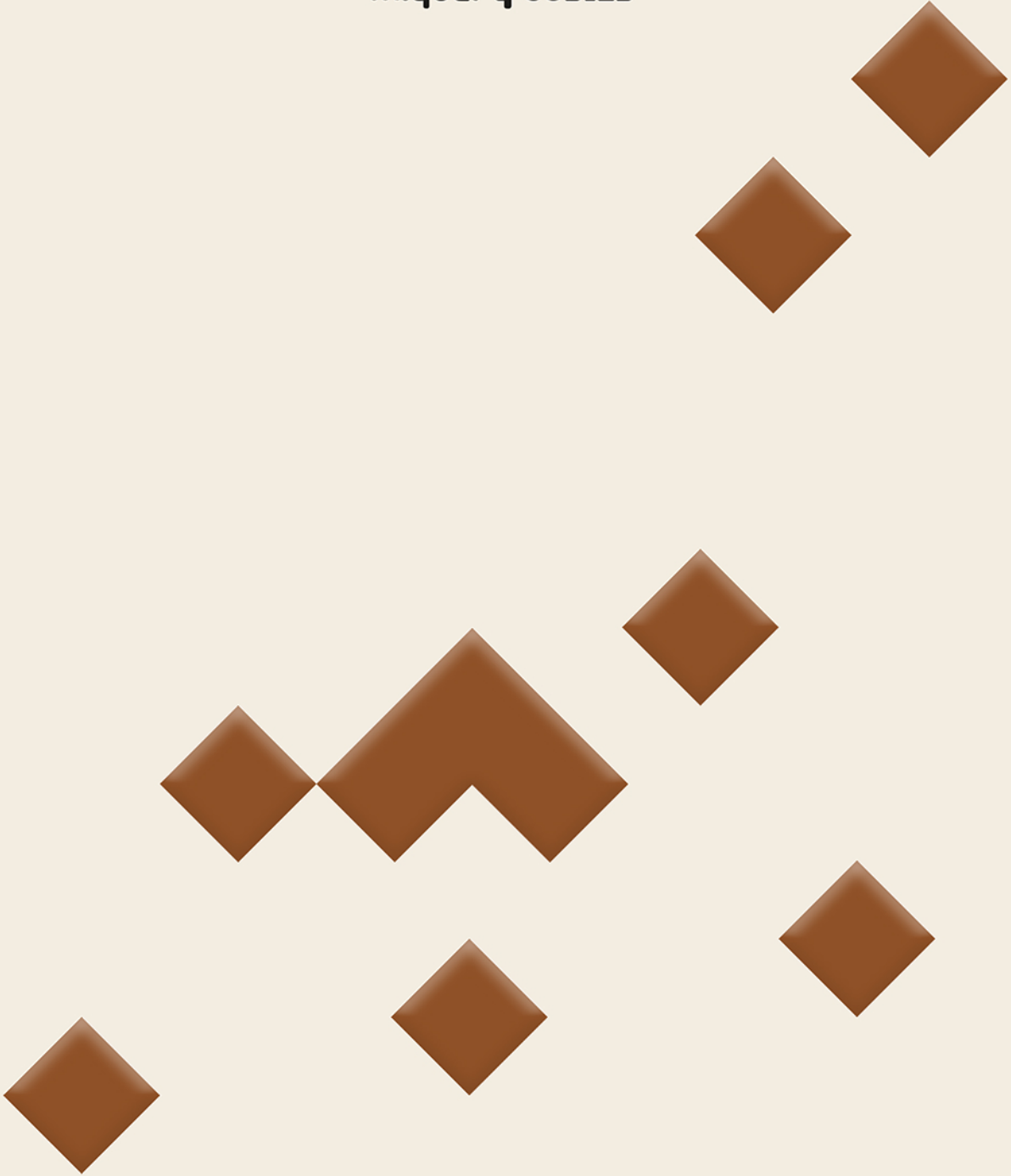




**miquel y costas**



**2022**

ANNUAL REPORT



**miquel y costas**

**2022**

# ANNUAL REPORT

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# A MORE COMPREHENSIVE AND SUSTAINABLE REPORT

This Annual Report covers the performance of the Miquel y Costas Group during the 2022 financial year. On this occasion, the information is presented in the form of a comprehensive report that includes the financial data, milestones and most relevant indicators in the different areas of activity, and their connection to the Group's sustainability policy and vision, in a single document.

This comprehensive reporting system transmits the consideration of sustainability as a transversal value in the organisation's activity, present in all its decisions and actions. This is how it is set out in the business purpose of Miquel y Costas, reworded in 2021 in response to the needs of the current society and to serve the Group in the years to come.

The new business purpose is *To apply the necessary knowledge to cellulose to provide society with products that collaborate in the sustainability of the planet and improving the environment.* In addition to environmental impact, the complete document reformulating the business purpose also highlights its commitment to society and good corporate governance. Thus, Miquel y Costas is taking on the definition of "sustainability" from the triple perspective of ESC (environmental, social and governance), aligning itself with the standards of the main international organisations, headed up by the United Nations Sustainable Development Goals (SDGs) and the reporting criteria of the Global Reporting Initiative (GRI).

In accordance with this interpretation, the 2022 Annual Report integrates the sustainability factor into all the Group's actions. For example, the environmental criterion is currently inseparable from the group's activity in areas like quality, innovation and production: all products are developed with maximum respect for and with a view to having a

minimum impact on the environment. Proof of this is its outstanding score granted by the Carbon Disclosure Project (CDP) in the areas of "Water Security", "Forest" and "Climate Change", all of which are above average for companies in this sector. As set out on the following pages, in 2022, significant achievements were made in savings of natural resources and the reduction of emissions and disposal of waste in the different processes of the value chain. Another example of the multi-disciplinary linking of environmental sustainability is the growing relevance of energy efficiency, in a financial year particularly marked by the financial impact of high energy costs.

In the social field, this Report details both actions aimed at guaranteeing a safe, healthy and egalitarian working environment for the whole workforce and other initiatives aimed at the creation of value in the local communities in which Miquel y Costas operates. Once again, its commitment to the well-being and progress of both groups forms part of the organisation's purpose, mission and values.

Finally, in the area of management and good corporate governance, we would like to highlight the updating of our Code of Ethics in 2022, which reinforces the Group's commitment to conducting its activities in accordance with solid ethical values, compliance with current legislation, respect for the principles of the Universal Declaration of Human Rights and alignment with the United Nations 2030 Agenda.

This Annual Report supplements the information set out in the Non-financial Information Statement, and is proof of the commitment to transparency and accuracy taken on by the Miquel y Costas Group in its Code of Ethics.



# CONTENTS

LETTER FROM THE CHAIRMAN  
5

OUR ORIGINS  
10

MIQUEL Y COSTAS GROUP  
14

A QUICK RECAP OF THE YEAR  
19

BUSINESS PURPOSE  
22

LINES OF BUSINESS  
29

QUALITY AS A DISTINGUISHING FEATURE  
35

RESEARCH, DEVELOPMENT AND INNOVATION  
38

THE PLANET  
42

PEOPLE, OUR MOST VALUABLE ASSET  
58

GOOD GOVERNANCE AND CODE OF ETHICS  
68

THE MIQUEL Y COSTAS & MIQUEL FOUNDATION  
76

INVESTMENT, THE KEY TO THE FUTURE  
79

STOCK MARKET  
82

FINANCIAL & ECONOMIC DATA  
85

# LETTER FROM THE CHAIRMAN



**Jorge  
Mercader Miró**  
Chairman

Valued shareholder,

I have the pleasure of addressing you again to give you an account of the results of the Miquel y Costas Group during the 2022 financial year and of the company's progress.

The year 2022 was certainly complicated, in particular for industrial companies like ours, with intensive use of electricity, which have faced huge increases in the costs of gas and electricity, on top of the considerable hikes in the price of pastes and many raw materials. All of this in an economic climate full of new uncertainty arising, principally, from the war in Ukraine, the breakdown of the supply chains and high rates of inflation.

The deceleration in the growth of the global GDP in 2022 constitutes another factor to take into account when it comes to assessing the results of any company. Particularly in the eurozone, where the GDP has experienced growth of 3.5%, far from the 5.2% of 2021. A circumstance of lesser concern in Spain, where it experienced growth of 5.5%, sustained by consumption and external commerce. All these macroeconomic and geopolitical factors that have dealt a

blow to companies were reflected in the global stock markets in 2022, during which the main global indicators accumulated losses of around 19.5% in contrast to the earnings of 15% obtained during the previous year.

With regards to the performance of the paper industry during the 2022 financial year, the statistics published by the Confederation of European Paper Industries confirm the particular impact of high energy prices and the setback in the growth of the global economy. Although the consumption of paper in Europe remained stable, the production of paper and card dropped by 6.1% with respect to the previous year, a decrease that manifested itself in all regions of the world, including those in which the main competitors of the European Union in the sector are located. In Spain, the reduction in production was somewhat lower, standing at 4.7%.

In this complex climate, the Miquel y Costas Group achieved a turnover of 337.2 million euros, with growth of 35.9 million euros on the previous financial year, which translates to an increase of 11.9%. Said growth is mainly due to the price updating carried out through negotiations with clients, the achieving of a larger volume in certain lines of business and the favourable evolution of the euro-dollar exchange rate for a good part of the year. In terms of lines of business, the Tobacco industry experienced an increase of 4.7% in sales with respect to 2021, arising mainly from the price adjustments made. The sale of Industrial Products increased by 23.1% as a result of the positive evolution of the demand for special paper manufactured by Terranova, the marketing of new industrial products and the sale of special pastes. The "Others" line increased its turnover due to the better performance of the coloured paper and publishing paper markets.

Despite this increase in sales, net profit dropped by 37.7% with respect to the previous year to stand at 31.6 million euros. This drop was also due, mainly, to the aforementioned continuous rise in the prices of energy, pastes and other raw materials, the geopolitical tensions as a result of the war in Ukraine which have hindered international commerce and also, the deterioration of the commercial relationship between Spain and Algeria.

During 2022, the Group carried out investment in tangible and intangible assets for a total amount of 34.2 million euros, in line with its investment plan. Amongst the most significant investments we would highlight the optimisation of one of the paper machines; a remodelling of considerable technological bearing, in another of the paper machines; and the design of new installations aimed at minimising the environmental footprint of the equipment and processes of the Industrial Products line, as well as the photovoltaic generation development plan through the incorporation of new installations for self-consumption in various production centres.

Also noteworthy were the actions carried out for the preservation of the environment and responsible use of natural resources through the expansion of circular economy in the production processes, with the application of resources in the amount of 11 million euros aimed at reducing the consumption of water

and energy, through the construction of photovoltaic installations, in addition to the reduction and management of the waste generated. The fruits of our decisive commitment to sustainability and circular economy are the leadership grade scores awarded to the Group by official certification entities that are detailed in this Annual Report.

Additionally, in 2022, the Group significantly increased its resources allocated to R&D&i, which stood at 6.1 million euros, almost double the amount of 3.2 million invested in this item the previous year. Said activities focused principally on research to obtain new products and their applications, as well as on the technological innovation of production processes, with the remodelling of one of the paper machines of the company MB Papeles Especiales being of particular relevance. As regards the resources destined to health and safety and occupational risk prevention, in 2022 these stood at 1.7 million euros, and those invested in training programmes stood at 17.1 thousand euros, maintaining the levels achieved in previous years.

As regards the activity of the parent company's Board of Directors, they met on twelve occasions during 2022 and their delegate committees held eleven meetings, the Audit Committee seven and the Human Resources, Appointments and Remuneration Committee four.

With respect to shareholder remuneration, the total dividend paid in 2022 came to 16.1 million euros, an amount that translated to growth of 3.9%, and 5.2% in unitary terms with respect to the previous year. In terms of stock market activity in 2022, it is worth noting that the shares were traded on 257 days, during which a total of 4.1 million shares were taken up, equating to an effective amount of 49.7 million euros, with a maximum price per share of 13.78 euros and closing price of 11.70 euros.

In making use of the authorisation granted by the Shareholders in a General Meeting to acquire own shares in the secondary market, the Company acquired a total of 363,410 shares during 2022, with the total treasury stock at the close of the financial year being 1,507,489 shares, representing 3.77% of the share capital.

I am happy to tell you that thanks to the improvement of the circumstances and the measures adopted, the Group is experiencing a significant improvement in its results since the start of the year, which means we can expect a return to the previous levels of profitability by the end of 2023. A significant favourable element will be the implementation of the investment, remodelling and improvements underway, in particular the large technological leap implemented in one of the special paper machines.

The Group remains and will continue to remain firm to its commitment to environmental sustainability, the fight to combat climate change and its social commitment. In this sense, the Miquel y Costas & Miquel Foundation has



sponsored cultural and educational initiatives, in addition to programmes support talent, research and innovation, which constitute driving forces for the comprehensive development of people, many of whom live in particularly vulnerable environments close to our production centres, in addition to boosting environmental sustainability projects in line with our values.

We want to continue to generate trust and create value for our customers, for our shareholders and for society in general. A goal that is only possible thanks to the commitment and talent of the management team and all the people who make up our Group. I want to thank all of you for your daily effort and dedication. Deserving of special mention is the work carried out by the Board of Directors for their commitment, support and backing of the Group's management.

To finish, I would like to encourage you, esteemed shareholder, to read this Annual Report, which has been given a new focus, in terms of form and content, and in which you will find all the details of the activity of the Miquel y Costas Group during 2022. Thank you for your trust and allow me to invite you, once more, to continue to accompany us in our project.



**Jorge Mercader Miró**  
Chairman



# OUR ORIGINS

The origins of the Miquel y Costas Group date back to the second half of the 17<sup>th</sup> century and are rooted in the beginnings of the Catalan and Spanish paper manufacturing industry. The firm, born in Capellades (a region of Anoia, 65 kilometres from Barcelona) as an initiative of the Miquel family, coming from the wool industry, began producing paper by hand and went on to manufacture it industrially at the start of the 19<sup>th</sup> century, with the introduction of the continuous paper making machine. With activities in Cuba, the company soon took on an international dimension that has since constituted one of its identifying traits.

In order to cope with this exporting dimension and the investment required for its modernisation, Miquel y Costas & Miquel was founded in 1874. Its growth, based on cigarette paper for the tobacco industry and specialisation in production, would lead to the transformation of Miquel y Costas & Miquel (MCM) into a Public Limited Company in 1929. The confirmation of its exporting dimension and the success of some of its first brands, such as El Pino, made MCM an example of a born global company. The company had a significant market in Latin America, whilst consolidating its presence in the domestic market, thanks, amongst other things, to the modernisation of the Besós factory (Barcelona) and the tremendous success of the Smoking cigarette paper books.

The Civil War and subsequent autarchy conditioned the production possibilities of MCM, forcing a retreat from the Spanish market in contrast to its initial dimension as an exporter. The inclusion of the Banco Exterior de España in the company's capital and the merger between MCM and the Payá Miralles family facilitated the move into the specialisation in different types of paper, as well as the recovery of exports. The company's new size intensified the entry of shareholders outside of the founding family at the end of the 1980s.



The final and most promising phase of MCM began in 1992, coinciding with the arrival of Jorge Mercader Miró as chairman, the stabilisation of the reference shareholder base and the implementation of a management model aimed at building an industrial project based on financial and technological soundness and independence, and aimed at healthy progress sustained over time. The company's listing on the Stock Exchange in 1996, rigorous management and a policy of continuous investment allowed the Miquel y Costas Group to consolidate itself as one of the most renowned international paper manufacturing groups in the areas of cigarette paper, special pastes and industrial paper. In 2022, the Miquel y Costas Group had a turnover of 337.2 million euros, with the sale in 125 countries of the items produced in its Capellades, La Pobla de Claramunt, Barcelona, Tortosa, Mislata and Villareal factories.

## MAIN HISTORICAL MILESTONES

Since its creation, three centuries ago, the Miquel y Costas Group has progressed decisively towards the creation of an industrial project committed to society and its customers, which has made it a prominent international reference in the paper industry.

### 1752

#### ORIGINS

The Miquel family began manufacturing paper in a mill powered by the waters of the river Anoia in Capellades, Barcelona. Despite the late arrival of the continuous paper making machine to Spain, MCM soon took on an international dimension, with presence in Cuba at the end of the 19<sup>th</sup> century that rapidly extended to Latin America.



### 1914

#### THE SUCCESS OF SMOKING

MCM began to manufacture cigarette paper books and acquired Papelera Barcelonesa, which is now the Besós factory in Barcelona. This operation was accompanied by the mechanisation of the paper process. Ten years later, it registered Smoking, a cigarette paper brand that was iconic for many generations. Its success required an increase in production with a new workshop.



### 1874

#### THE FOUNDATIONS OF THE INDUSTRIAL PROJECT

The expansion of the company structure set the scene for the new Miquel y Costas & Miquel company and facilitated the creation of an authentic industrial project based at the Capellades mills. Specialisation in production, the introduction of technical changes and the importance the Cuban market acquired allowed MCM to launch as an example of a born global company.

### 1929

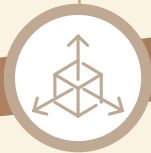
#### PUBLIC LIMITED COMPANY

From 1929 to 1936, Miquel y Costas & Miquel experienced a profound change. The company was established as a Public Limited Company and, in addition to the Latin American market, sales on the domestic market grew. Continuous paper production in the Besós factory (Barcelona) was the industrial basis for the consolidation of MCM as a leading company in cigarette paper in Spain and Latin America.

## 1951

### EXPANSION AND MODERNISATION

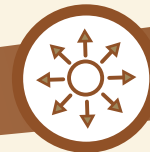
MCM came in on the capital of paper paste production company Celesa. Over the next two decades it experienced a phase of expansion and modernisation with the launch on the market of printing paper, the incorporation of Payá Miralles (with the factory in Mislata, Valencia) and the company's listing on the Stock Exchange of Barcelona.



## 2015

### LEADERSHIP IN SPECIAL PAPER

With the goal of doubling the special paper production side of its business, the Miquel y Costas Group inaugurated the Terranova Papers factory, in Pobla de Claramunt, Barcelona. Its commitment to innovation and sustainability were reflected in the cutting-edge technology of its machinery and in the efficiency and sustainability of its production processes, unprecedented in Spain.



## 1980/1992

### BOOSTING INTERNATIONALISATION

The company's internationalisation received a boost with the creation of the Argentina branch. In order to make one of its main goals for the future a reality, the Miquel y Costas Group created MB Papeles Especiales. The coming on board of Jorge Mercader Miró as chairperson in 1992 marked a point of inflection. 58% of the share capital was listed on the continuous market, international funds of recognised prestige came on board as shareholders and the Group reaffirmed its position as a solvent, future-facing industrial project.



## 2018

### MORE GROWTH AND DIVERSIFICATION

Miquel y Costas acquired Clariana, a leader in the manufacturing of coloured paper in Spain, within its strategy for growth and diversification. The Group continued working to write new pages in a story that has seen it become a global reference in paper and materials made from cellulose that meet the ever more complex needs of the market and of society.

# MIQUEL Y COSTAS GROUP



## COMPOSITION OF THE COMPANY'S BOARD OF DIRECTORS

as at 31 December 2022

---

### CHAIRMAN

Jorge Mercader Miró

### BOARD MEMBERS

Javier Basañez Villaluenga

Álvaro de la Serna Corral

Eusebio Díaz-Morera Puig-Sureda

Claudio Aranzadi Martínez

Joaquín Coello Brufau

Joanfra, S.A., represented by  
Josep Miquel Vacarisas

Marta Lacambra i Puig

### VICE CHAIRMAN

Jorge Mercader Barata

### NON-BOARD MEMBER SECRETARY

Victoria Lacasa Estébanez

### COORDINATOR BOARD MEMBER

Joaquín Faura Batlle

# MIQUEL Y COSTAS GROUP (MC)

The MC Group comprises the following companies:

## PARENT COMPANY

### ● MIQUEL Y COSTAS & MIQUEL, S.A.

Founded in 1879, its activity is focused on the production of thin, special paper of low grammage, especially for the cigarette industry, in the Barcelona, Capellades and Mislata factories. It has a sales office in the Philippines for sales promotion.





## DEPENDENT COMPANIES

### ● CELULOSA DE LEVANTE, S.A.

With a factory in Tortosa. Company that produces textile pastes from flax and hemp for the cigarette industry and other fibres (sisal, abacá, jute and cotton) for other industrial sectors. 100% owned.

### ● PAPELES ANOIA, S.A.

With its registered address in Barcelona. Company that markets national and imported paper and products that complete the range offered by the Group. 100% owned.

### ● S.A. PAYÁ MIRALLES

Registered address in Valencia. Owner of the Mislata factory. 100% owned.

### ● MIQUEL Y COSTAS TECNOLOGÍAS, S.A.

Registered address in Barcelona. Technological and industrial consultancy company. 100% owned.

### ● MIQUEL Y COSTAS ENERGÍA Y MEDIO AMBIENTE, S.A.

Management company of an electricity generation facility located in La Pobla de Claramunt (Barcelona). 100% owned.

### ● MB PAPELES ESPECIALES, S.A.

With an industrial facility in La Pobla de Claramunt (Barcelona). Produces special paper for industrial use. 100% owned.

### ● TERRANOVA PAPERS, S.A.

With a production plant in Pobla de Claramunt (Barcelona). Produces special paper with very high porosity. 100% owned.

### ● MIQUEL Y COSTAS LOGÍSTICA, S.A.

Registered address in Barcelona. Its activity is the provision of logistics services. 100% owned.

### ● SOCIEDAD ESPAÑOLA ZIG ZAG, S.A.

Registered address in Barcelona. Sells cigarette paper books. 100% owned.

### ● DESVI, S.A.

Registered address in Barcelona. It has majority holdings in the Group's companies in Argentina, Chile and Germany. Its main activity is the provision of services. 100% owned.

### ● CLARIANA, S.A.

Registered address in Castellón. Manufactures coloured paper and card. 100% owned.

### ● MIQUEL Y COSTAS ARGENTINA, S.A.

Registered address in Argentina. Manufactures cigarette paper and other paper products. 100% owned.

### ● MIQUEL Y COSTAS CHILE, SOCIEDAD DE RESPONSABILIDAD LIMITADA

Registered address in Chile. Sells the Group's paper and paper products. 100% owned.

### ● MIQUEL Y COSTAS DEUTSCHLAND GMBH

Registered address in Germany. Sells the Group's and other related products. 100% owned.

## AFFILIATED COMPANY

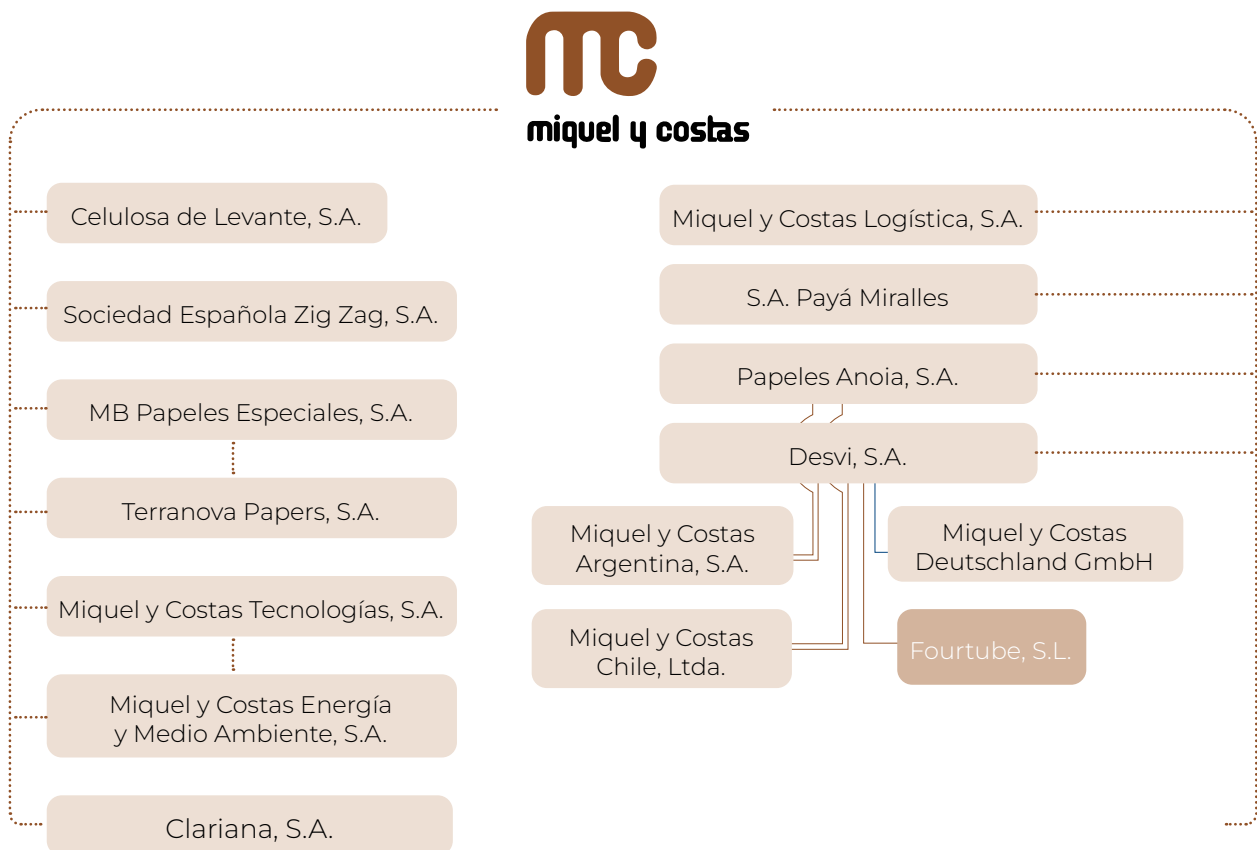
### ● FORTUBE, S.L.

Registered address in Seville. Produces paper products. 40% owned.



## GROUP STRUCTURE

The Group's consolidated balance sheet includes the dependent companies shown below.



The companies of the Group are consolidated using the full consolidation method, except for the company **Fourtube, S.L.**, which is consolidated using the equity method.

# A QUICK RECAP OF THE YEAR

21

28

25

# MIQUEL Y COSTAS GROUP

## ECONOMIC DATA



**Consolidated net turnover:**

€337.2 m  
+11.9% compared to 2021



**Maintenance of the investment plan defined at the beginning of the year:**

+€34.2 m



**Consolidated net profit after tax:**

€31.6 m  
-37.7% compared to 2021



**Increase in fixed assets of**

€16.2 m



**Amortisation:**

€18.6 m

Decrease mainly due to:

- Continued price hikes in energy, paste and other raw materials
- Geopolitical tensions arising from the war in Ukraine hampering international trade
- Deterioration of the trade relationship between Spain and Algeria

€m: million euro; t: tonnes.



**Contribution to Public Administrations for Corporate Income Tax resulting from the development of the activity:**

€9.4 m



**Annual production:**

83,661 t  
+3.68% compared to 2021



**Significant increase in R&D&i activities and investments:**

€6.1 m  
€3.2 million in 2021

## HUMAN RESOURCES



**Average Group headcount:**

892  
**people**  
(874 in 2021)



**Resources earmarked for health, safety and occupational risk prevention:**

€1.7 m



**Resources earmarked for training programmes:**

171,000 €  
in line with previous years



**Headcount trained:**

46.68%  
(29.43% in 2021)



# BUSINESS PURPOSE



## A COMPANY FOR A NEW SOCIETY

TO APPLY THE NECESSARY

KNOWLEDGE TO CELLULOSE TO

PROVIDE SOCIETY WITH PRODUCTS

THAT CONTRIBUTE TO THE

SUSTAINABILITY OF THE PLANET

AND THE IMPROVEMENT OF THE

ENVIRONMENT.

*This declaration of purpose constitutes the doctrine that presides over the activity of Miquel y Costas, a group of companies that manufactures special paper and materials made from cellulose. In order to achieve its goals, Miquel y Costas develops innovative production, distribution and management technology that ensures the quality of its processes and, as the result of these, that of its products, systematically committed to sustainability and the preservation of the environmental chain.*

*Miquel y Costas defines itself as a solvent industrial project, sustained by recognised financial and technological solvency that ensures its continuity and independence and which integrates social and individual values into its corporate values.*

*Its business purpose describes the basis of a company that looks towards the future, the ultimate goal of which is to serve society and the results of which come from the excellence and competitiveness of its products and a company philosophy aimed at healthy progress that is sustained over time.*



## Purpose, knowledge and project

1. With a history that goes back to the start of the 18<sup>th</sup> century, today, Miquel y Costas is a business group that ambitiously takes on the challenges of the 21<sup>st</sup> century. To do this, the Group is operating a business project in the industrial field, **committed to society**, its customers and its stakeholders. The history, prestige and future of the Miquel y Costas brand are a great asset for the company which are driving us towards a creative future.
2. Today, Miquel y Costas is a **diversified Group** that produces and distributes special paper and other materials of great complexity and added value made from cellulose that constitute the foundation for its credibility, prestige and competitiveness. All its companies operate under the paradigm of sustainability and environmental management.
3. Its **commitment to the future** is based on the innovative characteristics of its products and its production processes, as well as the firmness of its corporate values. The Group's trajectory is proof of the reputation of an industrial product the main vector of which is knowledge, always based on perseverance.
4. The quality of the products manufactured is the fruit of **efficient, creative** management that prioritises the needs of its clients and anticipates changes in the market. Its investment in R&D&i right along the Group's chain of production and distribution is recognised on the market and caters for a very qualified demand attracted by the quality and value of its products.
5. With **advanced industrial equipment** and efficient, sustainable production processes, Miquel y Costas develops high qualification products made of cellulose. The Group's goal is to invest 3% of its sales in research and innovation and it is looking to increase this percentage.
6. Its commitment to knowledge, which has been key to its trajectory, allows it to make the competitiveness of its costs compatible with the excellence of its products. **Product knowledge** contributes value, knowledge of processes also allows cost efficiency.
7. **Investment in manufacturing, management and distribution technology** allows it to take on a multicultural market made up of 150 countries and offers a supply guarantee in the short and long term. This availability is valued by its clients, particularly at times of accelerated change in technology and the volatility of the economic context.



## Sustainability and environment

8. For some time, Miquel y Costas has been focussing on making its business activity compatible with the **defence of the environment**. In order to comply with this commitment, the Group's companies reduce their consumption of water and electricity, recycle the waste arising from their activity and offer the markets biodegradable and compostable products. Its trajectory will pursue the goal of becoming a net benefactor of sustainability and the environment.
9. Miquel y Costas is focussed on **reducing the carbon footprint** of its companies in line with the goals of the Paris Agreement and extending circular economy throughout the whole production and distribution chain, submitting itself to the scoring systems of the international agents. The Group involves its suppliers in this rigorous policy by requiring that they guarantee the implementation of the same practices.
10. Miquel y Costas contributes to a more sustainable world with the development of complex materials made from cellulose to replace and improve upon non-recyclable plastics and metals. These **new materials**, which have an impact on areas of high consumption and social repercussion, require considerable research and development and constitute one of its main lines for the future.
11. The Group promotes the **planting of trees against deforestation** in Sub-Saharan Africa through collaboration with the NGO Trees for the Future.





## Independence

12. **Financial solvency** is one of its strengths and a top rate base on which to build plans for growth and start out in new directions and develop new production capacities. The solidity of its finances and its equity balance allow it to meet the demands of the market by accessing and using the most advanced technology and by maintaining stable growth, preserving its independence.
13. The **capacity to efficiently manage** the dynamic arising from the diversification of products and markets and vertical integration into the value chain, through effective decentralisation, requires complex management, key to its competitiveness and which is not easily understood by third parties.
14. The organisation's constant evolution, the management technologies and the close relationship of the Group's managers with its clients and suppliers imply a level of collaboration that results in its capacity to obtain **innovative new product and service** developments. The capitalisation of these values, guaranteed by the Group's independence and desire for continuity, sustain the project's trajectory.
15. Its **decentralisation** is an essential characteristic of a model that concentrates management where operations take place, with large degrees of freedom and initiative, and sustains it with a complex, innovative management control system, which provides detailed information from the Corporate Centre. The Corporate Centre plays a role in assisting and advising on day-to-day matters and transmits the general policies at the same time as transferring the knowledge generated by the parts and the whole.



## People and governance

16. Miquel y Costas aspires to be a **reference for its internal organisation and personnel policy**. To this end, it seeks to involve its employees in the industrial project, offering them long-term perspectives that favour their sense of belonging, fostering creativity and creating lasting connections for the personal and professional enrichment of its employees.
17. The centre of gravity of this personnel policy lies in **continuous** internal and external **training** which facilitates workers' progress through effort and merit. Aimed at favouring people's skills and their personal realisation, this policy is one of the pillars of its strategy.
18. Miquel y Costas has a **remuneration policy** that is compatible with its competitiveness. This policy, which is respectful of gender equality, is supplemented by scheduled contributions to multi-year benefit plans that constitute long-term protection for its employees.
19. The **directors** are the company's backbone. Aware of their responsibility in the operation of the company, various incentives are in place with a view to making these people active participants responsible for the industrial project and who must be compensated to the extent that they take on and share in the risk of management. This policy, based on assessing the results and the effort put in to achieve them, aims to capture the best talent and at the same time, protect the company from unforeseen difficulties.
20. **Personal realisation** is a value that Miquel y Costas fosters amongst its directors, with the conviction that the intellectual development they undergo and the creativity of their work are the basis of the company's success. This culture, based on the value of responsibility and excellence, constitutes a determining factor in the achievement of the goals sought.
21. With the goal of sharing decisions and promoting merit, Miquel y Costas carries out a **policy of openness** between its operations and the actions of all its employees. The Group assesses its personnel continuously, with the goal of boosting their skills, and is studying to find a way for employees to have the opportunity to anonymously assess their line managers. The Board of Directors itself has an equivalent process to assess its members.

## Shareholders and social environment

22. The Miquel y Costas Group has channelled the social responsibility actions it had been carrying out into a foundation, in order to develop an effective, systematic policy in this area. Created in 2020, the **Miquel y Costas & Miquel Foundation** pursues social goals and promotes environmental sustainability, supporting cultural, educational and technological innovation projects in all these fields.
23. The performance of Miquel y Costas' assets has allowed a sustained **investment policy** and continuous effort in innovation in a framework of financial solvency. This is aided by the dividend policy approved by the shareholders and the commitment of the stakeholders the Group maintains a close relationship with.
24. The Board of Directors has always opted for resource management that has allowed it to achieve satisfactory results, maintaining **sustained growth**. Comprised of renowned professionals who contribute their knowledge and dedication, the Board is responsible for preserving the Group's independence and taking care of all its shareholders, particularly the small ones who have entrusted their savings. Transparency and accountability constitute the basis for their work.
25. **Transparent management** and faithful reporting of accounts constitute cardinal values in the corporate culture. The Group has formalised plans and programmes that allow it to report its operations with the maximum transparency, both at the internal level and for its stakeholders.
26. The Group's long history means that it must treat its **historical heritage** with special care and diligence in all areas, as well as its industrial architecture and the records of its industrial development over the years. It must also recover and transmit its institutional and, at certain times, political trajectory. And always its social impression. As well as its industrial and artistic assets. Nurturing, studying and communicating these values, knowledge and experiences forms part of its idiosyncrasy and implies the acceptance of a commitment to its almost 300 years of history.





# **LINES OF BUSINESS**



THE MIQUEL Y COSTAS GROUP HAS THREE LARGE LINES OF BUSINESS: PAPER AND PASTES FOR THE TOBACCO INDUSTRY, PAPER AND PASTES FOR INDUSTRIAL USE AND PAPER FOR THE GRAPHICS INDUSTRY. IN ALL OF THESE, THE GROUP OPERATES WITH THE MOST INNOVATIVE TECHNOLOGY AND WITH A POLICY OF OPENNESS TOWARDS ITS CLIENTS WHICH ALLOWS IT TO ADAPT TO THEIR NEEDS, THE LEGAL REQUIREMENTS OF EACH COUNTRY AND THE MARKET TRENDS.

## **PAPER AND PASTE FOR THE TOBACCO INDUSTRY**

The Miquel y Costas Group is a global reference for the tobacco industry, to which it offers a whole range of products based on the cellulose this industry needs: paper to make cigarettes, cigarette paper books and textile pastes to produce cigarette paper. It offers the three types of paper needed to produce a cigarette, cigarette paper, cigarette tip paper and filter paper. It produces them from the best pastes (purchased on the market or from own-production) and sells them to the world's main tobacco companies. All of its paper for cigarettes is in accordance with the strictest legal requirements.

Miquel y Costas manufactures an extensive range of cigarette paper books adapted to consumer preferences. Since 1924, it has produced the famous Smoking brand, renowned worldwide.

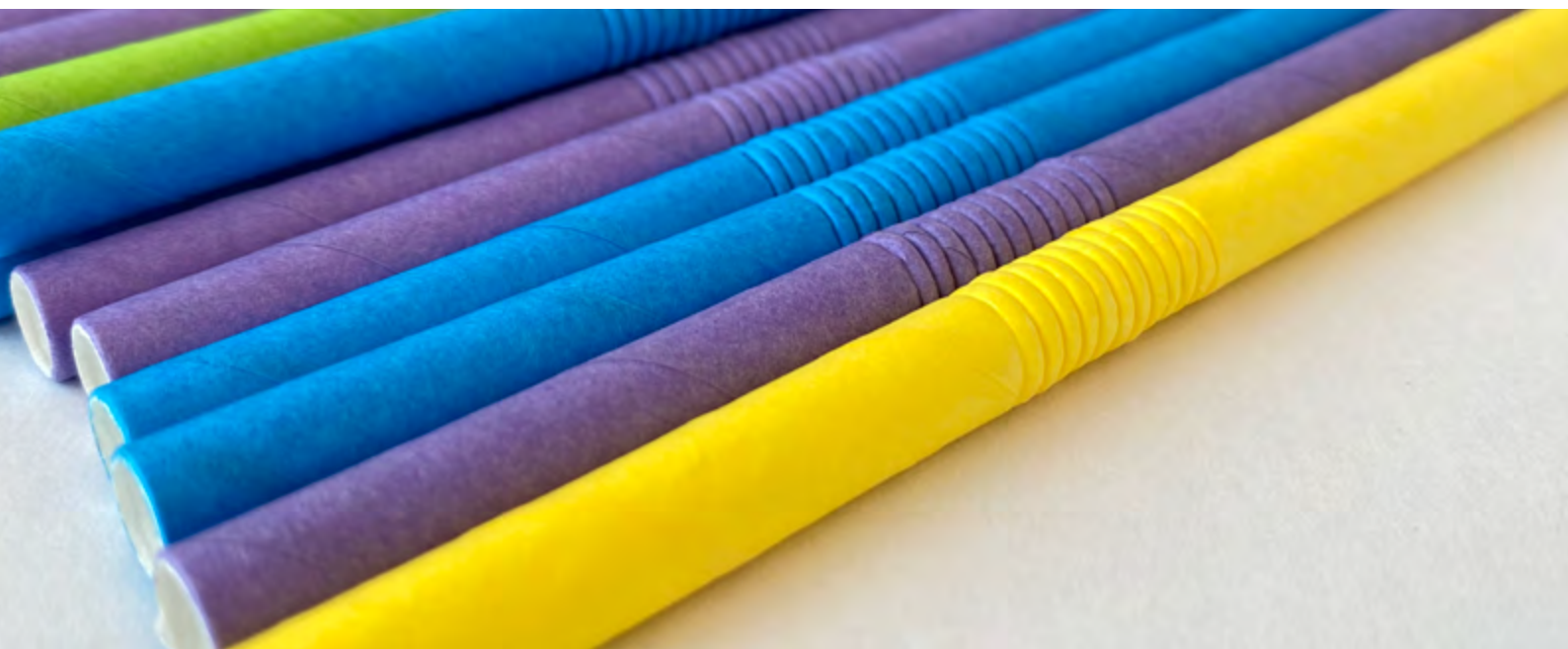
Miquel y Costas also produces high quality cellulose pastes made from flax or hemp fibres. It uses them to produce its own cigarette paper and also sells them to other manufacturers.

## PAPER AND PASTES FOR INDUSTRIAL USE

The Miquel y Costas Group produces special, high performance paper for multiple uses and porous pastes used in industrial applications. They are intended for various industries, and Miquel y Costas is one of the main European manufacturers of filter paper and lightweight absorbent paper. Amongst others, worth noting is its special paper for the lamination of floors, kitchen worktops and decorative panels, which are particularly resistant and absorbent, and paper paste to produce batteries for the automotive industry.

Miquel y Costas is a world renowned producer of paper for teabags and coffee sachets, greaseproof paper, certified paper for food products, paper for drinking straws to replace plastic ones, paper for high quality packaging, filter paper for vacuum cleaners, paper for security documents and paper for perfume shops and hairdressing salons.

It also produces porous pastes made from sisal, abacá, jute and cotton which are used in industrial applications and by the finance sector.

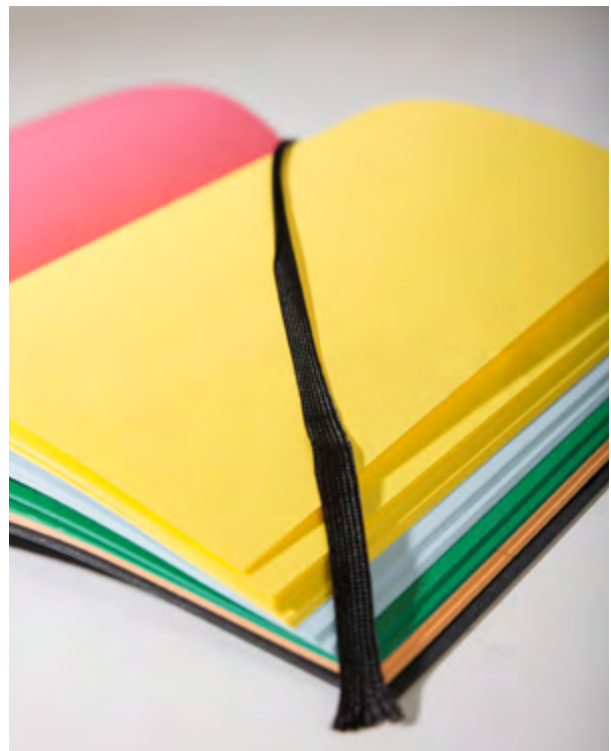


## **PAPER FOR THE GRAPHICS INDUSTRY**

In this industry, Miquel y Costas offers high quality paper that combines low thickness and grammage with high opacity. These characteristics set it apart in its category and make it adaptable to each client with a view to being able to meet their different needs and adapt it for a range of different uses. Thus, in the paper sales industry, Miquel y Costas produces paper and card of multiple weights and in any colour on the visible spectrum, from ultraviolet to infrared.

The Group offers the pharmaceutical sector various paper options that can be adapted to the sector's requirements and particular needs. Our commitment to R&D has allowed us to be able to remain at the forefront, providing paper of low grammage with special qualities that allow maximum whiteness, opacity and folding capacity. This means the paper can be used in the production of patient information leaflets and thus comply with the special requirement of having the maximum amount of information in the smallest space.

Miquel y Costas also provides paper with similar characteristics to the cosmetics industry for the same purpose. Likewise, it produces paper with low grammage that meets the conditions in terms of whiteness, smoothness, folding and opacity required for the printing of religious books, dictionaries, legal books and manuals. One of the sectors in which it has grown the most recently is that of paper for religious books, especially for Korans destined for the Middle East. In this market, our paper is used amongst the most prestigious printers and publishers on the five continents.





## PRODUCTION AND SALES DATA BY BUSINESS LINE

Annual production in 2022 is approximately 3,000 tonnes higher than the previous year, an increase of 3.7%. By business line:

- The production of papers and pulps for the tobacco industry has grown in line with sales volume increases in this business line.
- The production of paper and pulp for industrial uses has remained in line, despite the shutdown of a paper machine due to a technological investment.
- The production of printing papers has continued to recover in 2022 from the decline in 2020 as a result of the coronavirus pandemic.



### Production data

Tonnes

	2020		2021		2022	
Tobacco industry	37,504	49%	35,616	44%	37,048	44%
Industrial products	24,945	32%	27,760	34%	28,271	34%
Other products	14,366	19%	17,312	22%	18,342	22%
<b>Total</b>	<b>76,815</b>	<b>100%</b>	<b>80,688</b>	<b>100%</b>	<b>83,661</b>	<b>100%</b>

The consolidated net turnover of the 2022 financial year came to 337.2 million euros, signalling an increase of 35.9 million euros compared to that obtained during the same period of the previous financial year.



### Figure by business line

In thousands of euros and percentage

	2020		2021		2022	
Tobacco industry	176,616	64%	185,433	62%	194,092	58%
Industrial products	79,447	29%	93,332	31%	114,980	34%
Other products	18,088	7%	22,521	7%	28,105	8%
<b>Total</b>	<b>274,151</b>	<b>100%</b>	<b>301,286</b>	<b>100%</b>	<b>337,177</b>	<b>100%</b>

The geographical distribution of the net turnover amount has remained along the same lines as in previous financial years.

### Geographic distribution of turnover

In thousands of euros and percentage

	2020		2021		2022	
Domestic sales	28,615	10%	35,271	12%	38,784	12%
Export sales	245,536	90%	266,015	88%	298,393	88%
<b>Total</b>	<b>274,151</b>	<b>100%</b>	<b>301,286</b>	<b>100%</b>	<b>337,177</b>	<b>100%</b>



# QUALITY AS A DISTINGUISHING FEATURE



Excellence in the quality of its products and production processes is one of the fundamental goals of the Miquel y Costas Group and constitutes one of its main distinguishing features.

Our Comprehensive Quality, Environment and Product Safety and Harmlessness Management System allows us to:



Establishing an effective protocol for the monitoring and measurement of the agreed standards.



Achieving the continuous improvement of the products manufactured and all the manufacturing processes established by the organisation.

The Comprehensive Management System not only prioritises the quality of the products and production processes but also includes key aspects such as environmental protection, which promotes responsible, sustainable action on the part of the company.

Miquel y Costas promotes the efficient use of raw materials and constant improvement of the products and manufacturing processes so these become more and more sustainable. This fact entails greater precision and control of production and in turn generates a positive impact on the quality of the end products.

On the other hand, one of the goals that drives us to seek excellence is our commitment to all our stakeholders, particularly our clients. That's why we promote proactive interaction and mutually beneficial relationships with all the stakeholders as an essential tool in our commitment to society, thus achieving ambitious quality targets that are in line with the demands of the market.

Additionally, the Miquel y Costas Group's commitment to maintaining excellence in the level of quality is reflected, on the one hand, through the constant increase in investment in advanced technology and, on the other, the ongoing training of its employees to optimise the processes and ensure that the products comply with the most demanding standards. During 2022, we focussed our efforts on modernising the online quality control system of the paper machines and the cellulose paste production process.



## MAIN CERTIFICATIONS IN TERMS OF QUALITY

Through efficient management that prioritises clients' demands and anticipates the needs of the market, in 2022, the Miquel y Costas Group managed to renew the following certifications in relation to quality:



**Multi-site UNE-EN ISO 9001:2015 certification of the Quality Management System** at all production centres, thanks to the efficiency and correct implementation of the Comprehensive Management System.



**BRCGS Packaging Materials Certificate** in the Terranova Papers, S.A., factory, maintaining Grade A classification for the fifth consecutive year, in the framework of the commitments acquired to guarantee safety, legality and compliance with the quality requirements in products intended for use in contact with food products.



**IATF 16949:2016 Certificate** in the MB Papeles Especiales, S.A., and Terranova Papers, S.A., centres, which authenticates the control and continuous improvement of the manufacturing and product handling processes for the automotive industry and also ensures that the finished products meet the highest quality standards.



**Standard UNE-EN ISO 22000:2018** at the Mislata factory, certifying compliance with the strictest food hygiene and safety standards and guaranteeing the harmlessness of materials in contact with food products, as well as their high level of safety.



# RESEARCH, DEVELOPMENT AND INNOVATION

## A PILLAR OF THE MIQUEL Y COSTAS GROUP

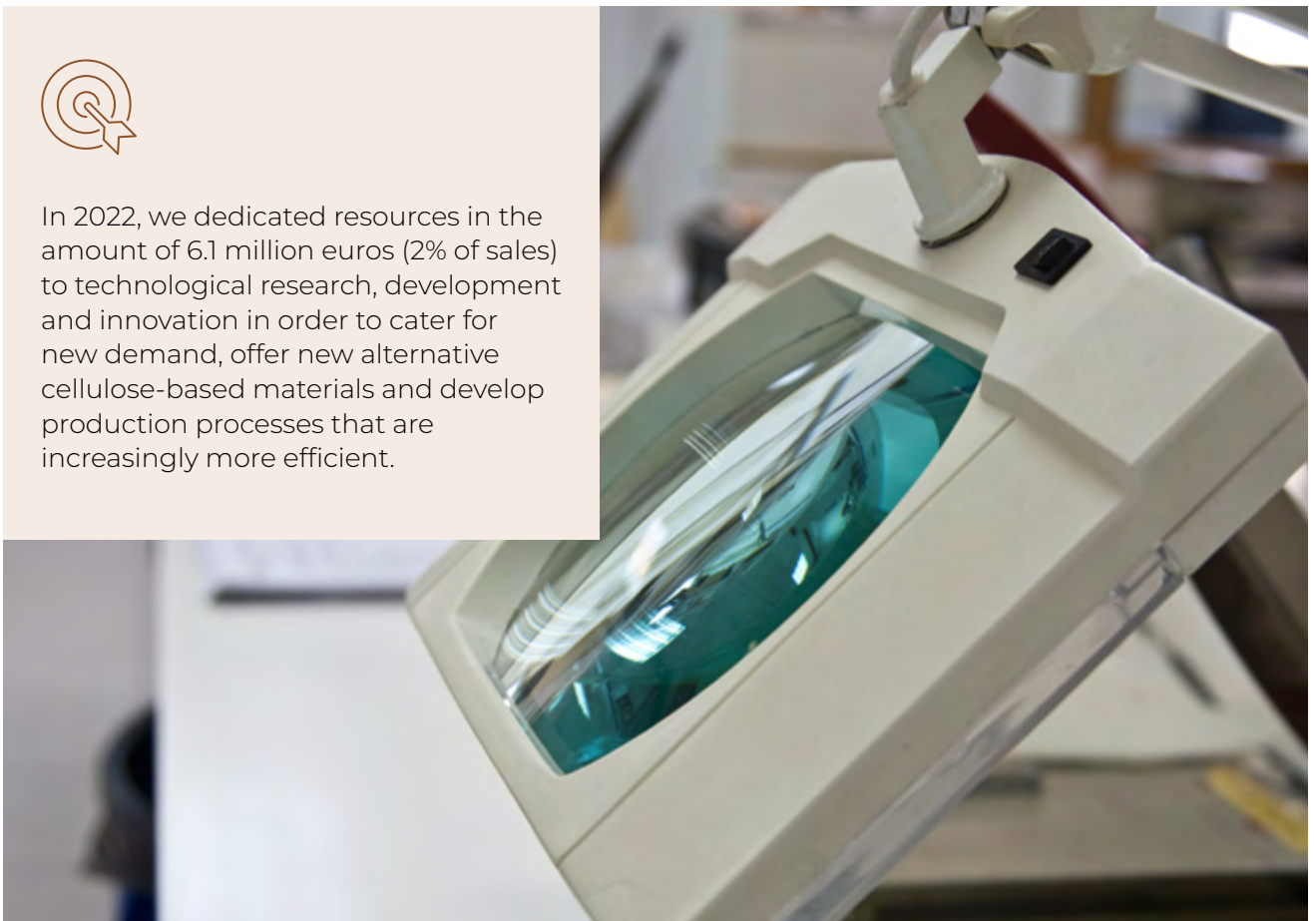
Investment in R&D&i constitutes an important pillar for Miquel y Costas. The Group has the most advanced industrial equipment and in 2022, dedicated resources in the amount of 6.1 million euros (2% of its sales) to technological research, development and innovation in order to cater for new demand, offer new alternative cellulose-based materials and develop production processes that are increasingly more efficient.

Following a prolific 2021 in the area of R&D&i, 2022 was a year characterised by the diversification of the projects and a considerable increase in the number of lines of research compared to the previous year.

2022 consolidated the Group's effort to position itself in the food packaging market, an industry in which the use of paper is on the rise as a result of the change in mindset of consumers, who prefer the lesser environmental impact of recyclable cellulose-based materials compared to the usual single-use plastic ones. To meet these new demands, Miquel y Costas has taken measures to reinforce its innovation capacity and anticipate future needs, developing more environmentally-friendly products.



In 2022, we dedicated resources in the amount of 6.1 million euros (2% of sales) to technological research, development and innovation in order to cater for new demand, offer new alternative cellulose-based materials and develop production processes that are increasingly more efficient.



## TOBACCO INDUSTRY

Since 2022, the MB Papeles Especiales plant has been working on the development of new solutions for the tobacco industry based on two key criteria: reducing the risks for smokers' health on the one hand and on the other, contributing to the biodegradability of the end product. This comes in addition to the coming into force of the European Directive on the use of Single Use Plastics (SUP), which has brought to light the fact that the tobacco industry needs alternatives to the traditional acetate filters that offer similar qualities.

For this reason, the Miquel y Costas Group has opted to conduct testing with different types of paper in collaboration with some of the large global tobacco companies in order to replace this acetate with cellulose. These are biodegradable filters that reaffirm our environmentally-responsible policy in the design of our products. This development has been possible thanks to the vertical integration of the Group, involved in the whole process from the manufacturing of the paper to the design and handling of the filter. The project has highlighted the work of a multi-disciplinary team and included the involvement of the production centres.

At the same time, we continued to work on the lines of research under way for the development of paper on the platforms for non-combustion cigarettes, on which a considerable part of the innovation of Miquel y Costas focussed during the year. These platforms require cigarettes with significantly different characteristics to those of traditional combustion.

## INDUSTRIAL PRODUCTS

The transformation in the sector of food packaging towards more sustainable materials represents a considerable technological challenge for Miquel y Costas, which is working to design sufficiently thin but at the same time resistant paper that incorporates properties against humidity and oxygen, factors that affect the shelf life of food products.

The developments aimed at the food sector were numerous throughout 2022. The Mislata factory created a new highly water resistant material allowing the replacement of plastic straws and which is already present on the market. It also conducted testing on a new product for greaseproof paper with high heat resistance and very low grammage which has been sent to various clients for analysis of its performance.

For its part, Terranova Papers has carried out a circular economy project based on the introduction of paper reductions in its heat-sealing paper tea bags. The initiative has contributed to reducing waste and its subsequent environmental management.







Likewise, Terranova Papers has collaborated with Celesa in the development of customised pastes for use in special paper of high added value aimed at the food industry.

The main line of research of the pastes division of Celesa focussed on the development of cellulose paste qualities for more environmentally-friendly uses and applicable in various sectors. These notably included those obtained from renewable natural fibres to be used as an environmentally-sustainable alternative in applications like the textile industry, packaging and paper for electrical uses.

In this context, there was also the remodelling of one of the paper machines of MB Papeles Especiales, which incorporated the latest paper-making technology on the market, going from a flat forming fabric to an inclined one. Thanks to this update, the new high-end product designs began to be produced, ranging from paper for the decorative laminate industry to others related to the food industry.

Innovation did not focus solely on products but also included processes. In this sense, Celesa has created technology that allows the paste-making process to be carried out more efficiently and with lower environmental impact, as it reduces the energy consumption, water footprint and the odour and acoustic impact at the same time as improving the recovery process of the so-called black liquor, a residual mix of used chemicals and pulp extracted from the raw fibres.

## GRAPHICS INDUSTRY

In the graphics industry sector, the Mislata plant developed Pharmamed 40, a high-porosity paper with a low level of detachment of dust which is already on the market and which offers the pharmaceutical industry the possibility of printing patient information leaflets more simply and easily.





# THE PLANET

## COMMITMENT TO SUSTAINABLE MANAGEMENT

In its commitment to sustainable development, the Miquel y Costas Group undertakes to make its business activity compatible with respect for the environment, minimising the impact arising from both its main operations and the auxiliary operations of all its production centres.

The Group carries out its activity based on precise, demanding goals that have a direct and indirect effect on sustainability and which are voluntarily integrated into its governance, management and business strategy:

- **Efficient, responsible production processes.** For many years, we have been developing strategies for the decarbonisation of all our operations and to improve the sustainability of our products and services. Thanks to this, we have been able to reinforce the circularity of the raw materials and improve energy efficiency in all our production centres.
- **Contributing to protecting biodiversity.** We recognise the importance of preserving natural ecosystems and avoiding the loss of biodiversity. In this context, we seek to generate a positive impact on the natural environment in the areas in which we operate.
- **Participation in appropriate forestry management.** We have made high level commitments to the appropriate operation of forestry management, advocating the elimination of deforestation and not clearing land by means of burning or felling. The wood we use in cellulose production comes

exclusively from forestry plantations of fast-growing species, which indirectly results in both environmental and social and economic benefits. With respect to the environmental benefits, we contribute to increasing the woodland forestry surface area and preserving natural forests, which in turn act as effective CO<sub>2</sub> sinks and efficiently control erosion.

- **Being leaders in recovery and recycling.** We make an effort to minimise the waste generated by our industrial activity, which is treated by authorised management companies, always in accordance with the following order of priority: avoid, reuse, recycle, recover and finally, dispose of. Our production centres have water treatment plants and plants for the recovery of paper fibres which are reincorporated into the production process.
- **Improving quality of life and the generation of wealth in the area.** We contribute indirectly to rural development as a driving force for the creation of employment and wealth and to boost the sustainable growth of the forestry industry.

The framework of our commitment to sustainable development also includes the fight against climate change and the commitment to circular economy. During 2022, the Group allocated financial resources in the amount of 11 million euros aimed at reducing water and energy consumption, building photovoltaic installations and reducing the waste we generate.



## CONSUMPTION

Miquel y Costas makes an effort year after year to optimise its production processes with the goal of reducing energy consumption, thus contributing to the fight against climate change. It also promotes the reduced consumption of raw materials and water to favour the minimisation of the waste generated and circular economy. Thanks to this work, in recent years, significant savings have been achieved in raw materials.

### Energy

In 2022, the Group achieved standard ISO 50001 certification for energy management systems in several of its production centres. This standard certifies appropriate management of the energy aspects arising from its industrial activities. Through mechanisms for control and continuous improvement, we have managed to reduce consumption, thus maximising energy efficiency with respect to the previous year.

The main sources of energy used are natural gas and electricity, the consumption details of which are broken down below.



### Consumption of natural gas and electricity

	2021	2022	Variation 2021-2022
Natural gas (thousands of Nm <sup>3</sup> /t of product)	0.39	0.30	-22.7%
Electricity consumed by the company (MWh/t of product)	1.33	1.49	+12.1%

With the goal of significantly reducing energy costs and reducing its dependence on traditional sources of energy, for years now the Miquel y Costas Group has been committed to the implementation of renewable energy in its operations.

In 2022, the incorporation of renewable sources of energy into the Group's energy mix received a significant boost as part of the decarbonisation strategy. The consumption of energy from renewable sources increased by 24.8% compared to the previous year, an achievement that resulted from its efforts and investment in solutions such as the installation of solar panels.

### Source of the energy used

In thousands of euros and percentage

	2021	2022	Variation 2021-2022
Renewable sources	28%	35%	+24.8%
Non-renewable sources	72%	65%	-9.8%

Worth noting is the commissioning of new photovoltaic installations to replace conventional electricity with self-generated renewable energy. At the start of 2022, the third self-consumption photovoltaic facility, located in the Mislata factory (Valencia) began to operate. Additionally, during the year, the first phase of another new facility in

the Besós production centre (Barcelona) began, the second phase of which will end in 2023, and the execution of another in the Clariana plant (Castellón) was successfully completed allowing it to begin operating at the start of 2023.

## Raw materials

The main raw materials used by the Miquel y Costas Group are wood paste and non-wood fibres. 100% of the paste purchased in 2021 and 2022 was supplied by suppliers holding FSC® and PEFC certificates, which certify the application of the strictest standards in terms of sustainability.

To minimise the use of raw materials, in the majority of manufacturing processes, the paper in the form of cuttings generated during the production process itself is recovered.

Likewise, we prioritise the purchasing of raw materials in geographical areas where their cultivation and production is done responsibly, respecting human rights and the environment, all with procedures that allow traceability back to the place of origin.

## Tonnes of fibre consumed

	2021	2022	Variation 2021-2022
Wood pastes and non-wood fibres	81,938	82,127	+0.2%

*Note: This piece of data does not take into account other fibres used in the production process such as synthetic fibres, or purchases between Group companies.*



## Water

The paper industry uses water in its production process, mainly as a means of transport in which the physical and chemical reactions necessary for the manufacturing of the paste and the paper take place. Nonetheless, only a small percentage of this water is consumed, as the majority is introduced back into the system.

Aware of the growing scarcity of water, water security is at the centre of the Miquel y Costas Group's strategy, which promotes the sustainable management of this resource and the integration of a savings and quality guarantee policy in the business model.

The extracted water that we use for the production processes comes principally from natural sources (wells and springs) and all the centres have water treatment plants.

### Source of the water extracted for all of the Group's production plants together

m<sup>3</sup>/t of product

	2021	2022	Variation 2021-2022
Groundwater	23.06	20.72	-10.2%
Municipal water supply	0.100	0.097	-3.2%
Total	23.16	20.81	-10.1%



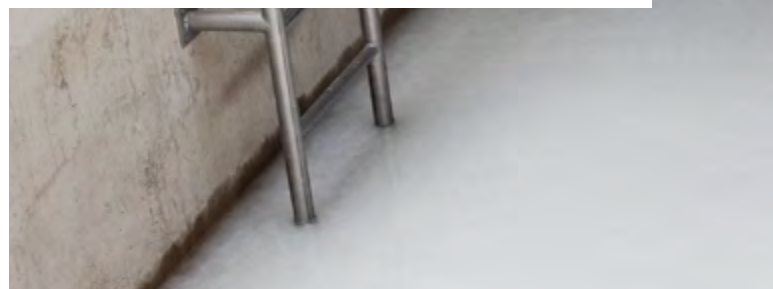
We would highlight that we have a Water Reduction Plan that establishes the goals, investment and measures to be implemented to achieve efficient management of this resource in our production centres. The table below shows the achievement of the goals set since 2014:



### Water savings (2014-2022)

	2014	2021	2022	Variation 2021-2022	Variation 2014-2022	Goal 2014-2025
Water extracted (thousands of m <sup>3</sup> )	2,271	2,172	2,034	-6.4%	-10.5%	
Water extracted (thousands of m <sup>3</sup> /t of product)	0.025	0.023	0.021	-10.1%	-16.9%	-12.0%
Water extracted (thousands of m <sup>3</sup> /km <sup>2</sup> of product)	0.888	0.782	0.719	-8.0%	-19.0%	
Environmental incidents	0	0	0	N/A	N/A	0
t of sludge	5,485	4,179	4,156	-0.5%	-24.2%	
t of sludge / t of product	0.061	0.045	0.043	-4.5%	-29.7%	-20.0%

At the same time, the final disposal of the water is carried out principally into municipal waste water systems and natural run-off channels.



### Disposal of water

	2021	2022	Variation 2021-2022
Water disposed of (m <sup>3</sup> /t of product)	20.85	19.04	-8.7%





## REDUCTION OF EMISSIONS

Climate change is currently the greatest environmental challenge faced by society. The Miquel y Costas Group recognises that it is essential to act appropriately to mitigate its effects and achieve the transition to a sustainable future, for which reason it has set in motion various actions to reduce its greenhouse gas (GHG) emissions.

It also has its Climatic Transition Plan (CTP) integrated into its corporate strategy which has established two important goals:

- **To reduce the absolute GHG emissions** produced directly or indirectly by the Group's operations by 51% by 2030 (base year, 2018).
- **To achieve climate neutrality (Net Zero)** throughout the whole value chain by 2050.

Likewise, in line with the Paris Agreement goal to limit the global temperature increase to 1.5%, we are implementing environmentally-friendly practices and technology, such as the optimisation of equipment, the replacement

of contaminating fuel, the installation of solar panels for self-consumption and various energy efficiency actions in all production centres.

The main GHG emissions generated by Miquel y Costas come from the combustion equipment that produces the vapour used in the paste and paper manufacturing processes. We also take into account the small percentage of emissions linked to the consumption of fuel for the periodic use of emergency auxiliary equipment.

It is important to point out the significant reduction in scope 1 emissions in 2022, which dropped by more than 22% (62,277 tonnes of CO<sub>2</sub> compared to 79,449 tonnes in 2021). Furthermore, we have taken yet another great stride in our decarbonisation and sustainability strategy, achieving the goal of 100% of the electricity acquired being produced from renewable sources (93% in 2021), thus completely eliminating scope 2 CO<sub>2</sub> emissions.

### GHG emissions data (2021-2022)

		2021	2022	Variation 2021-2022
Scope 1	t of CO <sub>2</sub>	77,486	62,277	-19.6%
	t of CO <sub>2</sub> /t of product	0.83	0.64	-22.8%
Scope 2	t of CO <sub>2</sub>	1,963	0	-100.0%
	t of CO <sub>2</sub> /t of product	0.02	0.00	-100.0%

*Note: The scope 1 emissions include those of the Group itself and the scope 2 emissions correspond to those associated with the generation of the electricity acquired and consumed by the organisation. The scope 2 emissions have been assessed according to the market-based method and depend on the type of electricity purchased by the Group.*

Likewise, as mentioned previously, the total consumption of energy from renewable sources was increased, going from 28% in 2021 to 35% in 2022. The Miquel y Costas Group has other important actions, programmes and incentives under way in this area for the 2021-2026 period:

- The implementation of new **thermal power generation systems** using biomass.
- The implementation of new **photovoltaic generation facilities**, which will allow the Group to increase its self-sufficiency and consolidate the reduction of scope 2 emissions.
- **Energy efficiency projects** allowing the reduction of consumption in all production centres.

The companies MB Papeles Especiales, Terranova Papers, Payá Miralles and Clariana, which are low emissions, are excluded from the European Union Emissions Trading System for the 2021-2025 period. In application of the corresponding legislation, a maximum level of annual emissions has been established for each of them which, if exceeded and as an equivalent mitigation measure, would imply the submission of the volume of emissions allowance in excess to the State. In 2022, all the production centres were below the maximum annual emissions limit established, with the exception of Terranova Papers, which exceeded this by just 0.94%.

At the same time, the companies Miquel y Costas, S.A., and Celulosa de Levante, S.A., have remained in the European Union Emissions Trading System, with a total of 23,505 emissions rights assigned to them. The total verified emissions equated to 23,934 tonnes of CO<sub>2</sub>, resulting in a deficit of 429 emissions rights, 11,014 less than the deficit in 2021.

As in previous years, no free allocation was received in relation to the emissions related to the electricity generated by the cogeneration plants.

## WASTE MANAGEMENT

The industrial processes of the Miquel y Costas Group have been designed to generate the minimum possible amount of waste, as the organisation promotes the responsible use of the resources and raw materials used.

The management of the waste produced is carried out by authorised management companies and always attempting to reuse, recycle or recover this, which is why only a small part is disposed of, as shown by the data in the below table.

### Destination of the waste of the Miquel y Costas Group

	2021	2022	Variation 2021-2022
Waste recycled	95%	97%	+2.0%
Waste disposed of	5%	3%	-38.1%

Annually, all the production centres analyse their waste generation and, if the data is significant, establish goals for the reduction of said waste, both hazardous and non-hazardous. The measures implemented during 2022 to reduce the amount of waste notably included better use of paper cuttings generated in the factories, the boosting of circular economy and the optimisation of the

sludge dehydration system with a view to producing a smaller amount of wet sludge and increasing the possibility of recovery.

One of the Group's priorities is to minimise hazardous waste and, as a result of the efforts made, in 2022 it managed to reduce this by 18.4% with respect to 2021.

### Volume of hazardous and non-hazardous waste generated by the Group

kg of waste/t of product	2021	2022	Variation 2021-2022
Hazardous waste	*2.98	2.43	-18.4%
Non-hazardous waste	95.59	95.87	+0.3%
Total	98.57	98.30	-0.3%

\* Corrected hazardous waste data for the 2021 financial year.



### Main measures for the reduction of hazardous waste



Optimisation in the purchasing of hazardous products.



Appropriate segregation of containers.



Use of containers of greater capacity.



Control of the stock of products.

All production centres that generate more than 10 tonnes a year of hazardous waste are obliged to submit a waste minimisation study every four years, as established in Royal Decree 952/1997. For this reason, in the Group's factories, these aspects are periodically assessed and measures are implemented that allow a reduction of the main hazardous waste types generated, such as contaminated containers, used oil, fluorescent bulbs, remains of chemical products, absorbents, etc.



Changing of lighting installation for lighting with LED technology leading to a reduction in fluorescent bulb waste.



Periodic review of the condition of packaging and containers of raw materials, products and waste.



Efficient management of the maintenance plans and the cleaning procedures for equipment and installations.



Training and increasing of awareness amongst employees.



Thanks to these measures and the effort made, the production centres in question have managed to comply with 83% of the goals set in the hazardous waste minimisation study for the previous period.

For the next four years, new hazardous waste minimisation goals have been set, notably the reduction of contaminated containers by 10% to 35%, absorbent materials by 33% and hydraulic oil by 21%, amongst others.

## ENVIRONMENTAL CERTIFICATIONS

As an organisation committed to the environment, the Miquel y Costas Group complies with the environmental requirements imposed by its Board, clients and society in general, and has equipped itself with the tools to integrate the environment into its global management.

This fact has allowed us to achieve numerous certifications granted by independent bodies which certify that our products, processes and management systems are carried out in an environmentally-friendly manner and in accordance with environmental legislation.



**UNE-EN ISO 50001 certification for the Energy Management System**  
Year obtained: **2022**

### Aspects certified

This certification shows that the energy aspects arising from industrial activities are managed in an optimum manner using continuous monitoring and improvement tools. The goal is to minimise energy consumption and maximise energy efficiency. Its scope covers the design, production and sale of cigarette paper, filters and tips for the tobacco industry, paper for printing, the graphics, food and packaging industries, special paper for filters and absorbent paper. It also includes the design, production and sale of special cellulose pastes made from non-wood fibres.

### Centres covered

Mislata factory, Celulosa de Levante, MB Papeles Especiales, Terranova Papers and Clariana. Its implementation in the Besós centre (Barcelona) has begun.



**FSC® chain of custody certifications (FSC-C041521) and PEFC (PEFC/14- 33-00022)**  
Year obtained: **2009**

### Aspects certified

These include the necessary requirements to ensure that raw materials from forests come from responsibly-managed forests and guarantee their traceability along the whole supply chain.

### Centres covered

All production centres except Celulosa de Levante, to which it does not apply.





**UNE-EN ISO 14001 standard for Environmental Management Systems**

Year obtained: **2006**

**Aspects certified**

This standard specifies the requirements the environmental management system must include, taking into account the legal requirements and the information on the significant environmental aspects. Its scope covers the design, production and sale of cigarette paper, filters and tips for the tobacco industry, cigarette paper books, thin paper for printing, the graphics, food and packaging industries, special paper for filters and absorbent paper. It also includes the design, production and sale of special cellulose pastes made from non-wood fibres.

**Centres covered**

All production centres located in the national territory, in addition to the central offices.



**Standard IATF 16949**

Year obtained: **2000 (MB Papeles Especiales) and 2013 (Terranova Papers)**

**Aspects certified**

This standard defines the fundamental requirements of the quality management system for the automotive industry for automotive companies and spares parts.

**Centres covered**

MB Papeles Especiales and Terranova Papers.



**Standard BRCGS Packaging Materials**

Year obtained: **2015**

**Aspects certified**

This standard indicates the hygiene and sanitary requirements that containers and packaging must meet in order to guarantee food safety, legality and quality for consumers.

**Centres covered**

Terranova Papers.



**Standard ISO 22000**

Year obtained: **2021**

**Aspects certified**

This standard establishes the requirements a management system must meet in order to ensure the harmlessness of the food all along the supply chain, which also includes container and packaging materials that come into contact with food.

**Centres covered**

Mislata factory.

## Exceptional scores in CDP questionnaires

Since 2012, the Miquel y Costas Group has been actively collaborating with the **Carbon Disclosure Project (CDP)**, a non-profit organisation that measures the transparency, commitment, strategy and management of companies and cities, on a global scale, to promote the evolution towards a sustainable economy.



### CDP FORESTS

**This provides a framework of action for the restoration of forests and ecosystems.**

As proof of our commitment to contributing to the elimination of deforestation, and based on the data on the management of raw materials from forests used in our production centres, we have achieved a score of **Grade A-**, which is within the "Leadership" band.

For the purpose of comparison, this score is higher than the regional average for Europe, the average for the paper and forest sector and the global average, where the scores range from "Management" to "Awareness" (Grades B and C).

In 2022, we achieved extraordinary scores in the various environmental aspects assessed by CDP through the CDP Forests, CDP Water Security, CDP Supplier Engagement Rating (SER) and CDP Climate Change questionnaires.



### CDP WATER SECURITY

**This promotes water footprint reduction.**

Thanks to the implementation of new technology, the identification of risks and opportunities and good practices in all the production centres, the Miquel y Costas Group has achieved a score of **Grade A**, which places us at the top of the "Leadership" band.

This score is also higher than the European average, the average for the paper and forestry sector and the global average, with scores within the "Management" band (B).





**CDP SUPPLIER ENGAGEMENT RATING (SER)**

This assesses the organisation’s level of commitment to its suppliers regarding climate change.

In this area we achieved a score of **Grade A-**, which is within the “Leadership” band.

For the purpose of comparison, this is a result that is higher than the European average, the average for the paper and forest sector, and the global average, where the scores fall within the “Awareness” band (Grade C).



**CDP CLIMATE CHANGE**

This promotes the effective management of the risk associated with carbon and climate change.

In this questionnaire we achieved a score of **Grade B**, falling within the “Management” band.

This score is within the regional average for Europe and is higher than the average for the paper and forest sector and also the global average, with scores within the “Management” and “Awareness” bands (B and C).



A close-up photograph of a person wearing a white lab coat. The person's hands are resting on a white, curved surface, possibly a piece of equipment or a table. The lab coat has a pocket on the left side with a pen tucked into it. The background is blurred, showing a window with a view of a city skyline. The text "PEOPLE, OUR MOST VALUABLE ASSET" is overlaid on the left side of the image in a bold, brown, sans-serif font.

**PEOPLE,  
OUR MOST  
VALUABLE  
ASSET**

## HUMAN CAPITAL

The people who work within the Miquel y Costas Group play an essential role in its smooth running. They are the fundamental pillar of the organisation and the driving force behind changes and improvements, making them a truly valuable asset.

The COVID-19 pandemic has marked a turning point for people, organisations and work models. New technologies have taken hold in communications and interpersonal relations, which has led to a new paradigm in the management of working time and,

therefore, to a greater and better use of the resources that guarantee the optimisation of work.

During 2022, Miquel y Costas has maintained its commitment to human capital, made up of professionals from the different Group areas. With their knowledge and experience, they have all faced this year with determination, showing extraordinary capacity for effort and work, and adapting to regulatory, organisational and production changes.

### Average headcount in 2022 (including subsidiaries)

<b>Total headcount</b>	<b>879</b>
Men/women	637/242
Average age (years)	47
Average length of service (years)	16
Engineers and graduates	32
Technical engineers and graduates	41
Administrative and workshop managers	61
Officers, operators and assistants	745

The Group's headcount has decreased slightly compared to 2021 as a result of the reactivation of the labour market, which has led to some turnover in junior positions. We have also restructured some areas to optimise both resources and production.

## Equal opportunities

Miquel y Costas is committed to equal opportunities and equal gender representation in its human team. The effective application of the principle of gender equality is promoted both in the selection process and in professional development, guaranteeing competitive remuneration in accordance with market criteria.

The Equality Policy and the Procedure for the Prevention of Psychological and Sexual Harassment in the Workplace contribute to eliminating discriminatory behaviour of any kind, favouring the incorporation, integration and participation of people and sanctioning any act of harassment. Discriminatory attitudes on the grounds of gender or sexual orientation, racial or ethnic origin, religion or beliefs, disabilities, age, marital status or any other condition protected by law are not tolerated.

The Group's parent company (Miquel y Costas & Miquel) has an Equality Plan to contribute to the elimination of gender-based discriminatory behaviour based in the workplace. The main objectives, which will be transferred to the rest of the Group's companies, are to:

- Achieve balanced participation between women and men at all levels of the business organisation.
- Promote measures that favour work-life balance.
- Deal with any incident arising from psychological or gender-based harassment with full guarantees.



## Support for people with disabilities

The Miquel y Costas Group favours the inclusion of people with disabilities and complies with all the requirements of the legal provisions regarding the rights of this group, with the exception of the company Terranova Papers, where it is undergoing review.

Given the special nature and complexity of the jobs in the paper industry from an occupational health and safety perspective, in some cases it has been decided to outsource some of the production activities to special employment centres, which implies collaborating with the creation of opportunities for this group.

### People with disabilities by gender

2021			2022		
Men	Women	TOTAL	Men	Women	TOTAL
5	1	6	4	2	6



## Social dialogue

The Group holds regular meetings with the legal representatives of the employees and has the usual communication mechanisms for a business environment. Regular meetings are held with employee representatives (works committees and staff representatives) to discuss various issues relating to labour relations in the workplaces. Meetings are also held with the health and safety committees.

On a quarterly basis, the representatives are informed of the evolution of the sector to which Miquel y Costas belongs, the economic situation of the Group and its evolution, forecasts for new contracts and absenteeism statistics. There is also a permanent communication channel with top management through an inbox managed by the Audit Committee, the representative body of the Board of Directors.

## STAFF TRAINING

The year 2022 has seen a gradual return to the so-called “new normal”, leaving behind a period of uncertainty in which companies have had to adapt in order to maintain their operations. During this period, human capital has played a fundamental role in sustaining an activity that made it possible to guarantee, on the one hand, responses to customers and, on the other hand, to maintain a competitive position in both domestic and international markets.

The people who make up our organisation are highly qualified to perform their functions and tasks, as well as having a high degree of versatility that has enabled them to adapt to changing situations. This training is the result of the work and collaboration

between the Production and Human Resources departments in order to provide staff with the knowledge, skills, abilities and attitudes that enable them to conduct their work effectively and efficiently.

In the day-to-day running of our production plants, we have enhanced on-the-job training to ensure specific knowledge. We have also extended the multi-skills plan in order to have more flexible human capital in the face of changes in society, customer requirements and market needs.

Over the course of 2022 we have been recovering in-person training, which has allowed us to promote courses with practical content, especially in the area of occupational health and safety.

We have also reinforced training on regulatory compliance issues, particularly in the area of Compliance, with a particular effort this year in which the entire workforce refreshed their knowledge of the Code of Ethics, the cornerstone of our activity, as well as the various policies, with the aim of guaranteeing ethical behaviour at all levels of our operations. Likewise, in order to ensure our commitment to sustainable management, employees have been trained in good environmental practices. We have continued our commitment to language training in order to maintain our efficiency standards in responding to the requests and needs of our international customers.

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### Training, in figures

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#### 2022 data

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Training hours:

**5,812**

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Training sessions:

**122**

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Attendees:

**820**

people from different areas of the company: production, administration and management

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Annual training cost:

**€80,890.11**

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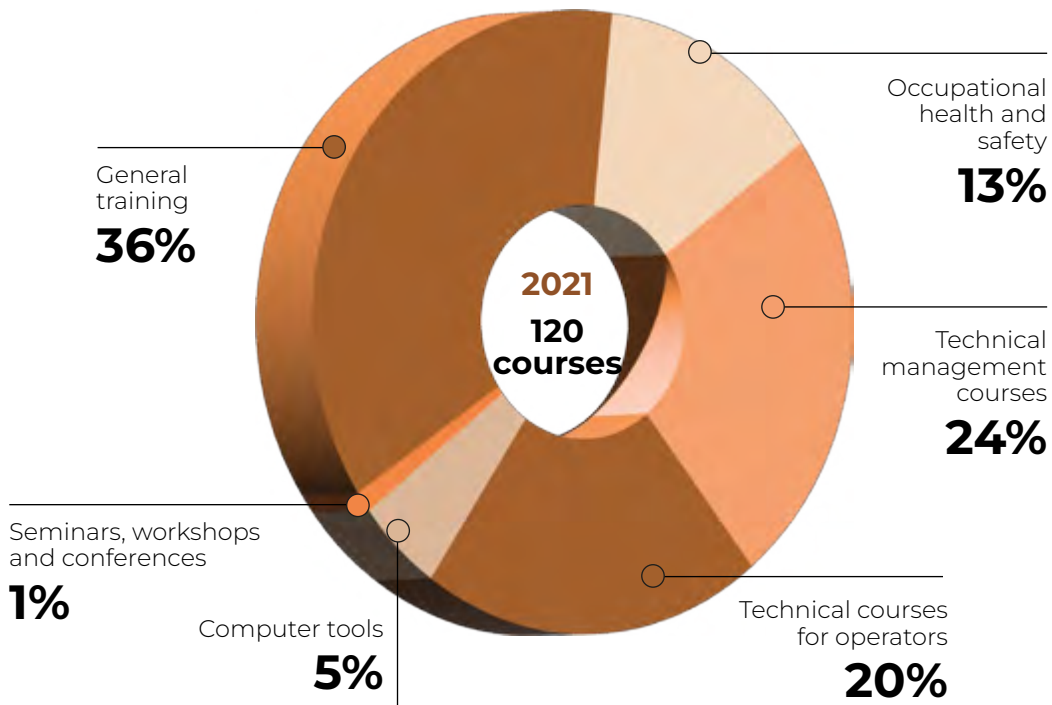
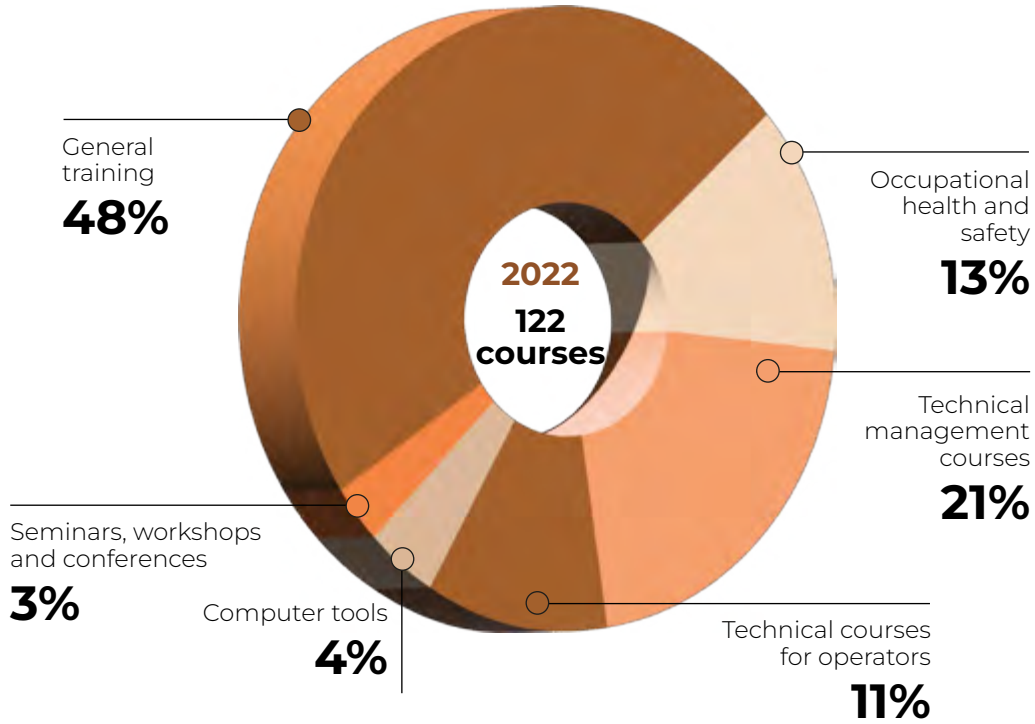
Structure cost:

**€171,428.54**

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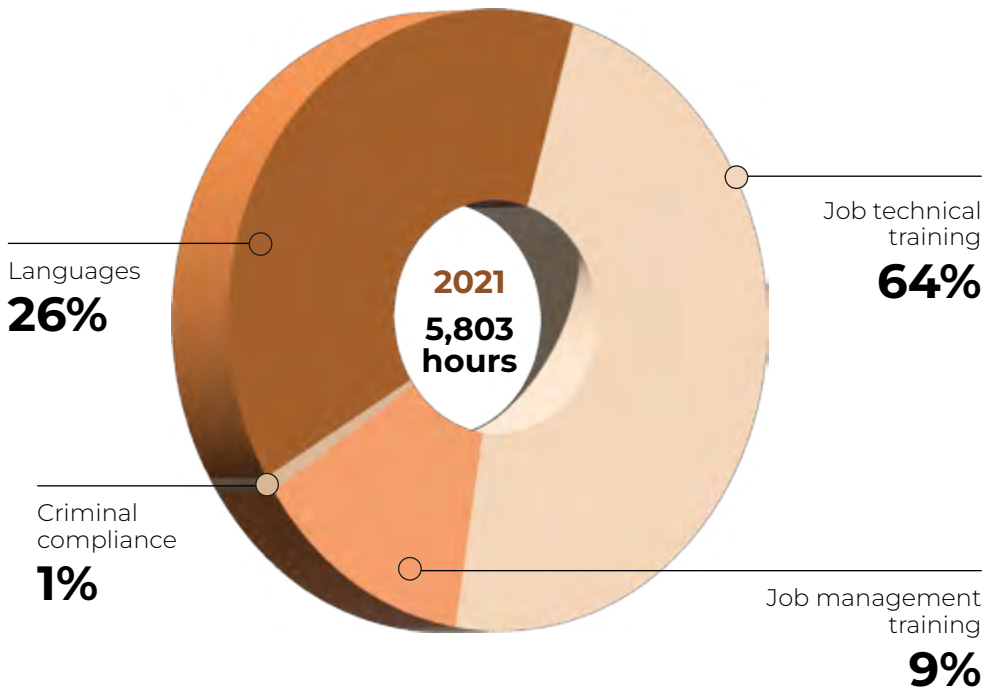
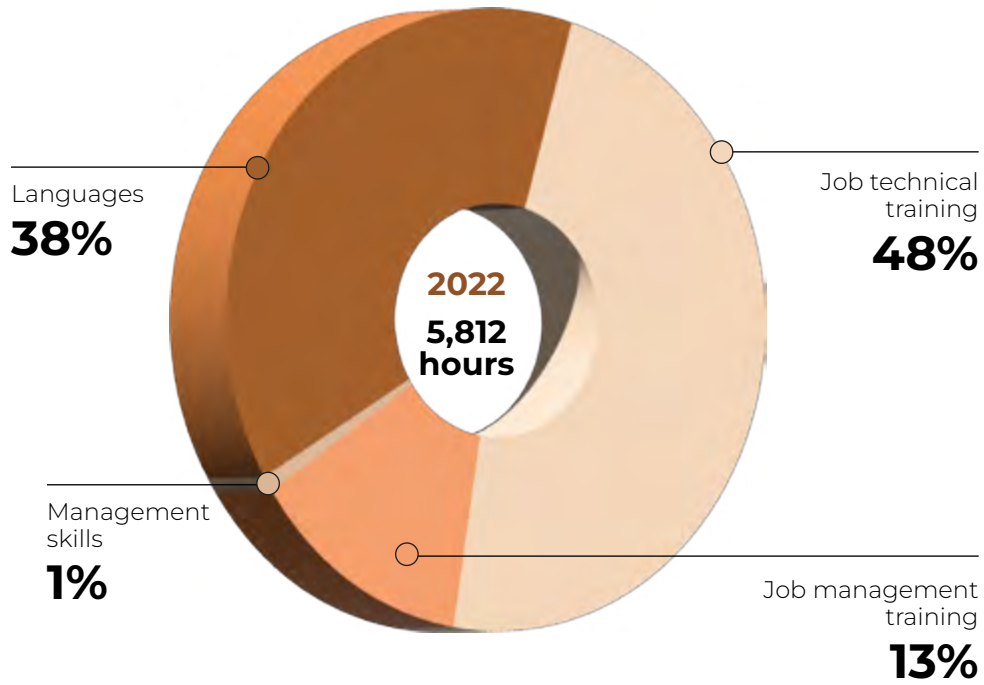
## COURSES HELD

Percentage of courses dedicated to each type of training



**TIME ALLOCATED**

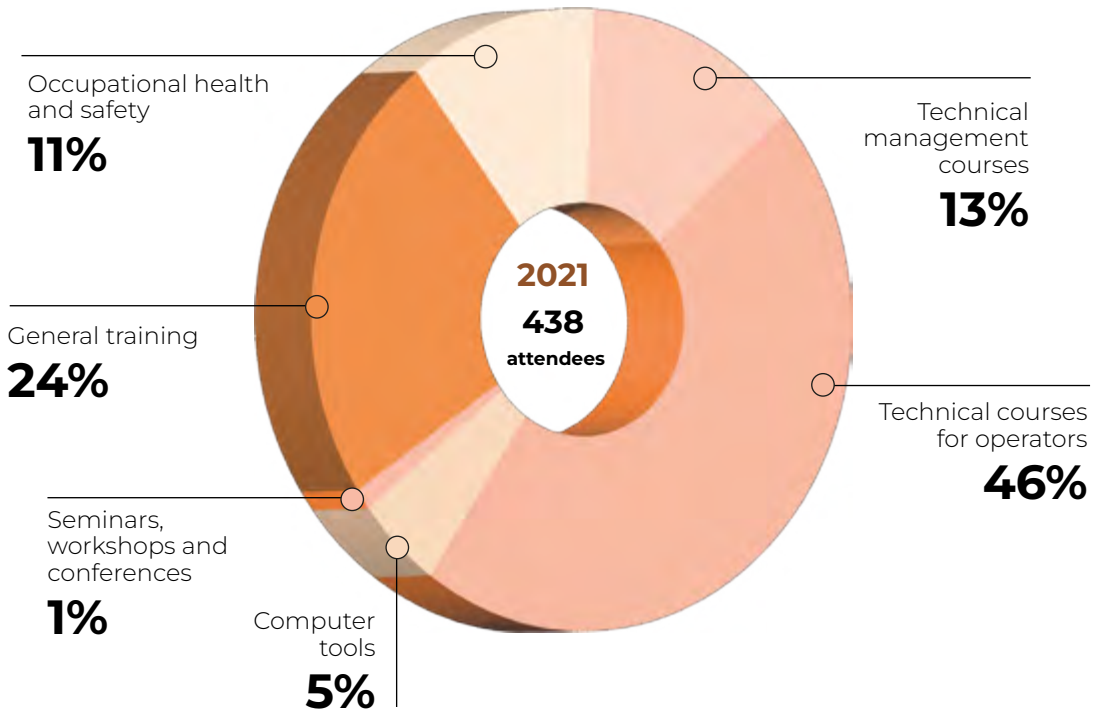
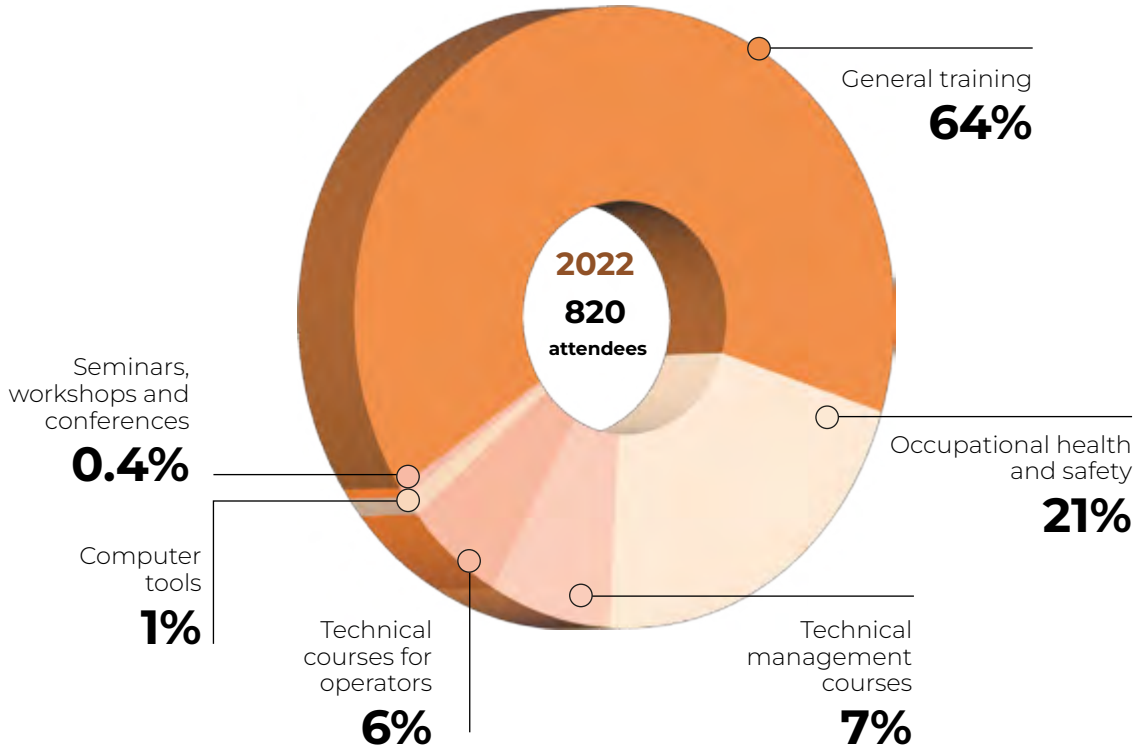
Percentage of hours dedicated to each type of training





NUMBER OF ATTENDEES

Percentage of attendees at each type of training



## OCCUPATIONAL HEALTH AND SAFETY

The Miquel y Costas Group has an occupational health and safety management system certified in accordance with the UNE-EN ISO 45001:2018 standard.

In the action plan for 2022, we have developed an extensive health and safety programme with the aim of achieving “zero accidents” and preventing injuries and deterioration of health that may be related to work performance, as well as ensuring safe and healthy workplaces.

The programmes established have had clear objectives and concrete implementation stages and have involved significant investment in machinery and facilities. They have also involved the implementation of behavioural safety approaches with the aim of promoting safe behaviours.



### Main health and safety activities conducted

- Continuous training of line management and workers.
- Intensification of risk monitoring and control work.
- Presence of a large number of health and safety resources and permanent safety audits as proactive actions.

### Best practice

- Visibility of leadership through the commitment shown by Management in regular meetings with the organisation.
- Continuous identification of hazards through ongoing risk assessments whenever there is a change in working conditions or regular monitoring.
- Drawing up risk reports, implemented by any member of staff and under permanent review by the Factory Management of each work centre.





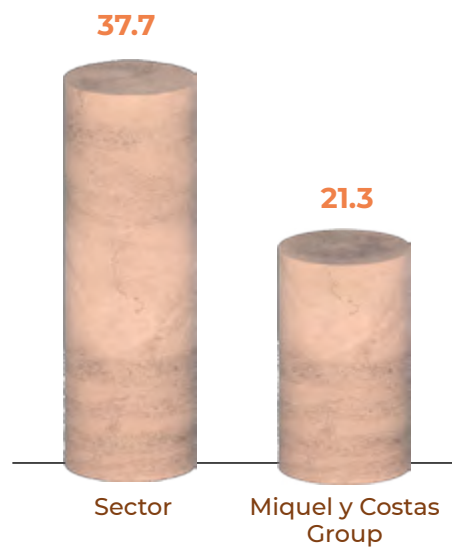
With regard to the improvement of working conditions, we have made significant investments to increase the safety of machinery and we have incorporated innovations offered by digital technologies to minimise the risks derived from their use as much as possible. Once these improvements have been completed, safety audits have been conducted by authorised control bodies and the corresponding certificates of conformity have been issued with respect to the current machinery safety regulations.

These ongoing actions have resulted in a 36% decrease in the accident rate of the Miquel y Costas Group compared to 2021. Comparing the latest statistical data on accidents in the workplace published by the Spanish Ministry of Labour and Social Economy (2021), our incidence rate was 44% lower than the average for paper and cardboard manufacturing companies.

In September 2022, the Miquel y Costas Group ended the restrictions due to the COVID-19 pandemic. From March 2020, when the first procedure for dealing with the epidemic was drawn up, until September 2022, the adopted protocol was revised 14 times.

The safety culture established within the Group favours the continuous improvement of the production system and the protection of the workforce, facilitating the creation of a climate of involvement, risk awareness, learning and confidence in prevention.

### Incidence rate



### Severity index





# **GOOD GOVERNANCE AND CODE OF ETHICS**

THE MIQUEL Y COSTAS GROUP'S CORPORATE GOVERNANCE SYSTEM IS BASED ON THE CURRENT LEGISLATION AND THE GOOD GOVERNANCE RECOMMENDATIONS OF THE SPANISH NATIONAL SECURITIES MARKET COMMISSION (CNMV) AND CREATES VALUE FOR THE SHAREHOLDERS AND INVESTORS AS ITS GOAL IS MORE EFFICIENT, TRANSPARENT MANAGEMENT BASED ON TRUST.

The highest decision-making bodies are the Shareholders in their Annual General Meeting and the Board of Directors –which delegates its duties to the Audit Committee and the Human Resources, Appointments and Remuneration Commission–. These bodies are governed by the principles established in the Group's Code of Ethics, Corporate Social Responsibility Policy and in Anti-Corruption and Anti-Bribery Policy. The three documents apply to all the companies that make up the Group and are of obligatory compliance on the part of all personnel working for it, in addition to third parties involved in some kind of collaboration with Miquel y Costas.

As set out in said documents, the Board of Directors and Senior Management establish and implement goals of interest for the organisation and its shareholders, as well as the means to achieve these, always with respect for integrity and the highest ethical standards.

The Code of Ethics guarantees the Group's commitment to act in accordance with solid ethical values and compliance with that set out in current legislation. The Board of Directors and Management are responsible for setting an example and promoting compliance with the established rules and principles amongst the workers.



### Code of Ethics

This reflects the Group's intention of carrying out its activities based on values of integrity, transparency, equality, commitment and excellence as a guide for the conduct of its employees, Senior Management and the Board of Directors.

### Corporate Social Responsibility Policy

In addition to strict compliance with its current legal obligations, this establishes the integration of the social, labour, environmental and respect for human rights policies. These policies arise from its relationships with all its stakeholders and constitute the basis of the corporate social responsibility of Miquel y Costas.

### Anti-Corruption and Anti-Bribery Policy

This reinforces the Group's commitment to carrying out its activities in accordance with the current legislation, based on the values and principles of the Code of Ethics, and establishes the conduct its personnel must adhere to at all times to avoid any possible practising of corruption and/or bribery in its business activity, including the mechanisms to avoid the risk of money laundering.



The three documents are public, available for viewing and accessible on the following website:  
<http://www.miquelycostas-gob.com/>



## Updating of the Miquel y Costas Group's Code of Ethics

On 28 November 2022, the Board of Directors approved the updating of the Code of Ethics with a dual purpose:

- To reinforce our commitment to the stakeholders established in the document: personnel, shareholders, clients, suppliers and creditors, and the community in general.
- To establish new commitments in relation to basic ethics policies. In this sense, the Code of Ethics now incorporates its intention to act responsibly in relation to important aspects: the community and human rights, the environment, situations of conflict of interest, the protection of information and personal data, industrial and intellectual property, information security, corruption and fraud, the prevention of money laundering, the protection of the Group's goods and services and the management of sensitive transactions.

With this update, Miquel y Costas wants to give greater visibility to its commitment to the four areas that make up the Ten Principles of the Global Compact: human rights, labour regulations, environment and corruption.

## COMPLIANCE MONITORING

In order to ensure compliance with the Code of Ethics, Corporate Social Responsibility Policy and Anti-corruption and Anti-bribery Policy, the "Internal Monitoring Model for the Prevention of Criminal Liability Risk" has been applied since 2016. This management and organisation model extends to all areas of activity and includes the necessary surveillance and monitoring measures to prevent and detect the commission of crimes, guaranteeing the Group's good intentions towards third parties.

Management of compliance with this set of policies and procedures is centralised with the Audit Committee through the Compliance Officer. In order to facilitate the

reporting of illegal acts or non-compliance by personnel and third parties, all reports received are processed completely confidentially, guaranteeing the protection of the informant and any person who may be accused unjustly or in bad faith.

In 2022, no cases of corruption, bribery, fraud, money laundering or any other type of crime considered under the criminal liability risks were detected, including those related to information security and the protection of personal data.

## RESPECTING OF HUMAN RIGHTS

The conduct of all personnel within the Miquel y Costas Group is not only based on the principles and values set out in the Code of Ethics, Corporate Social Responsibility Policy and Anti-corruption and Anti-bribery Policy, but also on other international commitments, such as the International Bill of Human Rights, the fundamental conventions of the International Labour Organisation (ILO) and the United Nations Global Compact. Additionally, the Group works continuously to improve the individual and collective labour rights of all its employees beyond that required by the international bodies.

The Group's Management has undertaken a firm commitment to guaranteeing the respecting of human rights in all areas and at all levels of the organisation. The labour and human resource development policies are established under the labour regulations and legislation in force at any given time and have always been dominated by the principle of non-discrimination.

The Equality Policy and protocol for the prevention of psychological and sexual harassment contribute to eliminating discriminatory behaviour and favour the incorporation, integration and participation of people, as well as sanctioning any act of harassment.

In the 2022 financial year, there have been no complaints related to discrimination, harassment or disrespect for human rights.



## TRAINING TO GUARANTEE ETHICAL VALUES

For the purposes of dissemination and guaranteeing compliance with the principles of the Code of Ethics and its commitment to the community and human rights, the Group carries out training courses on ethical standards aimed not just at key employees exposed to high risk, but the whole workforce.

In 2022, a review was carried out of the Group's governing ethical principles and the compliance control system aimed at all personnel, with the training accompanied by a test to validate understanding of the content.



## COMMITMENT TO THE STAKEHOLDERS

Miquel y Costas is firmly committed to its stakeholders, i.e. the groups of people who are directly or indirectly affected by its activity or who have an impact or influence on it: employees and management staff, investors and shareholders, suppliers and clients, amongst others.

Establishing a commitment to these stakeholders implies carrying out actions to involve them in the Group's activities and decision-making and build a mutually beneficial relationship. In this sense, the Miquel y Costas Group recognises the right of its stakeholders to be heard and its obligation to respond to any questions they should ask. The establishing of relationships of trust with the stakeholders in our environment is key to guaranteeing our sustainability in the long-term.

### Employees and management staff

People are the differential factor on which the future of Miquel y Costas is built, which is why managing them is key to achieving our goals. That's why we try to attract and develop the best team in the industry.

With this goal in mind, we promote a fair and safe environment for professional development, with equal opportunities and working conditions in accordance with the current legislation. Discriminatory or offensive attitudes are not tolerated and opportunities are offered for reconciliation with a view to capturing and retaining the best talent and achieving the satisfaction of the people who work for the company. In parallel, training and workers' commitment to the Group, clients, results, continuous improvement, safety and the environment are reinforced.

The Corporate Social Responsibility Policy and Code of Ethics include the organisation's

commitment to respecting the rights of its workers. Compliance with the legislation on the subject of contracting and working conditions excludes the possibility of the occurrence of situations of abusive or forced labour or any other labour considered illegal, such as child labour or slavery.

The regulation and organisation of labour is carried out in accordance with the collective bargaining agreements. The workers' right to form trade unions and their rights of freedom of association and collective bargaining are guaranteed as established in the law, in addition to the rights and guarantees set out in the labour legislation for workers' legal representatives present in all the centres. The Group provides the various legal and union representatives with the necessary material means and space for the correct performance of their role, thus facilitating the holding of meetings and assemblies.





### Priority actions of Miquel y Costas in relation to employees

- Establishing of labour relationships based on dialogue and improvement of the organisational climate.
- Designing of assessment and monitoring mechanisms.
- Attraction and retaining of talent.
- Recognition of achievements and results.
- Promotion of personal safety.
- Maintaining of a participative management style.

## Shareholders

Miquel y Costas makes an effort to increase the value of its wealth and safeguard the assets of its shareholders. In accordance with the Code of Ethics, we guarantee the precision and objectivity of the accounting records and publicly and periodically provide reliable, relevant information on the Group's activities, operations and financial situation. The goal is to allow the shareholders to make decisions with respect to their investment, in accordance with that set out in the Law and in the organisation's Articles of Association.

The Annual General Shareholders Meeting is the main event for the meeting and participation of the shareholders in the most relevant decision-making. The Board of Directors provides them with the necessary means to participate in person or remotely and an Electronic Forum has been enabled on which to publish proposals to be included on the Agenda.



### Information channels for shareholders

- **Company website:** [www.miquelcostas.com](http://www.miquelcostas.com). All data of interest is kept permanently up-to-date and accessible.
- **Widely circulated newspapers** (*Expansión, La Vanguardia, ABC, etc.*). The Group's reports its quarterly financial results through the main press agencies. It publishes the Shareholders AGM convening notification and the rules of the Forum in one of the most widely circulated newspapers.
- **Website of the Spanish National Securities Market Commission (CNMV):** [www.cnmv.es](http://www.cnmv.es). All public information required by the CNMV is available through its website, including the publication of relevant events.
- **Shareholders Office.** This office individually addresses the queries of shareholders, institutional and individual investors, financial analysts and other market agents via the email [accionista@miquelcostas.com](mailto:accionista@miquelcostas.com) and the shareholder assistance telephone number (+34 93206100).



## Suppliers

The Miquel y Costas Group selects suppliers with which to establish relationships of trust that are beneficial to both parties. The selection process is carried out objectively and transparently, guided by criteria based not only on prices, delivery periods or the services offered, but also on quality, respect for the environment and product safety.

All suppliers must adhere to the Group's Code of Ethics and provide evidence of compliance with and commitment to their own code that complies with the same standards. Suppliers that could harm our reputation or which it is suspected do not act in accordance with current legislation are disregarded.

The Miquel y Costas Group maintains stable commercial relationships with all its suppliers. 100% of our fibre and paste suppliers have been working with us for over five years, whilst 95% of our raw material suppliers have been with us for 10 years.

Our policy is to contribute to the growth of local suppliers. In 2022, 50% of the volume of raw material used came from the Iberian Peninsula, 34% from European countries and the remaining 16% from the other geographical regions of the planet.

## Clients

The Miquel y Costas Group holds a position of leadership in the Spanish market as a manufacturer of special paper of low grammage. Likewise, our high level of technology and specialisation allow us to be present in the majority of the global markets, including those that demand the highest quality, as the customer and their needs guide all of our activity.

The Group's wish is to offer its clients products of the highest quality. We periodically analyse the trends and collect information on the quality perceived by them and analyse it in order to increase trust in the organisation and strengthen the brand. Listening and understanding the problems, needs and expectations of our clients allows us to design better adapted services and products that bring value.

Likewise, Miquel y Costas complies with current legislation in the countries in which it markets its products. The majority of them are industrial products that are integrated into the production processes of other companies. Those destined for the food industry comply with the requirements established to guarantee consumers' health and safety, and no complaint in relation to the health of consumers has ever been received from them.

# ALIGNMENT WITH THE UNITED NATIONS SDGs AND THE GRI INDICATORS

The 17 Sustainable Development Goals (SDGs) established by the United Nations 2030 Agenda for the 2015–2030 period reflect the global goals “to achieve a better and more sustainable future for all”. These goals have been taken on by Administration bodies and companies all over the world as standard indicators to identify the value they contribute to society and as a communication tool in their relations with the various stakeholders.

Miquel y Costas declares its firm intention to carry out its activities guided by its commitment to the United Nations SDGs. The Group considers that its contribution should be based on the identification of

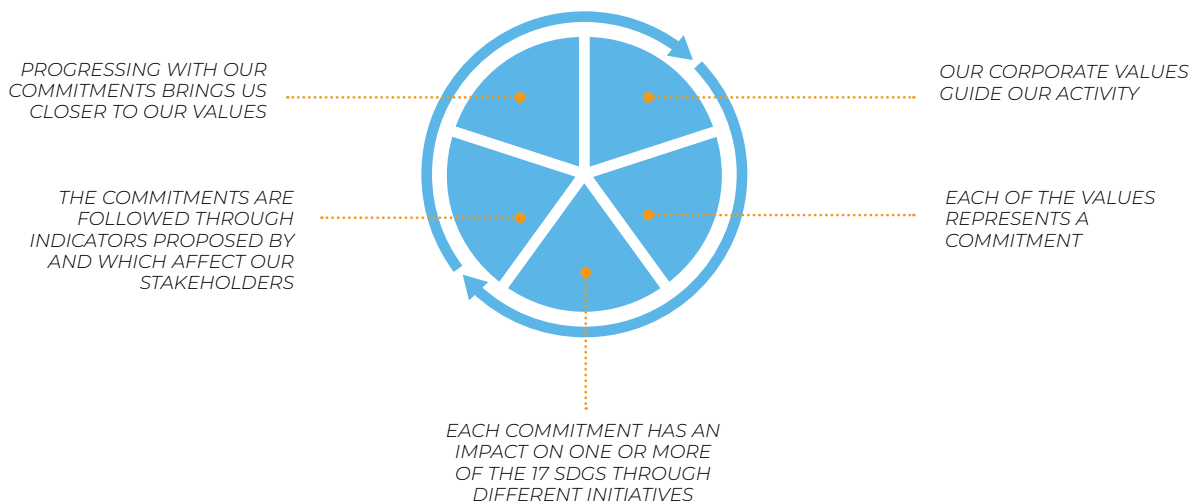
actions and initiatives that can have an impact on each of the SDGs, as well as on the establishing of a Master Plan for the application thereof. The goal is to collaborate in the achieving of the SDGs through its business activity.


Miquel y Costas is also aligned with the principles and indicators of the Global Reporting Initiative (GRI), which allows it to measure and report its economic, social and environmental performance. Accordingly, the Group prepares its *Corporate Social Responsibility Report* based on the GRI standards of reference.



## How we contribute

Action · Initiatives · Policies · Procedures · Alliances



A photograph of a classroom scene. In the foreground, a young girl with dark hair in a ponytail, wearing a light brown knitted sweater and dark pants, is kneeling on a light-colored floor. She is looking down at a small, colorful spinning top (a 'topo') on the floor. To her left, another girl in a yellow floral dress is also kneeling. In the background, other children are visible, and a teacher or adult is partially seen. A large screen in the background displays text in Spanish. The overall atmosphere is calm and focused.

# THE MIQUEL Y COSTAS & MIQUEL FOUNDATION

THE MIQUEL Y COSTAS GROUP'S COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY IS CHANNELLED THROUGH A FOUNDATION THAT FINANCES PROJECTS AIMED AT EMPOWERING VULNERABLE GROUPS AND PROMOTING ENVIRONMENTAL SUSTAINABILITY PROJECTS. CREATED IN 2019, THE GOAL OF THE MIQUEL Y COSTAS & MIQUEL FOUNDATION (FMCM) IS TO IMPROVE THE ECONOMIC, EDUCATIONAL, CULTURAL AND SOCIAL CONDITIONS OF SOCIETY'S MOST DISADVANTAGED PEOPLE AND GROUPS, ESPECIALLY AMONGST YOUNG PEOPLE, AND PROMOTE SUSTAINABILITY PROJECTS THAT CONTRIBUTE TO ACTION AGAINST CLIMATE CHANGE.

The Foundation's work takes place principally in the areas surrounding its production centres and takes the form of specific projects that fit into any of the 13 lines of action set out in its articles of Association.

The Foundation currently has four main areas of action:

- The promotion of education, research and innovation activities as driving forces for the comprehensive development of people.** To this end, the FMCM collaborates with the Fero Foundation, which supports cancer research; the Princess of Girona Foundation, which fosters the promotion of young people in the professional, occupational and training world, and the MediaLab Festival in Tortosa, which organises activities aimed at familiarising young people with the production-related uses of robotics, video games and virtual reality.





- **The promotion of innovative and transformative projects in primary and secondary education and baccalaureate for students and teachers.** This includes pictogram writing programmes aimed at teaching people how to write pictograms, which were given in schools and institutions in Capellades and Sant Adrià de Besós (Barcelona). The FMCM also financed a reading stimulation product using innovative methodology in a school in Tortosa (Tarragona).

- **The promotion of initiatives dedicated to reducing the environmental impact of industrial activities.** The Foundation financed the first phase of an initiative aimed at the gasification of agricultural waste close to one of its plants, with the intention of using the resulting energy for its industrial facility at market price; an initiative that could turn out to be pioneering for companies located in environments that generate significant amounts of agricultural waste.

- **Support for cultural and sports events, taking place in the areas surrounding the Miquel y Costas factories:** the supporting of popular traditions, libraries and archives, works of art, paper studios and historical funds like the Capellades Paper Mill Museum.

- **Promotion of studies, actions, speeches, etc.** Related to publicly- and privately-managed technological innovation, in collaboration with the IESE International Foundation.

# INVESTMENT, THE KEY TO THE FUTURE



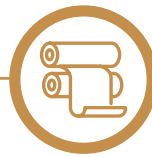
DURING 2022, THE MIQUEL Y COSTAS GROUP CARRIED OUT AN AMBITIOUS INVESTMENT POLICY IN ORDER TO IMPROVE THE QUALITY AND EFFICIENCY OF ITS PRODUCTION PROCESSES, OBTAIN NEW PRODUCTS THAT MEET ITS CLIENTS' NEEDS, ACHIEVE ENVIRONMENTAL EXCELLENCE AND OPTIMISE ENERGY RESOURCES.

## MOST RELEVANT PROJECTS



### Tobacco industry

- Optimisation of a paper machine to reduce its energy consumption.
- Implementation of various improvements to reduce the need for fresh water in the processes.
- Remodelling of certain infrastructures in order to allow greater use of these for logistics activities.
- Replacement of old asbestos roofs for other more sustainable ones.



### Industrial paper

- Execution and implementation of a very relevant remodelling of a paper machine and its auxiliary installations. The purpose was to guarantee stricter quality levels and facilitate the industrial development of new products of high added value. This modification with a broad technological scope also favours the versatility of the machine's production capacities.



### Special pastes

- Improvement and modernisation of the production processes to reduce energy expense.
- Design of new installations that will come into service during 2023 to minimise our environmental footprint, for example, our consumption of fresh water and odour emissions.



### Throughout the Miquel y Costas Group

- Consolidation of the photovoltaic generation development plan thanks to the execution and commissioning of new self-consumption installations in various centres. This has allowed the Group to increase its energy independence and reinforce its commitment to environmental sustainability in its activities.

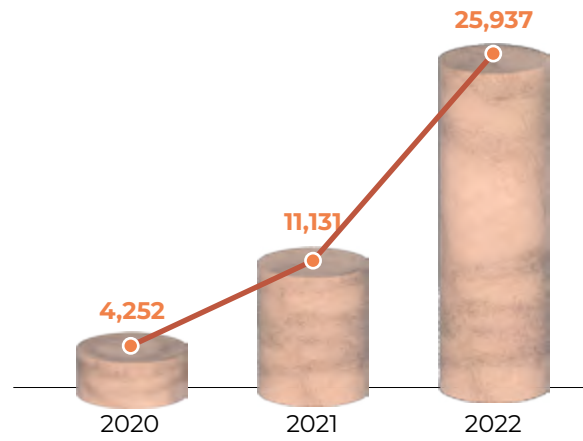




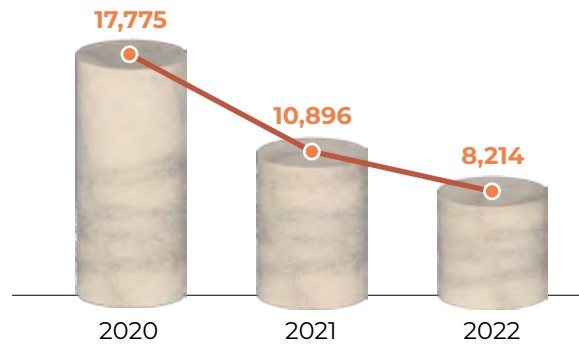
## Investment figures (2020-2022)

In thousands of euros

### In R&D&i and environment



### In other assets



### Total investments\*

Year	2020	2021	2022
Total investments	22,027	22,027	34,151

\* Includes tangible and intangible assets.

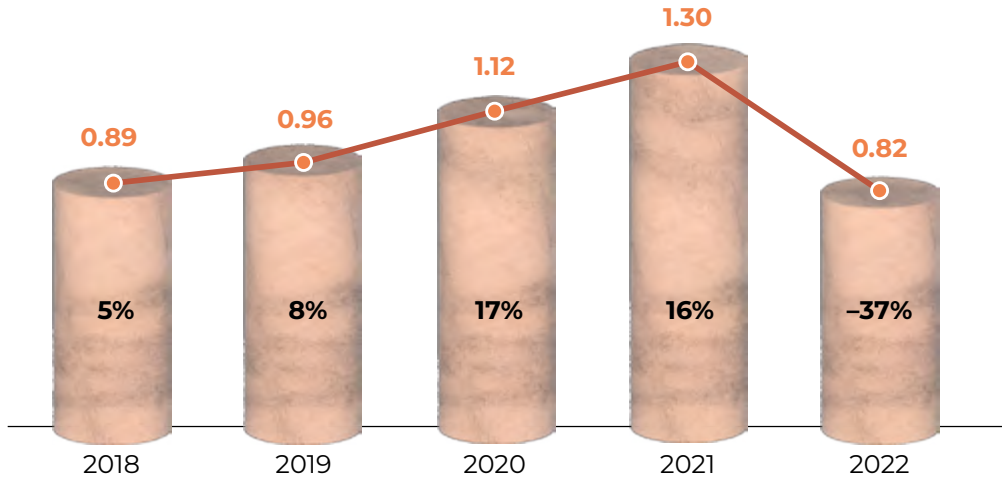
# STOCK MARKET



### Profit per share

Adjusted euros/share

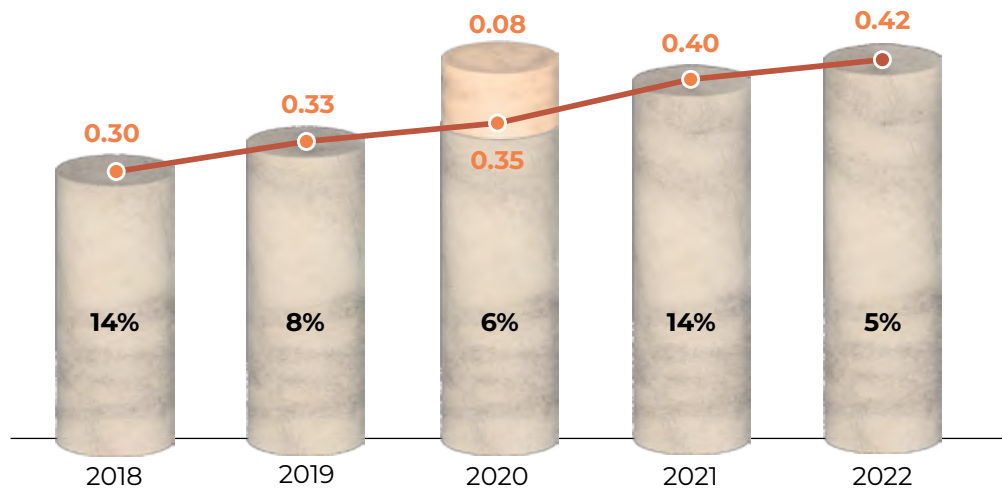
%: percentage increase on the previous year



### Shareholder remuneration

Adjusted euros/share

%: percentage increase on the previous year, without taking into account the extraordinary part of the dividend distributed in December 2020.

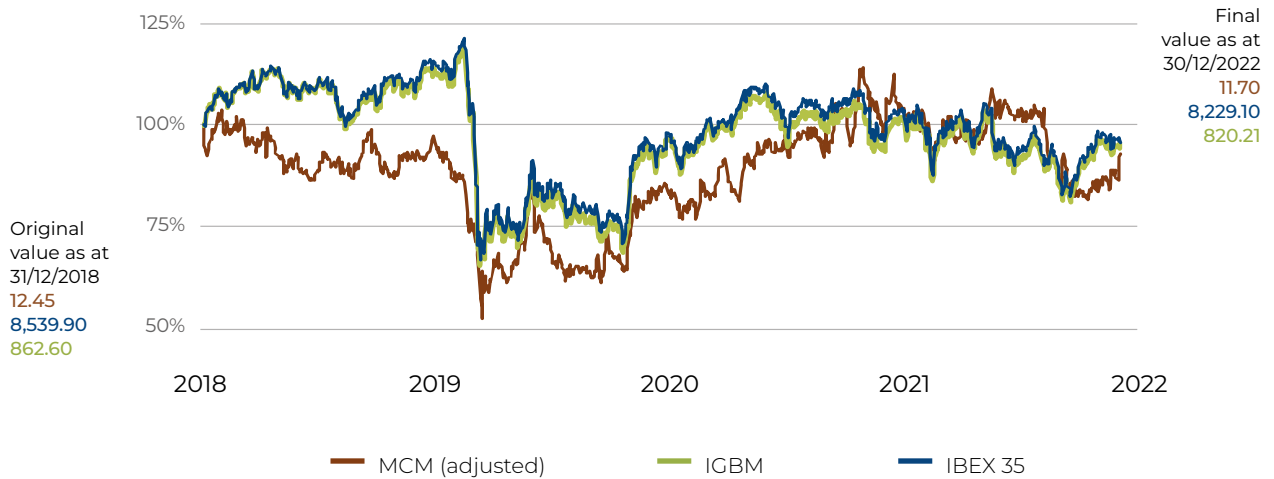


- Growing dividend
- Extraordinary dividend

Comparative evolutions

**IBEX 35, IGBM and MCM**

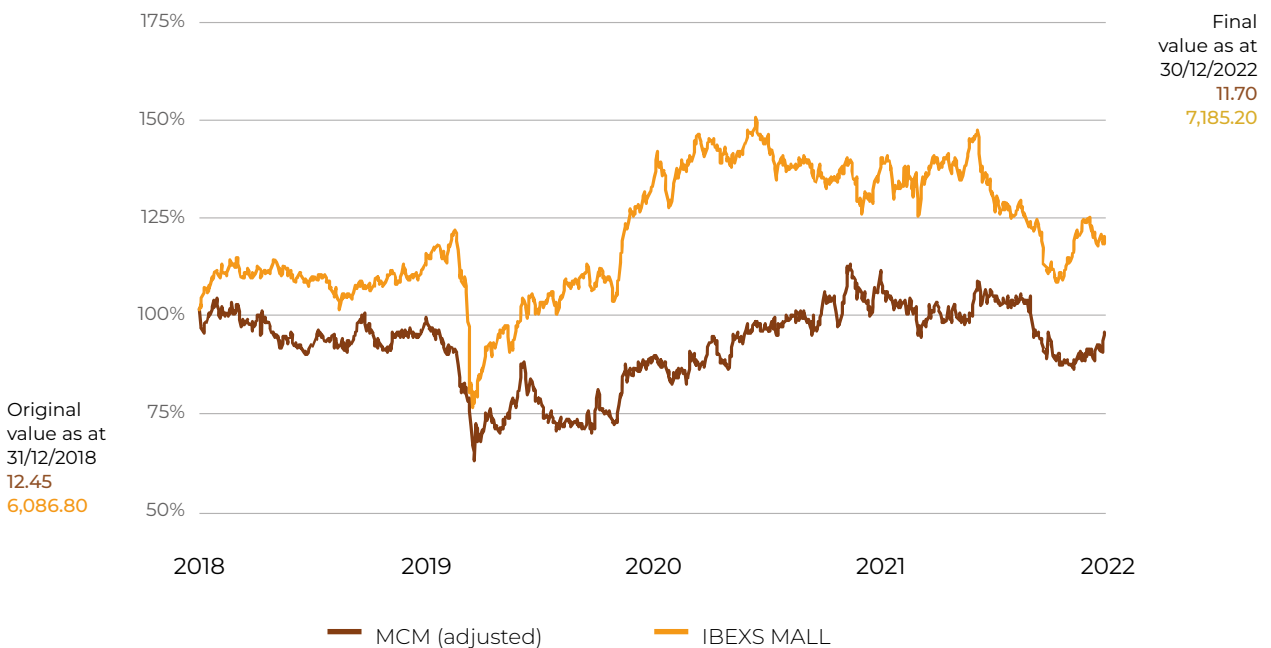
Base 100: price as at 31/12/2018



Source: Madrid Stock Exchange and own production.

**IBEX SMALL and MCM**

Base 100: price as at 31/12/2018



Source: Madrid Stock Exchange and own production.

# FINANCIAL & ECONOMIC DATA



## MAIN FINANCIAL FIGURES OF THE MIQUEL Y COSTAS GROUP

The information is presented consolidated in thousands of euros (unless indicated otherwise).

The data for all the financial years is comparative as it is presented in accordance with the International Financial Reporting Standards.

In thousands of euros, except for the figures expressed in percentages

	2020	% without sales	2021	% without sales	2022	% without sales
Net sales	274,151		301,286		337,177	
EBITDA <sup>(1)</sup>	76,421	27.9%	84,104	27.9%	60,671	18.0%
BDI	44,878	16.4%	50,792	16.9%	31,634	9.4%
Cash flow after tax	62,991	23.0%	68,450	22.7%	50,272	14.9%

In thousands of euros, except for the figures expressed in percentages

	2020	2021	2022
Total assets	416,919	453,677	450,808
Own funds	293,627	322,897	330,291
Net financial debt	(43,328)	(61,437)	(16,940)
Net financial debt / Own funds	N/A	N/A	N/A
Profit per adjusted share <sup>(2)</sup> (euros)	1.12	1.30	0.82
Dividend paid	17,300	16,800 <sup>(3)</sup>	16,800 <sup>(3)</sup>
Adjusted dividend per share paid (euros) <sup>(2) (4)</sup>	0.44	0.43 <sup>(3)</sup>	0.44 <sup>(3)</sup>
Pay out (Dividend paid / profit for the year)	38.5%	33.1%	53.1%
ROE (BDI / Average equity)	15.6%	16.5%	9.7%
ROA (Operating profit / Total assets)	14.2%	15.3%	9.3%

(1) Gross operating profit plus amortisation.

(2) Number of adjusted shares in circulation in 2020, 2021 and 2022 due to company operations carried out.

(3) Year 2022: amount pending approval.

(4) Increased by the part corresponding to treasury stock.

## RESULTS FOR 2022

The 2022 financial year of the Miquel y Costas Group unfolded in a largely unpredictable macroeconomic and geopolitical climate and was marked by the impact of various external elements: the continuous rise in the prices of energy and raw materials, the geopolitical tensions as a result of the war between Russia and Ukraine which have hindered international commerce and the deterioration of the commercial relationship between Spain and Algeria.

In order to mitigate the impact of the increase in costs, the Group has carried out active management of its sales policy, applying price increases and negotiating tariff updating mechanisms according to the evolution of the energy market. It also carried out proactive management in its product policies.

In this complex scenario, the net consolidated turnover of 2022 came to 337.2 million euros, which signifies an increase of 35.9 million euros compared to

the previous year. This increase has mainly been due to the aforementioned updating of the prices negotiated with clients, a greater volume in certain product lines and the favourable evolution of the euro-dollar exchange rate during a good part of the financial year.

By business line, sales in the Tobacco Industry increased by 8.7 million euros (+4.7% compared to 2021) thanks to the price adjustments carried out. The line of Industrial Products increased by 21.5 million euros (+23.1% compared to 2021), mainly due to the good evolution of the special paper marketed by Terranova, the new industrial products by Miquel y Costas & Miquel and the special pastes by Celesa. Finally, in the Others line, turnover grew by 5.7 million euros with respect to the previous financial year thanks to the recovery of volume in the publishing and coloured paper markets (affected by the COVID-19 pandemic during the previous year) and the price increases applied.



Consolidated profit after tax came to 31.6 million euros, constituting a reduction of 19.2 million euros compared to the previous year despite the increase in sales. This reduction in profit was due to the external factors mentioned previously.

By business line, the operating result from the Tobacco Industry and Industrial Products dropped by 11.1 million euros and 10.8 million

euros respectively, whilst in the Others line, the reduction in the operating profit was 1.1 million euros.

The effective tax rate for the financial year stood at 22.95%, slightly lower than in 2021, mainly as a result of the reduction of the taxable base, a fact that compensated the reduction in the tax deductions applicable due to certain regulatory changes.

### Evolution of consolidated profit/loss (2020-2022)

In thousands of euros

	2020	2021	2022
<b>Net sales</b>	<b>274,151</b>	<b>301,286</b>	<b>337,177</b>
<b>Profit/loss</b>			
Operating profit	58,308	66,446	42,033
Profit before tax	58,262	67,058	41,058
Profit after tax	44,878	50,792	31,634
Cash flow after tax	62,991	68,450	50,272



# PROFIT AND LOSS ACCOUNT OF MIQUEL Y COSTAS & MIQUEL, S.A., AND DEPENDENT COMPANIES

The 2022 consolidated annual accounts can be compared to those of previous years as they are presented in accordance with the International Financial Reporting Standards.

The summarised comparative profit and loss account is as follows:

In thousands of euros

	2020	2021	2022
<b>Net sales</b>	<b>274,151</b>	<b>301,286</b>	<b>337,177</b>
Operating income <sup>(1)</sup> (2)	3,421	6,834	7,628
Consumption	(94,139)	(98,545)	(106,934)
Other operating expense <sup>(2)</sup>	(61,131)	(77,069)	(134,720)
<b>Added value</b>	<b>122,302</b>	<b>132,506</b>	<b>103,151</b>
Staff	(44,733)	(46,814)	(45,891)
Amortisation	(18,113)	(17,658)	(18,638)
Working capital <sup>(3)</sup>	(1,148)	(1,588)	3,411
<b>Operating profit</b>	<b>58,308</b>	<b>66,446</b>	<b>42,033</b>
Financial profit/loss	(70)	603	(978)
Profit/loss of entities valued using the equity method	24	9	3
<b>Profit before tax</b>	<b>58,262</b>	<b>67,058</b>	<b>41,058</b>
<b>Company Tax</b>	<b>(13,384)</b>	<b>(16,266)</b>	<b>(9,424)</b>
<b>Profit after tax</b>	<b>44,878</b>	<b>50,792</b>	<b>31,634</b>

(1) Other operating income includes the sale of energy and the work carried out by the company for its assets.

(2) The effect of emission allowances is presented directly deducted from operating revenues and expenses.

(3) Corresponds to the variation of the provisions.

Added value dropped with respect to the previous year by approximately 22% due to the significant increase in operating expense as a result of the pressure on the price of energy resources and raw materials.

# BALANCE SHEET OF MIQUEL Y COSTAS & MIQUEL, S.A., AND DEPENDENT COMPANIES

The 2022 annual accounts can be compared to those of previous years as they are presented in accordance with the International Financial Reporting Standards.

The summarised, comparative balance sheet is as follows:

In thousands of euros

	2020	2021	2022
<b>Assets</b>			
Intangible fixed assets	171,666	176,398	189,091
Intangible assets	3,030	3,132	6,624
Other non-current assets	37,241	42,286	35,465
<b>Total non-current assets</b>	<b>211,937</b>	<b>221,816</b>	<b>231,180</b>
Stock	81,565	89,174	109,729
Commercial debtors	41,635	56,270	61,258
Other current assets	74,047	79,984	43,136
Cash and cash equivalents	7,735	6,433	5,505
<b>Total current assets</b>	<b>204,982</b>	<b>231,861</b>	<b>219,628</b>
<b>Total assets</b>	<b>416,919</b>	<b>453,677</b>	<b>450,808</b>
<b>Liabilities</b>			
<b>Total net worth</b>	<b>293,627</b>	<b>322,897</b>	<b>330,291</b>
Debts with lending institutions and other financial liabilities	49,145	41,564	36,805
Other non-current liabilities	6,392	5,568	6,085
<b>Total non-current liabilities</b>	<b>55,537</b>	<b>47,132</b>	<b>42,890</b>
Debts with lending institutions	18,582	16,467	20,938
Commercial creditors	31,213	42,219	41,848
Other current liabilities	17,960	24,962	14,841
<b>Total current liabilities</b>	<b>67,755</b>	<b>83,648</b>	<b>77,627</b>
<b>Total liabilities</b>	<b>416,919</b>	<b>453,677</b>	<b>450,808</b>

The evolution of the financial structure at the close of the last three financial years is as follows:

In thousands of euros

	2020	2021	2022
Long-term debts with lending institutions	49,145	41,564	36,805
Short-term debts with lending institutions	18,582	16,467	20,938
Cash and other current financial assets	(78,645)	(81,242)	(43,124)
Non-current financial assets	(32,410)	(38,226)	(31,559)
Total net financial position	(43,328)	(61,437)	(16,940)

And its main ratios are:

In thousands of euros, except for the figures expressed in percentages

	2020	2021	2022
Percentage of net worth over total liabilities	70.4%	71.2%	73.3%
Percentage of equity and non-current liabilities over total liabilities	83.7%	81.6%	82.8%
Need of funds for operations (NFO)	77,163	83,853	119,815
Working capital	137,227	148,213	142,001

The net equity increased by 7.4 million euros compared to the previous financial year, after deduction of the dividends distributed.

The net financial position (net cash) at the close of this year once again shows a debtor balance in the amount of 16.9 million euros.

At the start of the financial year, in order to continue providing the Miquel y Costas Group with the necessary flexibility and liquidity in the face of the uncertainty of the geopolitical and macroeconomic climate, the Group's financial structure was reinforced through the renegotiation of part of its debt with lending institutions. Their average life span was increased and more favourable conditions were obtained, anticipating the rise in rates that took place subsequently.

## CASH FLOW STATEMENT OF MIQUEL Y COSTAS & MIQUEL, S.A., AND DEPENDENT COMPANIES

The summarised cash flow statements for the last three years are as follows:

In thousands of euros

	2020	2021	2022
<b>A) Cash flows from operating activities</b>	<b>72,887</b>	<b>64,142</b>	<b>12,651</b>
1. Cash generated by operations	<b>83,273</b>	<b>77,393</b>	<b>21,480</b>
2. Other cash flows from operating activities	(10,386)	(13,251)	(8,829)
<b>B) Cash flows from investment activities</b>	<b>(42,652)</b>	<b>(32,705)</b>	<b>7,194</b>
1. Investment payments (-)	(124,706)	(136,712)	(121,205)
2. Collections from divestment (+)	82,054	104,007	128,399
<b>C) Cash flows from financing activities</b>	<b>(29,447)</b>	<b>(32,739)</b>	<b>(20,773)</b>
1. Collections and (payments) for equity instruments	(9,521)	(7,552)	(4,399)
2. Collections and (payments) for financial liability instruments	(2,626)	(9,687)	(274)
3. Payment of dividends (net)	(17,300)	(15,500)	(16,100)
<b>D) Net increase/(reduction) in cash and cash equivalents</b>	<b>788</b>	<b>(1,302)</b>	<b>(928)</b>
<b>E) Cash and cash equivalents at the start of the period</b>	<b>6,947</b>	<b>7,735</b>	<b>6,433</b>
<b>F) Cash and cash equivalents at the end of the period</b>	<b>7,735</b>	<b>6,433</b>	<b>5,505</b>

The main allocations of the funds generated were:

- Investment in tangible and intangible assets in the amount of 34.2 million euros.
- The payment of dividends in the amount of 16.1 million euros.
- The acquisition of treasury stock in the amount of 4.4 million euros.
- Need of funds for operations.

## HYPERINFLATION IN ARGENTINA

In light of the fact that the Argentinian economy has been experiencing hyperinflation since the 2018 financial year, the Miquel y Costas Group has applied the adjustments due to inflation to the Argentine Peso for the financial information corresponding to the periods closed since 1 July 2018.

The main impacts of applying the adjustments for hyperinflation in Argentina to the Group's consolidated annual accounts for 2022 and 2021 are summarised below:

### Impact of the application of adjustments due to hyperinflation

In thousands of euros

	2021	2022
Sales and provision of services	1,248	2,394
Profit before tax	(307)	(1,702)
Profit after tax	(846)	(2,231)
Net worth	1,773	2,210

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