

**ANNUAL CORPORATE GOVERNANCE  
REPORT PUBLIC LIMITED COMPANIES**

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**ISSUER IDENTIFICATION**

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

TAX IDENTIFICATION CODE A-08020729

REGISTERED NAME:  
**MIQUEL Y COSTAS & MIQUEL, S.A.**

REGISTERED ADDRESS:  
**TUSET, 10, BARCELONA**

## MODEL OF ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

### 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
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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
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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
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- 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 shareholder 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**

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**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:

Date of General Meeting	Attendance data					Total
	% physical represented	% represented	% remote voting			
			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](http://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	Representative	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
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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 Anòia) and Member of the Executive Committee of the IESE Alumni Association.

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

EXTERNAL PROPIETARY 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 duodecies 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 duodecies 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
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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
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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
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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
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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, 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 ENCUNTRSA 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
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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 incurso 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 la decida la Junta General en uso de las atribuciones que le otorga la Ley.

2. El Consejo propondrá a la Junta General el cese de los Consejeros, entre otros, en las 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 fueron 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
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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
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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	% 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
(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 ENCUESTRA 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**

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### **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)**

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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

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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](http://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 used 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

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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

Donote 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](http://www.miquelycostas.com)) and in the Comisión Nacional del Mercado de Valores (C.N.M.V.) website ([www.cnmv.es](http://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