-	259
Current financial asset investments	74,809	70,652
Accruals	231	168
	79,984	**74,047**

(In thousand Euro)

The breakdown of accounts with Public Administrations for the years 2021 and 2020 is as follows:

	2021	2020
Public Treasury (VAT receivable)	3,963	2,220
Other taxes refundable	741	497
	4,704	**2,717**

The movement in current financial asset investments for 2021 and 2020 has been as follows:

	2021	2020
Balance at 1 January	**70,652**	**37,366**
Additions	99,737	101,445
Transfers (Note 6)	8,013	10,533
Disposals	(103,593)	(78,692)
Balance at 31 December	**74,809**	**70,652**

The short-term financial investments registered at the end of 2021 total Euro 74,500 thousand (Euro 70,402 thousand in 2020), as well as the accrued financial interests in 2021 of Euro 309 thousand (Euro 250 thousand in 2020), maturing within twelve months and paying an effective interest rate that varies within a range of 0.30% to 3.50% for the year 2021 (0.21% to 2.90% in 2020). The nominal interest rate is not necessarily equivalent to the internal rate of return obtained by the Group as these are acquired on the secondary debt market.

10 CASH AND OTHER CASH EQUIVALENTS

The balances for the years ended at 31 December 2021 and 2020 of cash and other cash equivalents are as follows:

	2021	2020
Cash at banks and in hand	6,433	7,735
	6,433	**7,735**

There are no restrictions with respect to cash and / or cash equivalents. The average remuneration obtained on those balances has been immaterial.

11 EQUITY

11.1 Share capital, own shares and share premium

The breakdown of share capital at 31 December 2021 and 2020 is as follows:

	Number of shares (thousand)	**Nominal Value of Ordinary shares (thousand Euro)**
Balance at 31 December 2020	31,000	62,000
Balance at 31 December 2021	40,000	80,000

SHARE CAPITAL

The reconciliation between the number of shares (in thousand) in circulation at the beginning and end of the year is as follows:

	2021	**2020**
Balance at 1 January	**28,978**	**29,703**
Capital increase and reduction, acquisition and allocation due to exercise of options on treasury shares	9,876	(725)
Balance at 31 December	**38,854**	**28,978**

At 31 December 2021, the share capital is represented by 40,000,000 ordinary shares (31,000,000 shares in 2020), supported by entries of Euro 2.00 each one, fully subscribed and paid.

The shares of the parent Company are listed on the Barcelona, Madrid, Bilbao and Valencia stock exchanges and integrated in the inter-connected trading board (SIBE-Smart).

All shares have the same economic and voting rights, and there are no legal restrictions nor statutory for the shares acquisition or transmission in the share capital.

The Board of Directors, under the resolution adopted by the Ordinary and Extraordinary General Meeting held in June 22, 2016, is authorized to issue fixed-income securities, both simple and convertible and / or exchangeable for company shares, in a maximum amount of Euro 100,000 thousand in one or several times within five years. The resolution adopted at the Ordinary and Extraordinary General Meeting of 22 June 2021 authorised the Board of Directors, for a period of five years, to issue securities convertible into shares of the Company, with the power to exclude shareholders' pre-emptive subscription rights and to increase the share capital by the amount necessary for the conversion. In 2020 and 2021, the Board of Directors did not make use of the aforementioned authorisations.

(In thousand Euro)

On 22 June 2021, the Ordinary and Extraordinary General Meeting of Shareholders of Miquel y Costas & Miquel, S.A. resolved to reduce the Company's share capital by Euro 3,333 through the redemption of 1,666,666 shares with a par value of Eur 2.00 each, leaving Euro 58,667 thousand in share capital. It should be noted that the purpose of the capital reduction was to redeem treasury shares previously acquired by the Company. On 23 August 2021, this reduction was registered in with the Barcelona Commercial Register.

At the same Ordinary and Extraordinary General Meeting it was also agreed to increase the share capital, with a charge to unrestricted reserves, in particular with a charge to the following accounts:

Voluntary reserves:	Euro 7,413 thousand
Voluntary reserves affected by Royal Decree-Law 7/1996:	Euro 5,785 thousand
Capitalisation reserve:	Euro 1,277 thousand
Reserve Law 16/2012:	Euro 6,818 thousand
Share premium:	Euro 40 thousand

To Euro 80,000 thousand by issuing and placing into circulation 10,666,666 new shares with the same par value, the same series and the same rights as those currently in circulation, represented by book entries, which were assigned free of charge to the Company's shareholders. On 19 November 2021, this capital increase was registered with the Barcelona Commercial Registry.

At the dates of December 31, 2021 and 2020, in accordance with the notifications received by Company submitted by natural and legal persons holding rights of direct and indirect vote by a percentage equal to or greater than 10% Company are as follows:

	% interest	
	2021	**2020**
Jorge Mercader Miró	17.05	15.61
Mª del Carmen Escasany Miquel	12.42	11.74
Indumenta Pueri S.L	14.65	11.40
Bernadette Miquel Vacarisas	12.53	11.75

<u>OWN SHARES</u>

The General Shareholders' Meeting held in June 20, 2018 and June 22, 2021 authorized the Company to acquire treasury shares for a term of five years under the terms of the law. The General Shareholders' Meeting held on 20 June 2018 again authorised the Company to acquire treasury shares under the same terms. By virtue of the resolutions adopted at such General

Meetings, the Board of Directors, at meetings held on the same dates, agreed to approve the treasury share policy within the authorized limits and subject to the Internal Rules of Conduct.

The breakdown and movement of own shares in equity for the years 2021 and 2020, is as follows:

Description	Number of shares	Value of the operation (Thousand Euro)	Average price (Euro)	Nominal value (Thousand Euro)
Balance at 31-12-2019	**1,297,010**	**21,483**	**16.56**	**2,594**
Acquisition of own shares	725,001	9,509	13.11	1,450
Subscription and acquisition on capital increase	-	-	-	-
Capital decrease	-	-	-	-
Balance at 31-12-2020	**2,022,011**	**30,992**	**15.33**	**4,044**
Acquisition of own shares	547,135	7,936	14.50	1,094
Subscription and acquisition on capital increase	243,424	-	-	487
Capital decrease	(1,666,666)	(25,555)	15.33	(3,333)
Balance at 31-12-2021	**1,145,904**	**13,372**	**11.67**	**2,292**

During 2021 the parent company made use of the authorisation for the derivative acquisition of treasury shares and within the framework of the Programme for the repurchase of shares reported to the CNMV on 27 November 2020 and 1 December 2021 and the special operations which have been communicated on a timely basis, acquired 547,135 shares (725,011 shares in 2020) amounting to Euro 7,936 thousand (Euro 9,509 thousand in 2020).

Treasury shares held at 31 December 2021, after the operations carried out during the year, amount to 1,145,904 (2,022,011 shares in 2020).

SHARE PREMIUM

The balance and variations for the years ended at 31 December 2021 and 2020 are as follows:

	Share Premium
Balance at 31 December 2020	40
Balance at 31 December 2021	-

The share premium was used for the capital increase mentioned above.

(In thousand Euro)

11.2 Cumulative translation differences

The cumulative translation differences in 2021 and 2020 are as follows:

	Cumulative translation differences
Balance at 31 December 2019	**(5,598)**
Movement for the year 2020	(481)
Balance at 31 December 2020	**(6,079)**
Balance at 1 January 2021	**(6,079)**
Movement for the year 2021	1,244
Balance at 31 December 2021	**(4,835)**

The cumulative translation differences at the 2021 and 2020 year-end refer to Miquel y Costas Chile, S.R.L. and Miquel y Costas Argentina, S.A.

In 2020, following the IFRIC agenda decision of March 2020 in relation to the application of IAS 29 on hyperinflation, the Group reclassified exchange rate and hyperinflation differences from reserves to translation differences for all years presented. This reclassification had no impact on consolidated equity for the year.

11.3 Retained earnings and other reserves

The balances for the years ended 31 December 2021 and 2020 in the items forming "Retained earnings, other reserves and other equity instruments" are set out below:

	Legal reserves of the parent company	Other reserves of the parent company	Reserves in fully consolidated companies	Cumulative conversion differences	Interim dividend	Results for the year	Other equity instruments	Value adjustment (Note 6)	Total
Balance at 31 December 2019	12,400	125,780	71,268	(5,598)	(6,600)	39,218	355	3,200	240,023
Balance at 31 December 2020	12,400	138,801	83,751	(6,079)	(10,200)	44,878	479	(1,452)	262,579
Balance at 31 December 2021	12,400	112,087	94,507	(4,835)	(8,400)	50,792	602	(884)	256,269

LEGAL RESERVE

The parent Company is obliged to transfer a minimum of 10% of the profit for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may be used to increase share capital by applying the part exceeding 10% of the share capital already increased.

Accordingly, the legal reserve was set up pursuant to Article 274 of the Spanish Companies Act, which stipulates that the Company is required to transfer at least 10% of profits for the year to a reserve until the reserve balance reaches at least 20% of share capital.

The balance in the reserve, up to 20% of share capital, is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

OTHER RESERVES OF THE PARENT COMPANY

This line includes the voluntary reserves of the parent Company, which are freely available for distribution. However, under current mercantile law, the distribution of profit is not permitted until the research and development expenses recorded under assets in the individual annual accounts as per the GAAP of the parent Company are fully amortised, unless the amount of the available reserves is at least equal to the amount of non-amortised expenses. These expenses were fully amortized as of December 31, 2015.

RESERVES IN FULLY CONSOLIDATED COMPANIES

These reserves relate to the difference between the carrying value of the shareholding in consolidated companies and the attributable portion of net book value. This line includes Euro 2,479 thousand relating to the legal reserve (Euro 2,121 thousand in 2020), which are subject to the same restrictions as those mentioned in the section "Legal reserves" above.

According to the provisions laid down by mercantile law, some of the Group companies restated the values of certain PPE at 31 December 1996, which generated a revaluation reserve totalling at December 31, 2021 and 2020 Euro 5,411 thousand. The balance of this account can be used, free of tax, to:

- Offset losses.
- Increase share capital.
- Distributable reserves, as from 31 December 2006.

As reported in previous years, the requirements set out in Royal Decree-Law 7/1996 of June 7 have been met, so that the Company can proceed with the transfer of the reserve revaluation to voluntary reserves.

However, the balance of the Revaluation Reserve Royal Decree-Law 7/1996 cannot be distributed, directly or indirectly, until the assets have been written off for accounting purposes or have been disposed of or derecognised.

INTERIM DIVIDEND

The dividend distribution policy consists of four payments, of which three are on account and one which is complementary.

In 2021, in accordance with the resolutions of the Board of Directors, the following interim dividends were paid:

- Against 2020 profits:

  - Resolution of 25 March 2021: resolved to distribute a third interim dividend out of 2020 profits for a total amount of Euro 3,100 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.10748960 per share. As this distribution was paid after the end of the financial year 2020, it complied with the regulatory profit and liquidity requirements.

- Against 2021 profits:

  - Resolution of 27 September 2021: resolved to distribute a first interim dividend out of 2021 profits for a total amount of Euro 3,700 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.12908216 per share.
  - Resolution of 29 November 2021: resolved to distribute a second interim dividend out of the 2021 profits for a total amount of Euro 4,700 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of the treasury shares, was Euro 0.12087033 per share.

All of them have been realized in 2021.

In financial year 2020, in accordance with the resolutions of the Board of Directors, it was resolved to distribute the interim dividends listed below:

- Against 2019 profits:

  - Resolution of 30 March 2020: resolved to distribute a third interim dividend out of 2019 profits for the total amount of Euro 3,300 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.11161354 per share. As this distribution was paid after the end of the financial year 2019, it complied with the regulatory profit and liquidity requirements.

(In thousand Euro)

- Against 2020 profits:

  - Resolution of 28 September: resolved to distribute a first interim dividend out of 2020 profits for a total amount of Euro 3,400 thousand euros which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.11628998 per share.

  - Resolution of 30 November: resolved to distribute a new extraordinary interim dividend out of 2020 profits, which brought forward the usual dividend for the following April, for a total amount of Euro 6,800 thousand which, in gross unitary terms, with the attribution of the proportional part of the economic rights of the treasury shares, was Euro 0.23415972 per share.

All of them have been realized in 2020.

The amounts distributed as the sum of interim dividends and supplementary dividends as detailed in the following paragraph, did not exceed the results obtained since the end of last year, less estimated corporate income tax payable on these results, in line with the provisions of Article 277 of the Spanish Capital Companies Act 1/2010 of 2 July 2010.

	2021	**2020**
Dividends	15,500	17,300
Tax effect	(1,434)	(1,722)
Total	**14,066**	**15,578**

Of the gross amount of dividends paid, all shares which represent more than 5% of total shares and with a length equal to or exceeding one year, have enjoyed the right not to withhold tax pursuant to art. 21.1 a). of Law 27/2014 of 27 November related to Corporate Income Tax, in accordance with the exoneration of withholding tax rule provided by Article 128.4.d) of that Law.

(In thousand Euro)

The provisional accounting statement prepared in accordance with legal requirements and which revealed the existence of sufficient liquidity for the distribution of such dividends, are set out below:

- Provisional resolution of 27 September 2022 to distribute a first interim dividend of the profits from 2021 of a total amount of Euro 3,100 thousand:

	2021
Profit distribution forecast	
Expected net results after tax at 27 September 2021	29,364
Maximum amount to be distributed as interim dividend	29,364
Interim dividend distributed	3,100
Treasury forecast for 1 year from the date of the interim dividend agreement:	
Available liquidity at date of interim dividend agreement **	130,264
Forecast receipts	163,000
Forecast payments (including interim dividend)	(159,085)
Forecast treasury balances at 27 September 2022	**134,179**

** Includes unused credit facilities with financial institutions.

(In thousand Euro)

- Provisional resolution of 29 November 2021 to distribute a second interim dividend of the profits from 2021 of a total amount of Euro 3,400 thousand:

	2021
Profit distribution forecast:	
Profit for the period 1 January to 31 December 2020	30,629
Forecast profit for the period 1 January to 30 November 2021	33,717
Maximum amount to be distributed as interim dividend	3,600
Interim dividends paid by charge to 2020	60,746
Interim dividends paid by charge to 2021	17,300
Proposed dividends by charge to 2021	3,700
Treasury forecast for one year from the date of agreement for interim distribution	
Available liquidity at the date of agreement for distribution of interim dividend**	123,870
Forecast receipts	165,000
Projected payments (including dividends)	(169,386)
Projected cash and bank balances at 29 November 2022	**119,484**

**Includes unused credit facilities with financial institutions

SUPPLEMENTARY DIVIDEND

Under the resolution adopted by the General Shareholders Meeting dated in June 22, 2021, approved the distribution of dividends for the year, together with the ratification of payments and the agreement of payment of a complementary dividend for the results of 2020 amounting to Euro 4,000 thousand.

Under the resolution adopted by the General Shareholders Meeting dated in June 30, 2020, approved the distribution of dividends for the year, together with the ratification of payments and the agreement of payment of a complementary dividend for the results of 2019 amounting to Euro 3,800 thousand.

RETAINED EARNINGS

Relates to the earnings obtained in each year by the companies in the consolidation scope at 31 December 2021 and 2020.

OTHER EQUITY INSTRUMENTS

Relates to the amount recorded as a balancing item for staff costs arising from the "Stock Option Plan 2011" formalized in 2012, which expired in January 2017, and the new stock option plan arranged in 2017. At 31 December 2021 this amounts to 602 thousand Euro (Euro 479 thousand in 2020).

- “2016 Stock option plan” - The General Shareholders' Meeting of the Parent Company held in June 22, 2016 approved a new stock option plan, applicable to those executive directors and executives of the Parent Company and Group companies that the Board of Directors appointed. The plan was developed, defined and drawn up by the Board of Directors in its meeting on 30 January 2017, drawing on the powers granted by the General Meeting. The plan states that each option carries one share and allocates 525,000 options of which 491,500 were in effect at the year end, increasing to 786,400 following the capital increase carried out in November 2018.

  The options are subject to certain conditions and the parent company is not under any legal or constructive obligation to buy back or settle the options in cash, since they will be settled using the parent's treasury shares.

  Based on the aforementioned agreements, the exercise price of the option was set at Euro 22.21 per share, determined by the average share price in the previous quarter minus 5%, equivalent to Euro 13.88 after adjustment for the aforementioned capital increase in 2018 and Euro 10.18 after the capital increase in the current financial year.

  The plan includes the following phases:

  - Vesting phase: It begins on 7 February 2017 and lasts for five years.

  - Exercise phase: It begins on the day following the end of the vesting phase and lasts for three years. This phase marks the start of the period in which the beneficiaries may exercise the options.

(In thousand Euro)

The weighted average fair value of the stock options at the award date, determined using the Black-Scholes/Merton method, is as follows:

Due Date	Option value at grant date
27/01/2025	1.25

The main model inputs were the share price, the above-mentioned strike price, the standard deviation from the expected yield, a dividend yield, the option's expected life and an annual risk-free interest rate. Estimated volatility in the standard deviation from the expected share price performance is based on statistical analyses of daily share prices.

The value is taken to the income statement as a staff cost for the year, on an accrual basis, with a balancing item in equity. The amount of Euro 124 thousand was charged to the income statement at 31 December 2021 (124 thousand at 31 December 2020).

12 BORROWINGS

The breakdown of the current and non-current financial debt for the years ended at 31 December 2021 and 2020 is as follows:

	2021	2020
Non-current		
Bank loans	41,564	49,145
	41,564	**49,145**
Current		
Bank loans	16,405	18,511
Credit facilities	-	-
Interest accrued	62	71
	16,467	**18,582**
Total borrowings	**58,031**	**67,727**

(In thousand Euro)

The movement of short and long-term loans during 2021 and 2020 is the following:

	Long-term Borrowings	Short-term Borrowings
Balance at 31-12-19	**54,489**	**15,519**
Obtaining financing and value update	26,476	-
Amortization	(13,309)	(15,519)
Transfers from long to short term	(18,511)	18,511
Balance at 31-12-20	**49,145**	**18,511**
Obtaining financing and value update	25,086	-
Amortization	(16,262)	(18,511)
Transfers from long to short term	(16,405)	16,405
Balance at 31-12-21	**41,564**	**16,405**

The maturities of non-current borrowings are as follows:

	2021	2020
Up to 1 year	16,467	18,582
Between 1 and 3 years	35,636	32,304
Between 3 and 5 years	4,899	14,265
More than 5 years	1,029	2,576
	58,031	**67,727**

During 2021 the Group has received 3 loans from credit institutions, 1 of them granted by the Centre for the Development of Industrial Technology (CDTI) and 2 by financial institutions, for a total of Euro 25,170 thousand, with repayment terms of 4 to 9 years including grace periods ranging from 1 year to 2 years.

During 2020 the Group has received 6 loans from credit institutions, 2 of them granted by the Centre for the Development of Industrial Technology (CDTI) and 4 by financial institutions, for a total of Euro 26,446 thousand, with repayment terms of 3 to 10 years including grace periods ranging from 1 year to 3 years.

The Group at 31 December 2021 has loans at a zero interest rate with an outstanding capital of- Euro 4,147 thousand (Euro 5,060 thousand at 31 December 2020).

The rate of non-subsidized loans is fixed.

Of total loans at 31 December 2021, Euro 1,454 thousand relates to loans secured through a bank guarantee (Euro 1,822 thousand at 31 December 2020).

The parent company has contracted lines of short-term financing (credit facilities) to interest rate market with various financial institutions for a limited amount of 16,885 thousand Euro (20,538 thousand Euro in 2020) of which there is no balance drawn down at the end of 2021 and 2020.

(In thousand Euro)

Credit lines with a maturity of less than one year are subject to upcoming renovations in the year 2022.

The carrying value (in Euro) of the Group's bank loans is denominated in the following currencies:

	2021	2020
Euro	58,031	67,727
AUD	-	-
JPY	-	-
GBP	-	-
USD	-	-
Total borrowings	**58,031**	**67,727**

13 PENSION COMMITMENT LIABILITIES

The Group has different pension commitments based on its work centres and companies (see note 2.3).

13.1 Defined contribution commitments

The Group has two defined contribution plans as a result of the agreements with representatives of the workers at the Besos and Mislata work centres. The amount recorded during the year as staff costs in the income statement relates to the contributions made in the year 2021 which totals Euro 47 thousand (Euro 50 thousand in 2020) (Note 19).

The Group companies have also promoted a PPSE that has been nourished by company contributions, as the conditions established in the previous three years have been met, for those employees who have voluntarily chosen to take advantage of the PPSE.

There are also three other defined contribution plans for the companies Miquel y Costas & Miquel, S.A., MB Papeles Especiales, S.A., and Celulosa de Levante, S.A., for the executive Directors and Senior Management (Notes 24.3 and 24.4).

13.2 Defined benefit commitments

In accordance with the Spanish Collective Bargaining Agreement for the paper, pulp and cardboard sector, the Group is obligated to pay the active employees who are eligible and decide to take early retirement the retirement bonuses stipulated in the Agreement. This commitment is externalised and insured under a group insurance policy. In addition, with the entry into force on 1 January 2013 of Law 27/2011, of 1 August, on the which aims to update, adapt and modernise the Social Security system, the Group is now obligated, under the same collective agreement, to allow some of its current employees to take voluntary early retirement at 63 years of age. This is not a new pension commitment, but an increase in the number of employees entitled to the retirement bonus.

(In thousand Euro)

The insurance policies were taken out in 2013 to comply with the externalisation of pension commitments, and the number of people in the group was expanded in 2016.

The breakdown of the amounts recognised in the balance sheet for long-term employee benefit obligations and the related charges in the income statement for the different types of defined benefit liabilities that the Group has with its employees is as follows:

	2021	2020
Charges in the consolidated income statement:		
- Financial restatement (Financial expenses) (Note 21.4)	-	-
- Current services costs (Note 19)	11	11
- Expected return on plant-related assets (Note 21.4)	-	-
	11	**11**
Charges/(credits) in Equity:		
- Actuarial gains and losses	69	(13)
- Tax effect	(17)	3
	52	**(10)**

The amounts recognised in the balance sheet are determined as follows:

	2021	2020
Current value of committed liabilities	(441)	(527)
Fair value of plan-related assets	224	198
Liabilities on the balance sheet (Note 14)	**(217)**	**(329)**

The movement in the fair value of the plan related assets has been as follows:

	2021	2020
Opening balance	**198**	**228**
Expected return on plan-related assets	-	-
Actuarial gains / (losses)	(16)	(9)
Contributions paid net of returned premiums	42	(21)
Closing balance	**224**	**198**

(In thousand Euro)

The movement in the fair value of the committed liabilities:

	2021	2020
Opening balance	**527**	**512**
Interest costs	-	-
Current services costs	11	12
Past service cost	-	-
Actuarial (gains) / losses	(86)	5
Contributions paid	(11)	(2)
Closing balance	**441**	**527**

- Valuation of defined benefit commitments:

  Group management has engaged an independent actuary to prepare an actuarial valuation at 31 December 2021 and 2020 of each pension plan mentioned above, in accordance with the criteria and methodology generally accepted for IFRS purposes.

  The main actuarial assumptions applied have been as follows:

Interest rate for valuing liabilities with current personnel at 31/12/2020	0.000%
Interest rate for valuing liabilities with current personnel at 31/12/2021	0.000%
Expected return on assets with current personnel	0.000%
Mortality tables	PERMF-2020
Hypothesis of permanence	ORDER EHA/3433/2006 COD21
Retirement age	63 years

The interest rates used have been determined at market rates, on the balance sheet date, for the issues of high grade corporate bonds or debentures. Both the currency and the maturity of the bonds relates to the current and terms of payment estimated for the liabilities borne by the Group. In addition, the current labour regulation relating to retirement age has been considered.

The valuation method used has been the “projected credit unit.” This system consists in proportionally accrediting the present value of the future expected benefits on the basis of past service at any time.

To determine the value of the net liability recognized in the commitments, the insurance policies arranged as affected asset have been considered, with their valuation determined by the amount of the secured obligations. This means that the commitments for retirement bonuses, being matched to the Group benefits and obligations, the value of the insurance policy is equal to the accrued obligations, resulting in a zero net value for all defined benefit obligations without assumption of permanence. For other commitments, the insurer has provided the valuation of the affected asset.

(In thousand Euro)

14 OTHER NON-CURRENT LIABILITIES

The breakdown of this account at the 2021 and 2020 year end is as follows:

	2021	2020
Grants	1,271	1,042
Long-term staff liabilities (Note 13.2)	217	329
Deposits and guarantees	22	23
Other	1,302	2,478
	2,812	**3,872**

a) Grants

The details and movement of grants are as follows:

	Government grants	Subsidised interest rate	Emission rights (Note 25.2)	Total
Balance at 31-12-2019	**1,108**	**146**	**97**	**1,351**
Increases	17	116	1,464	1.597
Transferred to income statement	(199)	-	(1,561)	(1,760)
Decreases	-	(146)	-	(146)
Balance at 31-12-2020	**926**	**116**	**-**	**1,042**
Increases	414	85	1,189	1,688
Transferred to income statement	(189)	-	(1,154)	(1,343)
Decreases	-	(116)	-	(116)
Balance at 31-12-2021	**1,151**	**85**	**35**	**1,271**

Income relating to grant released to results for the year are carried under “Charge to non-financial fixed assets grants” in the consolidated income statement.

Grants awarded to the Company are non-repayable since all the necessary conditions attached to the grants for them to be considered non-repayable have been met.

Government grants at 31 December 2021 and 2020 include the capital grants from the Government of Catalonia, Energy Agency of Valencia, the C.D.T.I. and the ICAEN, mainly for the Group investments in environmental investigation for improving energy efficiency.

(In thousand Euro)

b) Long-term staff liabilities

The movement of long-term staff liabilities during 2021 and 2020 is as follows:

Balance 31-12-19	**284**
Provisions (Note 13)	11
Payments/collections	18
Actuarial gains and losses	14
Balance 31-12-20	**329**
Provisions (Note 13)	11
Payments/collections	(54)
Actuarial gains and losses	(69)
Balance 31-12-20	**217**

The Group has recorded at 2012 year end a provision amounting to Euro 400 thousand, as a result of the implementation of Law 27/2011, of August 1 on updating, improvement and modernization of the Social Security system and came into force 1 January 2013, resulting in an increase in employees entitled to early retirement during 2016 This provision totals Euro 217 thousand as of 31 December 2021 (Euro 329 thousand in 2020).

c) Others

A provision of Euro 259 thousand was posted to cover possible third-party liability as a lucrative participant in the current procedure against directors of Mutua Universal Mugenat and against it as a secondarily liable party, which is maintained in 2020 and 2021.

Additionally, this heading includes Euro 680 thousand relating to lease liabilities as a result of the application of IFRS 16 (Euro 571 thousand in 2020) and Euro 363 thousand (Euro 1,648 thousand in 2020), primarily relating to provisions for accrued variable remuneration. The current portion of this last item is included in accrued wages and salaries” (See Note 16).

15 TRADE CREDITORS AND OTHER ACCOUNTS PAYABLE

This section only reflects the balance at 31 December 2021 and 2020 of trade creditors and payables. Of Euro 42,219 thousand in this balance at 31 December 2021, 4,730 thousand relate to trade creditors in foreign currency, basically US Dollars, translated into Euro (In 2020, of Euro 31,213 thousand in this balance at 31 December 2020, 3,527 thousand relate to trade creditors in foreign currency, basically US Dollars, translated into Euro).

The book value recognised does not differ from the fair value of balances under trade creditor and other accounts payable.

Additionally, the balance of Euro 42,219 thousand includes short-term fixed asset creditor balances amounting to Euro 3,619 thousand in 2021 (Euro 2,790 thousand in 2020).

According to the Resolution of 29 January 2016, of the Institute of Accounting and Auditing, on the information to be included in the notes to the financial statements in relation to the average payment period, it is reported that as of December 31 2021 and 2020 it is as follows:

	31/12/2021	31/12/2020
	Days	**Days**
Average payment period to creditors	35	34
Ratio of operations paid	37	36
Ratio of operations pending payment	16	20
	Thousands of Euro	**Thousands of Euro**
Total payments made	124,906	104,305
Total outstanding payments	12,552	8,325

16 SHORT TERM PROVISIONS AND OTHER CURRENT LIABILITIES

The fair value of short term provisions and other current liabilities does not differ from their accounting value. This heading breaks down as follows:

	2021	2020
Non-trade creditors	8,578	8,096
Accrued salaries	8,661	5,092
Provision for gas emission rights (note 25.2)	1,861	2,459
Other current provisions	395	579
Accrued expenses	-	-
Accrual	228	-
Advance payments from customers	3,367	777
Other liabilities	836	420
	23,926	**17,423**

Provisions for variable compensation and associated objectives established and agreed with the staff concerned are included under the heading of accrued salaries. In 2020 a portion of these variable compensation is classified in the long term because it has a maturity of more than 1 year. In the current year, they are all short term.

(In thousand Euro)

The Group has not received guarantees associated with these liabilities. Of the total of "Short-term provisions" and "current liabilities" of the Group at 31 December 2021, an amount of 467 thousand Euro are in non-euro currency (359 thousand Euro in 2020).

“Other liabilities” relate to the short-term amount as a result of the application of IFRS 16 see note 2.3 “Leases”).

The information related to gas emission rights is disclosed in Note 25.2 of these consolidated financial statements.

a) Non-trade creditors

	2021	**2020**
Taxes payable to Public Administrations	7,426	6,901
Social Security	885	874
Other taxes payable	267	321
	8,578	**8,096**

The balance of creditor Treasury at year-end 2021 and 2020 includes essentially the amounts provided in respect of Income Tax of Physical Persons Tax and Value Added.

b) Other current provisions.

The Group records short-term provisions amounting to Euro 395 thousand (Euro 579 thousand in 2020), In 2020, this balance included contingent liabilities of Euro 145 thousand from the business combination with Clariana, S.A., which were derecognised in the current year. Additionally, a provision for taxes has been established amounting to Euro 395 thousand (Euro 350 thousand in 2020).

17 TAX SITUATION

17.1 Consolidated tax regime

The parent Company, since it is the parent Company of a Group, is taxed in Spain for corporate income tax under the Consolidated Tax Regime. The consolidated tax group includes Miquel y Costas & Miquel, S.A., as the parent Company, while those Spanish companies that meet the requirements set down in tax legislation on the taxation of the consolidated profit of groups of companies, are classified as the subsidiary companies.

In 2021 they are as follows:

Miquel y Costas & Miquel, S.A. (Parent Company)
Celulosa de Levante, S.A.
S.A. Payá Miralles
MB Papeles Especiales, S.A.
Miquel y Costas Energía y Medio Ambiente S.A.
Papeles Anoia, S.A.
Sociedad Española Zig-zag, S.A.
Miquel y Costas Tecnologías, S.A.
Desvi, S.A.
Terranova Papers, S.A.
Miquel y Costas Logística S.A.
Clariana S.A

The subsidiary companies Miquel y Costas Argentina, S.A., Miquel y Costas Chile, S.R.L. and Miquel y Costas Deutschland, GmbH file individual tax returns under the tax legislation of Argentina, Chile and Germany, respectively.

(In thousand Euro)

17.2 Corporate income tax

Corporate income tax on Group profit before taxes differs from the amount that would have been obtained using the weighted average tax rate applicable to the profit of the consolidated companies as follows:

	2021	2020
Profit before tax	67,058	58,262
Elimination of results of foreign companies for non-tax group consolidation*	(1,997)	(1,293)
Adjustments to taxable income	(2,937)	(2,714)
Taxable income	62,124	54,255
Result of tax rate on taxable income	15,531	13,564
Deductions and credits	(594)	(603)
Tax consolidation group	14,937	12,961
Corporate income tax expense for the year – non tax group *	970	552
Shortfall / excess corporate income tax expense for the previous year and other adjustments	(30)	3
IAS / IFRS adjustments and others	389	(132)
Tax expense	16,266	13,384

*Included effect of hyperinflation in subsidiary Miquel y Costas Argentina, S.A. See Note 2.1.

During the current year the Group applied the reduction to the corporate income tax base amounting to Euro 1,463 thousand (Euro 1,385 thousand in 2020) as a capitalization reserve. Since the company is taxed through a consolidated tax regime and in accordance with Article 62 of Law 27/2014 of income tax, the calculation of the reserve was made at the Group tax level and its provision has been made for each company depending on the increase in equity each company contributed to the group.

The average tax rate for 2021 is 24.26% against 22.97% in the prior year.

Adjustments to the tax base mainly relate to the capitalisation reserve and other permanent differences.

The IFRS adjustments are mainly generated by the revaluation in accordance with Law 16/2012, of 27 December, which the parent Company and certain subsidiaries of the Group (Papeles Anoia, S.A., Celulosa de Levante, S.A., MB Papeles Especiales, S.A., Miquel y Costas Tecnologías, S.A., S.A. Payá Miralles and Clariana, S.A.) have performed.

(In thousand Euro)

The Group has applied in the calculation of income tax for 2021 tax incentives amounting to Euro 594 thousand (Euro 603 thousand in 2020) mainly relating to deductions for the environment, research and development and technological innovation.

The Group has not applied tax loss carryforwards from Clariana, S.A. in the current year. (Euro 0 thousand in 2020).

The Group's tax loss carryforwards at 31 December 2021 and 2020 amount to Euros 488 thousand, all of which were generated in 2018.

The Group has no unused tax credits in 2021 and 2020.

The net tax payable (receivable) over corporate income tax is charged to each of the Group companies on the date of payment of the tax.

	2021	**2020**
Net tax payable		
From Miquel y Costas & Miquel, S.A.	578	515
From subsidiaries consolidated for tax purposes		
Sociedad Española Zig-Zag, S.A.	-	1
S.A. Payá Miralles	29	56
Papeles Anoia, S.A.	77	133
MB Papeles Especiales, S.A.	490	334
Miquel y Costas Tecnologías, S.A.	(25)	(41)
Celulosa de Levante, S.A.	288	(231)
Desvi, S.A.	(91)	(85)
Miquel y Costas Logística S.A.	23	29
Miquel y Costas Energía y Medio Ambiente , S.A.	34	34
Terranova Papers, S.A.	(399)	(523)
Clariana, S.A.	32	315
Total	**1,036**	**537**

(In thousand Euro)

17.3 Deferred income tax assets and liabilities

The deferred income tax assets and liabilities are stated in the consolidated balance sheet without being offset.

The overall effect of the recognition of the deferred tax for 2021 and 2020 is as follows:

	2021	2020
Deferred income tax assets:		
- Deferred income tax assets to be recovered in more than 12 months	2,153	2,885
- Deferred income tax assets to be recovered in 12 months	197	236
	2,350	**3,121**
Deferred income tax liabilities:		
- Deferred income tax liabilities to be paid in more than 12 months	2,233	2,195
- Deferred income tax liabilities to be paid in 12 months	523	325
	2,756	**2,520**

The breakdown of deferred income tax assets and liabilities for 2021 and 2020 is as follows:

	2021	2020
Deferred income tax assets:		
Pension premiums	27	27
Limitation on the deduction of depreciation	652	848
Revaluations RD 16/2012	645	728
Accruals	725	1,143
Business combination	-	36
Other	301	339
	2,350	**3,121**

(In thousand Euro)

	2021	2020
Deferred income tax liabilities:		
Profit generated by business combinations	212	212
Accelerated tax depreciation	1,339	1,616
Business combination	200	200
Hyperinflation	914	422
Other	91	70
	2,756	**2,520**

The movements in deferred income tax assets and liabilities for 2021 and 2020 are as follows:

	2021	2020
Opening balance	**601**	**232**
Business combination	-	-
Charged in the income statement	(990)	366
Charged directly to equity	17	3
Closing balance	**(406)**	**601**

On November 27, 2014 the Law 27/2014 was approved establishing a decrease in the overall rate of corporation tax to 25% for the year 2016. However, such a reduction of the tax rate does not apply to the reversal of the limitation of 30% nor to the reversal of the balance sheet revaluation (both measures stated under Law 16/2012 of December 27).

17.4 Years open to inspection

On 24 July 2017, the parent company and one of its subsidiaries received notification of the start of tax inspections on the following taxes and periods:

- Corporate income tax: 2012 to 2015
- Value added tax: 07/2013 to 12/2015
- Withholdings/payments on account of earned income/professional fees: 07/2013 to 12/2015

Subsequently, on 30 November 2017, an inspection of another of the parent's subsidiaries commenced on the same taxes and periods.

On 20 March 2019 the assessments documenting the results of the tax inspection were signed, the Group disagreeing with certain aspects.

In September 2019, the Tax Inspectorate notified the tax authorities of a settlement agreement, which resulted in an assessment of Euro 1,851 thousand payable to the tax authorities, which was deposited by the Company on 5 November 2019. The directors, based on the opinion of their advisors, have good reason to believe that once the assessment is appealed this amount will not become a liability for the Group, which recognised a long-term current tax asset of Euro 1,710 thousand for this payment at 31 December 2021 (Euro 1,710 thousand at 31 December 2020).

(In thousand Euro)

At the date of preparation of these annual accounts, the Group's returns for corporate income tax is open to inspection since 2017 and the other main taxes to which it is subject are open to inspection since 2018. The Directors do not expect any additional significant liabilities to arise in the event of a tax inspection of these years.

18 NET TURNOVER AND OTHER OPERATING INCOME

Net turnover of the Group in 2021 and 2020 has totalled Euro 301,286 thousand and Euro 274,151 thousand, respectively, and relate to the sales of paper for cigarettes, paper for industrial use and printing and special pulp.

Furthermore, net turnover in 2021 includes Euro 54,132 thousand relating to sales in foreign currency (Euro 51,333 thousand in 2020).

Net turnover and other operating income by product lines in 2021 and 2020 have been as follows:

	2021	**2020**
Sales	301,286	274,151
Operating grants	1,728	373
Other sales and other ordinary income	4,385	2,539
Total	**307,399**	**277,063**

Net turnover by geographic area in 2021 and 2020 is as follows:

	2021	**2020**
Domestic market	35,271	28,615
Exports		
European Union	90,901	83,824
OECD countries	82,138	75,648
Other countries	92,976	86,064
Total	**301,286**	**274,151**

(In thousand Euro)

19 STAFF COSTS

Staff costs of the Group in 2021 and 2020 have been as follows:

	2021	2020
Wages and salaries	35,609	34,233
Social Security	10,380	10,123
Contribution to pension fund (Note 13.1 and 13.2)	58	61
Long-term benefits to staff equity instruments (Note 11.3)	124	123
Severances	643	193
TOTAL	**46,814**	**44,733**

The average number of employees in 2021 and 2020 has been as follows:

Professional category	2021	2020
Members of the Boards of Directors (executives)	3	3
Senior Management	9	6
Executives	22	25
Managers and Middle Management	104	104
Administrative and Technical personnel	169	179
Production staff	597	576
TOTAL	**904**	**893**

The breakdown by gender and category at the 2021 and 2020 year end, is as follows:

	2021		2020	
Professional category	**Men**	**Women**	**Men**	**Women**
Members of the Boards of Directors (executives)	3	0	3	-
Senior Management	6	3	5	1
Executives	22	0	23	2
Managers and Middle Management	96	9	97	9
Administrative and Technical personnel	79	91	82	102
Production staff	429	136	441	142
TOTAL	**635**	**239**	**651**	**256**

(In thousand Euro)

The average number of employees during the year of the companies included in the consolidation scope, with disabilities equal to or greater than 33%, by gender and category, is as follows:

	2021		2020	
Professional category	**Men**	**Women**	**Men**	**Women**
Managers and Middle Management	1	-	1	-
Administrative and Technical personnel	1	-	1	-
Production staff	3	1	3	-
TOTAL	**5**	1	**5**	**-**

20 OTHER OPERATING EXPENSES

Other operating expenses at 31 December 2021 and 2020 break down as follows:

	2021	**2020**
Leases and royalties	54	-
Independent professional services	4,418	4,186
Transport	12,179	9,446
Insurance premiums	1,428	1,320
Repairs and maintenance	5,578	5,469
Travel, publicity and advertising	3,528	3,352
Supplies	27,315	16,867
Subcontracted work	18,360	17,219
Other operating expenses	5,445	4,978
Variation in trade provisions (Note 8)	177	19
Provision for gas emission allowances	2,036	1,882
Total other operating expenses	**80,518**	**64,738**

“Other operating expenses” include an amount by Euro 3,916 thousand relating to transactions in non-Euro currencies. The currencies of the mentioned transactions are mainly the dollar and relate to the subsidiaries located in Argentina and Chile (Euro 2,966 thousand in 2020).

(In thousand Euro)

21 FINANCIAL INSTRUMENTS AND NET FINANCIAL RESULTS

21.1 Financial instruments by categories

The net book value of each category for the financial instruments at 31 December 2021 and 2020, are as follows:

Financial Assets at 31 December 2021	Deposit and guarantees (Note 6)	Trade accounts receivable (Note 8)	Shareholdings and loans associates (Note 6)	Other debtors (Note 9)	Other financial investments (Notes 6 and 9)
Investments at amortised cost	116	-	286	-	14,959
Financial assets available for sale	-	-		-	22,865
Total Non- Current Financial Assets	**116**	**-**	**286**	**-**	**37,824**
Investments at amortised cost	-	-	-	-	74,809
Loans and receivables	-	56,270	-	240	-
Total Current Financial Assets	**-**	**56,270**	**-**	**240**	**74,809**

Financial Assets at 31 December 2020	Deposit and guarantees (Note 6)	Trade accounts receivable (Note 8)	Shareholdings and loans associates (Note 6)	Other debtors (Note 9)	Other financial investments (Notes 6 and 9)
Investments at amortised cost	125	-	345	-	21,127
Financial assets available for sale	-	-		-	10,813
Total Non- Current Financial Assets	**125**	**-**	**345**	**-**	**31,940**
Investments at amortised cost	-	-	-	-	70,652
Loans and receivables	-	41,365	-	251	-
Total Current Financial Assets	**-**	**41,635**	**-**	**251**	**70,911**

(In thousand Euro)

Financial Liabilities at 31 December 2021	Banks Loans (Note 12)	Trade payables (Note 15)	Other payables (Note 14 and 16)
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	-
Other Financial Liabilities at amortized cost	41,564	-	680
Total Non – Current Financial Liabilities	**41,564**	**-**	**680**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	228	-	-
Other Financial Liabilities at amortized cost	16,467	42,219	7,822
Total Current Financial Liabilities	**16,695**	**42,219**	**7,822**

Financial Liabilities at 31 December 2020	Banks Loans (Note 12)	Trade payables (Note 15)	Other payables (Note 14 and 16)
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	-
Other Financial Liabilities at amortized cost	49,145	-	571
Total Non – Current Financial Liabilities	**49,145**	**-**	**571**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	-
Other Financial Liabilities at amortized cost	18,582	31,213	4,407
Total Current Financial Liabilities	**18,582**	**31,213**	**4,407**

Income and expenses arising from financial instrument category for 2021 and 2020 are as follows:

	2021	**2010**
Investment at amortised cost (Note 21.4)	1,101	1,079
Other financial liabilities at amortized cost (Note 21.4)	(393)	(460)
Total net	**708**	**619**

Income from held-to-maturity investments is included under the heading of financial income while the costs of other financial liabilities at amortized cost are included under the heading of financial expenses (see Note 21.4).

In order to evaluate the credit quality of the cash in bank accounts and short and long-term deposits, the Financial Department uses the credit qualification ("rating") given by external entities.

Regarding the evaluation of the credit quality for customers, the Group Credits-Clients department, together with Group senior management, asks for the credit qualification to an external insurance company and the coverage limit for each customer is individually settled.

21.2 Financial derivatives

The Group uses the financial instruments described below to hedge exchange rate fluctuation risk on its future commercial transactions, and recognised assets and liabilities, denominated in a functional currency that is not the functional currency of the Group.

The breakdown of the hedged exchange rate positions at 31 December 2021 is as follows:

Currency	Maturity	Nominal in forex *	Profit/ (loss) in euros*
USD	2022	6,431	(227)
JTY	2022	(17,100)	2
AUD	2022	227	(4)
NOK	2022	353	1
Total (Loss) / Profit			**(228)**

*Expressed in Thousand

The breakdown of the hedged exchange rate positions at 31 December 2020 is as follows:

Currency	Maturity	Nominal in forex*	Profit/ (loss) in euros*
USD	2021	12,766	268
JTY	2021	(10,200)	-
AUD	2021	436	(8)
NOK	2021	334	(1)
Total (Loss) / Profit			**259**

*Expressed in Thousand

(In thousand Euro)

The profit or loss in the fair value of the financial instruments is recorded as financial income or expense in the consolidated income statement.

Fair value is the amount for which an asset could be exchanged for or a liability settled for between a buyer and a seller adequately informed and, in a situation, where both are independent. The valuations arise from financial entities own models based on financial principles and reasonable estimations related to future market conditions.

The derivatives held for trade are classified as current assets or liabilities. The total fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is greater than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. All financial instruments contracted by the Group relate to current assets and liabilities.

21.3 Fair value estimation

The table below provides an analysis of financial instruments that are measured at fair value classified by valuation method. The different levels are defined as follows in accordance with IFRS 13:

- Level 1: Trading prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Trading prices other than those included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) should reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about the risk.

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2021:

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets	22,865	-	-	22,865
Liabilities				
Financial liabilities	-	(228)	-	(228)

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets	10,813	259	-	11,072
Liabilities				
Financial liabilities	-	-	-	-

For financial liabilities tied to variable interest rate, the Group has estimated that its carrying amount does not differ materially from its fair value due to the initial conditions of the Group's credit risk and counterparty having not been modified.

The fair value of financial instruments traded in active markets is based on market trading prices at the balance sheet date. A market is considered active if trading prices are readily and regularly available from an exchange, financial intermediaries, a sector institution, pricing service or regulatory agency, and those prices represent actual market transactions that regularly occur between parties that operate at arm's length. The market trading price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on conditions existing at each balance sheet date. The valuation techniques maximize the use of observable market data available and rely as little as possible on entity specific estimates. If all significant data required to calculate the fair value of an instrument is observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific techniques for measuring financial instruments include:

- Market trading prices or prices set by financial intermediaries for similar instruments.
- Other techniques, such as analysis of discounted cash flows, are used to analyse the fair value of other financial instruments.

21.4 Net financial results

The summary of the financial results at 31 December 2021 and 2020 is as follows:

	2021	2020
Financial income:		
- Other interest and income from cash and other cash equivalents	573	259
- Investments held to maturity	1,101	1,079
- Expected return from pension-related assets	-	-
Total Financial Income	1,674	1,338
Financial expenses:		
- Other financial liabilities at amortized cost- Bank Interest	(393)	(460)
- Other Bank Interest	-	-
- From restatement of provisions for employee benefits	-	-
Total financial expenses	(393)	(460)
Exchange differences:		
- Exchange losses	(2,309)	(2,835)
- Exchange gains	1,632	1,887
Total exchange differences	(678)	(948)
Impairment and result from disposal of financial instruments		
- Investments in capital	-	-
Total impairment and result from disposal of financial instruments	-	-
Net financial results	**603**	**(70)**

22 EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the profit attributable to the shareholders of the parent Company by the average weighted number of ordinary shares in circulation during the year, excluding the parent Company's own shares.

	2021	2020
Profit attributable to the Group's shareholders (in Euro thousands)	50,792	44,878
Weighted average number of ordinary shares in circulation (thousands)*	39,206	40,107
Basic earnings per share (Euro)	1.30	1.12

The weighted average number of ordinary shares outstanding and basic and diluted earnings per share reported for 2020 were adjusted (for comparative purposes as required in paragraph 64 of IAS 33) to reflect the impact of the capital increase and reduction carried out in 2021.

(In thousand Euro)

Diluted earnings per share are equal to basic earnings, since only one type of shares has been issued and there are no potential diluted shares or instruments on which they are based with a relevant impact.

23 CASH FLOW GENERATED BY OPERATIONS

	2021	2020
Profit for the year before tax	**67,058**	**58,262**
Adjustments:	**16,861**	**19,811**
– Fixed asset depreciation and amortisation (Notes 4 and 5)	17,658	18,113
– (Profit)/loss on sale of fixed assets	-	-
– Valuation corrections due to impairment	658	593
– Variation in provisions	25	1,125
– Release of grants (Note 26)	(189)	(1,760)
– Financial income and expenses (Note 21)	(1,281)	(878)
– Net exchange differences (Note 21)	(10)	1,013
– Other income and expense	-	1,605
Variations in working capital:	**(6,526)**	**5,200**
– Inventories	(7,164)	7,339
– Trade receivables	(16,107)	342
– Other current financial assets	(64)	(56)
– Trade and other payables	16,809	(2,425)
Cash generated from operations	**77,393**	**83,273**

At 31 December 2021 cash generated from operations decreased by Euro 5,880 thousand compared to the previous year.

(In thousand Euro)

24 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

24.1 Information on related parties

All transactions and balances of the parent Company with other group companies are eliminated in the process of preparing the consolidated annual accounts.

Furthermore, in accordance with the information received from the related parties during 2021 and 2020, no transactions have been undertaken and no outstanding balances exist between related parties and the parent Company (except for the investments detailed in Note 6). The parent Company, as per IAS 24, has identified the Board of Directors, Senior Management personnel, shareholders with a significant interest and the family members of the above-mentioned groups as related parties.

Conflict of interest situations of the Board of Directors

In the duty to avoid conflict with the interests of the Parent Company during the financial year the individuals who have occupied roles on the Board of Directors have complied with the obligations under Article 228 of the revised text of the Corporations Act. Also, they and those related to them, have refrained from engaging in the alleged conflict of interest under section 229 of the Act.

24.2 Control of the Board of Directors on the share capital of the parent Company

The members of the Board of Directors holding shares in the Company in 2021 are as follows:

Name of registered name of the board members	Office	Direct number of shares	Indirect number of shares	% share capital
Mr. Jordi Mercader Miró	Chairman	585,000	6,234,986	17.050%
Mr. Eusebio Díaz-Morera Puig-Sureda	Director	100,641	14,934	0.289%
Mr. Álvaro de la Serna Corral	Director	42,000	1,024	0.108%
Mr. Javier Basañez Villaluenga	Director	112,632	-	0.282%
Joanfra, S.A.	Director	3,409,088	-	8.523%
Mr. Joaquin Faura	Director	11,640	-	0.029%
Mr. Jorge Mercader Barata	Vice Chair	197,727	-	0.494%
Total		**4,458,728**	**6,250,944**	**26.780%**

(In thousand Euro)

The members of the Board of Directors holding shares in the Company in 2020 are as follows:

Name of registered name of the board members	Office	Direct number of shares	Indirect number of shares	% share capital
Mr. Jordi Mercader Miró	Chairman	370,000	4,470,000	15.613%
Mr. Eusebio Díaz-Morera Puig-Sureda	Director	73,805	10,954	0.273%
Mr. Álvaro de la Serna Corral	Director	30,800	752	0.102%
Mr. Javier Basañez Villaluenga	Director	82,600	-	0.266%
Joanfra, S.A.	Director	2,480,000	-	8.000%
Mr. Joaquin Faura	Director	8,536	-	0.028%
Mr. Jorge Mercader Barata	Vice Chair	145,000	-	0.468%
Total		**3,190,741**	**4,481,706**	**24.750%**

24.3 Remuneration of the Board of Directors

The members of the Board of Directors of the group’s parent company receive, pursuant to the authorisation granted by the General Shareholders’ Meeting:

a. The directors who are executives of the parent company received Euro 1,087 thousand (Euro 1,089 thousand in 2020) for their executive functions during the 2021 financial year, as fixed salary remuneration and other items, and Euro 1,783 thousand (Euro 1,047 thousand in 2020) in bonuses. In 2021, the bonus includes the amount accrued under the 2019-2021 Three-Year Plan, which totals Euro 297 thousand (Euro 0 thousand in 2020). Contributions were also made in the current financial year to the long-term savings systems that make up the 2019-2021 Social Welfare Plan (as this is the plan with which the three-year period ends) in the amount of Euro 325 thousand (Euro 0 thousand in 2020). In addition, in 2017, at the end of the previous plan, the "2016 Stock Option Plan" was introduced, which at the end of 2021 is in the "vesting phase". This phase lasts for five years (it started on 7 February 2017), after which the "exercise phase" will commence, which will last for three years. This phase will mark the beginning of the period in which the beneficiaries will be able to exercise the options.

b. All members of the Board of Directors, a total maximum remuneration equivalent to 5% of the net profits of Miquel y Costas & Miquel, S.A. once the requirements set forth in the Law and the Articles of Association have been met. The amount accrued for this item in 2021 and 2020 was Euro 1,816 thousand (5% of EAT) and Euro 1,531 thousand (5% of EAT), respectively, which is reflected under “Other operating expenses” in the income statement and is mostly settled in the following year, once the requirements established in articles 217 and 218 of the Capital Companies Act and in the Articles of Association have been met.

(In thousand Euro)

The Parent Company has established a guarantee for liability coverage for its directors amounting to Euro 15,000 thousand for which a premium of Euro 31 thousand has been paid in the current year (28 thousand Euro in 2020).

Except for the abovementioned concepts there is no receivable or payable balance to the members of the Board of Directors a 31 December 2021 and 2020.

Except for the executive Directors, who have a contract with guarantee clause for cases of dismissal and the President and the General Manager, in case of change of control, the Company has not established any compensation agreement with other Directors in the event of resignation or termination for any reason.

During 2021 and 2020 no advances or loans have been granted to the Directors.

24.4 Remuneration paid to the members of Senior Management

The total fixed, variable and other items of remuneration of senior management personnel who are not executive directors during the year 2021 was Euro 3,002 thousand (Euro 1,530 thousand in 2020). This remuneration includes the amounts corresponding to the Three-Year Plan and the Employee Benefit Plan.

In the 2017 financial year, at the end of the previous plan, the "2016 Stock Option Plan" was introduced, which at the end of the 2021 financial year is in the "Vesting Phase". This phase will last for five years and will be followed by the "Exercise Phase", which will last for three years. This phase marks the beginning of the period when beneficiaries are able to exercise their options. (Note 11.1).

The Group has no agreements in place with the members of Senior Management who are not executive directors other than those established in the Workers' Statute for indemnities due to resignation or wrongful dismissal or if the employment relationship ends as a result of a takeover bid.

Members of senior management who are not executive directors are:

Name	**Position**
Javier Ardiaca Colomer	Director, Mislata factory
Olga Encuentra Catalán	Director Management Control
Javier García Blasco	Sales Director, Libritos Division
Marina Jurado Salvado	Sales Director, Fumar Division
Victoria Lacasa Estébanez	Director, Legal Affairs
Ignasi Nieto Magaldi	Deputy Managing Director
José Maria Masifern Valón	Director, Besós factory
Josep Payola Basets	Manager, MB/Terranova
Jordi Prat Canadell	Director, finance and corporate development

25 ENVIRONMENTAL POLICY

25.1 Environmental assets and expenses

The Group allocates major investment resources to the environmental improvement of its plants through an ongoing policy of action plans in its factories that include the reduction of water and energy consumption and selective waste collection, and manages evaluation, treatment and elimination through authorized entities.

Total net investment after deducting grants received and tax deductions applied has totalled Euro 6,971 thousand in 2021 (Euro 3,976 thousand in 2020).

The Group's main environmental investments in 2021 in the production process focused on reducing energy consumption, thus contributing to the prevention of climate change.

With respect to investment not directly related to the production process, resources were primarily invested in projects enhancing and improving the drying of sewage sludge and the installation of new photovoltaic panels, guaranteeing a more sustainable environmental alternative compared with conventional energy consumption thanks to the use of renewable sources such as solar energy.

Total expenses allocated to the protection and improvement of the environment, deducting the income obtained on the sale of by-products, have totalled Euro 4,854 thousand in 2021 (Euro 4,035 thousand in 2020), of which there are not any unusual items, and relate basically to the local taxes for the use of water in the Regions, consumption of raw materials and energy in environmental protection equipment and other waste treatment.

There are no contingencies related to the protection and improvement of the environment of which the Group is aware at this date, in addition, no risks have been transferred to other entities. Additionally, the Group is the policyholder of insurance covering potential contingencies deriving from its actions in environmental policy.

25.2 Greenhouse gas emissions allowances

Under IAS 20 the gas emission allowances received free of charge have been recorded as intangible assets at their fair value.

On July 13, 2021, the Council of Ministers adopted, at the proposal of the Ministries of Economic Affairs and Digital Transformation, of Industry, Commerce and Tourism, and for the Ecological Transition and the Demographic Challenge, the final free allocation for the period 2021-2025 for the companies Miquel y Costas & Miquel, SA, Celulosa de Levante, SA, MB Papeles Especiales, SA, Terranova Papers, SA, Clariana, SA and SA Paya Miralles. However, these allocations could undergo adjustments or modifications throughout the allocation period, in accordance with Royal Decree 1089/2020, of December 9, which develops aspects related to the adjustment of the free allocation of emission rights. greenhouse gases in the period 2021-2030.

(In thousand Euro)

Given that the facilities of the companies MB Papeles Especiales, SA, Terranova Papers, SA, Clariana, SA and SA Paya Miralles can be considered low emission, they have requested their exclusion from the emission rights trading regime for the period 2021- 2025. This request has been approved by the competent Autonomous Administration during the current year, establishing the commitment to apply the mitigation measures described in Royal Decree 317/2019, for this reason, the allocation has not been made effective.

The breakdown of the movement during 2021 and 2020 of this intangible asset is as follows:

	2021	2020
Opening balance	2,459	1,577
Increase due to new emissions	1,861	2,476
Return of emission rights from last year	(2,459)	(1,594)
Business combination	-	-
Closing balance	**1,861**	**2,459**

The amount of the provision at 31 December 2021 relates to the units not yet returned in respect of current year emissions measured at fair value at year end.

The movement in 2021 and 2020 under emissions allowances (Note 14) is as follows:

	2021		2020	
Thousand Euro	**Tn CO2**	**Value**	**Tn CO2**	**Value**
Opening balance	-	-	3,662	97
Rights granted	22,596	1,192	61,094	1,464
Consumption for the year	(21,873)	(1,154)	(64,756)	(1,561)
Closing balance	**723**	**38**	**-**	**-**

In 2021, 15,000 rights were purchased outside the Group at EUR 50 (14,133 rights in 2020). No rights were sold outside the Group in 2021 or 2020.

The installations of the companies MB Papeles Especiales, S.A., Terranova Papers, S.A., Clariana, S.A. and S.A. Payá Miralles are low-emission and have applied to be excluded from the emission allowance trading scheme for the period 2021-2025. This application was approved by the competent Autonomous Community Administration during the current year, establishing the commitment to apply the mitigation measures described in Royal Decree 317/2019. Therefore, no allocation was made because they remain excluded.

(In thousand Euro)

The maximum emissions of the excluded companies and the cumulative emissions at the close of 2021 were as follows:

	Maximum annual emissions (Tm.)	**Emissions at year-end (Tm.)**
MB Papeles Especiales, S.A.	16,846	17,357
Terranova Papers, S.A.	10,672	10,532
S.A. Payá Miralles	13,991	10,991
Clariana, S.A.	12,059	4,996
Total	**53,568**	**43,876**

According to article 3 of Royal Decree 317/2019, if the volume of emissions is lower than the maximum emission permitted, the resulting difference would be carried forward to the following year.

If the allowances exceed the established maximum, they would have to be surrendered in the year 2022. Since MB Papeles Especiales, S.A. has exceeded this limit, a provision of Euro 74 thousand been recorded.

25.3 Greenhouse gas emissions allowances

A specific risk identified by the Group's management is climate change and the steps taken to mitigate it, due to the fact that it may have implications that hinder the achievement of long-term objectives and the creation of value for stakeholders.

In a preliminary analysis, the most significant risks have been identified as follows:

- Policy and regulatory risks associated with climate change: Europe has created the emission allowances market as an instrument that creates an economic incentive or disincentive which pursues an environmental benefit: that a set of industrial plants collectively reduces emissions of polluting gases into the atmosphere. The increase in the price of greenhouse gas emission rights has a direct impact on the Group's operating costs.

- Physical risk associated with climate change: Paper manufacturing requires water on a continuous basis in its production process. Although current processes reuse this resource by recirculating a large quantity of water, due to the increase in average global temperatures, the risk of water stress may increase. However, it is clear that historically none of the factories have had significant water supply problems.

(In thousand Euro)

- Reputational risk: The long-term consequences associated with climate change are among the main concerns of different stakeholders, and the need for all parties to undertake adaptation and mitigation initiatives. Failure to undertake such initiatives, or in the event that the Group's activity may generate more greenhouse gases or require more water, may change the preferences of customers, shareholders, employees and other stakeholders and therefore hinder the company's value creation objectives.

26 INVESTMENT GRANTS OF NON-FINANCIAL ASSETS

The income transferred to the consolidated income statement has been as follows:

	2021	2020
Capital grants transferred to the income statement (Note 14)	189	199
Greenhouse gas emission allowances (Note 14)	1,154	1,561
Total	**1,343**	**1,760**

27 CONTINGENCIES AND COMMITMENTS

Contingencies

The Group engages in litigation and disputes in the normal course of business. In 2021, the most relevant events during the year were as follows.

With regard to the legal proceedings against the former distributor in Italy, Tobacco's Import-Export SPA, the appeal filed by the that distributor with the Supreme Court against the ruling of the Barcelona Provincial Court, which confirmed that the parent company was entitled to terminate the distribution contract and ordered the distributor to pay the corresponding compensation for damages in the amount of EUR 1,999 thousand, is still pending admission. Pursuant to this ruling, an application for injunctive relief has been filed to guarantee payment in the event of a favourable ruling.

In relation to the appeal against the Tax Agency’s corporate tax assessment, the parent company has lodged an appeal with the National High Court against the judgement of the Central Economic-Administrative Court which rejected its contentious-administrative appeal. The Board of Directors, in agreement with its advisors, maintains that, in accordance with current accounting regulations, the Group should not record any relevant provision in its consolidated financial statements.

Finally, two economic-administrative claims have been filed with the Central Economic-Administrative Court against the Settlement Agreements of the Tax Agency in relation to the partial exemption from electricity tax for 2016 and 2017 on the one hand, and for 2018 on the other. The Parent Company has proceeded to the precautionary provision of the assessments included in the aforementioned Settlement Agreements.

The Group has contingent liabilities for bank guarantees and other guarantees related to the normal course of business from which no significant liabilities are expected to arise. The Group has provided domestic guarantees to third parties in the amount of Euro 1,935 thousand (Euro 2,302 thousand in 2020, mainly in connection with grants and procedures with public authorities.

Commitments

The Group has no significant sales-purchase commitments signed at year end 2021 except for those mentioned in Note 4. There were no commitments in 2020.

28 AUDITORS' REMUNERATION

The fees accrued to PricewaterhouseCoopers Auditores, S.L., for auditing (usual and exceptional) and other assurance services for the year 2021 total Euro 155 thousand (Euro 136 thousand in 2020) and Euro 11 thousand (Euro 1 thousand in 2020), respectively. The other verification services in 2021 include the issuance of agreed procedures reports relating to the packaging declaration and the calculation of gross value added for the purposes of certification of the status of electro-intensive consumer (in 2020 it included the issuance of reports on agreed procedures relating to the packaging declaration).

During 2021 Euro 0 thousand accrued in fees to other companies of the PwC network as a result of other services provided to the Group (Euro 0 thousand in 2020).

The fees accrued in 2021 by other auditors of subsidiaries (Miquel y Costas Argentina, S.A. for audit and other assurance services amounted to Euro 22 thousand in 2021 (Euro 22 thousand in 2020 for Miquel y Costas Argentina, S.A.). In 2020 and 2021 this includes the verification of the non-financial information statement.

29 IMPACTS COVID-19

The Parent Company and its subsidiaries have analysed the possible accounting implications as a result of the pandemic, and to date no effects have been detected that should be significantly highlighted in the accompanying financial information.

In view of the business development in the financial year 2021 compared to the same period of the previous year, the going concern principle is not considered to be at risk, nor is the Group's ability to meet its obligations. No changes have been made to existing rental contracts and there are no plans to restructure the workforce for this reason. The Parent Company has maintained its dividend distribution policy throughout 2021. The Parent Company does not propose any adjustments to the stock option plan in force beyond those established by regulations.

With regard to the valuation of assets and liabilities on the balance sheet, the impact of items such as the collectability of customers, the net realisable value of inventories, investments in Group companies and associates and the recoverability of tax assets has been assessed and, if necessary, the corresponding valuation adjustment has been made, and no cases with a significant impact have been detected.

At the present date, it is not known whether there will be any future economic impacts arising from the prevalence of the public health crisis, which is why the Group continues to pay special attention to business continuity plans, in addition to operational resilience, with ongoing monitoring.

30 SUBSEQUENT EVENTS

February saw the start of an armed conflict between Ukraine and Russia. This conflict has led to a more uncertain scenario, which includes the imposition of international sanctions on Russia, the disruption of international trade in the area and the uncertain implications it could have on the evolution of gas prices in Europe.

No other significant subsequent events for the reporting period are known at the date of preparation of these consolidated annual accounts.

APPENDIX I

SUBSIDIARY COMPANIES IN THE CONSOLIDATION SCOPE 2021

				Shareholding of the parent Company		
Registered name	**Registered office**	**Activity**	**Share capital (Thousand Euro)**	**Direct Shareholding**	**Indirect shareholding**	**Note**
Celulosa de Levante, S.A.	Tarragona	Manufacture of paper pulp	1,503	97.41%	2.59%	1
Desvi, S.A.	Barcelona	Promotion and development of companies	3,000	96.67%	3.33%	4
Miquel y Costas Argentina, S.A.	Argentina	Manufacture and sale of paper	1,565	0.00%	100.00%	2
MB Papeles Especiales, S.A.	Barcelona	Manufacture and sale of special papers	722	99.9958%	0.0042%	1
Miquel y Costas Tecnologías, S.A.	Barcelona	Other technical services	500	45.00%	55.00%	4
Papeles Anoia, S.A.	Barcelona	Trading of all types of paper	2,054	99.00%	1.00%	1
Miquel y Costas Energía y Medio Ambiente, S.A.	Barcelona	Thermal electric plant	766	0.00%	100.00%	4
Payá Miralles, S.A.	Valencia	Industrial assets lease	1,878	99.89%	0.11%	4
Sociedad Española Zig-Zag, S.A.	Barcelona	Sale of paper	60	93.47%	6.53%	4
Terranova Papers, S.A.	Barcelona	Manufacture and sale of processed and handled paper	12,000	41.17%	58.83%	1
Miquel y Costas Deutschland, GMBH	Germany	Trading of all types of paper	25	0.00%	100%	4
Miquel y Costas Chile, SRL	Chile	Trading of all types of paper	29	0.00%	100%	4
Miquel y Costas Logística, S.A.	Barcelona	Logistics, storage, transport and distribution services	100	50.00%	50.00%	4
Fourtube, S.L.	Sevilla	Manufacture of paper	350	0.00%	40%	3
Clariana, S.A.	Vila-Real (Castellón)	Paper production and marketing	157	60%	40%	1

All companies in the Group are fully consolidated, except for the company Fourtube, S.L. which is consolidated under the participation method.

Note 1: The companies marked with a reference (1) are audited by PricewaterhouseCoopers Auditores, S.L.
Note 2: The companies marked with a reference (2) are audited by P&A Consultores, S.A.
Note 3: The companies marked with a reference (3) are audited by Mazars Auditores S.L.P.
Note 4: The companies marked with a reference (4) are not audited

APPENDIX I

SUBSIDIARY COMPANIES IN THE CONSOLIDATION SCOPE 2020

				Shareholding of the parent Company		
Registered name	**Registered office**	**Activity**	**Share capital (Thousand Euro)**	**Direct Shareholding**	**Indirect shareholding**	**Note**
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Miquel y Costas Argentina, S.A.	Argentina	Manufacture and sale of paper	1,565	0.00%	100.00%	2
MB Papeles Especiales, S.A.	Barcelona	Manufacture and sale of special papers	722	99.9958%	0.0042%	1
Miquel y Costas Tecnologías, S.A.	Barcelona	Other technical services	500	45.00%	55.00%	4
Papeles Anoia, S.A.	Barcelona	Trading of all types of paper	2,054	99.00%	1.00%	1
Miquel y Costas Energía y Medio Ambiente, S.A.	Barcelona	Thermal electric plant	766	0.00%	100.00%	4
Payá Miralles, S.A.	Valencia	Industrial assets lease	1,878	99.89%	0.11%	4
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Miquel y Costas Deutschland, GMBH	Germany	Trading of all types of paper	25	0.00%	100%	4
Miquel y Costas Chile, SRL	Chile	Trading of all types of paper	29	0.00%	100%	4
Miquel y Costas Logística, S.A.	Barcelona	Logistics, storage, transport and distribution services	100	50.00%	50.00%	4
Fourtube, S.L.	Sevilla	Manufacture of paper	350	0.00%	40%	3
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Note 3: The companies marked with a reference (3) are audited by Mazars Auditores S.L.P.
Note 4: The companies marked with a reference (4) are not audited

CONSOLIDATED RESULTS

Despite the continued spread and subsequent outbreaks of COVID-19 in the markets in which the Group operates, the rigorous application of the Group's internal protocols has managed to prevent and minimise risks to people and operations, actions that have enabled the work centres to maintain their activities in the normal course of business and, as a result, to meet their commitments to the various stakeholders.

In this context, the main earnings figures are shown in the following table, all of which are expressed in thousands of euros.

Thousand Euro	2021	2020	Variation
Net turnover	301,286	274,151	9.9%
Gross operating profit (EBITDA)[1]	84,104	76,421	10.1%
Operating profit	66,446	58,308	14.0%
Profit before tax (PBT)	67,058	58,262	15.1%
Profit after tax (PAT)	50,792	44,878	13.2%
Cash-flow after tax (CFAT)[2]	68,450	62,991	8.7%

Consolidated net turnover for the 2021 financial year was EUR 301.3 million, an increase of EUR 27.1 million compared to the same period the year before. By business line, the Tobacco Industry line increased its sales by 5%, rising by EUR 8.8 million, mainly due to an improvement in volumes, and in particular, the product mix. The Industrial Products line experienced sales growth of EUR 13.9 million, thanks to the performance of demand for speciality papers, products mainly offered by the companies Terranova and MB. Finally, turnover in the "Others" line increased by EUR 4.4 million compared to the previous year, recovering from the decline in volume in the publishing and coloured paper markets caused by the COVID-19 pandemic the year before.

The parent company's sales for the year totalled EUR 187.3 million, an increase of EUR 18.6 million compared to the year before. It should be noted that EUR 5.5 million of this increase corresponds to the application of Royal Decree 1/2021 on the PGC, with recurring income (provision of services, sale of electricity, etc.) previously recorded under this heading as other operating income.

[1] Operating income plus depreciation.
[2] Profit after tax plus amortization.

Consolidated operating income was 14.0% higher than in 2020, despite the significant impact in the second half of the year of the high levels of pulp prices and sharp increases in energy prices, which are clearly on an upward trend and will continue to have a strong impact on results in 2022.

Despite these adverse circumstances, the Tobacco Industry line improved its result by EUR 4.2 million, as did the Industrial Products line, which improved its result by EUR 3.1 million, driven by demand and the operating performance.

Consolidated profit before tax was EUR 67.1 million, EUR 8.8 million higher than the year before, an increase of EUR 15.1 million.

Net profit before tax was EUR 50.8 million, 13.2% higher than the year before. The estimated effective tax rate for the period was 24.26%, higher than the previous year (23.0%), mainly due to regulatory changes that reduced applicable tax deductions and increased the tax base.

CONSOLIDATED BALANCE SHEET

The balance sheet of the consolidated Group has been prepared under IFRS in force.

The main variations (in thousand Euro) in comparison with the same period of prior year are summarized as follows:

In thousand Euro	December 2021	December 2020
Net Fixed Assets[3]	179,530	174,697
NOF[4]	83,853	77,163
Other assets/Other liabilities Non-Current[6]	(1,923)	(1,561)
Capital used	**261,460**	**250,299**
Equity	(322,897)	(293,627)
Net Financial Debt[5]	61,437	43,328

[3] Property, plant and equipment and intangible assets - net.

[4] Inventories plus trade receivables, sundry receivables and non-current assets, less current provisions, trade and other payables, current tax liabilities and other non-current liabilities.

[5] Deferred tax assets and liabilities, non-current tax assets and other non-current liabilities

[6] Current and non-current financial assets, cash and cash equivalents less current and non-current bank borrowings

(In thousand Euro)

Capital employed increased by around EUR 11.2 million, mainly as a result of the EUR 4.8 million increase in net fixed assets from the Group's investments and the EUR 6.7 million increase in NOLs, which is explained by the EUR 7.6 million and EUR 16.6 million increase in inventories and debtors, respectively, offset by the EUR 17.5 million increase in accounts payable and short-term provisions.

FINANCIAL POSITION

The consolidated Group's financial position, based on the information prepared in accordance with the international standards adopted, was as follows at year end and compared with the previous year:

Thousand Euro	December 2021	December 2020
Long-term borrowings	(41,564)	(49,145)
Short-term borrowings	(16,467)	(18,582)
Treasury and Current financial investments	81,242	78,645
Long-term financial investments[6]	38,226	32,410
Total net financial position[5]	**61,437**	**43,328**
Equity	**322,897**	**293,627**
Leverage index	**n/a**	**n/a**

The net financial position at year-end shows a debit balance of EUR 61.4 million, which is EUR 18.1 million higher than at year-end 2020.

In 2021, in order to continue to provide the Group with the necessary flexibility and liquidity in view of the unpredictability of events linked to COVID-19, the Group restructured part of its bank debt, extending average maturities and obtaining more favourable conditions.

At year-end, current cash and cash equivalents increased by EUR 2.6 million to EUR 81.2 million and non-current cash and cash equivalents increased by EUR 5.8 million to EUR 38.2 million.

The net operating cash flow generated in financial year 2021 amounted to EUR 68.5 million, 8.7% higher than in financial year 2020. The parent company's cash flow amounted to EUR 45.0 million, EUR 5.6 million higher than that generated in 2020.

The funds generated were mainly used for investment in assets in the amount of EUR 20.3 million, the acquisition of treasury shares in the amount of EUR 7.9 million, dividend payments of EUR 15.5 million, reduction of bank borrowings in the amount of EUR 9.7 million, operating needs of funds in the amount of EUR 6.9 million, as well as to increase liquid positions and other financial assets as described above.

(In thousand Euro)

STOCK EXCHANGE INFORMATION

The parent company's stock market activity in 2021 according to the values reported by BME:

Trading days	256 days
Number of securities traded	4,928,456
Cash contracted	72,380,690.54 euros
Maximum price	17.90 euros/share
Minimum price	11.86 euros/share
Average price	14.68 euros/ share
Closing price	13.10 euros/share

The parent company's stock market activity during 2021 is shown in the following figures, adjusted for the bonus share issue completed in November 2021:

Trading days	256 days
No. of securities traded (*)	6,192,711
Cash contracted	72,380,690.54 euros
Maximum price (*)	14.20 euros/share
Minimum price (*)	9.97 euros/share
Average share price (*)	11.72 euros/share
Closing price	13.10 euros/share

(*) Values adjusted for the capital increase charged to reserves carried out in November 2021.

TREASURY SHARES

In 2021, the Parent Company, making use of the authorisations for the derivative purchase of treasury shares granted by the General Shareholders' Meeting of 20 June 2018 and the new authorisation for a term of 5 years granted by the General Shareholders' Meeting of 22 June 2021, which cancelled the previous authorisation, as part of the Share Buyback Programme reported to the CNMV on 27 November 2020, acquired 373,271 shares (equivalent to 509,006 new shares) prior to the capital increase, which took place in November 2021, and 173,864 shares after the capital increase, 93,346 of which correspond to the share buyback programme reported on 30 November 2021, bring the total number of treasury shares at year-end to 1,145,904 (2.86% of the share capital).

RELATED PARTIES OPERATIONS

During 2021, neither the parent Company nor the Group entities have made transactions, with other significant shareholders or related parties that must be reported under the OEHA 3050/2004, September 15.

Similarly, during this period there is no record of any significant operations being carried out by the parent company and other Group companies with the directors or executives or parties related to them, as is attested to by the express representations made by them, which must be reported, as established in section 1a) of article 229 of the Spanish Companies Act, except for the dividends paid, the remuneration received as directors and / or executives and if appropriate, the remuneration linked to the parent company's financial instruments.

In the first half of the year, two of the Group's shareholding companies made a shareholder contribution of EUR 3 million to DESVI, S.A.

With the exception of the aforementioned capital increase and the dividends paid, there were no transactions that could give rise to a conflict of interest between the Group companies, other than those concluded in the ordinary course of business on an arm's length basis.

ENVIRONMENT

During 2021 the Group continued to carry out various actions aimed at preserving the environment and continuing to ensure the responsible use of natural resources, focusing investments in this area on energy saving and optimising energy consumption and reducing waste, favouring the development of the circular economy in its production activities.

Apart from the management effort, and in terms of financing, it applied financial resources amounting to Euro 11.8 million, aimed at reducing water and energy consumption and cutting the generation of waste coupled with waste management.

As a result of its commitment to sustainability and the circular economy, in 2021 the Group has once again obtained, for the second consecutive year, an A- rating in "leadership" from the independent organisation, CDP, in the CDP Climate Change and CDP Water categories, as well as a B rating for "Management" in the CDP Forest category (first year in which it is evaluated). It is one of the Spanish companies with the highest ratings, particularly in the industrial sector. The rating is particularly important as it is higher than the regional average for Europe, the average for the paper and forestry sector, and the global average, whose scores are in the "Management" and "Awareness" ranges (B and C scores) respectively.

PERIODO MEDIO DE PAGO A PROVEEDORES

The average supplier payment period is detailed in Note 15 of the report.

R&D&i ACTIVITY

In 2021 the Group continued its R&D +i activities and expansion, and devoted Euro 3.0 million. During this period, activities continued and focused mainly on research, largely aimed at obtaining new products and the technological innovation of production processes.

PERSONNEL

The Group's top priority during the health crisis has been to implement all measures at its disposal to protect the health and safety of its employees and in turn, deliver on its commitments with stakeholders and specifically, customers and suppliers.

The management of the situation is channelled through the governing bodies, which monitor the evolution of the pandemic in real time and take the necessary steps, with special attention to the Group's employees. They also coordinate management actions to safeguard the interests of customers and suppliers and anticipate actions to ensure supplies and minimise the impact of the situation. To date, the measures adopted have proven to be effective, controlling the spread of the virus in the workplaces and enabling the continuity of operations.

The Group's average headcount in 2021 is 904 people, eleven more than the average headcount in 2020. The resources allocated in the period to occupational health, safety and risk prevention totalled EUR 2.0 million. Resources allocated to the various training programmes remained significantly lower than in previous years as a result of the current public health situation resulting from the pandemic.

MAIN RISKS AND OPPORTUNITIES

Given the international nature of the operations of the Company and most Group companies, they are exposed to exchange rate risk, their functional currency differing from the currencies used in operations on different markets. The effects of foreign currency fluctuations on sales are partly offset by cash flows in the opposite direction generated by imports. Additionally, given that in aggregate, the Group is a net exporter, the additional risk of fluctuation is mitigated through the arrangement of hedging.

At the same time, the Group operates in very different markets and with very different customers that expose it to insolvency risks linked to commercial loans. In order to control and if appropriate, minimise the risk, the Group has established and follows a strict internal credit rating policy and additionally, covers exposure through credit insurance.

Because the Group uses energy sources, mainly electricity and gas, it is affected by the price volatility of these products. In order to reduce the impact, the Group assigns a significant part of its investments to technologies aimed at improving production performance and so, reducing consumption and reliance on external energy sources, coupled with the effective management of supplies of such resources,

The parent company and most of its subsidiaries present a solid balance sheet structure that provides strength and operational and structural financing capacity. When it is considered that there is objective evidence concerning the advisability of adjusting the value of a financial asset, a value adjustment is made based on judgements and estimates that are obtained from the information prepared by independent third parties.

The constant effort in research, development and innovation, essential in a global and competitive market, enables the Group to apply its know-how to obtaining and using new products based on new and often exclusive cutting- edge technology, in order to maintain and increase productivity and output of its product range and consistently satisfy demand for top quality, setting the stage for increasing needs going forward.

The parent company and the Group have disputes and litigation in the normal course of business. The year 2021 saw the rejection of the economic-administrative claim filed against the corporate tax assessment arising from the inspection procedure, in respect of which the Company has filed a contentious-administrative appeal with the National High Court. There have been no other relevant changes in litigation in progress, and consequently no significant amounts have been recorded in the Group's financial statements in this period.

While the Group has taken all available steps to minimise the impact of COVID-19 on its workforce and operations, there is a risk of resurgence that could affect both the Group's operations and demand. Therefore, the Group continues to work on potential adverse scenarios within the framework of this pandemic and maintains active action plans to minimise its impact.

The above notwithstanding, given the unpredictability of the current situation and its future evolution, the Group continues to analyse possible scenarios that, their impact and the additional measures that would be needed.

SUBSEQUENT EVENTS

In February 2022, an armed conflict broke out between Ukraine and Russia. This conflict means that we are facing a more uncertain scenario, which includes the imposition of international sanctions on Russia, the disruption of international trade in the area and the uncertain implications it could have on the evolution of gas prices in Europe.

Apart from the above, no further significant events are known to have occurred during the period reported as of the issue date of these consolidated financial statements.

OUTLOOK

The Company considers that the excellent results for the year 2021 should be examined with caution. The current economic situation poses a very different and complex scenario for 2022, with particularly significant volatility.

The Group's objective is to continue on the growth trajectory achieved in recent years, hoping that the results in the fourth quarter will allow us to do so.

However, the first quarter results will be severely affected by the extraordinary price increases, particularly in energy, which will be especially obvious when compared to the same period in 2021. In addition, 2021 included non-recurring results, as we indicated at the time.

Before the Russia-Ukraine war broke out, the Group expected the evolution of supply prices from April-May onwards to improve. Considering that the effectiveness of the sales price policy had reached its maturity in the April-September period, it could be expected that the imbalances of the first quarter would be moderated. This situation is generating greater uncertainty and its causes are being monitored and analysed in order to mitigate them.

In any case, the Group is confident that the last quarter of 2022 will be indicative of its future trajectory, which will fully incorporate the results of the latest and upcoming investments, regardless of whether scheduled shutdowns will be required, such as the one that will take place on one of our machines for an important technological development.

The Group remains confident in and committed to its ability to embark on a new cycle of growth.

ANNUAL CORPORATE GOVERNANCE REPORT

Attached as Appendix I is the "Corporate Governance Report" as an integral part of this Directors' Report.

ANNUAL REPORT ON DIRECTOR COMPENSATION

The "Annual Report on Directors' Compensation," attached as Appendix II, is an integral part of this Directors' Report.

NON FINANCIAL-INFORMATION

In accordance with the provisions of Law 11/2019, of 28 December, on non-financial information and diversity, the Miquel y Costas Group has prepared the document titled "Non-financial information" for the 2021 financial year, which is part of this report and which is enclosed herewith (Appendix III), pursuant to the provisions of article 44 of the Commercial Code.

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION

ENDING DATE OF REFERENCE FINANCIAL YEAR: 31/12/2021

TAX IDENTIFICATION CODE A-08020729

REGISTERED NAME:

MIQUEL Y COSTAS & MIQUEL, S.A.

REGISTERED ADRESS:

TUSET, 10, BARCELONA

(Free translation from the original in Spanish)

A. OWNERSHIP STRUCTURE

A.1. Including, where applicable, those corresponding to shares with loyalty voting rights, at the end of the financial year:

Indicate whether the company's articles of association contain provision for double loyalty voting:

[ ] Yes
[✓] No

Date of last change	Share Capital (€)	Number of shares	Nº of voting rights
19/11/2021	80,000,000	40,000,000	40,000,000

Please indicate whether or not there are different types of shares with different rights associated:

[ ] Yes
[✓] No

A.2. List the direct and indirect holders of significant ownership interests in your company at year-end, including directors having a significant shareholding:

Name or company name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
MR JORGE MERCADER MIRÓ	1.46	15.59	0.00	0.00	17.05
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	0.00	4.39	0.00	0.00	4.39
MS. BERNADETTE MIQUEL VACARISAS	0.35	12.18	0.00	0.00	12.53
MS. MARIA DEL CARMEN ESCASANY MIQUEL	3.55	8.86	0,00	0.00	12.41
INDUMENTA PUERI, S.L.	0.00	14.65	0.00	0.00	14.65
ALANTRA ASSET MANAGEMENT SCIIC SA	0.00	3.9	0.00	0.00	3.19

Detail of the indirect holding:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights
INSINGER DE BEAUFORT ASSET MANGEMENT N.V.	INSTITUCIONES DE INVERSION COLECTIVA	4.39	0.00	4.39
MS. BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	8.52	0.00	8.52
MS. BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	3.65	0.00	3.65
MRS. MARIA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	8.86	0.00	8.86
INDUMENTARIA PUERI S.L.	GLOBAL PORTFOLIO INVESTMENTS SL	14.65	0.00	14.65
ALANTRA ASSET MANAGEMENT SCIIC SA	QMC III IBERIAN CAPITAL FOUND FIL	3.19	0.00	3.19
SR. JORGE MERCADER MIRÓ	HACIA, S.A.	15.59	0.00	15.59

Indicate the most significant movements in the shareholding structure that occurred during the year

Significant movements

INDUMENTARIA PUERI S.L., announced on 09/27/2021 that its indirect shareholding exceeded 15%.

INDUMENTARIA PUERI S.L., announced on 06/10/2021, that its indirect shareholding fell by 15%.

EDM GESTION, S.A. GGIIC., announced on 05/01/2021, that its indirect shareholding fell by 3%.

A.3. Give details of the shareholdings, by whatever percentage, at year-end of the members of the board of directors who hold voting rights attributed to shares in the company or through financial instruments, excluding the directors identified in section A.2 above.:

Name or company name of director	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights	Of the total % of voting rights attached to the shares, indicate, if applicable, the % of additional votes attached to loyalty voting shares.	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. JAVIER BASAÑEZ VILLALUENGA	0.28	0.00	0.00	0.00	0.28	0.00	0.00
MR. JOAQUÍN FAURA BATLLE	0.03	0.00	0.00	0.00	0.03	0.00	0.00
MR. JORGE MERCADER BARATA	0.49	0.00	0.00	0.00	0.49	0.00	0.00
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	0.25	0,04	0,00	0,00	0.25	0.00	0.00
MR. ÁLVARO DE LA SERNA CORRAL	0.10	0.00	0.00	0.00	0.10	0.00	0.00

% total voting rights held by the Board of Directors	11.15

Detail of the indirect holding:

Name or company name of director	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	MS. MARTA VENTÓS OMEDES	0.04	0.00	0.04	0.00

Give details of the total percentage of voting rights represented on the board

total % of voting rights represented on the board of directors	32.05

A.4. Indicate, where applicable, the family, commercial, contractual or corporate relations which could exist between the owners of significant stakes, provided they are known by the company, unless they are irrelevant or arise from normal trading activities, excluding those enquired about in section A.6:

Name or company name of related parties	Relationship type	Brief outline
No data		

A.5. Indicate, where applicable, the commercial, contractual or corporate relations which could exist between the holders of significant shares and the company and/or its group, unless they are irrelevant or arise from normal trading activities:

Name or company name of related parties	Relationship type	Brief outline
No data		

A.6. Describe the relationships, unless they are scarcely relevant to the two parties, that exist between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity administrators.

Explain, where appropriate, how significant shareholders are represented. Specifically, give details of those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant holdings in the listed company or in entities of the group of said significant shareholders.

Name or company name of related director or representative	Name or company name of significant related shareholder	Company name of the significant shareholder group	Description of the relationship/position
MR. JORGE MERCADER BARATA	MR. JORGE MERCADER MIRÓ	HACIA, S.A.	MR. JORGE MERCADER BARATA is a Director and Secretary of HACIA S.A.
MR. ÁLVARO DE LA SERNA CORRAL	MRS. MARÍA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L	MR. ÁLVARO DE LA SERNA CORRAL is a Managing Director and Secretary of ENKIDU INVERSIONES, S.L.
JOANFRA, S.A.	MRS. BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	JOANFRA S.A. is a society controlled by MRs. BERNADETTE MIQUEL VACARISAS, where is Director and Secretary.

A.7. Indicate whether the Company has been notified of shareholders agreements that affect it as per Article 530 and 531 of the Corporate Enterprises Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

[ ] Yes
[✓] No

Indicate whether or not the Company is aware of the existence of concerted actions between its shareholders. If so, briefly describe them:

[ ] Yes
[✓] No

If any modification or cancellation of said agreements or concerted actions has taken place during the year, indicate accordingly:

The Company is not aware of the existence of pacts, agreements or concerted actions among its shareholders.

A.8. Indicate whether any individual or legal entity currently exercise control or could exercise control over the company in accordance with article 5 of the Securities Market Act. If so, identify

[ ] Yes
[✓] No

A.9. Fill in the following tables regarding the company's treasury stock:

At the year-end:

Number of direct shares	Number of indirect shares (*)	% of total capital
1,145,904		2.86

(*) Through to:

Name or company name of the direct shoulder of the participation	Number of direct shares
No data	

Explain the significant changes over the year:

Details of significant changes
Due to the company's capital reduction operation carried out by redemption of shares, the volume of the Company's treasury shares decreased. Specifically, 1,666,666 treasury shares were redeemed, representing 5.38% of the capital prior to the capital reduction.

A.10. Give details of the terms and conditions corresponding to the General Meeting of Shareholder's current mandate to the Board of Directors buy back and transfer treasury stock:

The acquisitions of the Company's own shares are underpinned by the General Meeting of Shareholders held on 22 June 2021 as follows:

The Board of Directors, Miquel y Costas & Miquel, S.A. and its majority owned subsidiaries, are authorized to acquire by purchase, exchange or other, and sell, with the intervention of authorized mediators, shares of the Company, to a maximum of 10% of the share capital, in accordance with the provisions of Article 146 of the Capital Companies Act. The minimum price will not be lower than the share nominal value, no higher, by 20%, to the market value of the prior day to the acquisition without prejudice to compliance with those other limitations resulting from the application of the regulations or regulations applicable at any time.

This authorization is granted for a period of five (5) years from the date thereof, observing in any event the provisions of Article 148 of the Companies Capital Act.

Leave the authorization granted to the Board of Directors by the Ordinary and Extraordinary General Meeting of June 22, 2018 without effect.

The Board of Directors are authorized to allocate, totally or partially, the shares acquired as part of the implementation of compensation programs aimed at or involving the delivery of shares or share options, or based in any way on the evolution of the share price, as set out in Article 146.1 a) of the Capital Companies Act.

The Board of Directors, in its meeting held on 20 June 2011, the according to execute the authorization of the General Meeting.

A.11. Estimated floating capital:

	%
Estimated floating capital	49.50

A.12. Indicate whether there is any restriction (statutory, legislative or of any other nature) on the transferability of securities and/or any restrictions on the voting rights. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as those authorisation or prior notification systems that apply to acquisitions or transfers of financial instruments of the company through sectorial regulations, will be reported.

[ ] Yes
[✓] No

A.13. Indicate whether or not the General Meeting of Shareholders has agreed to adopt measures to neutralise a takeover bid by virtue of the provisions laid down in Act 6/2007:

[ ] Yes
[✓] No

Where applicable, explain the measures that have been adopted and the terms under which the inefficiency of the restrictions:

A.14. Indicate whether the company has issued securities not traded in a regulated market of the European Union.

[ ] Yes
[✓] No

If appropriate, indicate the different types of shares and, for each type of share, the rights and obligations conferred

B. GENERAL MEETING

B.1. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) with respect to the quorum and constitution of the General Meeting.

[ ] Yes
[✓] No

B.2. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

[ ] Yes
[✓] No

B.3. Indicate the rules applicable to amendments of the company bylaws. In particular, report the majorities established to amend the bylaws, and the rules, if any, to safeguard shareholder's rights when amending the bylaws.

The rules applicable to amendments of the company bylaws correspond to those contained in the Company's Capital Act.

B.4. Indicate the data on attendance at general meetings held during the year to which this report refers and the previous year:

	Attendance data				
Date of General Meeting	% physical represented	% represented	% remote voting		Total
			Electronic vote	Others	
20/06/2018	43.62	36.45	0.00	0.00	80.07
Of the floating capital	1.90	31.88	0.00	0.00	33.78
20/06/2019	43.51	23.89	0.00	4.19	71.59
Of the floating capital	3.51	18.63	0.00	4.19	26.33
30/06/2020	48.99	23.77	0.00	0.00	72.76
Of the floating capital	7.99	19.21	0.00	0.00	27.20
22/06/2021	50.30	18.59	0.00	0.00	68.89
Of the floating capital	5.86	10.33	0.00	0.00	16.19

B.5. Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws:

[ ] Yes
[✓] No

B.6. Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the General Meeting.

[✓] Yes
[ ] No

Number of shares necessary to attend the General Meeting	100
Number of shares required to vote remotely	

B.7. Indicate whether it has been established that certain decisions, other than those established by Law, which involve the acquisition, disposal, the contribution to another company of essential assets or other similar corporate operations must be submitted to approval of the general meeting of shareholders.

[ ] Yes
[✓] No

B.8. Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders over the company's website.

The corporate website of the Company, "www.miquelycostas.com". Its content responds to all information which they are considered of interest to shareholders and investors and incorporates all the content required by the regulations.

The "Corporate Information" section contains information on Corporate Governance and General Meetings, which can be accessed from the home page via the following route: Corporate Information / Corporate Governance.

C. CORPORATE GOVERNANCE STRUCTURE

C.1. Board of Directors

C.1.1 State the maximum and minimum number of directors laid down in the articles of association:

Maximum number of directors	15
Minimum number of directors	4
Number of directors set by the General Meeting	10

C.1.2 Complete the following details on the members of the Board:

Name of director	Representative	Type of directorship	Office on the board	Date of first appointm.	Date of last appointm.	Election of procedure	Date of birth
MR. JOAQUÍN COELLO BRUFAU		Other External	DIRECTOR	26/06/2008	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JOSÉ CLAUDIO ARANZADI MARTÍNEZ		Independent	DIRECTOR	20/06/2019	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JAVIER BASAÑEZ VILLALUENGA		Executive	DIRECTOR	28/07/2008	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MRS. MARTA LACAMBRA PUIG		Independent	DIRECTOR	20/06/2019	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JOAQUÍN FAURA BATLLE		Independent	COORDINATING INDEPENDENT DIRECTOR	29/10/2013	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JORGE MERCADER MIRÓ		Executive	CHAIRMAN	05/11/1991	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	

Name of director	Represent-tative	Type of directorship	Office on the board	Date of first appointm.	Date of last appointm.	Election procedure
MR. JORGE MERCADER BARATA		Executive	VICECHAIRMAN	27/06/2012	20/06/2018	SHAREHOLDERS MEETING AGREEMENT
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA		Other External	DIRECTOR	18/04/1997	20/06/2018	SHAREHOLDERS MEETING AGREEMENT
MR. ÁLVARO DE LA SERNA CORRAL		External Proprietary Directors	DIRECTOR	28/07/2008	20/06/2019	SHAREHOLDERS MEETING AGREEMENT
JOANFRA,S.A.	MRS. BERNADETTE MIQUEL VACARISAS	External Proprietary Directors	DIRECTOR	25/10/1999	20/06/2019	SHAREHOLDERS MEETING AGREEMENT

Total number of directors	10

Indicate the removals from office due to resignation, dismissal or for any other reason that have occurred on the Board of Directors during the reporting period:

Name or company name of director	Category	Date of last appointment	Date of vacancy	Specialist committees of which he or she was a member	Indicate whether the removal from office occurred before the end of the mandate
No data					

C.1.3 Provide the following details of the Members of the Board and their status:

EXECUTIVE DIRECTORS		
Name or company name of director	Position in the company's management structure	Profile
MR. JAVIER BASAÑEZ VILLALUENGA	GENERAL SECRETARY	Graduate in Political, Economic and Commercial Sciences from the Central University of Barcelona; Registered, non-practicing auditor of the Accounting Institute and Account Auditors; Certified for transportation services management. He is currently Secretary General of the Miquel y Costas Group and President of Bacesa de Inversiones, SICAV, S.A. as well as Director of Miquel y Costas & Miquel S.A.

Name or company name of director	Position in the company's management structure	Profile
MR. JORGE MERCADER MIRÓ	CHAIRMAN	Doctor in Industrial Engineering from the Technical School of Industrial Engineers of Barcelona and Master of Economics and Business from IESE (Institute for Higher Business Studies). He is currently President of Miquel y Costas & Miquel S.A. and from Hacia S.A. Additionally, he is a member of the Honorary Council of the Círculo de Economía Foundation, Trustee of the Fundación Princesa de Girona and of the Pasqual Maragall Foundation, Vice President of the Cerdà Institute and President of the Gala-Dalí Foundation.
MR. JORGE MERCADER BARATA	VICEPRESIDENT & GENERAL MANAGER	Industrial Engineer, specialty Chemistry; MBA from IESE (Institute of Higher Studies of the Company); CEIBS Exchange Program. Shanghai (China). Currently he is Vice President-General Director of Miquel y Costas & Miquel S.A. Additionally, Director of Hacia, S.A., Trustee of the Princesa de Girona Foundation, Member of the Advisory Council of UEA (Unió Empresarial Anoia) and Member of the Executive Committee of the IESE Alumni Association.

Total number of executive directors	3
% of the entire board	30.00

EXTERNAL PROPIERTARY DIRECTORS		
Name or company name of director	Name or title of significant shareholder represented by the director or that has proposed the director's appointment	Profile
MR. ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	Graduate in Economics and Business Administration from the Autonomous University of Madrid and Master in Economics and Business from IESE (Institute of Higher Business Studies). He is currently a director of Credit Suisse AG, Sole Administrator of Enkidu Inversiones S.L., and Director of Viña Castellar Invest SICAV S.A. Sasekilia S.L. and Miquel y Costas & Miquel S.A.
JOANFRA, S.A.	JOANFRA, S.A.	The representative natural person of Joanfra S.A., is licensed in Administration and Business Management (ADE) by the Universidad de Barcelona; Postgraduate in eBusiness Management by the Universidad Pompeu Fabra. He is currently Manager of Celler Cal Costas, S.L.U, Agrícola del Sudeste Almeriense S.A., and Joanfra S.A. and individual representative of Joanfra S.A. in the Board of Directors of Celler Cal Costas, S.L.U and Miquel y Costas & Miquel S.A.

Total number of external proprietary directors	2
% of the entire board	20.00

INDEPENDENT EXTERNAL DIRECTOR	
Name or company name of director	Profile
MR. JOSÉ CLAUDIO ARANZADI MARTÍNEZ	Industrial Engineer from the Higher School of Industrial Engineers of Bilbao and Bachelor of Economic Sciences from the University of Paris 1. He is currently Coordinator of the publication of the Ministry of Defence "Energy and Geostrategy", Member of the Advisory Committee of the GED company and Director of Miquel y Costas & Miquel S.A.
MRS. MARTA LACAMBRA I PUIG	Degree in Economic Sciences and Master in Economic Theory and Quantitative Methods from the Autonomous University of Barcelona; II Training program for managers by EAPC / IESE; Master in Economics and Management of the Autonomous and local Treasury from the Faculty of Economic Sciences of the University of Barcelona; Senior Management Program (PADE) by IESE. She is currently the General Director of the Fundación Cataluña - La Pedrera, CEO of Món St. Benet S.L., Member of the Board of the Círculo de Cultura; Member of the Academic Council of the Chair of Leadership and Democratic Governance of ESADE and Director of Miquel y Costas & Miquel S.A.
MR. JOAQUÍN FAURA BATLLE	Law degree from the University of Barcelona and Master in Economics and Business Management from IESE (Institute of Higher Business Studies). He is currently Strategic Advisor of Telefónica de España, Chairman of the bilateral Hispano-Korean Committee and Director of Miquel y Costas & Miquel, S.A.

Total number of Independent external directors	3
% of the entire board	30,00

The Independent Directors have only received from the Company, in addition to their remuneration as Directors, the dividends corresponding to their shareholding, the amount of which is reflected in section D.3 of this report.

Indicate whether any director considered and independent director is receiving from the company or from its group any amount or benefit under item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year, a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the board with the reasons why it deems that this director can perform his / her duties as an independent director.

Name or Company of director	Description of relationship	Reasons
MR. JOAQUÍN FAURA BATLLE	Mr. Joaquín Faura Batlle performs functions of Strategic Advisor of Telefónica de España company that presents accessory services in	The Council considers in no incompatibility in the performance of its function as Independent Director because

Name or Company of director	Description of relationship	Reasons
	communications to Miquel y Costas Group.	that list is a traffic related or line of business of the Company and its Group.

Independent Directors have only received from the Company, in addition to their remuneration as directors, the dividends corresponding to their shareholding, the amount of which is reflected in section D.3 of this report.

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders.			
Name or Company of director	Reasons		Profile
MR. EUSEBIO DÍAZ-MORERA PUIG-SURERDA	Counsellor initially independent that, with reason having reached the limit legally established in the continued exercise of your position, in accordance with section 4.i) of Article 529 duodecíes of the Law of Capital Companies in the moment of his reelection for the General Shareholders' Meeting held on June 20, 2018, happened to belong to this typology.	OTHER SHAREHOLDERS OF THE COMPANY	Bachelor of Science Economics and MBA from IESE (Institute of Higher Studies of the Company). Currently he is President of EDM Holding S.A. and Director of EDM Holding, S.A.; Cementos Molins, S.A. EDM Gestión SAU SGIIC and Others IIC and Miquel companies and Costas & Miquel S.A.
MR. JOAQUIN COELLO BRUFAU	Initially independent director who, due to exceeding the legally established limit in the continued exercise of his position, in accordance with section 4.i) of article 529 duodecíes of the Capital Companies Act, on June 20, 2020, became a member of this typology.	NONE	Naval Engineer from the Technical School of Naval Engineers of Madrid in both career specialties: Shipbuilding and Exploitation and Maritime Transport and MBA from IESE (Institute of Higher Studies of the Company). At present he is President of Asoport (State Association of Port Operating Companies). Full member of the Royal Academy of Engineering. Advisor to Meta Engineering (formerly Audi intraesa), Noatum Maritime, Petrono rand Advisor to Comexi Group and Miquel y Costas & Miquel S.A

Total number of Other external directors	2
% of the entire board	20.00

Indicate any changes in the status of each director during the period in the type of directorship of each director:

Name or company name of director	Date of charge	Former category	Current category
No data			

C.1.4 Fill in the following table with information regarding the number of female directors over the last 4 years, and the nature of their directorships:

	Number of female directors				% of total female directors of each type			
	Exercise 2021	Exercise 2020	Exercise 2019	Exercise 2018	Exercise 2021	Exercise 2020	Exercise 2019	Exercise 2018
Executives					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	10.00	10.00	10.00	10.00
Independent	1	1	1		10.00	10.00	1.00	0.00
Others External					0.00	0.00	0.00	0.00
Total:	2	2	2	1	20.00	20.00	20.00	10.00

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, in accordance with the definition contained in the Accounts Auditing Law, will at least have to report the policy they have established in relation to gender diversity

[✓] Yes
[ ] No
[ ] Partial policies

If yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

The policy for the selection of Directors followed by the Company favours the diversity of knowledge, experience and gender. Gender diversity is one of the aspects that the Council considers in the selection processes, when they take place.

C.1.6 Explain the measures which, where appropriate, have been agreed by the Appointments Committee so that the selection procedures are unaffected by any implicit bias that hampers the selection of female directors, and which shows that the company purposefully seeks and includes women that satisfy the professional profile sought among the potential candidates and to achieve a balanced presence of women and men. Also indicate whether these measures include encouraging the company to have a significant number of senior managers:

Explanation of measures

The Regulations of the Board, includes among other functions of the Human Resources Committee, Nomination and Remuneration Committee shall report to the Board on matters of kind diversity.

The regulation provides that the election or appointment of Directors must be preceded by a proposal of the Committee on Human Resources, Nominations and Remuneration Committee, when it comes of independent directors, and a report in the case of the other Directors.

The Company's labour and Human Resources development policy has always been governed by the principle of non-discrimination, with respect for the rights and dignity of people (without distinction of gender) being one of its pillars. In keeping with this principle and following the spirit of current legislation to achieve effective equality between men and women, the company has an equality plan with the aim of contributing to the elimination of discriminatory behaviour's in the workplace on the basis of gender and includes, among others, the implementation of measures that favour the incorporation, permanence and development of people in order to achieve a balanced participation between women and men at all levels of the organization.

When, despite the measures, if any, have been taken are few or no female directors, explain the reasons justifying:

Explanation of reasons

When in particular there are vacancies to fill and in all other cases, the selection of Board members is done in an objective manner, taking into consideration both sexes who fulfil the necessary conditions and capacities, depending on their prestige, knowledge and professional experience of the duties of the position.

C.1.7. Explain the Appointments Committee's on the verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors

Explanation of reasons

The Company, and particularly its Board and the Human Resources, Appointments and Remuneration Committee, considers it essential in the selection of Board members to evaluate the candidate's competence, knowledge, experience and aptitudes to actively collaborate with the Company, ensuring that During the aforementioned selection process, there is no discrimination on the basis of gender.

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the behest of a shareholder whose holding is less than 3% of the capital:

Name or company name of shareholder	Justification
Non data	

Indicate whether formal petitions have been ignored for presence on the board from shareholders whose holding is equal to or higher than others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have been ignored:

[ ] Yes
[✓] No

C.1.9. Indicate, where they exist, the powers and powers delegated by the board of directors, including those relating to the possibility of issuing or repurchasing shares in directors or on-board committees:

Name or company name of the Director or committee	Brief outline
MR. JORGE MERCADER MIRÓ	He has extensive powers in accordance with his functions as President of the Company.
MR. JORGE MERCADER BARATA	It has been granted the standard powers established by the Company as "Management".
MR. JAVIER BASAÑEZ VILLALUENGA	In his capacity as General Secretary, he is assigned the execution of the purchases or sales of the Company's own shares. The Board has granted it powers for specific actions, in execution of the resolutions adopted at the General Meeting of Shareholders.

C.1.10. Identify, where applicable, the Board members holding positions of Administrators or Executives in other Companies forming part of the Group of the listed Company:

Name or Company name of director	Company name of Group entity	Position	Does the director hold executive Functions?
MR. JAVIER BASAÑEZ VILLALUENGA	S.A. PAYÁ MIRALLES	SECRETARY	NO
MR. JAVIER BASAÑEZ VILLALUENGA	DESVI, S.A.	CHAIRMAN	NO
MR. JAVIER BASAÑEZ VILLALUENGA	MB PAPELES ESPECIALES, S.A.	SECRETARY (PERSONAL REPRESENTATIVE)	NO
MR. JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS ENERGIA Y MEDIO AMBIENTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER MIRÓ	CELULOSA DE LEVANTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS DEUTSCHLAND, GMBH	SOLE DIRECTOR	YES
MR. JORGE MERCADER BARATA	PAPELES ANOIA, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	CELULOSA DE LEVANTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	S.A. PAYA MIRALLES	DIRECTOR	NO
MR. JORGE MERCADER BARATA	CLARIANA, S.A.	DIRECTOR (PERSONAL REPRESENTATIVE)	NO

Name or Company name of director	Company name of Group entity	Position	Does the director hold executive Functions?
MR. JORGE MERCADER BARATA	SOCIEDAD ESPAÑOLA ZIG ZAG S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	DESVI S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	MB PAPELES ESPECIALES, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS ENERGIA Y MEDIO AMBIENTE, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS TECNOLOGIAS, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	TERRANOVA PAPERS, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS LOGÍSTICA, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	FOURTUBE, S.L.	DIRECTOR (PERSONAL REPRESENTATIVE)	NO

C.1.11. List any directorships, directorships or directorships held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Name or Company name of director	Company name of the Group entity	Position
MR. JOAQUÍN COELLO BRUFAU	PORTEL LOGÍSTIC TECHNOLOGIES SA	DIRECTOR
MR. JORGE MERCADER MIRÓ	HACIA S.A.	CHAIRMAN
MR JORGE MERCADER BARATA	HACIA S.A.	DIRECTOR
MR JAVIER BASAÑEZ VILLALUENGA	BACESA DE INVERSIONES SICAV, S.A.	CHAIRMAN
MS MARTA LACAMBRA I PUIG	MÓN ST. BENET S.L.	CHIEF EXECUTIVE OFFICER
MR JOAQUÍN COELLO BRUFAU	COMEXI GROUP S.	DIRECTOR
MR ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES S.L.	SOLE ADMINISTRATOR
MR ÁLVARO DE LA SERNA CORRAL	VIÑA CASTELLAR INVERST SICAV S.A.	DIRECTOR
MR ÁLVARO DE LA SERNA CORRAL	SASEKILIA S.L.	DIRECTOR
MR EUSEBIO DÍAZ-MORERA PUIGSUREDA	EDM GESTION SAU SGIIC	CHAIRMAN
MS BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE S.A.	DIRECTOR
JOANFRA, S.A.	CELLER CAL COSTAS S.L.U.	DIRECTOR

Name or Company name of director	Company name of the Group entity	Position
MS BERNADETTE MIQUEL VACARISAS	JOANFRA S.A.	DIRECTOR

Indicate, if applicable, any other remunerated activities of the directors or representatives of the directors, whatever their nature representatives of directors, whatever their nature, other than those indicated in the table above

Identification of the director or representative	Other gainful activities
Non data	

C.1.12. Indicate and, where appropriate, explain whether the company has established rules about the maximum number of company Boards on which its directors may sit, identifying how this is regulated where appropriate:

[✓] Yes
[ ] No

Explanation of the rules and identification of the document where it is regulated

The Regulations of the Board of Directors establish that in order for the Director to be able to dedicate the time and effort necessary to perform his function effectively, he may not be part of a number of boards of more than four.

A los efectos del cómputo del número de Consejos a los que se refiere el párrafo anterior, se tendrán en cuenta las siguientes reglas:

a) No se computarán aquellos Consejos de los que forme parte como Consejero dominical propuesto por Miquel y Costas y Miquel S.A. o por cualquier sociedad del Grupo de ésta.

b) Se computará como un solo Consejo todos los Consejos de Sociedades que formen parte de un mismo grupo, así como aquellos de los que forme parte en calidad de Consejero dominical de alguna Sociedad del grupo, aunque la participación en el capital de la sociedad o su grado de control no permita considerarla como integrante del grupo.

c) No se computarán aquellos Consejos de sociedades patrimoniales o que constituyan vehículos o complementos para el ejercicio profesional del propio consejero, de su cónyuge o persona análoga relación de afectividad, o de sus familiares cercanos.

d) No se considerarán para su cómputo aquellos Consejos de sociedades que, aunque tengan carácter mercantil, su finalidad sea complementaria o accesoria a otra actividad que para el Consejero suponga una actividad de ocio, asistencia o ayuda a terceros o cualquier otra que no suponga para el Consejero una propia y verdadera dedicación a un negocio mercantil."

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Overall remuneration earned by the Board of Directors during the year (thousands of euros)	4,360
Amount of funds accumulated by current directors for long-term savings schemes with vested economic rights (thousands of euros)	
Amount of funds accumulated by current directors for long-term savings schemes with non-consolidated economic rights (thousands of euros)	974
Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros	

Said remuneration includes variable remunerations in favour of the Executive Directors derived from compliance with the 2019-2021 Triannual Plan and the 2019-2021 Social Security Plan, whose accrual and consolidation occur in 2018, as this is the end of the triennium.

C.1.14 Identify members of the senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position (s)
MR. JAVIER GARCÍA BLASCO	COMMERCIAL MANAGER OF THE ROLLING PAPERS DIVISION
MRS. MARINA JURADO SALVADO	COMMERCIAL MANAGER OF THE SMOKING DIVISION.
MR. IGNASI NIETO MAGALDI	DEPUTY GENERAL MANAGER
MR. JOSE MARIA MASIFERN VALÓN	MANAGER OF THE BESÓS FACTORY.
MR. JOSEP PAYOLA BASETS	MANAGER OF MB PAPELES ESPECIALES, S.A.
MR. JAVIER ARDIACA COLOMER	MANAGER OF THE MISLATA FACTORY.
MS. OLGA ENCUENTRSA CATALÁN	MANAGER OF CONTROL DE GESTION
MS. VICTORIA LACASA ESTEBANEZ	MANAGER OF LEGAL GROUP
MR. JORDI PRAT CANADELL	FINANCIAL MANAGER

number of women in senior management	3
Percentage of the total members of senior management	33.33
Total senior management remuneration (€k)	3,002

C.1.15 Indicate whether or not there has been any modification to the regulations of the board during the year:

[ ] Yes
[✓] No

Description of modifications

At its meeting on April 26, 2021, the Board of Directors unanimously agreed, following a favourable report from the Audit Committee, to amend Articles 13º and 14º of the Regulations of the Board of Directors with the aim of to regulate the form of convocation and the telematic meetings of the Council, respectively.

C.1.16 Indicate the procedures for the appointment, re-election, assessment and removal of directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

The Regulations of the Board of Directors, regarding the appointment of Directors, establish:

- Los Consejeros serán elegidos por la Junta General o designados por el Consejo de Administración en el supuesto de cooptación, de conformidad con las previsiones contenidas en la Ley de Sociedades de Capital y en los Estatutos Sociales. La elección o designación de los Consejeros deberá estar precedida de la correspondiente propuesta de la Comisión de Recursos Humanos, Nombramientos y Retribuciones cuando se trate de Consejeros independientes y de un informe en el caso de los restantes Consejeros.

- Los Consejeros designados deberán cumplir los requisitos exigidos estatutariamente para el ejercicio del cargo y no podrán estar incursos en las causas de inhabilitación establecidas legalmente.

- Los Consejeros ejercerán su cargo durante el plazo previsto en los Estatutos sociales, pudiendo ser reelegidos.

Los Estatutos Sociales establecen, en relación a los Consejeros, que no será necesario que ostenten la condición de accionistas y serán siempre elegidos y renovados por la Junta General y ejercerán el cargo por el plazo de cuatro años.

The Regulations of the Board of Directors on the removal of Directors also establishes that:

1. Los Consejeros cesarán en el cargo cuando haya transcurrido el período para el que fueron nombrados y cuando lo decida la Junta General en uso de las atribuciones que le atorga la Ley.

2. El Consejo propondrá a la Junta General el cese de los Consejeros, entre otros, en los siguientes supuestos:

a. Cuando se vean incursos en incompatibilidad o prohibición legal.

b. Cuando su permanencia en el Consejo pueda poner en riesgo los intereses de la Sociedad o cuando desaparezcan las razones por las que fueran nombrados. Se entenderá que se produce esta última circunstancia respecto de un Consejero dominical cuando se lleve a cabo la enajenación de la total participación accionarial de la que sea titular o a cuyos intereses represente y también cuando dicha participación disminuya hasta un nivel que exija la reducción del número de sus Consejeros dominicales.

3. Cuando un Consejero termine su mandato o por cualquier otra causa cese en el desempeño de su cargo no podrá prestar servicios en otra entidad que tenga relaciones con competidores de empresas del Grupo Miquel y Costas en el plazo de dos años.

4. Si el cese se produjera antes del término de su mandato, explicará las razones en una carta que se remitirá a todos los miembros del Consejo. El cese se comunicará a la CNMV como hecho relevante y se dará cuenta del mismo en el I. A. G. C.

C.1.17 Explain to what degree the self-assessment has led to significant changes in its internal organization and the procedures applicable to its activities:

Description of changes

On the basis of the conclusions reached from the evaluation of the Council's activities and the discussions on them, this Body has considered that it is not necessary to adopt measures involving changes in its internal organization concerning the procedures applicable to its activities. , stating that, in relation to the Committee on Human Resources, Appointments and Remuneration, it has been verified that it has regained its positive assessment by its members, and therefore it is unnecessary to take any action in this regard.

Describe the evaluation process and the areas evaluated by the Board of Directors, assisted by an outsourced consultant, regarding the operation and composition of its committees, and any other area or aspect that has been subject to evaluation

Description of the evaluation process and areas evaluated

In order to comply with the provisions of the Capital Companies Law, in the Regulations of the Company's Board of Directors and based on the recommendations established by the Code of Good Governance regarding the annual evaluation of the operation of the governing bodies. administration during the fiscal year, in February 2021, the Directors, assisted by an independent external consultant, have evaluated the performance of the functions of the Board of Directors, its Committees, those of the President and those of the Vice-President-General Director .

It is concluded from the annual evaluation that the overall result of the self-evaluation has been positive and that the Directors consider satisfactory (i) the quality and efficiency of the operation of the Board of Directors, (ii) the operation and composition of its committees, (iii) the diversity in the composition and powers of the Board; (iv) the development of the Chairman of the Board and his functions and (v) the development of the Chief Executive Officer of the Company.

C.1.18 Explain, for any of the years in which the evaluation has been assisted by an external advisor, the business relationship the adviser or any group company maintains with the company or any group company.

In accordance with the recommendation of the frequency contained in the Code of Good Governance in the exercise of the Board, it has not been assisted by an independent external consultant.

C.1.19 Indicate the circumstances under which directors are obliged to resign.

The Regulations of the Board of Directors establish that the Board will propose to the General Meeting the dismissal of the Directors in the cases in which they are involved in incompatibility or legal prohibition, when their permanence on the Board may put at risk the interests of the Company or when the reasons for which they were appointed disappear, understanding that the latter circumstance occurs with respect to a proprietary Director when the sale of the total shareholding of which he is the owner or whose interests he represents and also when said participation takes place decrease to a level that requires the reduction of the number of your proprietary Directors.

The aforementioned Regulations also provide that, in relation to the Director's Information Duties, the latter must inform the Company of those personal circumstances that affect or may affect the Company's credit or reputation, especially the criminal cases in which it appears, as accused and its relevant procedural vicissitudes. The Board may require the Director, after examining the situation that the latter presents, to resign and this decision must be accepted by the Director.

Additionally, the Board may require the Director to resign due to non-observance of his general obligations established in said Regulations.

C.1.20 Are reinforced majorities other than those applicable by law required for any type of decision?

[ ] Yes
[✓] No

Where applicable, describe the differences

C.1.21 Explain whether there are specific requirements, other than those regarding directors, to be appointed chairman of the board.

[ ] Yes
[✓] No

C.1.22 Indicate whether the Articles of Association or the Board Regulations establish any age limit for directors:

[ ] Yes
[✓] No

C.1.23 Indicate whether the Articles of Association or the Board regulations set a limited term, or other requirements stricter than those legally determined, of office for independent directors different to the one established in the regulations.

[ ] Yes
[✓] No

C.1.24 Indicate whether the bylaws or the board regulations establish specific standards for proxy voting in the board of directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it is mandatory to grant proxy to a director of the same type. If so, briefly give details on such standards.

The Bylaws establish that, in the event of inability to attend a Board meeting, each of its components may delegate their representation and vote to a Director in writing and with special character for each session.

For its part, the Regulations of the Board of Directors establish that the representation in another Director will be conferred with instructions about the determinations to be adopted in the treatment of the different items on the Agenda of the meeting.

There is no maximum number of delegations established or limitation regarding the categories in which it is possible to delegate beyond the limitations imposed by legislation.

C.1.25 Indicate the number of meetings that the Board of Directors has held over the year. Also indicate, where applicable, how many times the Board has met without the Chairman being present. In calculating this number, proxies, given with specific instructions will be counted as attendance.

Number of meetings of the Board	13
Number of Board meetings without the Chairman attending	0

If the Chairman is an executive Director, indicate the number of meetings held without an executive director present or represented and chaired by the Lead Director

Number of meetings	0

Indicate the number of meetings held by the different Board Committees over the year:

Number of meeting held by the HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE	3
Number of meeting held by the AUDIT COMMITTEE	8

C.1.26 Indicate the number of meetings held by the Board of Directors during the year attended by all its members. In calculating this number, proxies given with specific instructions will be counted as attendances:

Number of meetings attended in person by at least 80% of the directors	13
% of attendance over the total number of votes during the year	99.23
Number of meetings with attendance in person, or representations made with specific instructions of all the directors	13
% votes cast with attendance in person and representations made with specific instructions, on total votes during the year	100.00

C.1.27 Indicate if the individual and consolidated Annual Accounts submitted for approval to the Board are previously certified:

[✓] Yes
[ ] No

Identify, where applicable, the person(s) who has/have certified the Company's individual and consolidated Annual Accounts in order to be formulated by the Board:

Name	Position
MRS. MARTA LACAMBRA I PUIG	MEMBER OF AUDIT COMMITTEE
MR. JOAQUÍN FAURA BATLLE	CHAIRMAN OF AUDIT COMMITTEE
MR. ÁLVARO DE LA SERNA CORRAL	MEMBER OF AUDIT COMMITTEE

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated annual accounts it prepares from being laid before the General Meeting of Shareholders with a qualified audit report

The Company and the Companies of the Miquel y Costas Group prepare their annual accounts following the legal precepts and faithfully applying the generally accepted principles of accounting under the supervision of the financial-economic department and the monitoring of the Audit Committee.

Each year those in charge of the economic-financial department together with the auditors will carry out an inspection and monitoring of the recommendations which arise from the work carried out in the auditing of accounts.

In the fulfilment of its powers, the Audit Committee meets with the external auditors in order to be informed about all those matters related to the process of conduct of the auditing of accounts and to deal with those matters which might give rise to possible reservations so as to make available the necessary steps to prevent them.

Finally, the Audit Committee takes the annual accounts to the Board of Directors for their formulation.

C.1.29 Is the Secretary of the Board a director?

[ ] Yes
[✓] No

Complete if the Secretary is not also a Director:

Name or corporate name of the secretary	Representant
MRS. VICTORIA LACASA ESTEBANEZ	NONE

C.1.30 Indicate the specific mechanisms introduced by the company to preserve the independence of the external auditors, as well as, if any, mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice

In accordance with the Regulations of the Directors Board of the Company, the Audit Committee issues annually, both prior to the issuance of the financial audit report, a report in which it expresses its opinion on the independence of the auditors. This Regulation includes, among the basic responsibilities of the Audit Committee, that of maintaining adequate relations with the external auditors for information on those questions that may pose a risk to the independence of these, by examination by the Committee, and any other relations as well as the development process of the financial audit and, when it is missing, the authorization of the different services of the prohibits in accordance with the applicable regulations, also with those other communications foreseen in the accounts audit legislation and in the technical norms audit. In all cases, the Audit Committee will provide the auditors with annual written confirmation of the current independence of the Company or entities linked to it directly or indirectly, as well as detailed and individualized information on the additional services of any class of providers and The corresponding honoraries are received by these entities for the auditing entities, or by the persons or entities linked to these entities, according to the provisions of the legislation on auditing of the financials.

In relation to financial analysts, investment banks and rating agencies, the Company preserves its independence by making available to the market, in public disclosure, all the Company information that is provided to say agents without giving any preferential treatment to none of them.The aforementioned Regulation establishes that the Council will inform the public immediately about the following matters:

a) Relevant information capable of sensitively influencing the formation of stock prices.;

b) Changes to the ownership structure of the Company, such as variations in significant holdings, syndication agreements, and other forms of coalition, of which it has knowledge;

c) Significant changes to the rules of governance of the Company;

d) The own shares policies which intends to adopt for the Company subject to powers obtained at the General Meeting.

Likewise, the Internal Code of Conduct contemplates and determines the causes and conditions of information release to the different financial agents.

C.1.31 Indicate whether or not the external auditor has been changed during the year. Where applicable, identify the incoming and outgoing auditors.

[ ] Yes
[✓] No

In the case of disagreements with the outgoing auditor, explain the content of said disagreements:

[ ] Yes
[✓] No

C.1.32 Indicate if the audit Company performs other tasks for the Company and/or its Group other than auditing activities, and if so, state the amount of the fees received for said activities and their percentage of the fees billed to the Company and/or its Group.

[✓] Yes
[ ] No

	Company	Group	Total
Amount of tasks other than audit services (thousands of euros)	3	7	10
Amount of tasks other than audit services / total amount invoiced by the Audit Company (in %)	3.77	10.95	6.94

C.1.33 Indicate if the auditor's report on the annual accounts corresponding to the previous year involves reservations or exceptions. Where applicable, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of the said reservations or exceptions

[ ] Yes
[✓] No

C.1.34 Indicate how many years the current audit Company has been auditing, without interruption, the Annual Accounts of the Company and/or its Group. Also indicate the percentage of the number of years audited by the current Audit Company over the total number of years that the Annual Accounts have been audited:

	Individual	Consolidated
Number of years without interruption	20	20

	Individual	Consolidated
Number of years audited by the current audit company / Number of years the company has been audited (in %)	60.61	60.61

C.1.35. Indicate and, where applicable, provide details of whether there is a procedure whereby directors can have external assessment:

[✓] Yes
[ ] No

Details of the procedure

The Regulations of the Board of Directors establishes in relation to the meetings of this Board that:

"La convocatoria incluirá siempre el Orden del Día de la sesión que deberá contemplar, entre otros puntos, los relativos a las informaciones de las sociedades filiales y de las Comisiones del Consejo, así como las propuestas y sugerencias que formulen el Presidente y los demás miembros del Consejo que serán cursadas con una antelación no menor a cinco días hábiles a la fecha del propio Consejo, de acuerdo con lo establecido en los Estatutos Sociales."

Each Director has a dossier for each Board meeting that is explained and, where appropriate, discussed, which contains detailed information on all the topics that are dealt with in the session. Those points of greater complexity, such as the annual budget, investment plan, strategic plan, and others of special significance, receive this treatment in a reinforced way. The Directors, in the period between councils, can consult and request as much necessary information as they require.

C.1.36 Indicate and, where applicable, give details of whether or not the Company has laid down rules that oblige the directors to report and, in cases that damage the Company's credit and reputation, resign:

[✓] Yes
[ ] No

Explain the rules

The Regulations of the Board of Directors, in relation to the information duties of the Director, establish that:

"El Consejero deberá informar a la Sociedad de aquellas circunstancias personales que afecten o puedan afectar al crédito o reputación de la Sociedad, en especial, de las causas penales en que aparezca como imputado y de sus vicisitudes procesales relevantes, de todo lo cual se dará cuenta en el I.A.G.C.. El Consejo podrá exigir al Consejero después de examinar la situación que éste presente, su dimisión y esta decisión deberá ser acatada por el Consejero".

C.1.37 Unless there are special circumstances that have been recorded in the minutes, indicate whether the Board has been informed of or has otherwise become aware of any situation that affects a director, whether or not it is related to his or her actions in the company, that could damage the company's credit and reputation:

[ ] Yes
[✓] No

C.1.38 Detail the major agreements, entered into by the company based on the takeover, and the effects of these agreements.

There are no significant agreements entered into by the Company that come into force, are modified or terminate in the event of a change of control as a result of a takeover bid.

C.1.39 Identify, individually, when referring to Directors and in aggregate form in all other cases, and provide detailed information on agreements between the Company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other type of operations.

Number of beneficiaries:	3
Type of beneficiary	Description of agreement:
Executive Directors	The contractual conditions determine that in the event of involuntary cessation of executive functions, except for serious breach, they will be entitled to compensation equivalent to a gross annuity. On the other hand, two beneficiaries will receive the same treatment in the event of a change of control. Both indemnities, that is, the one foreseen for the case of involuntary termination and the one foreseen for the case of change of control, are mutually exclusive and involve the recognition of one year of salary. Additionally, if once the termination has occurred, the Company restricts the Director's ability to attend, the Director will be entitled to compensation equivalent to 50% of the gross monthly salary for a period of two years.

Indicate whether, beyond the cases stipulated by the regulations, these contracts have to be reported and/or approved by the bodies of the company or its group. If so, specify the procedures, assumptions foreseen and the nature of the bodies responsible for their approval or communication:

	Board of directors	General Meeting
Body authorising the clauses	✓	

	Yes	No
The general meeting of the clauses is reported?		✓

There is nothing established beyond the assumptions foreseen in the regulations.

C.2. Committees of the Board of Directors

C.2.1 Detail all the board committees, their members and the proportion of proprietary directors and independent directors sitting on them:

HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE		
Name	**Position**	**Type**
MR. JOAQUÍN COELLO BRUFAU	BOARD MEMBER	Other External
MR. JOSÉ CLAUDIO ARANZADI MARTÍNEZ	CHAIRMAN	Independent
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	BOARD MEMBER	Other External
JOANFRA, S.A.	SECRETARY	Proprietary Director
MRS. MARTA LACAMBRA I PUIG	BOARD MEMBER	Independent

% executive directors	0.00
% proprietary directors	20.00
% independent directors	40.00
% other external	40.00

Explain the committee's duties, other than those already described in section C.1.9, and describe the procedures and rules for the organisation and operation of the organisation. For each of these functions, indicate your most important actions during the year and how you have exercised in practice each of the functions attributed to you, whether by law, by the Articles of Association or by other corporate agreements.

The regulation of the Human Resources, Nominations and Remuneration Committee, are in of the Articles of Association and of the Regulations of the Board of the Company.

As of December 31, 2020, it is composed of five Directors, two of whom are independent and is chaired by a Director of this last Category.

The Regulation of the Board of Directors establishes that the Committee will meet at least once a year and will adopt its decisions by majority and report the content of its meetings to the Board of Directors.

The aforementioned Regulation states that "the Human Resources, Appointments and Remuneration Committee, in matters not foreseen in the present standards, will be governed by the operating guidelines of the Board of Directors ".

The basic duties attributed of the Human Resources, Nominations and Remuneration Committee is:

a) Propose to the Board of Directors the naming of independent Directors for appointment by co-optation or for submission to the decision of the Shareholders General Meeting and the re-election or removal of said Directors by the Shareholders General Meeting; the remuneration of Directors and the salary policy of top management personnel; the individual remuneration of executive Directors and other terms of their contracts; the basic conditions of contracts for senior executives; the general policy on Human Resources of the Group Companies.

b) Inform the Board of Directors of the naming of proprietary Directors and executives for appointment by co-optation or for submission to the decision of the Shareholders General Meeting, and their re-election or removal by the Shareholders General Meeting; the appointment of the Chairman of the Board of Directors; the appointments and removals of top management and the basic terms of their contracts; issues of gender diversity; appointments and removals of the top executives which the chief executive proposes to the Board; the appointment and removal of the Secretary of the Board of Directors.

c) Evaluate the profile of the most suitable candidates to form part of the various Committees, according to their knowledge, skills and experience; the competence, knowledge and skills of candidates for Directors; the succession of the Chairman and chief executive and, if necessary, make proposals to the Board of Directors so that this succession occurs in an orderly and planned fashion; compliance with internal codes of conduct and corporate governance rules.

During 2021, the Human Resources, Appointments and Remuneration Committee met three times to discuss, among other things, the following issues: structure and evolution of the workforce, examination of the remuneration of Directors, submission to the consideration of the Board the appointment of an independent external consultant to assist this Body in carrying out its own evaluation in which its Committees, Chairman and in that of the Vice-Chairman - Director General, after verifying its independence; to examine the proposal for the appointment of the Non-Executive Secretary of the Board of Directors, to propose to the Board the remuneration policy of the Directors for the years 2022, 2023 and 2024 as well as the preparation of the specific Report in this regard.

AUDIT COMMITTEE		
Name	Position	Type
MRS. MARTA LACAMBRA I PUIG	BOARD MEMBER	Independent
MR. JOAQUÍN FAURA BATLLE	CHAIRMAN	Independent
MR. ÁLVARO DE LA SERNA CORRAL	BOARD MEMBER	External Proprietary Director

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

Explain the functions, including, if applicable, those additional to those legally envisaged, which have been attributed to this committee, describe the procedures and rules for the organization and functioning of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it either in the law or in the articles of association or other corporate resolution.

The procedure of the Audit Committee, are regulated in of the Articles of Association and provisions of the Regulations of the Board of the Company.

As of December 31, 2021, it is composed of three Directors, two independent and presided over by one Director of this category.

The basic duties attributed of the Audit Committee are:

a) To inform the General Assembly of Shareholders on matters raised there by the shareholders on matters within its jurisdiction and in particular on the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Audit Committee has played in this process.

b) Establish and supervise a procedure that allows employees to communicate, in a confidential manner, and if deemed anonymous anonymity, irregularities of special importance, particularly financial and accounting that they notice wider Society.

c) Supervise the effectiveness of the Company's internal control and risk management systems including control systems over financial reporting and discuss with auditors or external audit firms the significant weaknesses of the internal control system detected in the Company. Development of the audit, without breaking their independence.

d) Know and supervise the process of preparation and presentation of regulated financial information. Prior to the adoption of the corresponding resolution by the Board, the Audit Committee shall inform the Board about the periodic financial information as well as other information that the Company must disclose to the markets and its supervisory bodies, presenting, where appropriate, recommendations or Proposals aimed at safeguarding the integrity of such information

e) Maintain adequate relationships with external auditors or audit companies to receive information on those matters that may jeopardize their independence, for consideration by the Committee, and any other related to the process of developing the audit of accounts, and, where appropriate, the authorization of services other than those prohibited under applicable regulations, as well as those other communications provided for in the auditing legislation and in the technical auditing standards.

In any case, the Audit Committee must receive annually from the auditors or external audit companies, the written confirmation of their independence from the Company or entities directly or indirectly related to it, as well as detailed and individualized information on the additional services of any kind provided and the corresponding fees received from these entities by the aforementioned external auditors or audit companies, or by the persons or entities related to them in accordance with the provisions of the legislation on audit of accounts.

f) The Committee must issue an annual report, prior to the release of the audit report, expressing an opinion about the auditors' or auditing firms' independence. This report must in any case pronounce on the provision of the additional services referred to in the previous section e).

g) Establish and supervise a procedure that allows employees to communicate, in a confidential manner, and if deemed anonymous anonymity, irregularities of special importance, particularly financial and accounting that they notice wider Society.

During financial year 2021, the Audit Committee met eight times in order to discuss, among others, the following issues: supervision of the Financial Statements and management information of the Company and the consolidated Group; review and information to the Council on the Periodic Public Information consisting of the semi-annual and intermediate reports; analysis and study of financial policy reporting it to the Board of Directors; examine the communications received through the Communications Channel, examine the Internal control for the prevention of criminal risks; Issue the Report on the Operation and Activities of the Committee in fiscal year 2019; Issue the Report on the Independence of the Auditors; Proposal for the reelection of the Auditors of Accounts of the Company and its Group to know the Corporate Social Responsibility Report for the financial year 2020, to report favourably to the Board of Directors on the proposal to amend Articles 13 and 14 of the Board Regulations.

Identify the directors who are members of the Audit Committee who have been appointed Chairman on the basis of knowledge and experience of accounting or auditing, or both, and state the date that said director was appointed Chairman

Name of directors with experience	MRS. MARTA LACAMBRA PUIG / MR. JOAQUÍN FAURA BATLLE / MR. ÁLVARO DE LA SERNA CORRAL
Date of appointment as Chairman	04/09/2019

C.2.2 Fill in the following table with information on the number of female directors sitting on board committees over the last four years.

	Number of female directors							
	Exercise 2021		Exercise 2020		Exercise 2019		Exercise 2018	
	Number	%	Number	%	Number	%	Number	%
HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE	2	40.00	2	40.00	1	25.00	1	16.70
AUDIT COMMITTEE	1	33.33	1	33.30	0	0.00	0	0.00

C.2.3 Indicate, where applicable, the existence of Committee regulations, the location at which they are available for consultation, and the modifications that have been made during the financial year. Also indicate whether any annual report on each Committee's activities has been voluntarily drafted.

The powers and operating rules of the Human Resources, Appointments and Remuneration Committee and those of the Audit Committee are regulated in the Company Bylaws and in the Regulations of the Company's Board of Directors, the texts of which are available on the corporate website. During the year, no changes were made to its regulations.

The Audit Committee prepares an Annual Activity Report.

During the year, the following specialized commissions of the Council were set up: Energy and Environment Committee; R + D + i and Commercial Commission; and Inorganic Growth Commission. Due to its recent constitution, its regulation has not been developed.

D. RELATED-LINKED TRANSACTIONS AND INTRA-GROUP

D.1. Explain, if applicable, the procedure and competent bodies for the approval of related-party and intragroup transactions, indicating the general internal criteria and rules of the company governing the abstention obligations of the directors or shareholders affected and detailing the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Transactions with related parties, if they take place and their significance so requires, must be submitted and approved by the Board of Directors, unless the value of the linked options is equal to or less than 10%. of the assets, which in accordance with the provisions of the Capital Companies Act, the approval of which will correspond to the Board.

The Company, in order to comply with the provisions of the regulations in force in relation to the inclusion of information on related parties in the Half-Yearly Financial Report to be sent to the National Securities Market Commission , sends in January and July of each year a form in which the Director must list all those transactions that the Director himself and his parties have been able to carry out with the Company or with any other company of the Group during the period inform. Statements made by Directors are reviewed by the Audit Committee.

Otherwise, the Internal Regulations of the Company establish that Affected Persons for the material, who have carried out per own account any operation of subscription, purchase or sale of Affected Values, have to formulate, after the fifteen days following each fi calendar month, a detailed communication addressed to the secretary of the Board of Director's comprehensive of the operations required, stating that this communication must be anticipated in accordance with the applicable regulations, being equivalent to the operations for own account, both obliged to be declared , the realities for the linked people.

On the other hand, the Regulations of the Board of Director's foresee in chapter IX the "Rules of Director" in matters related to confidentiality, non-competition, regarding the non-public information of the Company or the business opportunities, established I know that these obligations are also required, that the circumstances that are foreseen in each case refer to companies in which the Minister has a significant participation than to any person linked to the Council in terms that affect their independence or criteria.

D.2. Detail on an individual basis significant transactions for the amount or relevant to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the Board of Directors of the company, indicating which has been the competent body for its approval and whether any shareholder or director affected has abstained. In the event that the board has been competent, indicate whether the proposed resolution has been approved by the Board without a vote against by a majority of the independents.

	Name or denomination shareholder or any other company of their subsidiaries	% participation	Name or denomination social of society a dependent entity	Amount (thousands of euros)	Body that has it approved	Identification of the shareholder significant o counsellor that would have abstained	The proposal to the board, if any, has been approved by the Council without a vote against the majority of independents
(1)	MS. MARÍA DEL CARMEN ESCASANY MIQUEL	12.42	MIQUEL Y COSTAS & MIQUEL, S.A.	1,969	Board of Directors with the approval of the Board		YES
(2)	MS..BERNADETTE MIQUEL VACARISAS	12.53	MIQUEL Y COSTAS & MIQUEL, S.A.	1,985	Board of Directors with the approval of the Board		YES

	Name or denomination shareholder or any other company of their subsidiaries	% particip ation	Name or denomination social of society a dependent entity	Amount (thousa nds of euros)	Body that has it approved	Identification of the shareholder significant o counsellor that would have abstained	The proposal to the board, if any, has been approved by the Council without a vote against the majority of independents
(3)	INDUMENTA PUERI, S.L	14.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,135	Board of Directors with the approval of the Board		YES
(4)	MR. JORGE MERCADER MI´RO	17.05	MIQUEL Y COSTAS & MIQUEL, S.A.	2,689	Board of Directors with the approval of the Board		YES

	Name or denomination shareholder or any other company of their subsidiaries	Nature of the relationship	Type of operation and other information needed to evaluate it
(1)	MS. MARÍA DEL CARMEN ESCASANY MIQUEL	CORPORATE	Dividends and other distributed profit
(2)	MS. BERNADETTE MIQUEL VACARFIAS	CORPORATE	Dividends and other distributed profit
(3)	INDUMENTARIA PUERI, S.L	CORPORATE	Dividends and other distributed profit
(4)	MR. JORGE MERCADER MIRÓ	CORPORATE	Dividends and other distributed profit

D.3. List individually the transactions that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the directors or executives of the company, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against

	Name(s) or company name(s) of the director(s) or executive(s) or their entity(ies) entities controlled or under joint control	Name or corporate name of the company or body corporate or subsidiary	Link	Amount (thousands of euros)	Aproving body	Identification of the shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without the majority of independent voting against.
(1)	MR. ÁLVARO DE LA SERNA CORRAL	MIQUEL Y COSTAS & MIQUEL, S.A.	Dividends and other distributed profits	17	Board of Directors with the approval of the Board		YES
(2)	MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MIQUEL Y COSTAS & MIQUEL, S.A.	Dividends and other distributed profits	46	Board of Directors with the approval of the Board		YES
(3)	MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS & MIQUEL, S.A.	Dividends and other distributed profits	78	Board of Directors with the approval of the Board		YES
(4)	SRA. MARINA JURADO SALVADÓ	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	23	Board of Directors with the approval of the Board		YES
(5)	MR. JAVIER ARDIACA COLOMER	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	13	Board of Directors with the approval of the Board		YES
(6)	MR. JOSEP PAYOLA BASETS	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	18	Board of Directors with the approval of the Board		YES
(7)	MR. JAVIER GARCÍA BLASCO	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	18	Board of Directors with the approval of the Board		YES

	Name(s) or company name(s) of the director(s) or executive(s) or their entity(ies) entities controlled or under joint control	Name or corporate name of the company or body corporate or subsidiary	Link	Amount (thousands of euros)	Aproving body	Identification of the shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without the majority of independent voting against.
(8)	MS OLGA ENCUENTRA CATALÁN	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	8	Board of Directors with the approval of the Board		YES
(9)	MR. JOSÉ MARÍA MASIFERN VALÓN	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	14	Board of Directors with the approval of the Board		YES
(10)	MR. IGNASI NIETO MAGALDI	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	4	Board of Directors with the approval of the Board		YES
(11)	MR. JORDI PRAT CANADELL	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	2	Board of Directors with the approval of the Board		YES
(12)	MR. JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS & MIQUEL, S.A	DIRECTOR	45	Board of Directors with the approval of the Board		YES

	Name or corporate name of the directors or managers or their controlled or jointly controlled entities	Nature of the operation and other information necessary to evaluate it
(1)	MR. JORGE MERCADER MIRÓ	Director
(2)	MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Director

	Name or corporate name of the directors or managers or their controlled or jointly controlled entities	Nature of the operation and other information necessary to evaluate it
(3)	MR. JORGE MERCADER BARATA	Director
(4)	MS. MARINA JURADO SALVADÓ	Dividends and other distributed profits
(5)	MR. JAVIER ARDIACA COLOMER	Dividends and other distributed profits
(6)	MR. JOSEP PAYOLA BASETS	Dividends and other distributed profits
(7)	MR. JAVIER GARCÍA BLASCO	Dividends and other distributed profits
(8)	MS. OLGA ENCUENTRA CATALÁN	Dividends and other distributed profits
(9)	MR. JOSÉ MARÍA MASIFERN VALÓN	Dividends and other distributed profits
(10)	MR. IGNASI NIETO MAGALDI	Dividends and other distributed profits
(11)	MR. JORDI PRAT CANADELL	Dividends and other distributed profits
(12)	MR. JAVIER BASAÑEZ VILLALUENGA	Dividends and other distributed profits

D.4. Report on an individual basis on significant intra-group transactions due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or such subsidiaries are wholly owned, directly or indirectly, by the listed company.

Under all circumstances, report any intra-group transaction performed with entities established in countries or territories considered to be a tax haven:

Company Name of the Entity of the Group	Brief description of operation and other necessary information for its assessment:	Amount (Thousand Euros)
No Dates		

D.5 List individually any transactions that are significant in amount or material in terms of their subject matter carried out by the company or its subsidiaries with other related parties in accordance with International Accounting Standards as adopted by the EU, which have not been reported under the preceding headings.

Company Name of the Entity of the Group	Brief description of the operation and other necessary information for its assessment:	Amount (Thousand Euros)
No Dates		N.A.

Observations

D.6. List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders or other related parties.

In accordance with the Internal Rules of Conduct, people subject to it are obliged to inform the Secretary of the Board of Directors about the possible conflicts of interest to which they are subject as a result of their family relations, their personal property or for any other reason. Any doubt about the possibility of a conflict of interest, must be brought to the Secretary of the Board before adopting any decision which might be affected by the said conflict of interest.

On the other hand, the Regulations of the Administration Council established that the Minister, in order to accept what he did, went directly to another company or entity that could represent a conflict of interest, must consult the Human Resources Commission, Appointments and Remuneration .

In addition to all exposed, annually all the members of the Board of Directors with independence that is not informed at the moment in which you make a request, an express declaration regarding the situation of the conflicts of interest, both referred to the ministers related to title staff with the serves linked parts, ratifying it later in a session of the Administration Council, of which the Secretary records in writing the free register of conflicts of interest of the Company.

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

[ ] Yes
[✓] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Financial and Non-Financial Risk Control and Management System, including those of a fiscal nature.

The Audit Committee complying tasks set out in the Bylaws and the Regulations of the Board of Directors business risk controls, supervises and directs the actions of the Internal Control Service relative risks the business in general and in particular those relating to information and observation of legality in its commercial, penal and tax issues.

E.2. Identifies the bodies of the company responsible for the elaboration and execution of the Control and Management System for Financial and Non-Financial Risks, including the public prosecutor.

1. - Human Resources, Nominations and Remunerations Committee:
Under its supervision and control are all aspects of the personnel providing the services: prevention and security, retention, replacement, etc.

2. - Audit Committee:
Understand and supervise the financial reporting and Internal Control Systems of the Company as well as the internal control report for the risk prevention of the Company.

3. - Managing Committee:
Belongs to the managerial level and control the industrial operational areas, both productive and logistics general, including environmental and trade.

4. - Risk and Control Committee:
Belongs to the managerial level and have assigned the functions of control economic, financial, and legal and credit risk control and risk of accidents in their prevention and insurance.

5. - Investments and Environment Committee
Belongs to the management level monitoring of risks associated with investments in fixed assets in all its considerations: management, environment, etc.

6. - Area Committees:
Monitoring the operational and commercial aspects of each of the business areas of the Group.

7.- Compliance Officer
Control, measures, evidence and, where appropriate, mitigating actions.

E.3. Indicate the main risks, financial and no financial, including fiscal, to the extent that those derived from corruption are significant (the latter being understood to be within the scope of Royal Decree Law 18/2017) which may prevent the company from achieving its business targets.

The principal risks identified and managed in the Miquel y Costas Group are summarised below:

Macro-economic risks:
Raw Materials and Energy
Economic and financial environment
Legal and regulatory in civil, commercial, and tax matters among others.

Operations and Markets:
Sector concentration
Quality and quality assurance
Research and development of new products

Facilitation:
Integrity of assets
IT systems
Human resources

Taxation

Penalty Risks

E.4. Identify whether the entity has a risk tolerance level including tax-related risks.

The Company considers that it has sufficient capacity and that it is adequately prepared to withstand and manage the risks it has identified.

The Board Regulations establish that it is the function of the Audit Committee to supervise the effectiveness of the internal control and risk management systems of the Company, particularly the internal control systems over financial information, and to discuss with the auditors of accounts or companies. external auditors, the significant weaknesses of the internal control system detected in the course of the audit, without violating its independence.

The Regulations of the Board also provide that the Audit Committee, in the development of the powers attributed to it, will identify the different types of risk that the Company faces, the level of risk that the Company considers acceptable, the measures provided to mitigate its impacts and the systems to control and manage the aforementioned risks, the application of which it will propose to the Board of Directors.

Likewise, the Audit Committee submits them to the audit examination and with it compares the established risk assessment processes, the description of those identified with an indication of the tolerance and the assessment that each one of them presents.

E.5 Indicate which financial and non-financial risks, including tax risks, have materialised during the year.

Risk materialized in the exercise: Legal. In the ongoing litigation that the Company maintains with a former distributor in Italy, as of the date of this report, a judgment issued by the Provincial Court has already been obtained establishing that the contractual resolution requested by the Company was justified. This ruling has been appealed by the distributor before the Supreme Court.

Risk materialized an exercise: Prosecutor. Filing of administrative contentious appeals before the National Court, against the resolution issued by the Central Economic and Administrative Court that dismisses the administrative economic claim filed against the liquidation agreement of the tax inspectorate in relation to the tax of companies from 2012 to 2015.

Risk materialized an exercised: Filing of two economic-administrative claims from the Central Economic-Administrative Tribunal against the Liquidation Agreements of the Tax Agency in relation to the tax on the electricity of the 2016 and 2017 years for a band, and of the exercise 2018. The Company has not proceeded provisionally to the payment of the settlements collected by the cited settlement agreements

E.6. Explain the response and supervision plans for the principal risks faced by the company including tax-related risks.

The Company monitors all legislation that affects you through its Committees, its Executive Committee, of its internal and external collaboration of its advisory services. As soon as he is known, the channels through areas responsibility should be aware of it for proper compliance.

Additionally, the Board of Directors and, where appropriate, its Delegate Committees, carry out selective monitoring of the application, adaptation and observance of the aforementioned regulations.

Also, in the field of taxation, it maintains a constant update of the tax regulations through its advisers, analyses the economic facts to treat them with the greatest guarantees in the responsible Committees and activates the action procedures in cases where the Administration Tax so I asked.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity.

F.1. The entity's control environment

Give information, describing the key features of at least:

F.1.1 which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision

Audit Committee, of the Regulations of the Board of Directors, which lists basic responsibilities entrusted with the monitoring of the effectiveness of internal control system of the Company, as well as knowledge and monitoring the process of preparing and presenting the Financial Information Regulated. Under his direction operates the internal audit service.

F.1.2 whether, especially in the process of drawing up the financial information, the following elements exist:

- Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity

The goal of the Human Resources, Nomination and Remuneration Committee is the review and definition of the organizational structure and reporting and submission to the Board of Directors. Council acting by delegation, the General Management is responsible for implementing the resolutions of the Board in relation to the Group's organizational structure.

The Company has documented internal procedures to ensure the correct development of the assigned functions

- Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

The Company has an internal Code of Conduct approved by the Board of Directors which defines the principles and standards of practice in Stock Markets. Company's staffs are familiar with and understand such regulations, and a copy of the Code of Conduct is available in the corporate website and the CNMV website.

That regulation, since its original version, has been adapted how many legislative changes or other has been required, having adopted its current wording in the meeting of the Board of Directors in July 27, 2020.

Additionally, it has procedures that establish the action guidelines and give the treatment to sensitive information.

- Whistleblowing channel, which enables communication to be sent to the Audit and Control Committee concerning any irregularities of a financial and accounting nature, along with any possible breaches of the Code of Conduct and irregular activity within the organisation, and state whether said channel is confidential whether it allows for anonymous communications while respecting the rights of the complainant and the accused.

The Audit Committee has an ethical channel in place through which the Organization's staff can transmit their suggestions or make recommendations on any matter whose content is related to the Group, as well as report on compliance irregularities or process complaints about illegal activities or suspect.

The communications and complaints that, for this channel and for these purposes, the staff transmits may be anonymous or have their identification at the option of their author, and will receive in all circumstances the qualification and treatment of confidentials.

It is also established that foreign staff linked to the organization can file serious complaints.

- Periodic training and refresher courses for employees involved in preparing and revising the financial information, and in ICFR assessment, covering at least accounting standards, audit, internal control and risk management.

The staff involved in the preparation and review of Financial Information and who are responsible for the evaluation of Internal Control Systems participate in training programs and are regularly updated in relation to accounting standards, internal control and risk management.

These training programs are mainly promoted by the directives of areas, with the Human Resources Department responsible for the supervision and mentoring.

F.2. Financial reporting risk assessment

Give information on at least:

F.2.1 the key features of the risk identification process, including error and fraud risks, with respect to:

- If the process exists and is documented.

For corporate risk management, the Company has designed a comprehensive risk map of the most important processes involved in determining Financial Information. This document is based on the model proposed by the COSO report and is updated on an on-going basis within the Internal Audit Plan.

This document establishes that corporate risk management is a process undertaken by the Board of Directors and the Committees, together with Management and other staff of the Company, and that its basic function is the identification and evaluation of potential occurrences that could jeopardize the attainment of the Company´s objectives.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether the information is updated and with what frequency.

The framework for corporate risk management is aimed primarily at achieving the objectives of the Company from the perspective of financial reporting and as part of the on-going process of risk evaluation includes verification of compliance with the following principles:

- Integrity.
- Appropriate registry.
- Proper valuation.
- Adequate cut-off on operations.
- Adequate presentation and classification.

- The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

Financial Management carries out an on-going identification process of the scope of consolidation of the MCM Group, continuously for which has multidepartment information sources.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they impact the financial statements.

Internal Control System is focused on assessing the risk of achieving the objectives related to the category Financial Information; however, the evaluation process includes objectives related to operational and regulatory compliance. An evaluation of risks related to the environment, quality, knowledge, development, intellectual and industrial property and reputation is included within these operational objectives and their performance.

- Which of the entity's governance bodies supervises the process.

Ultimately, the Board of Directors, through the Audit Committee, which has delegated the responsibility to periodically monitor the Internal Control System and the Risk Management of the Company.

F.3. Control activities

Give information on the main features, if at least the following exist:

F.3.1 Procedures for review and authorisation of the financial information and the description of the ICFR, to be published on the securities markets, indicating who is responsible for it, and the documentation describing the activity and controls flows (including those concerning risk of fraud) for the different types of transactions that may materially impact the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgements, estimates, valuations and projections.

The Interim Half Year Financial Reporting is analysed by the Audit Committee, in accordance with the authority delegated by the Board of Directors.

The Board of Directors is the body that decides, based on the Audit Committee's report, the terms of the Financial-Economic Information that the Company must make public.

The Accounting and Consolidation Department together with the Management Control Department prepare monthly Financial Information of all Group companies, manage and monitor the transactions supporting documentation and processes in response to risk prevention. This Financial Information is reviewed and analysed, together with estimates and valuations, within the Management Committee and the Committee of Control and Risk Management.

General Management presents to the Board of Directors at least monthly, the information of the period.

F.3.2 Internal control policies and procedures on information systems (inter alia, on access security, control of changes, operation thereof, operating continuity and separation of functions) which support the relevant processes of the company in drawing up and publishing financial information.

The Company has updated and disseminated internal policies and procedures on the operation of Information Systems and access security, the segregation of duties, as well as the development or maintenance of computer applications.

The management of access to Information Systems is assigned to the Information Systems Department, which has adequate human and technical resources for its correct performance, following the established organizational guidelines.

Regarding the control mechanisms for data recovery and ensuring the continuity of operations, the Group has a Contingency Plan that is permanently reviewed and updated.

The annual review of Internal Control carried out by the Group's external Auditors includes the verification of the Information Systems controls.

F.3.3 Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the valuation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.

The processes of valuation, judgments or calculations to be carried out for the preparation and publication of the Financial Statements are carried out by the Internal Services as well as those other processes that may be relevant for the purposes of preparing said Financial Information.

Verification, auditing, evaluation services, etc. that affect different activities are, according to their idiosyncrasy, carried out with the periodicity established by external services, such as the Non-Financial Information Statement and the Evaluation of the Board of Directors, among others, and on industrial activity on specific topics.

F.4. Information and communication

Give information on the main features, if at least the following exist:

F.4.1 A specific function to define and keep the accounting policies updated (accounting policy department or area) and deal with queries or conflicts stemming from their interpretation, ensuring fluent communication with those in charge of operations in the organisation, and an up-to-date manual of accounting policies, communicated to the units through which the entity operates.

The Accounting and Management Control Department is responsible for defining and keeping up to date the accounting policies of Group MCM, as well as keeping those responsible for the applicable areas informed of any changes or updates to such policies, and resolving conflicts related to their interpretation.

The accounting policies applied by the Company are based on the framework established in the Code of Commerce, the General Accounting Plan in force and other corporate legislation, as well as the International Financial Reporting Standards and European Directives and Regulations in this regard taken by the European Union.

F.4.2 Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on ICFR.

The Group's information systems are mainly supported by an integrated corporate application (ERP) allowing a centralised and automated management of the different areas such as production, orders, sales, purchases, logistics, stock and control of warehousing, accounting, payroll, etc., and that provides reliability in the processes and a certain degree of security regarding the integrity, reliability and uniformity of the financial information obtained.

Affiliated companies that form part of the Consolidated Group in Spain, follow a single chart of accounts and homogeneous. The information is processed by the integrated management system which enables automatic capture of Financial Information and its preparation by the Corporate Accounting Department. The companies not integrated in this associated computer system and some of the foreign companies follow the criterion of maximum homogeneity and additionally the Group has implemented control measures that guarantee that the financial data collected by these companies are complete, accurate and timely in a timely manner.

F.5. Supervision of the system's operation

Give information, describing the key features of at least:

F.5.1 The ICFR supervision activities carried out by the Audit Committee and whether the entity has an internal audit function whose powers include providing support to the Audit Committee in its task of supervising the internal control system, including the ICFR. Likewise, give information on the scope of the ICFR assessment carried out during the year and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan listing the possible corrective measures, and whether its impact on the financial reporting has been considered.

The Audit Committee: Its functions are focused on evaluating the proper design, implementation and effective functioning of all processes of the Company, as well as risk management systems and internal control, including SCIIF.

The Audit Committee approves the annual work Plan and performs periodic monitoring. At its meetings, the Audit Committee discusses the evaluations and recommendations that the control service has issued and proposes appropriate corrective measures and evaluates the effects of implementation.

F.5.2 Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform the senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information of whether there is an action plan to try to correct or mitigate the weaknesses observed.

The Audit Committee keeps in regular contact with the External Auditor and the Internal Supervision Services. The Committee is the body that keeps the Board of Directors informed about the matters dealt with and the actions taken.

During the Committee's meetings with the External Auditor it is discussed the work programme and conclusions thereof regarding the internal control carried out during the audit process of the annual accounts.

The Committee monitors the activity carried out and the compliance with the agreed action plans to reduce any weaknesses in the sector.

Financial management keeps in regular contact with the External Auditor to corroborate actions taken to prevent or redirect any weaknesses identified.

F.6. Other relevant information

F.7. External auditor report

Report of:

F.7.1 Whether the ICFR information disclosed to the markets has been submitted to review by the external auditor, in which case the entity must attach the corresponding report as an annex. Otherwise, explain the reasons why it was not.

The Company considers that the implanted systems offer a sufficient guarantee of the quality of the other Financial Information and also informs in all the communications that it is appropriate.

G. DEGREE OF COMPLIANCE OF THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations given in the Unified Code of Good Governance.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

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

Complies ☑ Explain

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

    a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

    b) The mechanisms established to resolve any conflicts of interest that may arise.

Complies Complies partially Explain Not applicable☑

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

    a) Changes taking place since the previous annual general meeting.

    b) The specific reasons for the company not following a given Good Governance Code recommendation and any alternative procedures followed in its stead.

Complies ☑ Complies partially Explain

4. The company should define and promote a policy for communication and contact with shareholders and institutional investors within the framework of their involvement in the company, as well as with proxy advisors, that complies in full with the rules on market abuse and gives equal treatment to shareholders who are in the same position. The company should make said policy public through its website, including information regarding the way in which it has been implemented and the parties involved or those responsible its implementation.

   Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies   Complies partially ☑   Explain

The Company has established rules of action in relation to communication policy, which respect the legislation in force and the treatment appropriate to each recipient of information. These standards are included in various regulatory texts that are published on the corporate website.

The dissemination of information through the media is articulated through an external agency. Prior to dissemination through this channel, the information that will be made available to the market, investors and other stakeholders is rigorously reviewed internally by the Company in order to ensure that it is clear and truthful.

Additionally, the Company holds meetings with the agents who request it in order to clarify and explain the information disclosed through the different channels, counting on this with a single centralized internal "spokesperson" that manages communications with financial analysts, investors and others. interest groups.

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

   When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies ☑   Complies partially   Explain

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the ordinary general meeting, even if their distribution is not obligatory:

   a) Report on auditor independence.

   b) Reports on the operation of the Audit and Control Committee and the Appointments and Remuneration Committee.

   c) Audit Committee report on related party transactions.

Complies   Complies partially   Explain ☑

The Company prepares annually most of the reports included in this Recommendation.

Due to not being mandatory and considering that its main application is internal examination and analysis, it does not consider its publication on the corporate website necessary.

7. That the company transmit live, through its website, the holding of general shareholders' meetings.

And that the company has mechanisms that allow the delegation and the exercise of the vote by telematic means and even, in the case of companies with high capitalization and to the extent that it is proportionate, the attendance and active participation in the General Meeting.

Complies   Complies partially ☑   Explain

Due to the health emergency caused by the COVID-19 pandemic, the Company held the Ordinary General Shareholders' Meeting for the 2020 financial year exclusively telemetrically, with said General Meeting being broadcast live through the telematic assistance platform made available to provision on the corporate website (www.miquelycostas.com) for all registered shareholders, being able to delegate or exercise the vote electronically through the link provided for this purpose on said platform.

The Regulations of the General Meeting stipulate that when it is agreed to attend the General Meeting electronically in accordance with the provisions of the law, the Board:

1. It will arbitrate the appropriate procedures, so that the Company and the attendees of the meeting can make use of all those electronic means that facilitate communication and effective participation (by exercising their rights both previously in the Board and in real time in the same and to follow the interventions of the other attendees), these means must guarantee the identity and legitimacy of the shareholders and their representatives.

2. It shall provide, as appropriate, information on the systems that facilitate remote monitoring or assistance to the General Meeting through the established telematic means, and any other information that is considered convenient and useful for the shareholder for this purpose.

3. It shall determine all the necessary extremes to allow the orderly development of the meeting, within the framework of the provisions of the Law.

8. The Audit and Control Committee should strive to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditors includes any qualification in its report, the chairman of the Audit and Control Committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

Complies ☑   Complies partially   Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies ☑ Complies partially Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies Complies partially Explain Not applicable ☑

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies Complies partially Explain Not applicable ☑

12. The board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies ☑ Complies partially Explain

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies ☑ Explain

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs.

c) Favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the nomination committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The Appointments Committee should run an annual check on compliance with this Policy and set out its findings in annual corporate governance report.

Complies Complies partially ☑ Explain

The director selection policy followed by the Company complies with the requirements indicated in letters a) b) and c).

The selection process is aimed at ensuring that the members of the Board of Directors are endowed with the experience and knowledge necessary to fulfil their functions and responsibilities and to provide adequate specialization to cover the different committees set up by the Board.

Said selection process must at all times comply with the pillars of the Company and therefore, avoiding that during the same produces any type of discrimination based on age or gender; compliance with this is verified and endorsed by the Human Resources, Appointment and Remuneration Committee.

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

Further, the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not less than 30% previous to that.

Complies Complies partially ☑ Explain

The Company partially complies with the first part of the recommendation, the number of executive directors being three out of ten. The proprietary and independent directors, number two and three, respectively, constitute half of the members of the Board, it being important to note that the two directors who respond to the type of "other external", initially joined the Board as independent, being modified its original condition by reason of the term of its permanence in the same, in accordance with the provisions of the Capital Companies Law.

The Board of Directors has 20% female Directors. Although gender diversity is one of the aspects that the Board considers in the selection processes, it considers the suitability, knowledge and experience of the candidate to be more relevant. It should be noted that one of the latest additions during the exercise 2019 has been that of an independent director.

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies ☑ Explain ☐

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies ☑ Explain

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Complies ☑ Complies partially Explain

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies ☐ Complies partially Explain Not applicable ☑

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's' number should be reduced accordingly.

Complies ☑ Complies partially Explain Not applicable

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies ☑ Explain

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the nomination and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Complies ☑ Complies partially Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies ☑ Complies partially Explain Not applicable ☐

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Complies ☑ Complies partially Explain Not applicable ☐

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of director's regulations should lay down the maximum number of company boards on which directors can serve.

Complies ☑ Complies partially Explain

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies ☑ Complies partially Explain

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies ☑ Complies partially Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complies ☑ Complies partially Explain Not Applicable ☐

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary, to external assistance at the company's expense.

Complies ☑ Complies partially Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies ☑ Explain Not Applicable ☐

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies ☑ Complies partially Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies ☑ Complies partially Explain

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies ☑ Complies partially Explain

34. When a lead independent director has been appointed, the Bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies Complies partially ☑ Explain Not Applicable ☐

The powers granted to the Coordinating Director of the Company are those provided for in current legislation.

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies ☑ Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the board's operation.

b) The performance and membership of its committees.

c) The diversity of board membership and competences.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies ☑ Complies partially ☐ Explain

37. When there is an executive committee, there should be at least two nonexecutive members, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies Complies partially Explain Not Applicable ☑

38. The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies Complies partially Explain Not Applicable ☑

39. All members of the Audit and Control Committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Complies ☑ Complies partially ☐ Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies Complies partially ☑ Explain

The organic structure of the Company offers guarantees of supervision of the Information Systems and Internal Control and is complemented by the SCIIF control and criminal risk prevention service, which supervises the aforementioned Information Systems and Internal Control and reports directly to the Audit Committee.

41. The head of the unit handling the internal audit function should present an annual work programme to the Audit and Control Committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Complies Complies partially ☑ Explain Not Applicable ☐

SCIIF control service and Criminal Risk Prevention defined according to the organizational dimension of the Company, it is included in recommendation 40 and, in its control function, submits to the Audit Committee for approval, its annual work plan, informs it of its execution, including incidents and limitations in its development, results and monitoring of your recommendations; Every six months it submits an activity report for your consideration.

42. The Audit and Control Committee have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) In general, ensure that the internal control policies and systems established are applied effectively in practice

2. With regard to the External Auditor:

a) In the event of resignation of the External Auditor, the Committee should investigate the issues giving rise to the resignation.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the External Auditor has a yearly meeting with the Board in plenary session to inform them of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies ☑ Complies partially Explain

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies ☑ Complies partially Explain

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies ☑ Complies partially Explain Not Applicable ☐

45. The risk control and management policies should identify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide, or the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures in place to mitigate the impact of identified risk events should they occur.

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

Complies ☑ Complies partially Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies ☑ Complies partially Explain

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies ☐ Complies partially ☑ Explain

This recommendation is observed by the Company, insofar as the members of the Human Resources, Appointments and Remuneration Committee have the knowledge, skills and experience appropriate to the functions they have to perform within it. In accordance with the provisions of the Capital Companies Act, the Committee is made up entirely of non-executive Directors and is chaired by an independent Director.

The option marked responds to the fact that the number of independent members is 40%, although it should be mentioned that two of the five members of the Committee respond to the typology of "Other External", whose previous condition was that of independent, modified in accordance with applicable regulations.

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies Explain Not Applicable ☑

49. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Directors.

When there are vacancies on the board, any Director may approach the Nomination Committee to propose candidates that it might consider suitable.

Complies ☑ Complies partially Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies ☑ Complies partially Explain

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies ☑ Complies partially Explain

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies Complies partially Explain Not Applicable ☑

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the Audit and Control Committee, the nomination committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Complies Complies partially ☑ Explain

The Company fully complies with the first part of the recommendation as the aforementioned powers are redistributed between its two committees, both made up of non-executive directors. However, the members that make up the Human Resources, Appointments and Remuneration Committee are not mostly independent.

It is worth noting that the Board of directors of the Company has approved the 2021 exercise the constitution of a working group, which is recognized in the preparation of the contingents and the working plan for the executive councillors. This Commission is composed entirely by independent ministers, and has celebrated its first meeting in the month of January 2022.

54. The minimum functions referred to in the previous recommendation are as follows:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.

b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.

e) Monitor and evaluate the company's interaction with its stakeholder groups.

Complies ☑ Complies partially Explain ☐

55. Environmental and social sustainability policies should identify and include at least.

a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.

d) Channels for stakeholder communication, participation and dialogue.

e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies ☑ Complies partially Explain ☐

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not as high as to compromise the independent judgement of non-executive directors.

Complies ☑ Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies ☑ Complies partially ☐ Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards on going achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies ☑ Complies partially Explain Not Applicable ☐

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Complies ☑ Complies partially Explain Not Applicable ☐

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduces their amount.

Complies ☑ Complies partially Explain Not Applicable ☐

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies ☑ Complies partially Explain ☐ Not Applicable ☐

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the nomination and remuneration committee to address an extraordinary situation

Complies Complies partially☑ Explain Not Applicable ☐

The Company has only granted share option powers. These stock options are personal and non-transferable and cannot be disposed of. The assigned options must be held until the end of the 5-year vesting period. Only once the shares are acquired are, they freely available and disposed of.

The Company is considering the adaptation of the regulation itself of the instrument that is decided at any time, where the requirements set forth in the second part of the recommendation are incorporated.

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Complies ☑ Complies partially Explain Not Applicable ☐

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual noncompete agreements

Complies ☑ Complies partially Explain Not Applicable ☐

H. OTHER INFORMATION OF INTEREST

1. If there is any other aspect relevant to the corporate government in the company or in the group entities that has not been reflected in the rest of the sections of this report, but is necessary to include to provide more comprehensive and well-grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.

2. This section may also include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

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

3. The company may also indicate if it has voluntarily signed up to other international, industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing. In particular, mention will be made as to whether it has adhered to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) of 20 July 2010.

A.2

The figures presented correspond to those communicated by the holder to the CNMV and to the Company and, where appropriate, once adjusted for the corporate operations that have taken place. For these reasons, the values reported may not exactly match the reality of the participation.

It is also stated that the information that has been provided by an indirect owner to the Company, if it includes that of the direct titles, this is the one that is reported.

According to the Instructions for completing this report, only the direct holders who exceed 3% of the total voting rights are identified (1% if they are resident in a tax haven), so there may be discrepancies between the total of the indirect participation and the sum of the corresponding direct participations that are reported

A.3

Donate the change in the format of the Corporate Governance Annual Report in the summation boxes of the department A.3 including all the voting rights of the members of the Consell d'Administració and the representative voting rights.

C.1.4

Includes the natural person representative of the proprietary director Joanfra S.A

C.1.25

During 2021, the Board of Directors held 11 face-to-face meetings and on 2 occasions adopted resolutions through the procedure for adopting agreements in writing and without a face-to-face meeting provided for in article 248.2 of the Capital Companies Act. and in article 100 of the Regulations of the Mercantile Registry.

H.

The content mentioned in this report referred to the Spanish local legislation as well as the other information published by Miquel y Costas & Miquel, S.A. in Spain are available in the Company's corporate website (www.miquelycostas.com) and in the Comisión Nacional del Mercado de Valores (C.N.M.V.) website (www.cnmv.es).

The Company has not adhered to the Code of Good Tax Practices of July 20, 2010.

This annual report on corporate governance has been approved by the Company's Board of Directors on

28/03/2022

Indicate whether any board members have voted against or abstained with respect to the approval of this report.

[ ] Yes
[✓] No

ANNEX II

ANNUAL REPORT ON DIRECTOR'S REMUNERATION

ISSUER IDENTIFICATION

ENDING DATE OF REFERENCE FINANCIAL YEAR: 31/12/2021

TAX IDENTIFICATION CODE A-08020729

REGISTERED NAME:

MIQUEL Y COSTAS & MIQUEL, S.A.

REGISTERED ADRESS:

TUSET, 10, BARCELONA

A. Company's remuneration policy for the current financial year

A.1.1 Describe the current Directors Remuneration Policy applicable to the current year. To the extent relevant, include disclosures relating to the remuneration policy approved by the General Meeting of Shareholders, provided that these references are clear, specific and concrete. Describe the specific decisions taken by the Board that apply to this financial year, relating to both directors' remuneration for their functions as such and for executive functions, as provided in the contracts signed with the executive directors, and to the general remuneration policy approved by the General Meeting of Shareholders. In any event, the following aspects must be disclosed:

a) Description of the company's procedures and the bodies involved in determining and approving the remuneration policy and its terms and conditions.
b) Indicate, where applicable, whether the company's remuneration policy was benchmarked against other companies and give details.
c) Information as to whether any external advisors were involved in this process and, if so, their institution.
d) Procedures set out in the current remuneration policy for directors to apply temporary exceptions to the policy, conditions under which these exceptions can be used and components that may be subject to exception according to the policy.

The general bases of the Company's Directors' Remuneration Policy for 2022, 2023 and 2024, approved at the General Meeting held on 22 June 2021, aim to compensate directors for their dedication and are in line with the Company's performance during the year. The basic principles governing this Policy are as follows:

a) Proportionality: directors' remuneration must be commensurate with their dedication, qualifications and responsibility for the purpose of attracting and retaining directors with the desired profile, without compromising the independence of judgement of non-executive directors.

b) Reasonableness: when setting remuneration proposals, the Company's financial position must be taken into account, based on a balance between the fulfilment of short-, medium- and long-term targets, which allow remuneration for performance over a sufficient period of time.

c) Achieve the corporate interests and long-term sustainability: the Remuneration Policy must be in line with corporate interests and with non-financial criteria, so as to promote the Company's medium- and long-term earnings and sustainability.

d) Risk mitigation: the Remuneration Policy must reward the achievement of results based on prudent and responsible risk-taking, incorporating the necessary mechanisms to avoid excessive risk-taking and rewarding unfavourable results.

e) Comply with good governance practices: directors' remuneration must comply, where applicable, with the principles and recommendations of the Good Governance Code for Listed Companies regarding remuneration.

f) Attracting and retaining the best professionals: directors' remuneration must enable the Company to access the best talent available at any given time and include sufficient motivational elements to retain them, without this being a distorting factor for non-executive directors. The Human Resources, Appointments and Remuneration Committee is in charge of drawing up this Remuneration Policy and is the body with the responsibilities detailed in Article 12.2 of the Board Regulations. It is responsible for submitting proposals to the Board regarding:

(i) the remuneration of directors and the salary policy for senior management,
(ii) the individual remuneration and other contractual terms and conditions of executive directors, and
(iii) the standard contract terms for senior executives.

In exercising its functions and in accordance with section 529 novodecies.2 Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), this Committee designs and prepares the content of the Remuneration Policy, which is subsequently submitted to the Board together with the required specific report. Based on the Committee's report, the Board submits then the corresponding reasoned proposal for approval at the General Meeting. The General Meeting is responsible for approving the Remuneration Policy, which, after the Articles of Association, is the Company's highest standard for directors' remuneration.

Within the statutory remuneration system, in accordance with the law and the current Remuneration Policy, the Board is responsible for setting the amount to be paid to each director and for determining the conditions for obtaining it, taking into account their duties, responsibility and dedication to the management of the Company.

A distinction should be made between directors' remuneration in their capacity as such, which established in the Articles of Association, and the remuneration received by executive directors for their management functions, the remuneration system of which is also established in the Articles of Association and detailed in their contracts.

The shareholders at the General Meeting are responsible for approving remuneration that consists of the delivery of Company shares or stock options or rights tied to the value of the Company's shares.

The Annual Directors' Remuneration Report is reviewed on an annual basis by the shareholders at the General Meeting and, if necessary, approved by an advisory vote.

In addition to the knowledge and information available to the members of the Human Resources, Appointments and Remuneration Committee, the remuneration policies of other companies in the sector have been considered to establish the Company's Remuneration Policy.

No external advisors were involved in determining the directors' remuneration for 2022. Reports from recognised consulting firms are available, but the decision is taken internally.

No temporary exceptions are provided for in the current Remuneration Policy.

A.1.2 Relative importance of variable remuneration and fixed remuneration items (remuneration mix) and the criteria and objectives used to determine and ensure an appropriate balance between the fixed and variable components of remuneration. In particular, state the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, values and interests, including references to any measures to guarantee that the company's long-term results are taken into account in the remuneration policy, the measures taken in relation to those categories of staff whose work has a material impact on the company's risk profile and any measures to avoid conflicts of interest.

Also disclose if the company has established a period for the accrual or vesting of certain variable remuneration items, whether in cash, shares or other financial instruments, any period of deferral of the payment of amounts or the delivery of accrued or vested financial instruments, any clause that reduces the invested deferred remuneration or that obliges the director to refund remuneration already received, where such remuneration was based on figures that have subsequently been clearly shown to be inaccurate.

The criteria derived from the current Remuneration Policy are in accordance with the provisions of article 23 of the Company Bylaws and in the Article 18 of the Regulations of the Board of Directors, which establish that the Directors, in their capacity as such, will be remunerated with charged to the profits of each financial year for a total joint amount of 5% of the Company's profits. Said percentage may only be deducted from net profits once the requirements set forth in article 218 of the Capital Companies Act have been met.

The Articles of Association also provide that the corresponding amount be distributed by the Board itself among all its members, distributing the amount to be received by each one of them according to the functions, responsibility and, in general, the dedication to the administration. of the society. The Board of Directors, at the proposal of the Human Resources, Appointments and Remuneration Committee, At the end of 2019, it approved that the lack of attendance be one of the criteria when setting the distribution of remuneration among the Directors, in order to prioritize the importance of their participation, involvement and dedication reflected in said objective criterion.

Per diems received constitute remuneration on account of total remuneration. Therefore, the remuneration of the Directors, in their capacity as such, can be considered as variable, since it is directly proportional to the profit after taxes obtained by the Company and subject to the allocation criteria established.

The remuneration of the Directors, for their executive functions, is also established in the statutory framework and in the Remuneration Policy and is focused on achieving a balance between fixed and variable remuneration and, within the latter, between short and long-term which, as well as being consistent with the progress of the Company, provide an element of motivation and encouragement of the Company's long-term sustainability

The objectives determined for obtaining variable remuneration contemplate individual achievements, linked to the responsibility and functional scope of each person's action and their influence on the risk map and on the Company's processes, and achievements of a collective nature, only achieved with adequate collegiate management. The aforementioned achievements also include both financial and non-financial objectives, with sustainability being a key element involved in the continuous evaluation of the activity processes.

In relation to long-term variable remuneration, multi-year plans are designed and in force subject to the achievement of certain objectives, mainly linked to results, in which the Executive Directors participate together with the Managers, with an impact on the Strategic Plan. medium and long term

The existence of a clawback clause signed with (i) employees of the Miquel y Costas Group, with an employment relationship and with variable remuneration, (ii) Executive Directors in their capacity as Directors and (iii) all members of the Board of Directors in their capacity as Directors. This clause establishes that it can be fully or partially recovered, regardless of the accrual period variable remuneration paid, whether annual or multi-year, provided that within the period of three years following the end of the corresponding accrual period of the variable remuneration in question ("Reference Period") certain assumptions take place.The recovery must meet the requirements established therein, corresponding to the Human Resources, Appointments and Remuneration Committee to propose to the Board of Directors the degree of recovery based on the concurrent circumstances and the liability of the recipient in the event that occurred.

Additionally, the Company has the 2016 Stock Option Plan in force, of which the beneficiaries, among others, are the Directors Executives, with the exception of the President. Said Plan was approved by the Company's General Shareholders' Meeting at its meeting held on June 22, 2016 and developed by the Board of Directors on January 30, 2017. The consolidation period established is five years, followed by the exercise period of three additional years.

A.1.3 Amount and nature of the fixed components that are expected to be accrued during the year by the directors in accordance with their condition.

No fixed remuneration is established for the members of the Board of Directors in their capacity

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

The Executive Directors, for the exercise of their executive functions, have established a fixed remuneration, recognized in the articles of association and contractually and approved by the Board, which is previously reviewed by the Human Resources, Appointments and Remuneration Committee in each year. which will be updated with the prior agreement of the parties or, failing that, by applying the CPI.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

Applying only to CEOs, a health insurance premium and contributions to a social security plan are established.

The Company has also taken out a D&O insurance policy for all the company's advisors and directors.

In addition, the formal consideration of compensation is given to the difference between the price paid for travel to the service of the company in a vehicle other than the same and the price given to the consideration of tax deductible for this concept.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these

parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

Article 23 of the Articles of Association and Article 18 of the Board Regulations stipulate that Board members must be paid out of the profits for each year in the amount set by the Board itself, pursuant to the Articles of Association and in accordance with the indications of the Human Resources, Appointments and Remuneration Committee, for a total amount of 5% of the Company's profits. This percentage may only be deducted from net profit once the requirements of section 218 Corporate Enterprises Act have been met.

The Articles of Association also indicate that the corresponding amount is distributed by the Board itself among all its members, with the amount to be received by each of them being adjusted based on their position, responsibility and dedication to service of the Company. This remuneration is a variable amount that accrues during the year and is settled at the end of the period. The amount will depend on the degree of achievement of the group target, and will be calculated individually for each director based on their functions and dedication, including attendance at Board meetings. The attendance fees received by directors therefore constitute remuneration that is part of their total compensation. Therefore, if a director does not attend a Board meeting, in addition to not receiving the corresponding attendance fee, that director will not receive the proportional part of the remuneration payment for that meeting.

Executive directors receive the following for the performance of their executive functions:

(i) Fixed remuneration or a salary, agreed by means of a contract approved by the Board.
(ii) Annual variable remuneration, the receipt of which is partly conditional on targets tied to the performance figures of the Company and/or the Group and on other specific functional targets, both financial and non-financial, which are annually defined in relation to their functions and area of activity, taking into account the Company's Strategic Plan and short- and medium-term targets. This remuneration is taken to be a maximum percentage of the fixed remuneration and is reviewed annually once the percentage of achievement of the targets established has been confirmed.
(iii) Variable remuneration over a three-year period, from which the Chairman is excluded, consisting of a percentage of the total amount to which they are entitled together with other senior management personnel, to be settled and paid at the end of the three-year period, provided the conditions established for its accrual are met, which are approved in advance in quantitative terms.

Additionally, the Company has the 2016 Stock Option Plan in force, of which the Executive Directors, among others, are beneficiaries, with the exception of the Chairman. Said Plan was approved by the General Shareholders' Meeting of the Company at its meeting held on June 22, 2016 and developed by the Board of Directors on January 30, 2017. The consolidation period established is five years, followed by the period of exercise of three additional years.

A.1.7 Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's shorter long-term performance

The social security systems for Directors that only cover Executive Directors are intended to cover the contingencies of retirement, disability and death.

These systems consist of an annual contribution for a three-year period, provided that the conditions established for its achievement are met in each of the three years that the Plan lasts, conditions that are approved by the Human Resources, Appointments and Remuneration Committee for the period and are calculated using criteria of proportionality to remuneration and seniority up to a limit determined. Your contribution, after verifying compliance with the established conditions, is made only at the end of the three-year period by outsourcing it in the form of insurance, so it can be assimilated to a defined contribution plan.

Additionally, until the consolidated rights are obtained, which will take place when any of the contingencies foreseen in the insurance contract occurs, with the conditions and requirements established therein, the requirements of Good Governance must have been observed Corporate established by the Company.

A.1.8 Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, on the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

No compensation is established in the event of termination or early termination of the directors except as set out in the following section regarding the contractual conditions with the executive directors.

A.1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or Golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post contractual non-competition, unless these have been explained in the previous section

In accordance with section 249 Corporate Enterprises Act, the Company has entered into contracts with its executive directors, which have the following basic terms and conditions:

a) They are indefinite contracts.
b) Termination benefits are subject to the following:

(i) in the event of involuntary termination of their executive functions, except in the event of a serious breach, executive directors are entitled to receive termination benefits equal one year's gross remuneration;
(ii) the contracts of two of the executive directors provide for the right to termination benefits equal one year's gross remuneration in the event of a change of control;
(iii) if the Company chooses to require the executive director to fulfil a non-compete obligation after the termination of the contractual relationship, a consideration is established, for a maximum period of two years, equal to 50% of their gross monthly salary, which may be in addition to any of the two previous termination benefits and will be paid on a monthly basis until the end of the two-year period.

A.1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position

The Directors do not deserve any additional remuneration for services rendered other than those inherent in their position.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

The Directors of the Company do not deserve any remuneration for these items.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

No other remuneration other than those included in the previous sections is deserved.

A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

a) A new policy or an amendment to a policy already approved by the General Meeting.
b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

This report, which the Board intends to submit to the General Meeting for an advisory vote, is part of the Directors' Remuneration Policy for 2022, 2023 and 2024, which was approved at the General Meeting held on 22 June 2021.

In relation to the aforementioned Policy, there are no significant changes in the specific provisions established by the Board for the current year with regard to those applied in the previous year.

At the date of approval of this report, there were no proposals that the Board had agreed to submit at the General Meeting, when this annual report will be submitted, which is applicable to the current year. However, the Board is expected to resubmit the Remuneration Policy for 2022, 2023 and 2024 at the General Meeting once the necessary changes have been made to bring it into line with the new requirements Corporate Enterprises Act.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://miquelycostas.com/wp-content/uploads/2021/09/2022-2024politicaderemuneraciones.pdf

A.4. Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis

The Twelfth Item of the Agenda of the Ordinary and Extraordinary General Meeting of Shareholders, held on June 22, 2021, relating to the advisory vote on the Annual Report on Directors' Remuneration for the 2020 financial year , obtained the support of 87.44% of the votes, which shows a majority support from the shareholders of the Company.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended

As indicated in subsection A.1, the Human Resources, Appointments and Remuneration Committee is assigned the basic responsibilities established in the Board Regulations in relation to the Company's Remuneration Policy, which consist of proposing to the Board:

(i) the remuneration of directors and the salary policy for senior management;
(ii) the individual remuneration and other contractual terms and conditions of executive directors;
(iii) the standard contract terms for senior executives.

Based on the proposals of the Human Resources, Appointments and Remuneration Committee, the Board prepares the Annual Directors' Remuneration Report and submits it to an advisory vote at the General Meeting as a separate item on the agenda.

At its meeting held in March 2021, this Committee unanimously agreed to approve the remuneration envisaged for executive directors for 2021, and to submit the draft of the Directors' Remuneration Report for 2020 to the Board for review and, where appropriate, approval and subsequent publication in accordance with the applicable legal provisions.

The Board of Directors, at its meeting held in March 2021, with the executive directors being required to abstain both from the deliberations and the voting, resolved to approve the remuneration of the executive directors for 2021 with the favourable vote of the rest of the directors. The Board also unanimously agreed to approve the Annual Directors' Remuneration Report for 2020.

The directors' remuneration for 2021 was determined by the corporate bodies without the involvement of external parties.

B.1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year

During 2021, there was no deviation in relation to the procedure established for the application of the Remuneration Policy.

B.1.3. Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

During the 2021 financial year, no temporary exception was applied to the Remuneration Policy

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

In relation to the remuneration system, the measures taken by the Company in 2021 to help reduce exposure to excessive risks and bring it into line with the targets were as follows:

(i) Apply what is set out in the Articles of Association in relation to the annual remuneration of the directors, in their capacity as such, directly proportional to the positive performance of the Company, the distribution of which is established based on the responsibility and dedication of each director.

(ii) Approve the remuneration for executive directors according to their management functions, the variable portion of which was made up of annual remuneration, that is, conditioned on targets linked to the profits of the Company and/or the Group and on other individual and functional targets, as well as remuneration generated on a three-yearly basis —from which the Chairman is excluded—, which consists of a share in a fund together with senior management personnel, to be settled at the end of the three-year period if the performance objectives established are achieved, within the framework of the Directors' Remuneration Policy for 2019, 2020 and 2021 approved at the General Meeting. The salaries of executive directors were evenly distributed between fixed and variable components.

(iii) Maintain the current 2016 Stock Option Plan, which includes the executive directors as beneficiaries but not the Chairman, and has a vesting period of 5 years, after which the options may be exercised in a period of 3 years.

This Plan aims to effectively increase the productivity of the beneficiaries and of the Company itself and, therefore, obtain better results for the Group, resulting in a direct benefit for its shareholders.

(iv) Maintain a clawback clause, signed by all directors and senior management, which allows the Company to recover all or part of the remuneration paid, depending on the circumstances and the liability of the recipient.

With regard to conflicts of interest, all Company directors have submitted express written statements that, as at 2021 year-end, they were in compliance with section 229 Corporate Enterprises Act and Ministry of Economy and Finance Order EHA 3050/2004, of 15 September. In addition, the commitments detailed in the Internal Code of Conduct, which include the duty to report in advance and to avoid conflicts of interest, as currently defined by law, have been accepted by those employees that are required to do so given their position and duties.

In relation to risks, those responsible for the various risk groups identified and prioritised have been appointed and must submit regular reports on compliance with the controls established to the body designated by the Audit Committee.

B.3. Explain how the remuneration accrued and consolidated over the financial the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

Directors' remuneration in 2021 was fully in line with the Company's current Remuneration Policy and the requirements and limits established in the statutory framework. This remuneration was distributed as follows: 44.40% to the Chairman of the Board and 55.60% among the other Board members based on their dedication and attendance at meetings. The attendance fees received by the directors during the year were paid as part of the total variable remuneration.

Furthermore, the remuneration of the executive directors for their executive functions had a fixed component in the form of salary and remuneration in kind, the latter of which is for a very small amount, and a variable component split into annual remuneration, which is conditional on targets tied to the profit of the Company and/or the Group and/or on other specific financial and non-financial targets, and remuneration accruing during the 2019-2021 three-year period, where they are entitled to receive this compensation at the end of this period, i.e. at the end of 2021, based on the achievement of the established performance objectives. The Chairman is not included in the latter.

B.4. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	19,091,601	61.59

	Number	% of total
Votes against	2,398,144	12.56
Votes a favour	16,693,457	87.44
Blank ballots		0.00
Abstentions		0.00

B.5. Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year

The members of the Board of Directors, in their capacity as such, do not have any fixed remuneration component established.

B.6. Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.

The Articles of Association establish that executive directors will be entitled to receive other remuneration (salaries, incentives, pensions, bonuses, termination benefits and insurance), which will be subject to the applicable legal regime, for the performance of their executive functions at the Company arising from a contractual relationship other than that of holding the position of director. This remuneration is set out in the relevant contracts and has been expressly and unanimously approved by the Board.

In 2021, executive directors received a fixed remuneration of EUR 1,083 thousand EUR (if compared to 1,086 thousand received in 2020) for the performance of their senior management functions, in accordance with what has been detailed in section C of this report.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended. In particular:

a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.

c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).

d) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the short-term variable components of remuneration systems

i) The remuneration of the Board members, in their capacity as such, which is established in the Articles of Association. The actual fulfilment of the condition has been quantitatively verified and the remuneration was paid once verification was obtained.

Formulas are provided to adjust the remuneration of each director based on their attendance at Board meetings. The percentage of distribution is established in accordance with their responsibility and dedication.

(ii) The annual remuneration of the executive directors for their management functions, which has a fixed and a variable component, and is tied to the achievement of financial and non-financial targets, both at an individual level, linked to the responsibility of each director and the influence of their actions on the Company's risk map and processes, and at a group level, which can only be achieved through appropriate joint management

Explain the long-term variable components of remuneration systems

Only the executive directors, with the exception of the Chairman, are assigned the following long-term variable remuneration for their additional senior management functions at the Company:

(i) Three-year remuneration, which is subject to the achievement of certain targets linked both to general financial results and to performance and dedication criteria in relation to their functions and those of their area of activity within the organisation. This remuneration was approved by the Board at its meeting held on 25 March 2019, at the proposal of the Human Resources, Appointments and Remuneration Committee, within the framework of the Directors' Remuneration Policy for 2019, 2020 and 2021, and was accrued in 2021 at the end of this three-year period.
(ii) The Executives' Benefit Plan, consisting of an annual contribution for a three-year period, as long as the three-year earnings targets approved by the Human Resources, Appointments and Remuneration Committee for the period are met, which is calculated based on criteria of proportionality to remuneration and length of service up to a certain limit. This remuneration was accrued in 2021 at the end of the 2019-2021 three-year period.
(iii) The Miquel y Costas & Miquel S.A.'s 2016 Stock Option Plan, which was approved by the shareholders at the Extraordinary Annual General Meeting held on 22 June 2016, the characteristics of which are described in its regulations, published as a significant event on remuneration systems, which is available on the corporate website (www.miquelycostas.com) and on the website of the Spanish National Securities Market Commission (www.cnmv.es). This Plan came into effect on 31 January 2017 and has a term of 8 years, with the first 5 years corresponding to the vesting period and the last 3 years for exercising the options. This phase will end on 10 February 2025.

B.8. Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.

During the year 2021, no refund was requested for any amount corresponding to remuneration paid or deferred payment.

B.9. Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

The Executives' Benefit Plan offers the executives appointed by the Board corporate employee benefits in addition to the social security scheme to cover retirement, disability and death. This Plan, which covers executive directors, was established by the Company for the first time in the 2007-2009 Three-Year Plan and consists of a contribution at the end of the three-year period of the amounts accrued annually during this period, as long as the earnings targets approved by the Human Resources, Appointments and Remuneration Committee for the period are met. The distribution of the amount among the beneficiaries is calculated on the basis of proportionality to fixed remuneration and length of service up to the limit established.

The contribution, through its externalisation in the form of insurance, is made in the year following the end of the three-year period, once the period has ended and fulfilment of the conditions for receiving benefits has been verified, so that it can be included in a defined contribution plan. However, the economic right and its corresponding allocation for tax purposes will not be vested until one of the contingencies envisaged in the insurance contract takes place, in accordance with the requirements established in the contract, provided the beneficiary has fulfilled the required good governance conditions up until that time.

The current Plan was launched in 2019 and is in force for the 2019-2021 period. At the end of 2021, once the period ended, the sum of the annual amounts was accrued based on the fulfilment of the conditions established for obtaining these amounts. In 2022, the Company will therefore complete the contribution, however, as explained in the previous paragraph, the vested rights will not be received until one of the envisaged contingencies occurs.

B.10. Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

During the year 2021, there was no compensation, neither accrued nor received

B.11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

There were no changes to the contracts of the Directors who hold senior management positions as Executive Directors, nor were any new contracts signed with the Executive Directors during the 2021 financial year.

B.12. Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

During the 2021 financial year, no additional remuneration was accrued in favour of directors for services rendered other than those inherent in the position.

B.13. Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

In fiscal year 2021, the Company did not grant the members of the Board of Directors any advances, loans or assume any obligation on their behalf, including guarantees.

The Company did not present any balance in favour of the Directors, in their capacity as such, or of the Executive Directors, which did not originate from the established remuneration

B.14. Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

During the 2021 financial year, the remuneration in kind for the Executive Directors consisted of individual health insurance, the amount of which per Director was 1 thousand euros, according to the detail included in section C of this Report.

Compensation for expenses incurred in travel has not been considered a remuneration chapter, in accordance with the provisions of section A.1. of this Report.

B.15. Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company

During 2021, the Company did not make any payments to third parties as remuneration for the services provided by the Directors to it.

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

In the 2021 financial year, there were no remuneration concepts that met these characteristics.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTORRS

Name	Type	Period of accrual in year 2022
MR. JORGE MERCADER MIRÓ	EXECUTIVE PRESIDENT	FROM 01/01/2021 TO 12/31/2021
JOANFRA, S.A.	PROPRIETARY DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JOAQUIN FAURA BATLLE	INDEPENDENT DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	OTHER EXTERNAL DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. ÁLVARO DE LA SERNA CORRAL	PROPRIETARY DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JAVIER BASAÑEZ VILLALUENGA	EXECUTIVE DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JOAQUIN COELLO BRUFAU	OTHER EXTERNAL DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JORGE MERCADER BARATA	EXECUTIVE VICE-PRESIDENT	FROM 01/01/2021 TO 12/31/2021
MRS. MARTA LACAMBRA PUIG	INDPENDENT DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. CLAUDIO ARANZADI MARTÍNEZ	INDEPENDENT DIRECTOR	FROM 01/01/2021 TO 12/31/2021

C.1. Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
MR. JORGE MERCADER MIRÓ		18		471	1,296			1	1,786	1,602

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
JOANFRA, S.A.		18			95				113	98
MR. JOAQUIN FAURA BATLLE		18			95				113	98
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA		17			87				104	98
MR. ÁLVARO DE LA SERNA CORRAL		18			95				113	98
MR. JAVIER BASAÑEZ VILLALUENGA		18		267	235	130		1	651	505
MR. JOAQUIN COELLO BRUFAU		18			95				113	98
MR. JORGE MERCADER BARATA		18		346	609	167		1	1,141	905
MRS. MARTA LACAMBRA PUIG		18			95				113	98
MR. CLAUDIO ARANZADI MARTÍNEZ		18			95				113	69

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instrument	No. of instrument	No. of equivalent shares
MR. JORGE MERCADER MIRÓ	---							0.00				
JOANFRA, S.A.	---							0.00				

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instrument	No. of instrument	No. of equivalent shares
MR. JOAQUIN FAURA BATLLE	---							0.00				
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	---							0.00				
MR. ÁLVARO DE LA SERNA CORRAL	---							0.00				
MR. JAVIER BASAÑEZ VILLALUENGA	2016 Stock Options plan	111,273	111,273					0.00			111,273	111,273
MR. JOAQUIN COELLO BRUFAU	---							0.00				
MR. JORGE MERCADER BARATA	2016 Stock Options plan	135,273	135,273					0.00			135,273	135,273
MRS. MARTA LACAMBRA PUIG	---							0.00				
MR. CLAUDIO ARANZADI MARTÍNEZ	---							0.00				

Observations
The number of stock options has been adjusted due to the increase in paid-up capital carried out in 2021.

iii) Long-term savings schemes

Name	Remuneration for consolidation of rights to savings systems
MR. JORGE MERCADER MIRÓ	183
JOANFRA, S.A.	
MR. JOAQUIN FAURA BATLLE	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	
MR. ÁLVARO DE LA SERNA CORRAL	
MR. JAVIER BASAÑEZ VILLALUENGA	79
MR. JOAQUIN COELLO BRUFAU	
MR. JORGE MERCADER BARATA	63
MRS. MARTA LACAMBRA PUIG	
MR. CLAUDIO ARANZADI MARTÍNEZ	

Name	Contribution of the year by the Company (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. JORGE MERCADER MIRÓ			183				616	433
JOANFRA, S.A.								
MR. JOAQUIN FAURA BATLLE								
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA								

Name	Contribution of the year by the Company (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. ÁLVARO DE LA SERNA CORRAL								
MR. JAVIER BASAÑEZ VILLALUENGA		79					207	128
MR. JOAQUIN COELLO BRUFAU								
MR. JORGE MERCADER BARATA		63					151	88
MRS. MARTA LACAMBRA PUIG								
MR. CLAUDIO ARANZADI MARTÍNEZ								

Observations
The

iv) Details of other items

Name	Attendance	Fixed remuneration
MR. JORGE MERCADER MIRÓ	Payment kind	1
JOANFRA, S.A.	Concept	

Name	Attendance	Fixed remuneration
MR. JOAQUIN FAURA BATLLE	Concept	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	Concept	
MR. ÁLVARO DE LA SERNA CORRAL	Concept	
MR. JAVIER BASAÑEZ VILLALUENGA	Payment kind	1
MR. JOAQUIN COELLO BRUFAU	Concept	
MR. JORGE MERCADER BARATA	Payment kind	1
MRS. MARTA LACAMBRA PUIG	Concept	
MR. CLAUDIO ARANZADI MARTÍNEZ	Concept	

Observations

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance	Remuneration for membership of board committees	Salary	Short terms variable remuneration	Long Term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
MR. JORGE MERCADER MIRÓ										
JOANFRA, S.A.										
MR. JOAQUIN FAURA BATLLE										
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA										

Name	Fixed remuneration	Attendance	Remuneration for membership of board committees	Salary	Short terms variable remuneration	Long Term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
MR. ÁLVARO DE LA SERNA CORRAL										
MR. JAVIER BASAÑEZ VILLALUENGA										
MR. JOAQUIN COELLO BRUFAU										
MR. JORGE MERCADER BARATA										
MRS. MARTA LACAMBRA PUIG										
MR. CLAUDIO ARANZADI MARTÍNEZ										

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of Vested shares	EBITDA from vested shares or financial instruments (thousands of euros	No. of instruments	No. of instruments	No. of equivalent shares
MR. JORGE MERCADER MIRÓ							0.00					
JOANFRA, S.A.							0.00					
MR. JOAQUIN FAURA BATLLE							0.00					
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA							0.00					
MR. ÁLVARO DE LA SERNA CORRAL							0.00					
MR. JAVIER BASAÑEZ VILLALUENGA							0.00					
MR. JOAQUIN COELLO BRUFAU							0.00					
MR. JORGE MERCADER BARATA							0.00					

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of Vested shares	EBITDA from vested shares or financial instruments (thousands of euros	No. of instruments	No. of instruments	No. of equivalent shares
MRS. MARTA LACAMBRA PUIG							0.00					
MR. CLAUDIO ARANZADI MARTÍNEZ							0.00					

iii) Long-term savings schemes

Name	Remuneration for consolidation of rights to savings systems
MR. JORGE MERCADER MIRÓ	
JOANFRA, S.A.	
MR. JOAQUIN FAURA BATLLE	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	

Name	Remuneration for consolidation of rights to savings systems
MR. ÁLVARO DE LA SERNA CORRAL	
MR. JAVIER BASAÑEZ VILLALUENGA	
MR. JOAQUIN COELLO BRUFAU	
MR. JORGE MERCADER BARATA	
MRS. MARTA LACAMBRA PUIG	
MR. CLAUDIO ARANZADI MARTÍNEZ	

Name	Contribution of the exercise by the company (thousands €) i				Contribution of the exercise by the company (thousands €) i			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. JORGE MERCADER MIRÓ								
JOANFRA, S.A.								
MR. JOAQUIN FAURA BATLLE								
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA								
MR. ÁLVARO DE LA SERNA CORRAL								
MR. JAVIER BASAÑEZ VILLALUENGA								
MR. JOAQUIN COELLO BRUFAU								

Name	Contribution of the exercise by the company (thousands €) i				Contribution of the exercise by the company (thousands €) i			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. JORGE MERCADER BARATA								
MRS. MARTA LACAMBRA PUIG								
MR. CLAUDIO ARANZADI MARTÍNEZ								

Observations

iv) Detail of other items

Name	Concept	Remuneration amount
MR. JORGE MERCADER MIRÓ	---	
JOANFRA, S.A.	---	
MR. JOAQUIN FAURA BATLLE	---	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	---	
MR. ÁLVARO DE LA SERNA CORRAL	---	
MR. JAVIER BASAÑEZ VILLALUENGA	---	
MR. JOAQUIN COELLO BRUFAU	---	

Name	Concept	Remuneration amount
MR. JORGE MERCADER BARATA	---	
MRS. MARTA LACAMBRA PUIG	---	
MR. CLAUDIO ARANZADI MARTÍNEZ	---	

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2021 company	Remuneration accruing in group companies	Gross benefit of vested shares or financial instruments	Remuneration by way of Savings systems	Other items of remuneration	Total in year 2021 group	Total in year 2021 company + group
MR. JORGE MERCADER MIRÓ	1,786		183		1,969						1,969
JOANFRA, S.A.	113				113						113
MR. JOAQUIN FAURA BATLLE	113				113						113
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	104				104						104

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2021 company	Remuneration accruing in group companies	Gross benefit of vested shares or financial instruments	Remuneration by way of Savings systems	Other items of remuneration	Total in year 2021 group	Total in year 2021 company + group
MR. ÁLVARO DE LA SERNA CORRAL	113				113						113
MR. JAVIER BASAÑEZ VILLALUENGA	651		79		730						730
MR. JOAQUIN COELLO BRUFAU	113				113						113
MR. JORGE MERCADER BARATA	1,141		63		1,204						1,204
MRS. MARTA LACAMBRA PUIG	113				113						113
MR. CLAUDIO ARANZADI MARTÍNEZ	113				113						113
TOTAL	4,360		325		4,685						4,685

Observations

C.2. Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company

	Total amounts accrued and % annual variation								
	Year 2021	% Change 2021/2020	Year 2020	% Change 2020/2019	Year 2019	% Change 2019/2018	Year 2018	% Change 2018/2017	Year 2017
Executive Directors									
MR. JORGE MERCADER MIRÓ	1,969	22.91	1,602	436	1,535	1.32	1,515	-11.51	1,712
MR. JAVIER BASAÑEZ VILLALUENGA	730	44.55	505	10.02	459	-9.47	507	-15.92	603
MR. JORGE MERCADER BARATA	1,204	33.04	905	6.82	847	-5.78	899	-10.46	1,004
External Directors									
MR. ÁLVARO DE LA SERNA CORRAL	113	15.31	98	3.16	95	0.00	95	-3.06	98
MR. JOAQUIN COELLO BRUFATU	113	15.31	98	5.38	93	-2.11	95	0.00	95
JOANFRA, S.A.	113	15.31	98	3.16	95	0.00	94	-3.06	98
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	104	6.12	98	8.89	90	-2.17	92	-2.13	94
MR. JOAQUIN FAURA BATLLE	113	15.31	98	8.89	90	-5.26	95	-2.06	97
MR. CLAUDIO ARANZADI MARTÍNEZ	113	63.77	69	46.81	47	-	0	-	0
MRS. MARTA LACAMBRA PUIG	113	15.31	98	108.51	47	-	0	-	0
Consolidated results of the company									

	Total amounts accrued and % annual variation								
	Year 2021	% Change 2021/2020	Year 2020	% Change 2020/2019	Year 2019	% Change 2019/2018	Year 2018	% Change 2018/2017	Year 2017
	67,058	15.10	58,262	14.09	51,066	2.86	49,648	3.46	47,986
Average employee remuneration									
	36	-2.70	37	-2.63	38	11.76	34	-2.86	35

Observations
The Directors Mr. Claudio Aranzadi and Mrs. Marta Lacambra joined the Board of Directors on June 20, 2019

D. OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

This Annual Report on Remuneration has been approved by the company's Board of Directors at its meeting on:

28/03/2022

Indicate whether there have been any directors who have voted against or abstained in connection with the approval of this Report.

[ ] Yes
[√] No

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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

Mazars Auditores, S.L.P. Registered office: C/Diputació, 260 - 08007 Barcelona
Mercantile Register of Barcelona, Book 30.734, Folio 212, Page B-180111, Inscription 1ª, N.I.F. B-61622262

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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.

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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)

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Juan Luque

MIQUEL Y COSTAS & MIQUEL, S.A. Y SOCIEDADES DEPENDIENTES

FY2021 CONSOLIDATED MANAGEMENT REPORT

Annex II 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.

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.

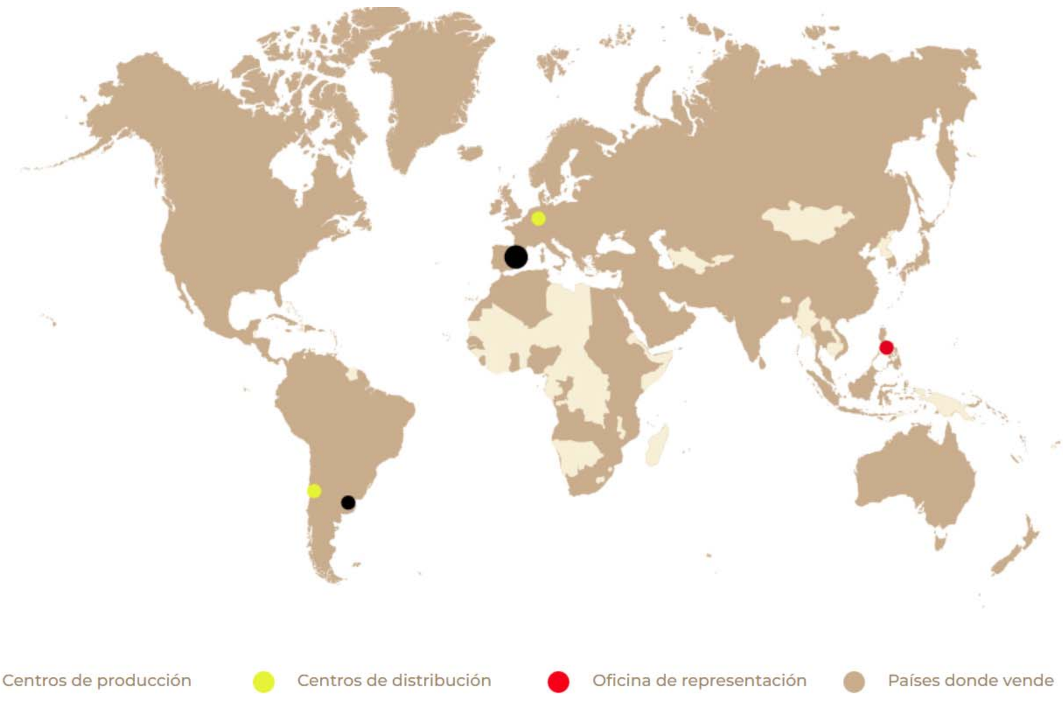
The Group currently has three main lines of business: the so-called "Tobacco Industry", that covers the sale of pulp and paper connected with the tobacco industry, "Industrial Products", connected with paper for use in industrial products and "Others" which covers commercialization, and other services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

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.

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.

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 CO_2 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.

- 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.

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.

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 CO_2 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

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 CO_2 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.

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)

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.

For information purposes, scope 3 emissions (t CO_2) 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 NOx 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

<u>Circular economy and waste prevention and management</u>

- 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.

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

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.

- 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).

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%	

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.

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%	
4.24. Production of cold/heat from bioenergy	2%	95%

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 matters[1]

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.

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**

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:

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.

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.

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

	MEN		WOMEN		
	Age	Average Salary	Age	Average Salary	Difference
Board members	<=30		<=30		
	31-49		31-49		
	>=50		>=50		
		360.806,02		0,00	
Senior Management + Directors	<=30		<=30		
	31-49	94.187,73	31-49		13%
	>=50	119.886,54	>=50	137.830,79	
		113.461,84		128.573,73	
Supervisors and middle management	<=30	34.271,06	<=30		
	31-49	49.424,78	31-49	46.990,87	-14%
	>=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	
	31-49	34.839,30	31-49	27.498,44	-20%
	>=50	48.994,38	>=50	38.284,59	
		38.535,99		30.999,55	
Production personnel	<=30	26.986,62	<=30		
	31-49	31.565,24	31-49	28.033,74	-14%
	>=50	34.438,86	>=50	26.101,78	
		32.293,83		27.777,22	
Production personnel (non-continuous)	<=30	21.459,59	<=30		
	31-49	26.228,31	31-49	22.535,17	-6%
	>=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 quantitively.
(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 quantitively.
(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/

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.miquelycostas.com/

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.*

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.

- 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.

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 pellades	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

	ASPAPEL 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 exisiting and in light of the training needs and/or trainig 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.

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.

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.

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.

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.

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 y 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.

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.

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.

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

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.

This report is available on the website www.miquelycostas.com

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.	305-7, 303-4	2. Environmental matters
	2. Taking into account any form of atmospheric pollution specific to an activity, including noise and light.		

miquel y costas & miquel, s.a.
y sociedades dependientes

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		
	Consumption of water and water supply in accordance with local limits;	303-3, 303-5, 103-2 301-1, 302-1	2. Environmental matters
	Consumption of raw materials and measures adopted to use them more efficiently;		
	Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energies.		
	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;		

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

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;	103-2	3. Social and personnel-related matters
	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;		
	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;	103-2	4. Respect for Human rights

SCOPE	Content	GRI Reference Standards	Section of this report
	Elimination of discrimination in the field of employment and occupation;		
	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

SCOPE	Content	GRI Reference Standards	Section of this report
	Income tax paid	207-4	6. Society
	Government grants received	201-4	6. Society