Miquel y Costas & Miquel, S.A.
and subsidiaries

Auditor’s report
Consolidated annual accounts at 31 December 2023
Consolidated Directors’ Report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

Independent auditor's report on the consolidated annual accounts

To the shareholders of Miquel y Costas & Miquel, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Miquel y Costas & Miquel, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Auditores, S.L., Avinguda Diagonal, 640, 08017 Barcelona, España
Tel.: +34 932 532 700 / +34 902 021 111, Fax: +34 934 059 032, www.pwc.es

R. M. Madrid, Hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

Key audit matters	How our audit addressed the key audit matters
Recognition of sales revenue	
As detailed in note 1 to the accompanying consolidated annual accounts, the Group is engaged in the manufacture of fine and special low-grammage papers, mainly for the segment of the tobacco industry, and operates in the national and international markets. Although the recognition and evaluation of sales revenues is not especially complex, we focused our analysis on the recognition of revenue mainly due to the significance of this component within the accompanying consolidated annual accounts taken as a whole and, therefore, on the increased concentration therein of the inherent risk of material misstatement.	We gained an understanding of the accounting policies for recognising business revenues. In this respect, we assessed the design of the key internal controls related to revenue recognition and tested their operational efficiency. We carried out tests of detail on a sample of sales recorded and verified the evidence of the existence and recognition of the transaction. For a sample of sales transactions, we verified the appropriate cut-off of operations at the year-end in order to corroborate the correct accrual. We have also verified whether the information disclosed in the accompanying consolidated annual accounts on the recognition of revenue is reasonable. As a result of our audit procedures, no essential observations have been identified.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor’s responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company’s audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Miquel y Costas & Miquel, S.A. and its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Miquel y Costas & Miquel, S.A. are responsible for presenting the annual financial report for the 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Parent company dated 18 April 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 21 June 2022 appointed us as auditors of the Group for a period of two years, for the year ended 31 December 2022.

Previously, we were appointed by resolution of the General Extraordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2002.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 27 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Juan Buigues López (22170)

18 April 2024

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

CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2023 AND CONSOLIDATED DIRECTORS' REPORT FOR 2023

(Free translation from Spanish)

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

The consolidated annual accounts (consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated annual accounts) and the consolidated director's report (of which the Annual Corporate Governance Report, the Annual Report on Directors' Remuneration and the Non-Financial Information form part in separate sections), of the consolidated Group, which are appended hereto, for the year ended 31 December 2023, have been issued in accordance with the agreement adopted by the Board of Directors of Miquel y Costas & Miquel, S.A. in their meeting of 25 March 2024 in accordance with article 253 of the Spanish Companies Act and following the electronic format established in Delegated Regulation EU 2018/815 of the European Commission, of 17 December 2018.

Chairman of the Board of Directors

Jorge Mercader Barata

Members of the Board:

Jorge Mercader Miró	Álvaro de la Serna Corral	Javier Basañez Villaluenga
Eusebio Díaz-Morera Puig-Sureda	Teresa Busto del Castillo	Claudio Aranzadi Martínez
Narcís Serra Serra	José Miquel Vacarisas	Marta Lacambra Puig

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

Dª. Victoria Lacasa Estébanez

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Table of Contents of the Consolidated Annual Accounts for 2023

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Table of Contents of the Consolidated Annual Accounts for 2023

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated Balance Sheet
at 31 December 2023
(In thousand Euro)

		In thousand Euro	
ASSETS	**Note**	**2023**	**2022**
Non-current assets			
Property, plant and equipment	4	187,113	189,091
Intangible assets	5	6,441	6,624
Non-current financial assets	6,21	43,576	31,559
- At fair value through other comprehensive income		19,721	18,325
- At amortised cost		23,855	13,234
Deferred income tax assets	17.3	3,019	2,196
Current tax assets	17.4	1,710	1,710
Total non-current assets		**241,859**	**231,180**
Current assets			
Inventories	7	98,376	109,729
Trade receivables	8,21	56,717	61,258
Sundry receivables	9, 21	737	97
Current financial assets		44,208	37,619
- At amortised cost	9, 21	44,152	37,390
- At fair value	9, 21	56	229
Other current financial assets	9	3,520	5,420
Current tax assets	17.2	478	-
Cash and cash equivalents	10	18,807	5,505
Total current assets		**222,843**	**219,628**
TOTAL ASSETS		**464,702**	**450,808**

Notes from pages 11 to 92 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated Balance Sheet
at 31 December 2023
(In thousand Euro)

EQUITY AND LIABILITIES	Note	In thousand Euro 2023	2022
Total Equity		**354,781**	**330,291**
Share capital	11.1	80,000	80,000
Own shares	11.3	(21,401)	(17,771)
Share premium	11.1	-	-
Retained earnings for the period	11.2	42,714	31,634
Other reserves	11.2	260,309	245,865
Shareholders' funds		**361,622**	**339,728**
Items not reclassified to results for the period:			
Equity instruments through other comprehensive income	11.2	(713)	(5,776)
Items that may not be reclassified subsequently to results for the year			
Conversion difference	11.2	(6,128)	(3,661)
Accumulated other comprehensive income		**(6,841)**	**(9,437)**
Non-current liabilities			
Borrowings	12,21	30,453	36,805
Deferred income tax liabilities	17.3	2,255	2,627
Other non-current liabilities	14	5,115	3,458
Total non-current liabilities		**37,823**	**42,890**
Current liabilities			
Borrowings	12,21	22,462	20,938
Trade creditors and other accounts payable	15,21	31,091	41,848
Current tax liabilities	17.2	-	673
Current provisions	16	1,824	1,932
Other current liabilities	16	16,721	12,236
Total current liabilities		**72,098**	**77,627**
TOTAL EQUITY AND LIABILITIES		**464,702**	**450,808**

Notes from pages 11 to 92 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated Income Statement for the year ended
at 31 December 2023
(In thousand Euro)

In thousand Euro	Note	2023	2022
Net turnover	18	309,319	337,177
Variation in inventories	7	(7,244)	17,373
Own work capitalised	4,5	2,242	1,418
Supplies	7	(110,841)	(124,307)
Other operating income	18	5,475	5,947
Staff costs	19	(46,951)	(45,891)
Other operating expenses	20	(78,497)	(133,166)
Amortisation and depreciation	4,5	(19,985)	(18,638)
Charge to non-financial fixed asset grants	14,25	1,858	1,905
Provision excess		5	214
Impairment and profit/ loss on fixed asset disposals	4	(461)	1
Operating profit / (loss)		**54,920**	**42,033**
Financial income	21.4	3,735	1,294
Financial expenses	21.4	(602)	(414)
Exchange differences	21.4	(1,487)	(1,858)
Net financial results	21.4	**1,646**	**(978)**
Share of results of associates	6	(13)	3
Profit / (loss) before tax on activities		**56,553**	**41,058**
Corporate income tax	17.2	(13,839)	(9,424)
Profit / (loss) for the year on activities	11.2	**42,714**	**31,634**
Profit / (loss) attributable to holders of equity instruments of the parent Company	11.2	**42,714**	**31,634**
Earnings per share basic (Euro)	22	**1,11**	**0.82**
Earnings per share diluted (Euro)	22	**1,11**	**0.82**

Notes from pages 11 to 92 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of comprehensive income
at 31 December 2023
(In thousand Euro)

	Note	2023	2022
Consolidated profit for the year		**42,714**	**31,634**
Attributed to equity holders of the parent Company	11.2	42,714	31,634
Other comprehensive income- items that are not reclassified to results for the period		**5,079**	**(4,888)**
From actuarial gains and losses and other adjustment	13	21	5
Changes in fair value of investments at fair value through other comprehensive income	6	5,063	(4,892)
Tax effect	13, 17.3	(5)	(1)
Transfer to the consolidated income statement		**(2,467)**	**1,174**
From Exchange rate differences	11.2	(2,467)	1,174
TOTAL RECOGNISED INCOME AND EXPENSES		**45,326**	**27,920**
Attributed to equity holders of the parent Company		45,326	27,920

Notes from pages 11 to 92 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of changes in equity for the year ended
at 31 December 2023
(In thousand Euro)

Thousand Euro	Share capital and own shares (Note 11.1 and 11.3)	Other reserves, value adjustments and conversion difference (Note 11.2)	Retained earnings for the period (Note 11.2)	Other equity instruments (Note 11.2)	Total net equity
Balance at 31 December 2021	**66,627**	**204,875**	**50,792**	**603**	**322,897**
Profit / (loss) recognized for the year	-	(3,714)	31,634	-	27,920
Acquisition/amortization of own shares	(4,399)	-	-	-	(4,399)
Dividends distribution	-	(16,100)	-	-	(16,100)
Other equity movements	-	50,786	(50,792)	(21)	(27)
Balance at 31 December 2022	**62,228**	**235,847**	**31,634**	**582**	**330,291**
Profit / (loss) recognized for the year	-	2,612	42,714	-	**45,326**
Acquisition/amortization of own shares	(3,630)	-	-	-	**(3,630)**
Dividends distribution	-	(17,200)	-	-	**(17,200)**
Other equity movements	1	31,628	(31,634)	(1)	**(6)**
Balance at 31 December 2023	**58,599**	**252,887**	**42,714**	**581**	**354,781**

Notes from pages 11 to 92 are an integral part of the consolidated annual account

(Free translation from Spanish)

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

Consolidated cash flow statement for the year ended
at 31 December 2023
(In thousand Euro)

	Note	2023	2022
A) CASH FLOWS FROM OPERATIONS		**70,276**	**12,651**
1. Cash flow generated from operations		**56,553**	**41,058**
Adjustments to the result		**15,348**	**15,648**
- Amortization of tangible and intangible assets	4,5	19,985	18,638
- (Profit)/loss on the sale of fixed assets		461	-
- Valuation corrections for impairment	7,8	179	519
- Variation of provisions	16	(51)	(320)
- Allocation of subsidies		(313)	(225)
- Financial income	21.4	(3,735)	(1,294)
- Financial expenses	21.4	602	414
- Exchange differences		183	-
- Change in fair value of financial instruments		(1,963)	(460)
- Other income and expenses		**10,286**	(1,624)
Changes in current capital		9,972	**(35,226)**
- Inventories	7	3,013	(20,381)
- Commercial debts and other bills to receive	8	1,900	(5,225)
- Other current assets		(6,224)	173
- Creditors and other accounts payable	15	(104)	(10,444)
- Other non-current assets and liabilities		1,729	651
2. Other cash flows from operations,		**(11,911)**	**(8,829)**
- Interest payments (-),		(533)	(428)
- Receipts of interest and dividends (+),		2,339	1,361
- Receipts of dividends (+),		1,317	-
- Payments (receipts) for income tax (-/+),	17.2	(15,034)	(9,762)
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**(31,247)**	**7,194**
1. Amounts paid on investments (-)		**(115,890)**	**(121,205)**
(-) Intangible assets	4	(334)	(298)
(-) Property, plant and equipment	5	(16,885)	(31,435)
(-) Other financial assets	6,9	(98,623)	(89,452)
(-) Other assets		(48)	(20)
2. Amounts collected from divestments (+)		**84,643**	**128,399**
(+) Other financial assets	6,9	79,640	128,398
(+) Other assets	6	5,003	1
C) CASH FLOWS FROM FINANCING ACTIVITIES		**(25,727)**	**(20,773)**
1. Collections and payments for equity instruments		**(3,630)**	**(4,399)**
(-) Acquisition of own shares	11.3	(3,630)	(4,420)
(+) Disposal of own equity instruments	11.3	-	21
2. Collections and payments for financial liability instruments		**(4,897)**	**(274)**
(+) Receipts from loans	12	16,000	16,188
(-) Redemption and amortisation of loans	12	(20,897)	(16,462)
3. Dividend payments	**11**	**(17,200)**	**(16,100)**
D) NET INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS		13,302	**(928)**
E) Cash or cash equivalents at beginning of the year	**10**	**5,505**	**6,433**
F) Cash or cash equivalents at end of the year	**10**	**18,807**	**5,505**

Notes from pages 11 to 92 are an integral part of the consolidated annual accounts.

1 GROUP ACTIVITIES AND CONSOLIDATION SCOPE

1.1 Companies forming part of the Group and consolidation scope

Miquel y Costas & Miquel, S.A. (hereon "the parent Company") is an industrial company with registered office in calle Tuset, nº 8-10, 7th floor, 08006 Barcelona, which at the 2023 year-end is the parent Company of a group (hereon, the Group) comprising: Miquel y Costas & Miquel, S.A., parent Company, and its subsidiary companies (see shareholding details and other information in Appendix I).

The parent Company, which bears Taxpayer ID nº A08020729, was incorporated in 1879 and became a public limited company in 1929. It is mainly engaged in the manufacture and trading of all types of paper. It is recorded in the Mercantile Registry of Barcelona on sheet B-85067, folio 139, volume 8686, inscription 1st and the last statutory modification is recorded as inscription 365.

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

The shares of the Parent Company are admitted to trading on the Barcelona, Madrid, Bilbao and Valencia Stock Exchanges and are integrated into the stock market interconnection system for continuous trading (SIBE-Smart).

The following subsidiary companies make up the consolidated Group:

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

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

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

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

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

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

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

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

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

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

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

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

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

- Clariana, S.A. with registered office at avenida Alemania 48 Vila-Real (Castellón). Its corporate purpose consists of the production and marketing of paper and in general of goods for the stationery industry: the promotion, management and development of all kinds of real estate and urban operations, the disposal and exploitation, even under lease, of properties, buildings, housing and premises and constructions in general, irrespective of their use, resulting from that activity.

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

All the Group companies have closed their accounting year at 31 December 2023.

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

1.2 Variations in the consolidation scope

No change in the scope of consolidation in 2022 or 2023.

2 MAIN ACCOUNTING POLICIES SUMMARY

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

2.1 Basis of presentation

2.1.1 General Information

The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards (hereon, IFRS) adopted for use in the European Union and approved by the Regulations of the European Commission in force at 31 December 2023.

As per IFRS-EU, these consolidated annual accounts for 2023 include, for comparative purposes, the figures for the prior year.

As explained below, during 2023 new accounting standards (IAS/IFRS) and interpretations (IFRIC) came into force. Additionally, at the issuance date of these consolidated annual accounts, new accounting standards (IAS/IFRS) and interpretations (IFRIC) have been published and are due to come into effect for the accounting periods commencing on or after 1 January 2023.

Standards, amendments and interpretations mandatory for all years beginning in January 1, 2023:

- IAS 1 (Amendment) "Breakdown of accounting policies".
- IAS 8 (Amendment) "Definition of accounting estimates".
- IAS 12 (Amendment) "Deferred tax related to assets and liabilities derived from a single transaction".
- IAS 12 (Amendment) "International tax reform: Pillar Two model rules"

These standards have been taken into account effective 1 January 2023 and their impact which was not significant has been recognised in these consolidated annual accounts.

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

- IFRS 16 (Amendment) “Lease liability in a sale with leaseback”.
- IAS 1 (Amendment) “Classification of liabilities as current or non-current”.
- IAS 1 (Amendment) “Non-current liabilities with conditions (“covenants”)”.

These modifications will be effective for the annual exercises beginning on or after January 1, 2024.

The amendments have not been early adopted by the Group. No significant impact is expected in their application.

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

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

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associates or joint ventures".
- IAS 7 (Amendment) and IFRS 7 (Amendment) “Supplier financing agreements ("confirming")”.
- IAS 21 (Amendment) “Lack of interchangeability”.

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

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

The consolidated annual accounts comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated statement of changes in equity and the consolidated cash flow statement and notes to the consolidated accounts, and the consolidated directors’ report are presented in thousand euro (exceptions will be indicated as appropriate). The Group’s functional and presentation currency in these consolidated annual accounts is the euro.

The consolidated annual accounts were drawn up by the parent company's Board of Directors on 25 March 2024 and are expected to be approved by the General Shareholders’ Meeting without changes.

2.1.2 Accounting policies

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

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

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

Variations in trade provisions (Note 20), income from grants (Note 18), own work capitalised (Note 4 and 5) and the transfer to results for the year of capital grants (Note 25) are included in the consolidated income statement under “Other operating expenses”, “Other operating income”, “Own work capitalised” and “Imputation of Grants”.

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

2.1.3 Comparability

The figures in the consolidated balance sheet and the consolidated income statement for the 2023 and 2022 financial years are considered comparable.

2.2 Consolidation criteria

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(In thousand Euro)

2.3 Accounting policies

PROPERTY, PLANT AND EQUIPMENT

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

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

As a result of the first consolidation process, certain lands belonging to the subsidiary company S.A. Payá Miralles are stated at market value at the time of acquisition of the respective shareholding in said company, as determined by an independent expert. The revaluated amount resulting from the consolidation for the reasons indicated above totals Euro 848 thousand at 31 December 2023 and 2022.

In 2002, when the remaining 50% interest in MB Papeles Especiales, S.A. was purchased, certain assets (property, plant and equipment) were stated at their market value. The revaluated amount of these assets in the consolidation process at 31 December 2023 and 2022 amounts to 842 thousand Euro.

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

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

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

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

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

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

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

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

INTANGIBLE ASSETS

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

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

- Computer applications are accounted for at their acquisition price or at their production cost. Amortization is calculated using the straight-line method, with an estimated useful life of three years.

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

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

- Engineering costs linked to technological developments (if it is satisfactory) are capitalized at their acquisition cost. These costs are amortized from the moment the asset is ready for use and with the same useful life as the main asset to which they belong.

ASSET IMPAIRMENT LOSSES

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

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

NON-CURRENT INTEREST COSTS

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

CURRENT AND NON-CURRENT FINANCIAL ASSETS

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

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

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

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

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

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

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

- Financial assets at amortised cost:

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

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

- Investments in debt instruments:

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

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

In accordance with IFRS 9, the Group has applied the expected loss model when estimating possible impairment of financial assets, measured at amortised cost. The expected credit loss calculated is not significant (approx. 0.08% of trade receivables balances) and has therefore not recognised any impact on the consolidated annual accounts.

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

- Loans and accounts receivable:

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

In accordance with IFRS 9, the Group has used the simplified approach to assess expected credit losses over the term of the contract. The application of that model has resulted in an immaterial future expected loss on financial assets (approximately 0.02% of total financial assets) and therefore no impact has been recognised in the consolidated annual accounts.

- Financial assets at fair value through other comprehensive income

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

INVENTORIES

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

SHARE CAPITAL

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

OWN SHARES

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

DISTRIBUTION OF DIVIDENDS

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

GOVERNMENT GRANTS

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

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

BORROWINGS

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

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

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

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

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

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

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

TRADE PAYABLES

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

CORPORATE INCOME TAX AND DEFERRED TAXES

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

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

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

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

By meeting all requirements laid down under the Group Companies Tax Regime as per Chapter VI of title VII of Law 27/2014 of 27 November, of Corporate Income Tax, Miquel y Costas & Miquel, S.A. as Parent company, is subject to the Consolidated Tax Declaration Regime, with tax identification number 0017/80, and the subsidiary companies S.A. Payá Miralles, Celulosa de Levante, S.A., Papeles Anoia, S.A., Desvi, S.A., Sociedad Española Zig-Zag, S.A., MB Papeles Especiales, S.A., Miquel y Costas Tecnologías, S.A., Miquel y Costas Energía y Medio Ambiente, S.A. and Terranova Papers, S.A., Miquel y Costas Logística S.A. and y Clariana S.A.

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

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

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

EMPLOYEE BENEFITS

a) Pension obligations

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

- Defined contribution commitments:

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

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

- Defined benefit commitments:

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

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

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

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

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

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

b) Severance indemnities

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

SHARE BASED COMPENSATION

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

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

PROVISIONS FOR EMISSION RIGHTS

As from 2005 Spanish group companies emitting CO2 as a result of their production must hand over emission rights equal to the emissions produced in the first few months of the following year. The current effective period runs from 2021-2030.

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

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

OTHER PROVISIONS

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

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

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

REVENUE RECOGNITION

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

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

In this regard, the Group recognises revenue from contracts with customers based on the five step model established in IFRS 15 (Identify the contract with a customer, Identify the separate performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract. Recognise revenue when (or as) the Group satisfies a performance obligation).

Interest income is recognised using the effective interest rate method.

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

LEASES

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

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

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

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

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

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

Right-of-use assets are measured at cost that comprises the following:
- amount of lease liability at initial recognition
- any lease payment made on or before commencement of the lease, less any lease incentive received
- any initial direct cost and
- restoration costs.

(In thousand Euro)

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

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

Notes 14 and 16 show a more detailed breakdown of balances with long and short-term suppliers linked to the aforementioned rights of use. Note 17.3 details the deferred tax assets and liabilities derived from the modification of IAS 12 related to Deferred Tax related to assets and liabilities derived from a single transaction.

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

	31-12-2023	**31-12-2022**
Computer equipment	-	-
Offices	75	97
Vehicles	234	195
Other operational elements	1,339	1,488
Total rights of use	**1,648**	**1,780**

Additionally, the movement of these assets in 2023 and 2022 is detailed in Note 4.

ENVIRONMENT

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

HYPERINFLATION IN ARGENTINA

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

The main impacts of the application of adjustments for hyperinflation in Argentina on the Group's consolidated annual accounts for 2023 and 2022 are summarised below:

Impact of the application of hyperinflation adjustments		
	Thousand euros 2023	**Thousand euros 2022**
Sales and services rendered	2,246	2,394
Profit before taxes	(842)	(1,702)
Profit after taxes	(1,599)	(2,231)
Equity	2,008	2,210

TRANSACTIONS IN NON-EURO CURRENCIES

a) Functional and presentation currency

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

b) Transactions and balances

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

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

c) Group entities

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

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

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

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

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

DISTRIBUTION OF RESULTS

The results for 2023 for Miquel y Costas & Miquel, S.A. will be distributed as agreed by their respective General Meeting of Shareholders.

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

Thousand Euro	2023
Basis of distribution	
Profit for the year (Profit)	34.067
Total	**34,067**
Application	
Dividends	17,400
Voluntary reserves	16,020
Capitalisation reserve	647
Total	**34,067**

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

2.4 Financial segment reporting

An operating segment is a part of the Group:

a) that carries out business activities that can generate income and incur expenses.
b) whose operating income and expenses are examined at regular intervals by the highest decision-making bodies of the Group (Board of Directors) in order to decide on the resources that must be assigned and to evaluate their return, and
c) in relation to which there is differentiated financial information.

Reporting basis and methodology for the information:

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

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

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

(In thousand Euro)

- Income by segment, and sales to third parties of each segment made during 2023 are as follows:

	Tobacco industry	Industrial products	Others	**Consolidated Group**
Segment turnover	241,432	100,391	33,300	**375,124**
Sales to other segments	(45,809)	(10,982)	(9,014)	**(65,805)**
Consolidated Sales	**195,624**	**89,409**	**24,286**	**309,319**

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

- Results by segment, for the year ended at 31 December 2023 are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Operating results by segment	45,324	8,679	831	86	**54,920**
Net finance results and participation of income of associates (non-distributable profit)					**1,633**
Profit before tax					**56,553**
Income tax					**(13,839)**
Profit for the year					**42,714**

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

- Assets by segment, at 31 December 2023, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable assets by segments	202,994	124,362	24,354	(3,062)	**348,648**
Non-distributable assets					**116,054**
Total assets					**464,702**
Investments*	**7,126**	**10,027**	**1,217**	**-**	**18,370**

(In thousand Euro)

* Investments: Additions in tangible and intangible assets for the year (CO2 gas emission rights not included).

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

- Liabilities by segment, at 31 December 2023, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	29,245	13,974	4,126	(19,987)	**27,358**
Non-distributable liabilities					**82,563**
Equity					**354,781**
Total liabilities and equity					**464,702**

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

- Amortization and depreciation of tangible and intangible assets by segment, at 31 December 2023, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	8,944	9,621	1,158	262	**19,985**

- Information about geographical areas for the year ended at 31 December 2023:

	External turnover
Domestic market	38,125
Other countries	271,194
TOTAL	**309,319**

	Total Assets
Spain	457,346
Other countries	7,356
TOTAL	**464,702**

(In thousand Euro)

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

- Information about the main customers for the year ended at 31 December 2023:

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

Client	Percentage	Ordinary income	Segment
1	12.53%	38,750	Industria del tabaco

Sales by country in 2023 and 2022 are as follows:

COUNTRY	31/12/2023 Amount> 2% revenue	31/12/2023 %	31/12/2022 Amount> 2% revenue	31/12/2022 %
Switzerland	40,388	13.06%	37,770	11.20%
Spain	38,125	12.33%	38,784	11.50%
USA	21,039	6.80%	23,542	6.98%
Italy	14,602	4.72%	18,221	5.40%
Poland	13,499	4.36%	18,140	5.38%
Turkey	12,722	4.11%	14,588	4.33%
Germany	11,997	3.88%	15,917	4.72%
Japan	10,909	3.53%	16,816	4.99%
Netherlands	8,718	2.82%	4,371	1.30%
France	8,287	2.68%	5,593	1.66%
China	7,748	2.50%	13,222	3.92%
Greece	6,840	2.21%	7,665	2.27%
India	6,621	2.14%	5,439	1.61%
Argentina	6,441	2.08%	8,091	2.40%
Rest of UE	29,422	9.51%	29,739	8.82%
Rest of Southeast Asia	17,256	5.58%	16,907	5.01%
Rest of Central and South America	16,654	5.38%	14,271	4.23%
Rest of Africa	16,139	5.22%	13,932	4.13%
Other	13,446	4.35%	25,704	7.62%
Total	**309,319**	**100.00%**	**337,177**	**100.00%**

- Income by segment, and sales to third parties of each segment made during 2022 are as follows:

	Tobacco industry	Industrial products	Others	**Consolidated Group**
Segment turnover	240,835	128,796	37,764	**407,395**
Sales to other segments	(46,743)	(13,816)	(9,659)	**(70,218)**
Consolidated Sales	**194,092**	**114,980**	**28,105**	**337,177**

(In thousand Euro)

- Results by segment, for the year ended at 31 December 2022 are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Operating results by segment	39,940	2,206	(129)	16	**42,033**
Net finance results and participation of income of associates (non-distributable profit)					**(975)**
Profit before tax					**41,058**
Income tax					**(9,424)**
Profit for the year					**31,634**

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

- Assets by segment, at 31 December 2022, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable assets by segments	211,344	131,656	23,989	(287)	**366,702**
Non-distributable assets					**84,106**
Total assets					**450,808**
Investments*	**8,670**	**23,704**	**1,644**	**-**	**34,018**

* Investments: Additions in tangible and intangible assets for the year (CO2 gas emission rights not included).

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

- Liabilities by segment, at 31 December 2022, are as follows:

(In thousand Euro)

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	34,272	18,641	5,789	(21,676)	**37,026**
Non-distributable liabilities					**83,491**
Equity					**330,291**
Total liabilities and equity					**450,808**

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

- Amortization and depreciation of tangible and intangible assets by segment, at 31 December 2022, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	9,191	7,758	1,372	317	**18,638**

- Information about geographical areas for the year ended at 31 December 2022:

	External turnover
Domestic market	38,784
Other countries	298,393
TOTAL	**337,177**

	Total Assets
Spain	440,015
Other countries	10,793
TOTAL	**450,808**

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

- Information about the main customers for the year ended at 31 December 2022:

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

	Percentage	Ordinary income	Segment
1	11.96%	40,326	Tobacco industry

2.5 Accounting estimates and judgements

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

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

These estimates are basically used in:

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

- Outstanding litigations have been evaluated by independent experts.

- The assessment of the need for impairment of receivables and inventories.

2.6 Cash Generating Units

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

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

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

3 FINANCIAL RISK MANAGEMENT

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

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

(In thousand Euro)

3.1 Exchange rate risk

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

The effects of currency fluctuations are partly offset by the currency flows generated by imports and exports. The resulting net positions are generally hedged by hedging instruments. Assuming an export position, with a similar volume of foreign currency transactions as in 2023, a depreciation in the USD/EUR exchange rate at the end of the next financial year of 10% would have a negative impact on the consolidated profit and loss account (assuming no hedging instruments were taken out) of approximately EUR 1.737 thousand (EUR 937 thousand in 2022).

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

3.2 Liquidity risk

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

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

At 31 December 2023	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years.**
Loans	4,052	18,410	20,470	8,909	1,074
Trade payables and other payables	44,273	3,526	-	-	-
At 31 December 2022					
Loans	3,059	18,071	29,722	5,808	1,558
Trade payables and other payables	50,721	4,021	-	-	-

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

With this objective, the Group has committed credit facilities to finance its variation in working capital. At the end of 2023 the use of these credit lines was 0% (0% in 2022) (Note 12).

3.3 Interest rate risk

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

Taking into account the level of bank borrowings for 2023, the effect of a 50 bp variation in the interest rate would have entailed an increase or decrease of approximately Euro 190 thousand in the Company's financial expenses for the coming year (Euro 216 thousand in 2022).

3.4 Commercial credit risk

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

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

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

3.5 Price risk

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

Considering that a variation of paper pulp prices occurred by 10%, without considering the existence hedges, the impact in the consolidated income statement would amount Euro 4,146 thousand approximately (Euro 5,813 thousand in 2022).

At the year end, no operations with derivatives that are not reasonably hedged, and the assets related to the pension plans are adequately insured.

3.6 Capital management

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

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

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

The leverage ratio for both December 31, 2023 and December 31, 2022 is not applicable because the Group has a volume of available and realizable resources greater than the debt with credit institutions:

In Thousand Euro	**December 2023**	**December 2022**
Total equity	354,781	330,291
Net borrowings:		
Long-term borrowings	30,453	36,805
Short-term borrowings	22,462	20,938
Cash at banks and in hand and short-term investments	(63,015)	(43,124)
Long-term financial investments	(43,576)	(31,559)
Total net borrowings	(53,675)	(16,940)
Leverage index	No aplicable	No applicable

(In thousand Euro)

4 PLANT, PROPERTY AND EQUIPMENT

The balances and variations for the years ended at 31 December 2023 and 2022 of the accounts included under "Property, plant and equipment" are as follows:

	Land, Buildings and other constructions	Plant and machinery and other fixed assets	Prepayments and assets under construction	Total
Net book value at 31 December 2021	**57,253**	**104,459**	**14,686**	**176,398**
Cost or valuation	82,491	390,511	14,686	487,688
Accumulated depreciation and impairment loss	(25,238)	(286,052)	-	(311,290)
Net book value	**57,253**	**104,459**	**14,686**	**176,398**
Net book value	**57,253**	**104,459**	**14,686**	**176,398**
Exchange differences	(866)	(1,054)	(13)	(1,933)
Additions	5	848	32,818	33,671
Additions IFRS 16	1	-	-	1
Consolidation adjustments and other cost adjustments	2	(100)	-	(98)
Hyperinflation – cost	1,401	1,638	-	3,039
Disposals	(314)	(3,592)	-	(3,906)
Disposals IFRS16	-	(237)	-	(237)
Transfers	1,943	13,588	(18,742)	(3,211)
Depreciation charge	(2,125)	(16,027)	-	(18,152)
Additions for depreciation IFRS 16	(441)	873	-	432
Consolidation adjustments and other depreciation adjustments	-	-	-	-
Transfer depreciation	(223)	(947)	-	(1,170)
Hyperinflation depreciation	314	3,159	-	3,473
Write off of depreciation due to disposals	352	432	-	784
Depreciation exchange differences	2	207	-	209
Closing net book value at 31 December 2022	**57,302**	**103,040**	**28,749**	**189,091**
Cost or valuation	84,663	401,602	28,749	515,014
Accumulated depreciation and impairment loss	(27,361)	(298,562)	-	(325,923)
Net book value	**57,302**	**103,040**	**28,749**	**189,091**
Net book value	**57,302**	**103,040**	**28,749**	**189,091**
Exchange differences	(2,178)	(2,683)	(297)	(5,158)
Additions	1,515	2,146	-	3,661
Additions IFRS 16	77	542	17,353	17,972
Consolidation adjustments and other cost adjustments	-	118	-	118
Hyperinflation – cost	-	318	-	318
Disposals	(105)	(9,676)	-	(9,781)
Disposals IFRS16	(23)	(228)	-	(251)
Transfers	4,002	34,459	(38,496)	(35)
Depreciation charge	(2,191)	(16,574)	-	(18,765)
Consolidation adjustments and other depreciation adjustments	(25)	(502)	-	(527)
Transfer depreciation	104	9,163	-	9,267
Hyperinflation depreciation	197	(12)	-	185
Write off of depreciation due to disposals	318	1,802	-	2,120
Depreciation exchange differences	(198)	(904)	-	(1,102)
Closing net book value at 31 December 2023	**58,795**	**121,009**	**7,309**	**187,113**
Cost or valuation	87,951	426,598	7,309	521,858
Accumulated depreciation and impairment loss	(29,156)	(305,589)	-	(334,745)
Net book value	**58,795**	**121,009**	**7,309**	**187,113**

The additions in 2023 amounted to Euro 17,972 thousand (Euro 33,671 thousand in 2022) and relate mainly to constructions in progress resulting from continued investment in the Group's various production plants.

The additions for 2023 include Euro 2,178 thousand (Euro 1,369 thousand in 2022 relating to own work capitalised by the Group.

The consolidated income statement includes lease expenses relating to the rent of machinery and buildings amounting to Euro 33 thousand (Euro 32 thousand in 2022).

The Group has established proper controls to identify indications of possible impairment losses. In 2023 and 2022 no PPE items have been impaired.

In 1996 Miquel y Costas & Miquel, S.A. and the subsidiary companies S.A. Payá Miralles and Celulosa de Levante, S.A., which contributed 97% of the total property, plant and equipment to the consolidated Group, restated their balance sheets as per Royal Decree Law 7/1996, of 7 June, increasing the cost value of their property, plant and equipment by Euro 11,413 thousand using the updating rate tables published in Royal Decree 2607/1996, of 20 December. The net book value of the revaluated assets at 31 December 2023 totals Euro 514 thousand (Euro 529 thousand in 2022), and the depreciation charge for the year 2023 totals Euro 15 thousand (Euro 16 thousand in 2022).

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

The Group's property, plant and equipment are not subject to guarantees.

There are irrevocable commitments to acquire property, plant and equipment amounting to Euro 5,471 thousand at year end (Euro 6,439 thousand in 2022).

The Group has property, plant, and equipment outside of Spain totalling a net book value of Euro 3,839 thousand in 2023 (Euro 3,871 thousand in 2022).

There have been no capitalised interests on the Group assets during 2023 and 2022.

There are no significant non-operating assets.

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

At 31 December 2023 the value of fully-depreciated assets amounts to Euro 212,683 thousand (Euro 205,464 thousand in 2022).

(In thousand Euro)

5 INTANGIBLE ASSETS

Balances and movements for the years ended 31 December 2023 and 2022 of the items included under "Intangible assets" are as follows:

	Software	Industrial property	Development expenses	Gas emission rights	Intangible assets under construction	Total
At 31 December 2021	**725**	**164**	**-**	**1,942**	**301**	**3,132**
Cost	9,208	204	2,086	1,942	301	13,741
Accumulated amortisation and impairment	(8,483)	(40)	(2,086)	-	-	(10,609)
Net book value	**725**	**164**	-	**1,942**	**301**	**3,132**
At 31 December 2022						
Opening net book value	**725**	**164**	**-**	**1,942**	**301**	**3,132**
Exchange differences	(93)	(27)	-	-	-	(120)
Hyperinflation - cost	139	41	-	-	-	180
Additions	-	-	-	2,215	347	2,562
Disposals	-	-	(336)	(1,796)	-	(2,132)
Transfers	496	-	-		2,715	3,211
Amortisation charge	(465)	(21)	-	-	-	(486)
Amortisation disposals	-	-	336	-	-	336
Amortisation exchange differences	105	8	-	-	-	113
Hyperinflation - amortisation	(172)	-	-	-	-	(172)
At 31 December 2022	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**
Cost	9,750	218	1,750	2,361	3,363	17,442
Accumulated amortisation and impairment	(9,015)	(53)	(1,750)	-	-	(10,818)
Net book value	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**
At 31 December 2023						
Opening net book value	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**
Exchange differences	(206)	(66)	-	-	-	(272)
Hyperinflation - cost	137	40	-	-	-	177
Additions	-	-	-	1,928	398	2,326
Disposals	-	-	(2)	(1,862)	-	(1,864)
Transfers	371	-	3,207		(3,543)	35
Amortisation charge	(504)	(21)	(168)	-	-	(693)
Amortisation disposals	-	-	2	-	-	2
Amortisation exchange differences	274	2	-	-	-	276
Hyperinflation - amortisation	(135)	(35)	-	-	-	(170)
At 31 December 2023	**672**	**85**	**3,039**	**2,427**	**218**	**6,441**
Cost	10,052	192	4,955	2,427	218	17,844
Accumulated amortisation and impairment	(9,380)	(107)	(1,916)	-	-	(11,403)
Net book value	**672**	**85**	**3,039**	**2,427**	218	**6,441**

See comments on emission rights in Note 24.2 to these notes to the consolidated annual accounts.

The Group has intangible assets outside of Spain totalling a net book value of Euro 12 thousand at 31 December 2023 (Euro 24 thousand at 31 December 2022).

(In thousand Euro)

Additions for 2023 include Euro 64 thousand (Euro 49 thousand in 2022) relating to own work capitalised. Additionally, the Group invested Euro 3,284 thousand in R&D-I in 2022 (Euro 6,056 thousand in 2022).

The value of fully amortised assets at 31 December 2023 is EUR 10,312 thousand (Euro 10,047 thousand in 2022).

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

6 NON-CURRENT FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES

The balances and movement for the years ended at 31 December 2023 and 2022 of the line "Non-current financial assets" are as follows:

	Investments in associates	Other financial investments	Deposits and guarantees	Provisions for impairment	Total
Balance at 31 December 2021	**286**	**37,824**	**116**	**-**	**38,226**
Additions	-	6,373	-	-	**6,373**
Disposals	-	(203)	(1)	-	**(125)**
Fair value adjustments (Note 11.2)	-	(4,892) (4,815)	-	-	**(4,892)**
Transfers (Note 9)	-	(8,020)	-	-	**(8,020)**
Share in profit/losses	(3)	-	-	-	**(3)**
Balance at 31 December 2022	**283**	**31,161**	**115**	**-**	**31,559**
Additions	-	26,392	48	-	**26,440**
Disposals	-	(7,965)	(3)	-	**(7,968)**
Fair value adjustments (Note 11.2)	-	5,063	-	-	**5,063**
Transfers (Note 9)	-	(11,505)	-	-	**(11,505)**
Share in profit/losses	(13)	-	-	-	**(13)**
Balance at 31 December 2023	**270**	**43,146**	**160**	**-**	**43,576**

The heading "Investments in associates" includes the investment in the associated company, Fortube, S.L. for an amount of Euro 270 thousand (Euro 283 thousand in 2022). In the current financial year, the company has not distributed dividends (Euro 7 thousand in 2022) and has had a loss of Euro 13 thousand (Euro 3 thousand in 2022).

"Other financial investments" in financial year 2023 includes long-term financial investments with maturities after 2024, remunerated at a nominal interest rate varying between 1.20 % and 6.70 % (1.73 % and 4.55 % in 2022). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return earned by the Group as these are purchased on the secondary debt market.

(In thousand Euro)

Also are included financial investments in shares of Iberpapel Gestión, S.A. representing an 10.07% interest at 2023 year-end (9.06% at the 2022 year-end), with a cost value of Euro 20,145 thousand, whose fair value at 31 December 2023 was Euro 19,494 thousand (Euro 13,050 thousand at the 2022 year-end). Fair value adjustments are recognised in the consolidated statement of recognised income and expense. During fiscal year 2023, dividends amounting to 971 thousand euros were received (Note 21.4).

Additionally, during 2023, the Group has executed the "exit option" it had on a SPAC (Special Purpose Acquisition Company) acquired during fiscal year 2021, recovering the entire initial amount disbursed. This operation has generated a financial income amounting to 346 thousand euros (Note 21.4). As of December 31, 2023, the remaining amount recorded in this heading corresponds to the changes in the accumulated value of the SPAC warrants that the Group still holds for an amount of 55 thousand euros (55 thousand euros at the end of the 2022 financial year).

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

	Shareholding	2023	2022
Fourtube, S.L.	40%	270	283
Total cost		**270**	**283**
Net book value		**270**	**283**

The Group's participation in results of the associated company (Fourtube, S.L.) and its main figures are as follows at 31 December 2023 and 2022:

2023

Name	Registered office	Assets	Equity	Liabilities	Profit/(Loss)	Shareholding (%)
Fourtube, S.L.	Sevilla	623	536	87	(32)	40%
		623	**536**	**87**	**(32)**	

2022

Name	Registered office	Assets	Equity	Liabilities	Profit/(Loss)	Shareholding (%)
Fourtube, S.L.	Sevilla	713	568	144	9	40%
		713	**568**	**144**	**9**	

7 INVENTORIES

The breakdown of inventories at 31 December 2023 and 2022, in thousand Euro, is as follows:

	2023	2022
Commercial products	3,240	3,716
Raw materials and other supplies	30,200	33,216
Finished goods and work in progress	64,886	72,130
Prepayments to suppliers	50	667
TOTAL	**98,376**	**109,729**

The cost of trade inventories finished goods and work in progress recognised as an expense and included in cost of goods sold amounts to Euro 110,841 thousand in 2023 (of which Euro 107,349 thousand are purchases and Euro 3,492 thousand are negative inventory changes) and Euro 124,307 thousand in 2022 (of which Euro 127,162 thousand are purchases and Euro 2,899 thousand negative inventory changes).

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

	2023	2022
Euro	79,107	81,524
USD	30,665	42,870
Other currencies	3,409	2,768
Total	**113,181**	**127,162**

There are no purchase commitments with suppliers at 31 December 2023 and 2022.

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

The Group has recorded provisions for depreciation of inventories for the year 2023 totals Euro 2,656 thousand (Euro 2,440 thousand in 2022), whose amount for impairment losses is registered in the consolidated income statement, increasing its amount to Euro 216 thousand in 2023 (Euro 2,440 thousand in 2022).

8 TRADE AND OTHER RECEIVABLES

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

The balances for the years ended at 31 December 2023 and 2022 of trade receivables for sales and services are as follows:

	2023	2022
Trade receivables	56,717	61,258
Doubtful debtors	646	692
Less: Provision for impairment of accounts receivable	(646)	(692)
Balance at 31 December	**56,717**	**61,258**

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

	2023	2022
Euro	48,278	48,593
US Dollar	7,939	11,002
GBP	2	5
Other currencies	498	1,658
Total	**56,717**	**61,258**

At 31 December 2023, accounts receivable that are not due total Euro 36,914 thousand (Euro 48,199 thousand in 2022).

The Group considers that accounts receivable, except for the impaired amount by Euro 646 thousand in 2023 (Euro 692 thousand in 2022), included in this note, have not suffered any impairment.

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

	2023	2022
Less than 3 months	13,799	11,312
Between 3 and 6 months	4,847	502
More than 6 months	1,157	1,245
Total	**19,803**	**13,059**

The movement in the accounts receivable under bad debt provisions for the years 2023 and 2022 has been as follows:

	2023	2022
Balance at 1 January	**692**	**589**
Charge for the year (Note 20)	41	114
Recoveries of balances provided for (Note 20)	(78)	(2)
Write off of balances provided for	(9)	(9)
Balance at 31 December	**646**	**692**

The recognition and reversal of the provisions for impairment of accounts receivable have been included in the income statement. Amounts charged to the impairment provision are eliminated when there is no expectation that more cash will be collected.

The Group has a significant concentration of credit in certain accounts receivable from customers. To minimize risk, the Group has implemented policies that guarantee the assignment of credit to clients with an adequate history and covers positions by contracting credit insurance.

(In thousand Euro)

9 OTHER CURRENT FINANCIAL ASSETS

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

The balances for the years ended at 31 December 2023 and 2022 of other current financial assets are as follows:

	2023	2022
Sundry receivables	737	97
Public Administrations	3,989	5,362
Derivatives (21.2)	56	229
Current financial asset investments	44,152	37,390
Accruals	9	58
	48,943	**43,136**

The breakdown of accounts with Public Administrations for the years 2023 and 2022 is as follows:

	2023	2022
Public Treasury (VAT receivable)	2,319	4,873
Other taxes refundable	1,192	489
Current tax assets	478	-
	3,989	**5,362**

The movement in current financial asset investments for 2023 and 2022 has been as follows:

	2023	2022
Balance at 1 January	**37,390**	**74,809**
Additions	72,231	83,078
Transfers (Note 6)	11,505	8,020
Exchange rate differences	(296)	(198)
Disposals	(76,678)	(128,319)
Balance at 31 December	**44,152**	**37,390**

The short-term financial investments registered at the year-end of 2023 are Euro 43,662 thousand (Euro 36,995 thousand in 2022), as well as the accrued financial interests in 2023 of Euro 490 thousand (Euro 395 thousand in 2022), maturing within twelve months and paying an effective interest rate that varies within a range of 1.73% to 5.21% for the year 2023 (0.50% to 5.13% in 2022). The nominal interest rate is not necessarily equivalent to the internal rate of return obtained by the Group as these are acquired on the secondary debt market.

10 CASH AND OTHER CASH EQUIVALENTS

The balances for the years ended at 31 December 2023 and 2022 of cash and other cash equivalents are as follows:

	2023	2022
Cash at banks and in hand	18,807	5,505
	18,807	**5,505**

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

11 EQUITY

11.1 Share capital, own shares and share premium

<u>SHARE CAPITAL</u>

The breakdown of share capital at 31 December 2023 and 2022 is as follows:

	Number of shares (thousand)	Nominal Value of Ordinary shares (thousand Euro)
Balance at 31 December 2022	40,000	80,000
Balance at 31 December 2023	40,000	80,000

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

	2023	2022
Balance at 1 January	**38,651**	**38,854**
Capital increase and reduction, acquisition and allocation due to exercise of options on treasury shares	(297)	(203)
Balance at 31 December	**38,354**	**38,651**

At 31 December 2023, the share capital is represented by 40,000,000 ordinary shares (40,000,000 shares in 2022), supported by entries of Euro 2.00 each one, fully subscribed and paid.

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

(In thousand Euro)

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

The resolution adopted at the Ordinary and Extraordinary General Meeting of 22 June 2021 authorised the Board of Directors, for a period of five years, to issue securities convertible into shares of the Company, with the power to exclude shareholders' pre-emptive subscription rights and to increase the share capital by the amount necessary for the conversion. In 2023 and 2022, the Board of Directors did not make use of the aforementioned authorisations.

At the dates of December 31, 2023 and 2022, in accordance with the notifications received by Company submitted by natural and legal persons holding rights of direct and indirect vote by a percentage equal to or greater than 10% Company are as follows:

	% interest	
	2023	**2022**
Jorge Mercader Miró	17.70	17.26
Mª del Carmen Escasany Miquel	12.62	12.47
Indumenta Pueri S.L	14.65	14.65
Bernadette Miquel Vacarisas	12.65	12.57

11.2 Retained earnings and other reserves

The balances for the years ended 31 December 2023 and 2022 in the items forming "Retained earnings, other reserves and other equity instruments" are set out below:

	Legal reserves of the parent company	**Other reserves of the parent company**	**Reserves in fully consolidated companies**	**Cumulative conversion differences**	**Interim dividend**	**Results for the year**	**Other equity instruments**	**Value adjustment (Note 6)**	**Total**
Balance at 31 December 2021	12,400	112,087	94,507	(4,835)	(8,400)	50,792	602	(884)	256,269
Balance at 31 December 2022	16,000	127,405	109,579	(3,661)	(7,700)	31,634	581	(5,776)	268,062
Balance at 31 December 2023	16,000	137,823	114,005	(6,128)	(8,100)	42,714	581	(713)	296,182

LEGAL RESERVE

The parent Company is obliged to transfer a minimum of 10% of the profit for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may be used to increase share capital by applying the part exceeding 10% of the share capital already increased. The amount is Euro 16,000 thousand in 2023 and 2022, so it meets its percentage.

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

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

OTHER RESERVES OF THE PARENT COMPANY

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

Additionally, the capitalization reserves of the Parent Company are included, which amount to 3,056 thousand euros in 2023 (1,918 thousand euros in 2022). According to article 25 Law 27/2014, of November 27, on Corporate Tax, the Company has the right to a reduction in the tax base of 10% of the amount of the increase in its own funds, provided that the following requirements are met:

a) That the amount of the increase in the entity's own funds is maintained for a period of 5 years from the close of the tax period to which this reduction corresponds, except for the existence of accounting losses in the entity.

b) That a reserve be established for the amount of the reduction, which must appear in the balance sheet with absolute separation and appropriate title and will be unavailable during the period provided for in the previous letter.

In no case, the right to this reduction may exceed the amount of 10% of the positive tax base of the tax period prior to this reduction, to the integration referred to in section 12 of article 11 of the LIS and to the compensation of bases. negative taxable.

In the years 2023 and 2022, this tax incentive has been taken advantage of.

RESERVES IN FULLY CONSOLIDATED COMPANIES

These reserves relate to the difference between the carrying value of the shareholding in consolidated companies and the attributable portion of net book value. This line includes Euro 3,044 thousand relating to the legal reserve (Euro 2,910 thousand in 2022), which are subject to the same restrictions as those mentioned in the section “Legal reserves” above.

According to the provisions laid down by mercantile law, some of the Group companies restated the values of certain PPE at 31 December 1996, which generated a revaluation reserve totalling at December 31, 2023 and 2022 Euro 5,411 thousand. The balance of this account can be used, free of tax, to:

- Offset losses.

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

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

However, the balance of the Revaluation Reserve Royal Decree-Law 7/1996 cannot be distributed, directly or indirectly, until the assets have been written off for accounting purposes or have been disposed of or derecognised (Note 4).

ACCUMULATED EARNINGS

They correspond to the results obtained in each year by the Companies that make up the consolidation perimeter as of 31 December 2023 and 2022.

INTERIM DIVIDEND

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

In 2023, in accordance with the resolutions of the Board of Directors, the following interim dividends were paid:

- Against 2022 profits:

    - Resolution of 28 March 2023: resolved to distribute a third interim dividend out of 2023 profits for a total amount of Euro 4,300 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.11192298 per share. As this distribution was paid after the end of the financial year 2022, it complied with the regulatory profit and liquidity requirements.

- Against 2023 profits:

    - Resolution of 27 September 2023: resolved to distribute a first interim dividend out of 2023 profits for a total amount of Euro 4,000 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.104459337 per share.
    - Resolution of 28 November 2023: resolved to distribute a second interim dividend out of the 2023 profits for a total amount of Euro 4,100 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of the treasury shares, was Euro 0.10734834 per share.

All of them have been realized in 2023.

(In thousand Euro)

In financial year 2022, in accordance with the resolutions of the Board of Directors, it was resolved to distribute the interim dividends listed below:

- Against 2021 profits:

  - Resolution of 28 March 2022: resolved to distribute a third interim dividend out of 2021 profits for the total amount of Euro 4,000 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.10334508 per share. As this distribution was paid after the end of the financial year 2021, it complied with the regulatory profit and liquidity requirements.

- Against 2022 profits:

  - Resolution of 27 September 2022: resolved to distribute a first interim dividend out of 2022 profits for a total amount of Euro 3,700 thousand euros which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.09592881 per share.

  - Resolution of 28 November 2022: resolved to distribute a new extraordinary interim dividend out of 2022 profits for a total amount of Euro 4,000 thousand which, in gross unitary terms, with the attribution of the proportional part of the economic rights of the treasury shares, was Euro 0.10385856 per share.

All of them have been realized in 2022.

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

	2023	**2022**
Dividends	17,200	16,100
Tax effect	(1,430)	(1,345)
Total	**15,770**	**14,755**

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

(In thousand Euro)

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

- Provisional resolution of 27 September 2023 to distribute a first interim dividend of the profits from 2023 of a total amount of Euro 4,000 thousand:

	2023
Profit distribution forecast	
Expected net results after tax at 27 September 2023	30,531
Maximum amount to be distributed as interim dividend	30,531
Interim dividend distributed	4,000
Treasury forecast for 1 year from the date of the interim dividend agreement:	
Available liquidity at date of interim dividend agreement **	102,360
Forecast receipts	198,909
Forecast payments (including interim dividend)	(203,685)
Forecast treasury balances at 27 September 2024	**97,584**

** Includes unused credit facilities with financial institutions.

- Provisional resolution of 28 November 2023 to distribute a second interim dividend of the profits from 2023 of a total amount of Euro 4,100 thousand:

	2023
Profit distribution forecast:	
Profit for the period 1 January to 31 December 2022	27,807
Forecast profit for the period 1 January to 30 November 2023	33,571
Legal Reserves	-
Maximum amount to be distributed as interim dividend	61,378
Interim dividends paid by charge to 2022	16,800
Interim dividends paid by charge to 2023	4,000
Proposed dividends by charge to 2023	4,100
Treasury forecast for one year from the date of agreement for interim distribution	
Available liquidity at the date of agreement for distribution of interim dividend**	108,495
Forecast receipts	200,009
Projected payments (including dividends)	(203,608)
Projected cash and bank balances at 28 November 2024	**104,896**

** Includes unused credit facilities with financial institutions

(In thousand Euro)

SUPPLEMENTARY DIVIDEND

Under the resolution adopted by the General Shareholders Meeting dated in June 22, 2023, approved the distribution of dividends for the year, together with the ratification of payments and the agreement of payment of a complementary dividend for the results of 2022 amounting to Euro 4,800 thousand.

Under the resolution adopted by the General Shareholders Meeting dated in June 21, 2022, approved the distribution of dividends for the year, together with the ratification of payments and the agreement of payment of a complementary dividend for the results of 2021 amounting to Euro 4,400 thousand.

CUMULATIVE TRANSLATION DIFFERENCES

The cumulative translation differences in 2023 and 2022 are as follows:

	Cumulative translation differences
Balance at 31 December 2021	**(4,835)**
Movement for the year 2022	1,174
Balance at 31 December 2022	**(3,661)**
Balance at 1 January 2023	**(3,661)**
Movement for the year 2023	(2,467)
Balance at 31 December 2023	**(6,128)**

The cumulative translation differences at the 2023 and 2022 year-end refer to Miquel y Costas Chile, SpA. and Miquel y Costas Argentina, S.A.

RETAINED EARNINGS

The amount of Euro 713 thousand (Euro 5,776 thousand in 2022) corresponds to the change in fair value of equity instruments not held for trading purposes. (Note 6).

OTHER EQUITY INSTRUMENTS

Relates to the amount recorded as a balancing item for staff costs arising from the "Stock Option Plan" formalized 2017. At 31 December 2023 this amounts to 581 thousand Euro (Euro 581 thousand in 2022).

The General Shareholders' Meeting of the Parent Company held in June 22, 2016 approved a new stock option plan, applicable to those executive directors and executives of the Parent Company and Group companies that the Board of Directors appointed. The plan was developed, defined and drawn up by the Board of Directors in its meeting on 30 January 2017, drawing on the powers granted by the General Meeting. The plan states that each option carries one share and allocates 525,000 options of which 491,500 were in effect at the year end, increasing to 786,400 following the capital increase carried out in November 2018 and to 1,072,364 after the increase of capital for fiscal year 2021.

(In thousand Euro)

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

Based on the aforementioned agreements, the exercise price of the option was set at Euro 22.21 per share, determined by the average share price in the previous quarter minus 5%, equivalent to Euro 13.88 after adjustment for the aforementioned capital increase in 2018 and Euro 10.18 after the capital increase in 2021.

The plan includes the following phases:

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

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

The stock option plan is currently in the exercise phase since February 7, 2022.

The beneficiaries have not exercised stock options during the year 2023 (1,825 shares during the year 2022).

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

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

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

The allocation of its value to the consolidated profit and loss account as personnel expense for the year is carried out on an accrual basis with a counterpart to net equity. During fiscal year 2023, no amount has been recorded with a charge to the consolidated profit and loss account (13 thousand euros in 2022).

11.3 Own shares

OWN SHARES

The General Shareholders' Meeting held in June 22, 2021 authorized the Company to acquire treasury shares for a term of five years under the terms of the law.

By virtue of the agreements adopted at the aforementioned General Meeting, the Board of Directors, at the meeting held on November 27, 2023, approved a new Share Repurchase Program (the fifth) under the authorization granted by the aforementioned General Meeting.

The breakdown and movement of own shares in equity for the years 2023 and 2022, is as follows:

Description	Number of shares	Value of the operation (Thousand Euro)	Average price (Euro)	Nominal value (Thousand Euro)
Balance at 31-12-2021	**1,145,904**	**13,372**	**11.67**	**2,292**
Acquisition of own shares	363,410	4,420	12.16	727
Subscription and acquisition on capital increase	-	-	-	-
Capital decrease	-	-	-	-
Award by exercise of options	(1,825)	(21)	(11.79)	(4)
Balance at 31-12-2022	**1,507,489**	**17,771**	**11.79**	**3,015**
Acquisition of own shares	311,354	3,630	11.66	623
Subscription and acquisition on capital increase	-	-	-	-
Capital decrease	-	-	-	-
Award by exercise of options	-	-	-	-
Balance at 31-12-2023	**1,818,843**	**21,401**	**11.77**	**3,638**

During 2023 the parent company, in accordance with the approved framework, acquired 311,354 shares (363,410 shares in 2022) amounting to Euro 3,630 thousand (Euro 4,420 thousand in 2022).

Treasury shares held at 31 December 2023, after the operations carried out during the year, amount to 1,818,843 shares (1,507,489 shares in 2022).

(In thousand Euro)

12 BORROWINGS

The breakdown of the current and non-current financial debt for the years ended at 31 December 2023 and 2022 is as follows:

	2023	2022
Non-current		
Bank loans	30,453	36,805
	30,453	**36,805**
Current		
Bank loans	22,345	20,890
Credit facilities	-	-
Interest accrued	117	48
	22,462	**20,938**
Total borrowings	**52,915**	**57,743**

The movement of short and long-term loans during 2023 and 2022 is the following:

	Long-term Borrowings	Short-term Borrowings
Balance at 31-12-21	**41,564**	**16,405**
Obtaining financing and value update	16,188	-
Amortization	(57)	(16,405)
Transfers from long to short term	(20,890)	20,890
Balance at 31-12-22	**36,805**	**20,890**
Obtaining financing and value update	16,000	-
Amortization	-	(20,897)
Transfers from long to short term	(22,352)	22,352
Balance at 31-12-23	**30,453**	**22,345**

The maturities of non-current borrowings are as follows:

	2023	2022
Up to 1 year	22,462	20,938
Between 1 and 3 years	20,470	29,526
Between 3 and 5 years	8,909	5,768
More than 5 years	1,074	1,511
	52,915	**57,743**

(In thousand Euro)

During 2023 the Group has received 3 loans from credit institutions, 1 of them granted by the Centre for the Development of Industrial Technology (CDTI), and 2 of them granted by financial institutions, for a total of Euro 16,167 thousand, with repayment terms of 5 to 7 years including grace periods ranging of 1 year.

During 2022 the Group has received 4 loans from credit institutions, 2 of them granted by the Centre for the Development of Industrial Technology (CDTI), 1 of them granted by the Ministry of Industry, Commerce and Tourism and 1 by financial institutions, for a total of Euro 16,188 thousand, with repayment terms of 5 to 10 years including grace periods ranging from 1 year to 3 years.

The Group at 31 December 2023 has loans at a zero interest rate with an outstanding capital of-Euro 5,221 thousand (Euro 4,407 thousand at 31 December 2022).

Of total loans at 31 December 2023, Euro 1,076 thousand relates to loans secured through a bank guarantee (Euro 1,309 thousand at 31 December 2022).

The Group has contracted lines of short-term financing (credit facilities) to interest rate market with various financial institutions for a limited amount of 20,907 thousand Euro (16,939 thousand Euro in 2022) of which there is no balance drawn down at the end of 2023 and 2022. Credit lines with a maturity of less than one year are subject to upcoming renovations in the year 2024.

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

	2023	**2022**
Euro	52,915	57,743
AUD	-	-
JPY	-	-
GBP	-	-
USD	-	-
Total borrowings	**52,915**	**57,743**

13 PENSION COMMITMENT LIABILITIES

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

13.1 Defined contribution commitments

The Group has two defined contribution plans as a result of the agreements with representatives of the workers at the Besós and Mislata work centres. The amount recorded during the year as staff costs in the income statement relates to the contributions made in the year 2023 which totals Euro 52 thousand (Euro 53 thousand in 2022) (Note 19).

There are also three other defined contribution plans for the companies Miquel y Costas & Miquel, S.A., and MB Papeles Especiales, S.A., for the executive Directors and Senior Management (Notes 23.3 and 24.4).

(In thousand Euro)

13.2 Defined benefit commitments

In accordance with the Spanish Collective Bargaining Agreement for the paper, pulp and cardboard sector, the Group is obligated to pay the active employees who are eligible and decide to take early retirement the retirement bonuses stipulated in the Agreement. This commitment is externalised and insured under a group insurance policy. In addition, with the entry into force on 1 January 2013 of Law 27/2011, of 1 August, on the which aims to update, adapt and modernise the Social Security system, the Group is now obligated, under the same collective agreement, to allow some of its current employees to take voluntary early retirement at 63 years of age. This is not a new pension commitment, but an increase in the number of employees entitled to the retirement bonus. The insurance policies were taken out in 2013 to comply with the externalisation of pension commitments, and the number of people in the group was expanded in 2016.

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

	2023	2022
Charges in the consolidated income statement:		
- Financial restatement (Financial expenses) (Note 21.4)	14	-
- Current services costs (Note 19)	15	9
- Expected return on plant-related assets (Note 21.4)	(8)	-
	21	**9**
Charges/(credits) in Equity:		
- Actuarial gains and losses	21	5
- Tax effect	(5)	(1)
	16	**4**

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

	2023	2022
Current value of committed liabilities	(389)	(397)
Fair value of plan-related assets	194	211
Liabilities on the balance sheet (Note 14)	**(195)**	**(186)**

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

	2023	2022
Opening balance	**211**	**224**
Expected return on plan-related assets	7	-
Actuarial gains / (losses)	(1)	(31)
Contributions paid net of returned premiums	(23)	18
Closing balance	**194**	**211**

(In thousand Euro)

The movement in the fair value of the committed liabilities:

	2023	2022
Opening balance	**397**	**441**
Interest costs	14	-
Current services costs	15	11
Past service cost	-	-
Actuarial (gains) / losses	(22)	(36)
Contributions paid	(15)	(19)
Closing balance	**389**	**397**

- Valuation of defined benefit commitments:

  Group management has engaged an independent actuary to prepare an actuarial valuation at 31 December 2023 and 2022 of each pension plan mentioned above, in accordance with the criteria and methodology generally accepted for IFRS purposes.

  The main actuarial assumptions applied have been as follows:

Interest rate for valuing liabilities with current personnel at 31/12/2022	3.60%
Interest rate for valuing liabilities with current personnel at 31/12/2023	2.99%
Expected return on assets with current personnel	3.60%
Mortality tables	PERMF-2020
Hypothesis of permanence	ORDER EHA/3433/20 06 COD21
Retirement age	63 years

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

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

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

(In thousand Euro)

14 OTHER NON-CURRENT LIABILITIES

The breakdown of this account at the years ended 2023 and 2022 is as follows:

	2023	2022
Grants	3.479	1,898
Long-term staff liabilities (Note 13.2)	195	186
Deposits and guarantees	2	2
Other	1.439	1,372
	5.115	**3,458**

a) Grants

The details and movement of grants are as follows:

	Government grants	Subsidised interest rate	Emission rights (Note 25.2)	Total
Balance at 31-12-2021	**1,151**	**85**	**35**	**1,271**
Increases	569	97	1,986	2,652
Transferred to income statement	(225)	-	(1,680)	(1,905)
Decreases	-	(85)	(35)	(120)
Balance at 31-12-2022	**1,495**	**97**	**306**	**1,898**
Increases	1.360	266	1.928	3.554
Transferred to income statement	(313)	-	(1.545)	(1.858)
Decreases	-	(97)	(18)	(115)
Balance at 31-12-2023	**2,542**	**266**	**671**	**3,479**

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

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

Government grants at 31 December 2023 and 2022 include the capital grants from the Government of Catalonia, Energy Agency of Valencia, the C.D.T.I. and the ICAEN, mainly for the Group investments in environmental investigation for improving energy efficiency.

b) Long-term staff liabilities

The movement of long-term staff liabilities during 2023 and 2022 is as follows:

(In thousand Euro)

Balance 31-12-21	**217**
Provisions (Note 13)	9
Payments/collections	(35)
Actuarial gains and losses	(5)
Balance 31-12-22	**186**
Provisions (Note 13)	21
Payments/collections	9
Actuarial gains and losses	(21)
Balance 31-12-23	**195**

The Group has recorded at 2012 year end a provision amounting to Euro 400 thousand, as a result of the implementation of Law 27/2011, of August 1 on updating, improvement and modernization of the Social Security system and came into force 1 January 2013, resulting in an increase in employees entitled to early retirement during 2016 This provision totals Euro 195 thousand as of 31 December 2022 (Euro 186 thousand in 2022).

c) Others

In this heading a provision of Euro 259 thousand was posted in 2016 to cover possible third-party liability as a lucrative participant in the current procedure against directors of Mutua Universal Mugenat and against it as a secondarily liable party, which is maintained in 2022 and 2023.

Also, this heading includes a provision relating to provisions for accrued variable remuneration Euro 216 thousand in 2023 (Euro 126 thousand in 2022). The short-term part (if any) is detailed in Note 16.

Additionally, this heading includes Euro 721 thousand relating to lease liabilities as a result of the application of IFRS 16 (Euro 742 thousand in 2022) and Euro 243 thousand (Euro 371 thousand in 2022), for other concepts.

15 TRADE CREDITORS AND OTHER ACCOUNTS PAYABLE

This section only reflects the balance at 31 December 2023 and 2022 of trade creditors and payables. Of Euro 31,091 thousand in this balance at 31 December 2023, 5,985 thousand relate to trade creditors in foreign currency, basically US Dollars, translated into Euro (In 2022, of Euro 41,848 thousand in this balance at 31 December 2021, 4,020 thousand relate to trade creditors in foreign currency, basically US Dollars, translated into Euro).

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

Additionally, the balance of Euro 31,091 thousand includes short-term fixed asset creditor balances amounting to Euro 3,730 thousand in 2023 (Euro 4,821 thousand in 2022).

The average payment period has been drawn up in accordance with Law 15/2010, which establishes measures to combat late payment in commercial operations, as well as the modifications established in Law 18/2022, of September 28, creation and growth of companies.

According to the Resolution mentioned before, information to be included in the notes to the financial statements in relation to the average payment period is as follows:

	31/12/2023	31/12/2022
	Days	**Days**
Average payment period to creditors (1)	34	26
Ratio of operations paid (2)	35	27
Ratio of operations pending payment (3)	28	9
	Thousand Euro	**Thousand Euro**
Total payments made	146,871	194,845
Total outstanding payments	19,113	14,329
Total payments within the period established in the delinquency regulations (millions of euros) (4)	131,864	186,391
% of the amount paid within the period established in the delinquency regulations with respect to the total amount paid (4)	90%	96%
Number of invoices paid within the period established in the delinquency regulations (4)	23,577	21,864
% of invoices paid within the period established in the delinquency regulations with respect to the total invoices paid (4)	87%	84%

(1) Calculated considering the amounts paid and those pending payment.
(2) Average payment period in operations paid during the year.
(3) Average age of supplier balance pending payment.
(4) Information requirement established by Law 18/22.

16 SHORT TERM PROVISIONS AND OTHER CURRENT LIABILITIES

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

	2023	2022
Non-trade creditors	11,177	3,385
Accrued salaries	4,340	4,375
Provision for gas emission rights (note 24.2)	1,774	1,857
Other current provisions	50	75
Derivatives (note 21.2)	10	-
Advance payments from customers	793	3,971
Other liabilities	401	505
	18,545	**14,168**

(In thousand Euro)

Neither in 2023 nor in 2022 are there short-term provisions for variable remuneration with a multi-year consolidation period. See long-term detail in Note 14.

The Group has not received guarantees associated with these liabilities. Of the total of "Short-term provisions" and "current liabilities" of the Group at 31 December 2023, an amount of 457 thousand Euro are in non-euro currency (596 thousand Euro in 2022).

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

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

a) Non-trade creditors

	2023	**2022**
Taxes payable to Public Administrations	9,849	1,983
Social Security	1,026	1,009
Other taxes payable	302	393
	11,177	**3,385**

The balance of creditor Treasury at year-end 2023 and 2022 includes essentially the amounts provided in respect of Income Tax of Physical Persons Tax and Value Added.

b) Other current provisions.

The Group records short-term provisions amounting to Euro 50 thousand (Euro 75 thousand in 2022). These provisions are related to the normal course of business.

17 TAX SITUATION

17.1 Consolidated tax regime

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

In 2023 and 2022 they are as follows:

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

Terranova Papers, S.A.
Miquel y Costas Logística S.A.
Clariana S.A

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

In December 2022, the Council of the European Union adopted Directive 2022/2523, which include the OECD Model Standards relating to Pillar Two into the European legal framework. The Directive establishes a minimum effective tax rate of 15% for the large groups affected and sets the deadline for its transposition by the Member States as December 31, 2023, with an entry into force date of January 1, 2024.

Under this new legislation, affected groups will be required to pay a supplementary tax for the difference between the effective tax rate per jurisdiction, calculated in accordance with the provisions of the Directive, and the minimum tax rate of 15%.

At the date of formulation of these consolidated annual accounts, the process of transposition of the Directive into Spanish legislation is still ongoing. In December 2023, the Council of Ministers in Spain approved, in its initial phase, the Draft Law for the transposition of the aforementioned Directive, which is expected to come into force in Spain retroactively on January 1, 2024.

In other jurisdictions relevant to the Group, such as Germany, Pillar Two legislation has already been enacted or substantially enacted and will come into force as of December 31, 2023.

At the end of the year, the Management of the Miquel y Costas & Miquel, S.A. Group has carried out a preliminary assessment of its exposure to Pillar Two legislation once it comes into force. The mentioned analysis has been carried out on the basis of a simplified calculation and considering only certain adjustments provided in the legislation.

As a result of this preliminary analysis, given that the Group does not exceed 750 million euros in income and the effective tax rate obtained in most of the jurisdictions in which the Group operates exceeds the aforementioned 15%, as of December 31, 2023 it has been estimated that there is no impact on the financial statements derived from the Pillar Two complementary tax.

17.2 Corporate income tax

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

(In thousand Euro)

	2023	2022
Profit before tax	56,553	41,058
Elimination of results of foreign companies for non-tax group consolidation*	(1,527)	(737)
Adjustments to taxable income	1,385	(2,594)
Taxable income	56,411	37,727
Result of tax rate on taxable income	14,103	9,432
Deductions and credits	(650)	(928)
Tax consolidation group	13,453	8,504
Corporate income tax expense for the year – non tax group *	1,079	701
Shortfall / excess corporate income tax expense for the previous year and other adjustments	(47)	15
IAS / IFRS adjustments and others	(646)	204
Tax expense	13,839	9,424

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

During the current year the Group applied the reduction to the corporate income tax base amounting to Euro 1,057 thousand (Euro 2,332 thousand in 2022) as a capitalization reserve. Since the company is taxed through a consolidated tax regime and in accordance with Article 62 of Law 27/2014 of income tax, the calculation of the reserve was made at the Group tax level and its provision has been made for each company depending on the increase in equity each company contributed to the group.

The average tax rate for 2023 is 24.47% against 22.95% in the prior year.

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

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

The Group has applied in the calculation of income tax for 2023 tax incentives amounting to Euro 650 thousand (Euro 928 thousand in 2022) mainly relating to deductions for the environment, research and development and technological innovation.

The Group has applied tax loss carryforwards from Clariana, S.A. amounting to Euro 90 thousand in the current year (Euro 0 thousand in 2022).

(In thousand Euro)

The Group's capitalized tax loss carryforwards pending application as of December 31, 2023 amount to 3,316 thousand euros (0 thousand euros as of December 31, 2022), generated by the subsidiary MB Papeles Especiales, S.A., which will be offset in the coming years once the existing limitations on the compensation of tax loss carryforwards have been considered in accordance with the tax regulations in force. In this sense, given that there are no doubts about their future recoverability, they have been recorded.

Additionally, there are tax loss carryforwards pending application for an amount of 398 thousand euros as of December 31, 2023 (488 thousand euros as of December 31, 2022) generated by the subsidiary Clariana, S.A. in 2018 prior to its incorporation to the tax group. Based on the evolution of the business and results of this subsidiary, they have not been subject to capitalization or accounting record.

The Group has no unused tax credits in 2023 and 2022.

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

	2023	**2022**
Net tax payable		
From Miquel y Costas & Miquel, S.A.	83	553
From subsidiaries consolidated for tax purposes		
Sociedad Española Zig-Zag, S.A.	-	-
S.A. Payá Miralles	49	47
Papeles Anoia, S.A.	124	113
MB Papeles Especiales, S.A.	(349)	(165)
Miquel y Costas Tecnologías, S.A.	11	(18)
Celulosa de Levante, S.A.	(474)	179
Desvi, S.A.	(68)	(98)
Miquel y Costas Logística S.A.	38	47
Miquel y Costas Energía y Medio Ambiente , S.A.	16	27
Terranova Papers, S.A.	143	3
Clariana, S.A.	(51)	(15)
Total	**(478)**	**673**

17.3 Deferred income tax assets and liabilities

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

The overall effect of the recognition of the deferred tax for 2023 and 2022 is as follows:

(In thousand Euro)

	2023	2022
Deferred income tax assets:		
- Deferred income tax assets to be recovered in more than 12 months	2,759	1,996
- Deferred income tax assets to be recovered in 12 months	260	200
	3,019	**2,196**
Deferred income tax liabilities:		
- Deferred income tax liabilities to be paid in more than 12 months	1,940	2,305
- Deferred income tax liabilities to be paid in 12 months	315	322
	2,255	**2,627**

The breakdown of deferred income tax assets and liabilities for 2023 and 2022 is as follows:

	2023	2022
Deferred income tax assets:		
Pension premiums	27	27
Limitation on the deduction of depreciation	313	486
Revaluations RD 16/2012	545	589
Accruals	774	749
Tax credits	829	-
Other	531	345
	3,019	**2,196**

	2023	2022
Deferred income tax liabilities:		
Profit generated by business combinations	212	212
Accelerated tax depreciation	789	1,068
Business combination	170	170
Hyperinflation	989	1,089
Other	95	88
	2,255	**2,627**

(In thousand Euro)

The movements in deferred income tax assets and liabilities for 2023 and 2022 are as follows:

	2023	2022
Opening balance	**(432)**	**(406)**
Business combination	-	-
Charged in the income statement	1.201	(25)
Charged directly to equity	(5)	(1)
Closing balance	**764**	**(432)**

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

17.4 Years open to inspection

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

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

In September 2019 the Company was notified of the tax assessment resulting from the tax inspection, with an amount payable to the tax administration of Euro 1,851 thousand which was placed on deposit by the Company on 5 November 2019. In accordance with the opinion of their advisors, the Directors have solid arguments to consider that following the submission of the relevant appeals, that amount will not give rise to a liability for the Group and they have therefore recognised an asset of Euro 1,710 thousand at 31 December 2023 (Euro 1,710 thousand in 2022). In 2023, the latest rulings of the Supreme Court of November 2, 2023 and of the High Court in its ruling of June 27, 2023 in relation to the deductibility in Corporate Tax of the remuneration paid for the functions of a senior manager, derived of a senior management contract, who also had the status of administrator, reaffirm our arguments contributed to the inspection.

At the date of issue of these consolidated annual accounts, the Group's returns are open to inspection by the tax authorities for corporate income tax since 2019 and the other principal taxes to which it is subject since 2020, inclusive. The Directors do not consider that, in the event of an inspection, additional liabilities will arise for significant amounts.

(In thousand Euro)

18 NET TURNOVER AND OTHER OPERATING INCOME

Net turnover of the Group in 2023 and 2022 has totalled Euro 309,319 thousand and Euro 337,177 thousand, respectively, and relate to the sales of paper for cigarettes, paper for industrial use and printing and special pulp.

Furthermore, net turnover in 2023 includes Euro 46,368 thousand relating to sales in foreign currency (Euro 58,306 thousand in 2022).

Net turnover and other operating income by product lines in 2023 and 2022 have been as follows:

	2023	**2022**
Sales	309,319	337,177
Operating grants	4,393	2,256
Other sales and other ordinary income	1,082	3,691
Total	**314,794**	**343,124**

Net turnover by geographic area in 2023 and 2022 is as follows:

	2023	**2022**
Domestic market	38,125	38,784
Exports		
European Union	93,367	99,696
OECD countries	98,433	104,362
Other countries	79,394	94,335
Total	**309,319**	**337,177**

19 STAFF COSTS

Staff costs of the Group in 2023 and 2022 have been as follows:

	2023	**2022**
Wages and salaries	35,540	34,802
Social Security	11,084	10,301
Contribution to pension fund (Note 13.1 and 13.2)	67	62
Long-term benefits to staff equity instruments (Note 11.2)	-	13
Severances	260	713
TOTAL	**46,951**	**45,891**

In 2023, 126 thousand euros have been reverted, provisioned in fiscal year 2022, in reference to the multi-annual remuneration plan (Note 14).

(In thousand Euro)

The average number of employees in 2023 and 2022 has been as follows:

Professional category	2023	2022
Members of the Boards of Directors (executives)	1	2
Senior Management	10	9
Executives	26	21
Managers and Middle Management	94	102
Administrative and Technical personnel	170	169
Production staff	582	576
TOTAL	**883**	**879**

The breakdown by gender and category at the 2023 and 2022 year end, is as follows:

	2023		2022	
Professional category	**Men**	**Women**	**Men**	**Women**
Members of the Boards of Directors (executives)	1	-	2	-
Senior Management	6	3	6	3
Executives	22	1	21	-
Managers and Middle Management	86	10	90	10
Administrative and Technical personnel	81	89	85	87
Production staff	452	135	453	135
TOTAL	**648**	**238**	**657**	**235**

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

	2023		2022	
Professional category	**Men**	**Women**	**Men**	**Women**
Managers	1	-	1	-
Middle Management	-	-	-	-
Administrative and Technical personnel	-	1	-	1
Production staff	3	1	3	1
TOTAL	**4**	**2**	**4**	**2**

20 OTHER OPERATING EXPENSES

Other operating expenses at 31 December 2023 and 2022 break down as follows:

(In thousand Euro)

	2023	2022
Leases and royalties	21	35
Independent professional services	4,297	4,821
Transport	8,885	13,550
Insurance premiums	2,273	2,248
Repairs and maintenance	5,633	5,724
Travel, publicity and advertising	5,113	4,453
Supplies	28,309	77,175
Other auxiliary services	16,895	18,222
Other operating expenses	5,302	4,969
Variation in trade provisions (Note 8)	(37)	112
Provision for gas emission allowances	1,806	1,857
Total other operating expenses	**78,497**	**133,166**

"Other operating expenses" include an amount by Euro 3,709 thousand relating to transactions in non-Euro currencies. The currencies of the mentioned transactions are mainly the dollar and relate to the subsidiaries located in Argentina and Chile (Euro 4,130 thousand in 2022).

21 FINANCIAL INSTRUMENTS AND NET FINANCIAL RESULTS

21.1 Financial instruments by categories

The net book value of each category for the financial instruments at 31 December 2023 and 2022, are as follows:

Financial Assets at 31 December 2023	Deposit and guarantees (Note 6)	Trade accounts receivable (Note 8)	Shareholdings and loans associates (Note 6)	Other debtors (Note 9)	Other financial investments (Notes 6 and 9)
Investments at amortised cost	160	-	270	-	23,425
Financial assets available for sale	-	-	-	-	19,721
Total Non- Current Financial Assets	**160**	**-**	**270**	**-**	**43,146**
Investments at amortised cost	-	-	-	-	44,152
Hedging derivatives	-	-	-	-	56
Loans and receivables	-	56,717	-	737	-
Total Current Financial Assets	**-**	**56,717**	**-**	**737**	**44,208**

(In thousand Euro)

Financial Assets at 31 December 2022	Deposit and guarantees (Note 6)	Trade accounts receivable (Note 8)	Shareholdings and loans associates (Note 6)	Other debtors (Note 9)	Other financial investments (Notes 6 and 9)
Investments at amortised cost	115	-	283	-	12,836
Financial assets available for sale	-	-		-	18,325
Total Non- Current Financial Assets	**115**	**-**	**283**	**-**	**31,161**
Investments at amortised cost	-	-	-	-	37,390
Hedging derivatives	-	-	-	-	229
Loans and receivables	-	61.258	-	97	-
Total Current Financial Assets	**-**	**61,258**	**-**	**97**	**37,619**

Financial Liabilities at 31 December 2023	Banks Loans (Note 12)	Trade payables (Note 15)	Other payables (Note 14 and 16)
Liabilities at fair value with changes in results	-	-	-
Other Financial Liabilities at amortized cost	**30.453**	**-**	**721**
Total Non – Current Financial Liabilities	**30,453**	**-**	**721**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	10
Other Financial Liabilities at amortized cost	22,462	31,091	5,534
Total Current Financial Liabilities	**22,462**	**31,091**	**5,544**

Financial Liabilities at 31 December 2022	Banks Loans (Note 12)	Trade payables (Note 15)	Other payables (Note 14 and 16)
Liabilities at fair value with changes in results	-	-	-
Other Financial Liabilities at amortized cost	36,805	-	742
Total Non – Current Financial Liabilities	**36,805**	**-**	**742**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	-
Other Financial Liabilities at amortized cost	20,938	41,848	8,851
Total Current Financial Liabilities	**20,938**	**41,848**	**8,851**

Income and expenses arising from financial instrument category for 2023 and 2022 are as follows:

	2023	**2022**
Investment at amortised cost (Note 21.4)	1,958	854
Other financial liabilities at amortized cost (Note 21.4)	(588)	(414)
Total net	**1,370**	**440**

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

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

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

21.2 Financial derivatives

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

The breakdown of the hedged exchange rate positions at 31 December 2023 is as follows:

Currency	Maturity	Nominal in forex *	Profit/ (loss) in euros*
USD	2024	6,500	48
JTY	2024	-	-
AUD	2024	177	(2)
NOK	2024	-	-
Total (Loss) / Profit			**46**

*Expressed in Thousand Euros

The breakdown of the hedged exchange rate positions at 31 December 2022 is as follows:

Currency	Maturity	Nominal in forex *	Profit/ (loss) in euros*
USD	2023	7,700	202
JTY	2023	(39,300)	5
AUD	2023	888	22
NOK	2023	390	-
Total (Loss) / Profit			**229**

*Expressed in Thousand Euros

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

(In thousand Euro)

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

The derivatives held for trade are classified as current assets or liabilities. The total fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is greater than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. All financial instruments contracted by the Group relate to current assets and liabilities (Note 9 “Assets” and Note 16 “Equity and liabilities”).

21.3 Fair value estimation

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

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

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets	19,721	56	-	19,777
Liabilities				
Financial liabilities	-	(10)	-	(10)

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets	18,325	229	-	18,554
Liabilities				
Financial liabilities	-	-	-	-

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

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

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

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

Specific techniques for measuring financial instruments include:

- Market trading prices or prices set by financial intermediaries for similar instruments.

- Other techniques, such as analysis of discounted cash flows, are used to analyse the fair value of other financial instruments.

(In thousand Euro)

21.4 Net financial results

The summary of the financial results at 31 December 2023 and 2022 is as follows:

	2023	2022
Financial income:		
- Other interest and income from cash and other cash equivalents	459	440
- Investments held to maturity	1,959	854
- Expected return from pension-related assets	1,317	-
Total Financial Income	3,735	1,294
Financial expenses:		
- Other financial liabilities at amortized cost- Bank Interest	(588)	(414)
- Other Bank Interest	-	-
- From restatement of provisions for employee benefits	(14)	-
Total financial expenses	(602)	(414)
Exchange differences:		
- Exchange losses	(4,505)	(6,064)
- Exchange gains	3,018	4,206
Total exchange differences	(1,487)	(1,858)
Impairment and result from disposal of financial instruments		
- Investments in capital	-	-
Total impairment and result from disposal of financial instruments	-	-
Net financial results	**1,646**	**(978)**

22 EARNINGS PER SHARE

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

	2023	2022
Profit attributable to the Group's shareholders (in Euro thousands)	42,714	31,634
Weighted average number of ordinary shares in circulation (thousands)	38,357	38,651
Basic earnings per share (Euro)	1.11	0.82
Diluted earnings per share (Euro)	1.11	0.82

Diluted earnings per share do not differ significantly from basic earnings, only one type of shares has been issued and there are no potentially dilutive shares or instruments that support it with a relevant impact.

23 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

23.1 Information on related parties

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

Based on the communications received from related parties, during 2023 and 2022 no transactions were performed and there are no outstanding balances between related parties and the parent company (save the investments detailed in note 6 above and the dividends paid). In accordance with Order EHA/3050/2004, of 15 September, the members of the Board of Directors, the Management Committee and Management Commission, managers of other Group companies and the parent company's general representatives have been identified as related parties along with the parties related to the previous groups, as defined in this rule.

Conflict of interest situations of the Board of Directors

I As part of the duty to avoid conflicts with the Company's interests, during the year the directors which held positions in the Board of Directors fulfilled the obligations set forth in Article 228 of the Spanish Companies Act. Additionally, the directors and persons related to them have not come under the provisions of conflicts of interest envisaged in article 229 of this law.

(In thousand Euro)

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

The members of the Board of Directors holding shares in the Company in 2023 are as follows:

Name of registered name of the board members	Office	Direct number of shares	Indirect number of shares	% share capital
D. Jorge Mercader Barata	Presidente	197,727	-	0.494%
D. Jorge Mercader Miró	Presidente de Honor	630,000	6,453,788	17.709%
D. Eusebio Díaz-Morera Puig-Sureda	Consejero	100,641	14,934	0.289%
D. Álvaro de la Serna Corral	Consejero	42,000	5,051,024	12.733%
D. Javier Basañez Villaluenga	Consejero	112,632	-	0.282%
D. Josep Miquel Vacarisas	Consejero	147,000	4,920,743	12.669%
Total		**1,230,000**	**16,440,489**	**44.18%**

The members of the Board of Directors holding shares in the Company in 2022 are as follows:

Name of registered name of the board members	Office	Direct number of shares	Indirect number of shares	% share capital
Mr Jorge Mercader Miró	Chair	608,900	6,295,461	17.261%
Mr Eusebio Díaz-Morera Puig-Sureda	Director	100,641	14,934	0.289%
Mr Álvaro de la Serna Corral	Director	42,000	1,024	0.108%
Mr Javier Basañez Villaluenga	Director	112,632	-	0.282%
Joanfra, S.A	Director	2,809,088	-	7.023%
Mr Joaquin Faura	Director	11,640	-	0.029%
Mr Jorge Mercader Barata	Deputy Chair	197,727	-	0.494%
Total		**3,882,628**	**6,311,419**	**25.485%**

23.3 Remuneration paid to the members of the Board of Directors

The members of the Group's parent company's Board of Directors accrued remuneration in respect of the following items in 2023, following authorisation granted by the General Shareholders' Meeting:

a. The directors who are executives of the parent company thanks to their executive functions, received fixed salaries amounting to €733 thousand (Euro 988 thousand in 2022) and variable remuneration amounting to €656 thousand (Euro 665 thousand in 2022). The amount of the variable remuneration is determined based on the degree of achievement of previously established objectives, linked to the results of the Parent Company itself and the Group, to the generation of value in the medium and long term and to the performance of the functions carried out. See additional information in Note 19.

On the other hand, the executive directors' remuneration system is complemented through the payment of an individual health insurance premium. The amount accrued for this item in 2023 and 2022 totalled Euro 3 thousand and Euro 3 thousand, respectively.

Finally, the" 2016 Stock Option Plan" which was formalised in 2017 is in the "Exercise Phase" at year end 2022. This phase lasts for three years and marks the start of the period during which the beneficiaries may exercise options. During 2023 and 2022, none of the directors exercised their options.

b. In accordance with the bylaws, the members of the Board of Directors are entitled to a maximum total remuneration equivalent to 5% of the net profits of the company Miquel y Costas & Miquel, S.A., following compliance with applicable legal and bylaw requirements. The amount accrued in this respect in 2022 and 2021 was Euro 1,386 thousand (5% of profit after tax) and Euro 1,816 thousand (5% of profit after tax), respectively, which is recognised under Other operating expenses in the income statement and is mostly paid in the following years, once the requirements of articles 217 and 218 of the Spanish Companies Act and Bylaws have been met.

The Company has established a guarantee in respect of civil liability insurance cover amounting to Euro 15,000 thousand for which a premium of Euro 28 thousand was paid in the present year (Euro 31 thousand in 2022).

At 31 December 2023 and 2022 there is no committed balance receivable or payable with the members of the Board of Directors except as mentioned above.

During 2023 and 2022 no advances or loans were granted to the Directors.

23.4 Remuneration paid to the members of Senior Management

Total fixed and variable remuneration and remuneration for other items paid to members of Senior Management who are not in turn executive directors in 2023 amounted to Euro 2,561 thousand (Euro 1,892 thousand in 2022).

The "2016 Stock Option Plan" which was formalised in 2017 is in the "Exercise Phase" at year end 2022. This phase lasts for three years and marks the start of the period during which the beneficiaries may exercise options. During 2023 no members of Senior Management exercised their options.

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

The members of Senior Management, as defined by the Group who are not executive directors are:

Name	Position
Mr Antoni Albareda Soteras	Director of the Capellades factory
Ms. Olga Encuentra Catalán	Director of Group management control
Mr Javier García Blasco	Commercial director of Booklet Division
Ms. Marina Jurado Salvado	Commercial director of Smoking Division
Ms. Victoria Lacasa Estébanez	Group's Legal Counsel
Mr Ignasi Nieto Magaldi	General Manager
Mr José Maria Masifern Valón	Director of the Besós factory
Mr Josep Payola Basets	Manager of MB/Terranova
Mr Alfonso Perez Llorente	Director of the Mislata factory
Mr Jordi Prat Canadell	Group's finance and corporate development director

24 ENVIRONMENTAL POLICY

24.1 Environmental assets and expenses

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

Total net investment after deducting grants received and tax deductions applied has totalled Euro 3,616 thousand in 2023 (Euro 6,060 thousand in 2022).

The Group's main environmental investments in 2023 in the production process focused on reducing energy consumption, thus contributing to the prevention of climate change, and to promote the reduction in the consumption of raw materials, thus favouring the minimization of waste generated and the circular economy.

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

(In thousand Euro)

Total expenses allocated to the protection and improvement of the environment, deducting the income obtained on the sale of by-products, and the expenses generated by CO2 emission rights have risen to Euro 4,744 thousand in 2023 (Euro 4,986 thousand in 2022), of which there are not any unusual items, and relate basically to the local taxes for the use of water in the Regions, consumption of raw materials and energy in environmental protection equipment and other waste treatment.

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

24.2 Greenhouse gas emissions allowances

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

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

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

The maximum emissions of the excluded companies and the cumulative emissions at the close of 2023 were as follows:

	Maximum annual emissions (Tm.)	**Emissions at year-end (Tm.)**
MB Papeles Especiales, S.A.	20,844	6,620
Terranova Papers, S.A.	10,061	10,307
S.A. Payá Miralles	18,532	9,552
Clariana, S.A.	24,668	4,532
Total	**74,105**	**31,011**

(In thousand Euro)

The maximum emissions of the excluded companies and the cumulative emissions at the close of 2022 were as follows:

	Maximum annual emissions (Tm.)	**Emissions at year-end (Tm.)**
MB Papeles Especiales, S.A.	16,364	11,401
Terranova Papers, S.A.	10,506	10,664
S.A. Payá Miralles	16,591	11,249
Clariana, S.A.	18,777	5,477
Total	**62,238**	**38,791**

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

If the allowances exceed the established maximum, they will have to be surrendered in the year 2024. Since Terranova, S.A. has exceeded the limit of 246, a provision of Euro 19 thousand been recorded in 2023 (Euro 12.7 thousand for Terranova, S.A., in 2022).

The breakdown of the movement during 2023 and 2022 of this gas emissions allowances is as follows:

	2023	**2022**
Opening balance	1,857	1,861
Increase due to new emissions	1,774	1,857
Return of emission rights from last year	(1,857)	(1,861)
Closing balance	**1,774**	**1,857**

The amount of the provision as of 31 December 2023 corresponds to the units that remain to be delivered for the emissions current year of the non-excluded companies and for the excess emissions of the excluded ones and the provision for the excess consumption of the company Terranova, S.A. (in 2022 it corresponded to the units that remained to be delivered for the emissions of the last year of the non-excluded companies and for the excess emissions of the excluded companies and the provision for the excess consumption of the company Terranova, S.A.).

(In thousand Euro)

The movement in 2023 and 2022 under emissions allowances (Note 14) is as follows:

	2023		2022	
Thousand Euro	**Tn CO2**	**Value**	**Tn CO2**	**Value**
Opening balance	**3,667**	**306**	**723**	**38**
Rights granted	23,174	1,928	23,505	1,963
Previous year adjustment	(209)	(18)	(19)	(15)
Consumption for the year	(18,565)	(1,545)	(20,542)	(1,680)
Closing balance	**8,067**	**671**	**3,667**	**306**

Of the consumption for fiscal year 2023, there is a part that was not subsidized: 3,000 rights amounting to 210 thousand euros.

During the 2023 financial year, no purchases have been made outside the Group (3,000 rights in 2022 at 69.9 euros). There have been no sales outside the Rights Group in 2023 or in fiscal year 2022.

24.3 Greenhouse gas emissions allowances

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

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

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

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

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

(In thousand Euro)

25 INVESTMENT GRANTS OF NON-FINANCIAL ASSETS

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

	2023	2022
Capital grants transferred to the income statement (Note 14)	313	225
Greenhouse gas emission allowances (Note 14)	1,545	1,680
Total	**1,858**	**1,905**

26 CONTINGENCIES AND COMMITMENTS

Contingent assets

Regarding the judicial process followed against the former distributor in Italy Tobacco's Import-Export SPA, once the appeal filed before the Supreme Court was inadmissible and the procedure for the execution of the sentence that condemned the distributor to pay compensation to the Company had begun in Italy for damages, in the month of December both parties reached a transactional agreement, by virtue of which Tobacco's Import-Export SPA at the beginning of 2024 has proceeded to pay the Company the amount of 500,000 euros, an agreement with which end of the procedure.

Contingent liabilities

The Group engages in litigation and disputes in the normal course of business. In 2023, the most relevant events during the year were as follows.

Regarding the appeal filed before the National Court against the ruling of the Central Economic Administrative Court in relation to the settlement agreement of the Tax Inspection relating to Corporate Tax, during the 2023 financial year there has been no development and the Parent Company, in agreement with its advisors and with the latest jurisprudence of the Supreme Court on this matter, considers that, in accordance with current accounting regulations, it should not record any relevant amount in its consolidated Annual Accounts.

During 2023, there has been no development in relation to the two economic-administrative claims presented before the Central Economic-Administrative Court against the settlement agreements of the Tax Agency related to the partial exemption in the Electricity Tax for the years 2016 and 2017, on the one hand, and fiscal year 2018, on the other; The Parent Company having made the precautionary provision for the settlements included in the aforementioned Settlement Agreements.

Finally, noteworthy are the administrative appeals filed against the decisions of the Regional Treasury and Tax Court of Catalunya, within the framework of the procedure for requesting the refund of inappropriately paid amounts in Fossil Fuel Tax for the periods 2014 to 2018, paid by the parent company and MB Papeles Especiales, S.A. amounting to Euro 438 thousand and Euro 409 thousand, respectively.

(In thousand Euro)

The Group has contingent liabilities for bank guarantees and other guarantees related to the normal course of business from which no significant liabilities are expected to arise. The Group has provided domestic guarantees to third parties in the amount of Euro 1,556 thousand (Euro 1,588 thousand in 2022, mainly in connection with grants and procedures with public authorities).

Commitments

The Group does not have significant purchase and sale commitments signed at the end of fiscal year 2023 and 2022, except for those mentioned in Note 4.

27 AUDITORS' REMUNERATION

The detail of the fees during 2023 is as follows:

	Services provided by PWC Auditores S. L.	Services provided by PWC network	**Total services provided by the main auditor and his network**	Services provided by other audit firms
Audit services	178	-	**178**	16
Other services required by the regulation	22	-	**22**	
Other verification services	27	-	**27**	14
Fiscal services	-		-	-
Rest of Other services	-	-	-	-
Total	**227**	-	**227**	**30**

The other services provided by the auditor include the issuance of an agreed procedures report relating to Ecoembes, five subsidy supporting account review reports, five verification reports of compliance with the average payment period to suppliers as of a reference date, five reports of agreed procedures in relation to the verification of the calculations of the "Verification of the calculations of the "Average price of natural gas", "Gross added value" and "EBITDA" for the purposes of the certification established in the Order by which calls for the granting of the aid provided for in order ICT/744/2023, of July 7" and six reports of agreed procedures on the Gross Added Value for the purposes of certifying the status of electro-intensive consumer.

The detail of the fees during 2022 is as follows:

	Services provided by PWC Auditores S. L.	Services provided by PWC network	**Total services provided by the main auditor and his network**	Services provided by other audit firms
Audit services	180	-	**180**	16
Other services required by the regulation	17		**17**	
Other verification services	15		**15**	14
Total	**212**	**-**	**212**	**30**

The other services provided by the auditor include the issuance of a report on agreed procedures related to Ecoembes, and four reports on agreed procedures on the Gross Value Added for the purposes of certifying the condition of electrointenisve consumer.

28 INTERNATIONAL CONFLICTS

In fiscal year 2023, the armed conflict between Ukraine and Russia has remained latent. This conflict means that we are faced with an uncertain scenario, the duration of which remains indeterminate, and which includes the imposition of international sanctions on Russia, the alteration of international trade in the area and the maintenance of uncertainty about the potential evolution of supply and price. of gas in Europe. Additionally, the geopolitical tension between Spain and Algeria has remained, which has not allowed an improvement in commercial relations between both countries, with trade of Spanish products with said country remaining blocked.

In the second half of fiscal year 2023, a new armed conflict began between Israel and Palestine in the Gaza Strip, thus increasing geopolitical and socioeconomic tensions in the region.

The Group's sales to countries affected by the conflicts have not had a significant impact in fiscal year 2023 (Note 2.4).

The Group does not have material assets in these countries and has not recorded impairments in accounts receivable from clients in the conflict zone. There is also no significant exposure as of December 31, 2023 in the foreign currency of these countries (not in 2022 either).

29 EVENTS AFTER THE REPORTING PERIOD

No events have occurred after the year-end that could significantly influence the information reflected in the Consolidated Annual Accounts prepared by the Directors on this same date, or that should be highlighted as having significant significance for the Group.

APPENDIX I

SUBSIDIARY COMPANIES IN THE CONSOLIDATION SCOPE 2023

Registered name	Registered office	Activity	Share capital (Thousand Euro)	Shareholding of the parent Company: Direct Shareholding	Shareholding of the parent Company: Indirect shareholding	Note
Celulosa de Levante, S.A.	Tarragona	Manufacture of paper pulp	1,503	97.41%	2,59%	1
Desvi, S.A.	Barcelona	Promotion and development of companies	3,000	96.67%	3,33%	4
Miquel y Costas Argentina, S.A.	Argentina	Manufacture and sale of paper	1,565	0.00%	100,00%	2
MB Papeles Especiales, S.A.	Barcelona	Manufacture and sale of special papers	722	99.9958%	0,0042%	1
Miquel y Costas Tecnologías, S.A.	Barcelona	Other technical services	500	45.00%	55,00%	4
Papeles Anoia, S.A.	Barcelona	Trading of all types of paper	2,054	99.00%	1,00%	1
Miquel y Costas Energía y Medio Ambiente, S.A.	Barcelona	Thermal electric plant	766	0.00%	100,00%	4
Payá Miralles, S.A.	Valencia	Industrial assets lease	1,878	99.89%	0,11%	4
Sociedad Española Zig-Zag, S.A.	Barcelona	Sale of paper	60	93.47%	6,53%	4
Terranova Papers, S.A.	Barcelona	Manufacture and sale of processed and handled paper	12,000	41.17%	58,83%	1
Miquel y Costas Deutschland, GMBH	Germany	Trading of all types of paper	25	0.00%	100%	4
Miquel y Costas Chile, SRL	Chile	Trading of all types of paper	29	0.00%	100%	4
Miquel y Costas Logística, S.A.	Barcelona	Logistics, storage, transport and distribution services	100	50.00%	50,00%	1
Fourtube, S.L.	Sevilla	Manufacture of paper	350	0.00%	40%	3
Clariana, S.A.	Vila-Real (Castellón)	Paper production and marketing	157	60%	40%	1

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

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

APPENDIX I

SUBSIDIARY COMPANIES IN THE CONSOLIDATION SCOPE 2022

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

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

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

CONSOLIDATED RESULTS

The main economic-financial data of the Miquel y Costas Group corresponding to the year 2023 and its comparisons for 2022, all expressed in thousands of euros, are shown below:

Thousand Euro	2023	2022	Variation
Net turnover	309,319	337,177	(8.3%)
Gross operating profit (EBITDA)[1]	74,905	60,671	23.5%
Operating profit	54,920	42,033	30.7%
Profit before tax (PBT)	56,553	41,058	37.7%
Profit after tax (PAT)	42,714	31,634	35.0%
Cash-flow after tax (CFAT)[2]	62,699	50,272	24.7%

The consolidated net turnover for the year has reached 309.3 million euros, which represents a reduction of 27.9 million euros compared to that obtained in the same period of the previous year. This reduction is due to the adaptation of the commercial policy to the new scenario of pasta and energy prices, a lower demand in some markets due to the reduction of stocks carried out by customers, as well as the reform of the MB machine.

By business lines, the tobacco industry line has increased sales by 0.8% in 2023 compared to the same period last year. However, sales of industrial products show a decrease of 22.2% compared to the previous year, mainly as a result of the completion of the reform and the subsequent commissioning of one of MB's machines, price moderation as a consequence of the reduction in inflationary pressures on energy costs, the slowdown in demand in some geographies due to the macroeconomic situation and the difficulties in international trade derived from geopolitical conflicts.

Finally, in the third line of business, turnover has decreased by 3.8 million euros as a result of weak demand, mainly in the publishing market.

The sales figure of the Parent Company in fiscal year 2023 amounted to 200.4 million euros, which represents a decrease of 3.6% compared to that of fiscal year 2022, especially affected by the aforementioned decrease in the publishing and industrial uses in which it operates.

The consolidated operating result has improved by 12.9 million euros compared to the same period in 2022, which is equivalent to an improvement of 30.7%. The Group has maintained the trend anticipated in previous quarters, following the recovery of historical margins, thanks to lower inflationary pressures in the price of supplies, investments launched and commercial policy.

1 Operating plus depreciation
2 Profit after tax plus amortization

By business lines, the tobacco industry line has improved the result obtained in the previous year by 5.4 million, the industrial products line, despite the planned reform of one of the previously mentioned MB machines and the resulting decrease in product sold, has also increased its result by 6.5 million euros. Likewise, the Others line has experienced an improvement in results of 1.0 million euros.

The Group's BDI has reached the figure of 42.7 million euros, exceeding the result obtained in the previous year by 35.0%. The effective tax rate for the year was 24.5%, slightly higher than the previous year, mainly as a result of the increase in the base and the reduction of tax deductions applicable for this year.

The parent company has obtained an accumulated result after taxes of 34.1 million euros, which represents an increase of 22.5% compared to 2022, mainly as a consequence of the increase in results in the tobacco industry described above.

CONSOLIDATED BALANCE SHEET

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

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

In thousand Euro	December 2023	December 2022
Net Fixed Assets[3]	193,554	195,715
NOF[4]	110,192	119,815
Other assets/Other liabilities Non-Current[6]	(2,640)	(2,179)
Capital used	**301,106**	**313,351**
Equity	(354,781)	(330,291)
Net Financial Debt[5]	53,675	16,940

The Group has kept its planned investment plan on track, which has meant dedicating 19.6 million to this purpose in fiscal year 2023, however, the Group's net fixed assets decrease mainly as a result of amortization (20.0 million of euros).

NOF decreased in the period by 9.6 million, mainly due to a decrease in inventories worth 11.4 million euros, a decrease in current debtor balances of 5.3 million, offset by a decrease in credit balances worth 6.9 million euros.

3 Property, plant and equipment and intangible assets-net
4 Inventories trade receivables, and non-current assets, less current liabilities, trade and other sundries and other non-current liabilities
5 Current and non-current financial asset, cash and cash equivalents less current and non-current bank borrowings

(In thousand Euro)

FINANCIAL POSITION

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

Thousand Euro	December 2023	December 2022
Long-term borrowings	(30.453)	(36.805)
Short-term borrowings	(22.462)	(20.938)
Treasury and Current financial investments	63.015	43.124
Long-term financial investments	43.575	31.559
Total net financial position[5]	**53.675**	**16.940**
Equity	**354.781**	**330.291**
Leverage index	**n/a**	**n/a**

The net financial position (net cash) at the end of the year presents a debit balance of 53.7 million euros, higher than that at the end of the 2022 financial year by 36.7 million euros.

In fiscal year 2023, with the aim of continuing to provide the Group with the necessary flexibility and liquidity in the face of uncertainty in the geopolitical and macroeconomic environments, the Group reinforced its financial structure by obtaining additional financing from credit institutions, extending its average life.

The after-tax cash flow generated in fiscal year 2023 has risen to 62.7 million euros, increasing by 24.7% in relation to that obtained in fiscal year 2022. The main applications of the funds generated have been investment in fixed assets, for an amount of 19.4 million euros, the payment of dividends for 17.2 million euros, the acquisition of treasury shares, for a value of 3.6 million euros and the amortization of financial debt for an amount of 4.8 million euros. The remaining funds have been allocated to financial investments and liquidity instruments.

STOCK EXCHANGE INFORMATION

The parent company's stock market activity in 2023 according to the values reported by BME:

Trading days	255 days
Number of securities traded	2,696,687
Cash contracted	30,536,024.70 euros
Maximum price	12.64 euros/share
Minimum price	10.10 euros/share
Average price	11.33 euros/ share
Closing price	11.78 euros/share

TREASURY SHARES

In 2023, the Parent Company, making use of the authorisations for the derivative purchase of treasury shares granted the General Shareholders' Meeting of 22 June 2021 and within the framework of the Repurchase and Stabilization Program dated June 30, November 2022 and reported to the CNMV, it acquired 270,286 shares on the stock market and within the framework of the Repurchase Program reported to the CNMV on November 30, 2023 , it acquired 41,068 shares on the stock market, which placed the total number of shares at 1,818,843 in treasury stock at year-end (representing 4.55% of share capital).

It should be noted that the 2016 stock option plan in force has been in its exercise phase since February 2022 and that no options have been exercised in 2023.

RELATED PARTIES OPERATIONS

During 2023, neither the parent Company nor the Group entities have made transactions, with other significant shareholders or related parties that must be reported under the OEHA 3050/2004, September 15.

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

There have been no significant operations between the Group companies that have not been eliminated in the process of preparing the consolidated financial statements other than those that: i) are part of the normal traffic of the companies or entities in terms of their purpose and conditions, ii) belonging to the ordinary line of business or traffic of the Company, have been carried out under normal market conditions and have been of little relevance, understanding as such those whose information is not necessary to express the true image of he assets, financial situation and Group results.

ENVIRONMENT

During 2023 the Group continued to carry out various actions aimed at preserving the environment and continuing to ensure the responsible use of natural resources, focusing investments in this area on energy saving and optimising energy consumption and reducing waste, favouring the development of the circular economy in its production activities.

As a result of its commitment to sustainability and the circular economy, in 2023 the Group has stood out by obtaining the A rating in CDP Water Security, A in CDP Forests, and A- in Climate Change, placing itself among a select group of companies. with these high scores in all three areas. Among more than 21,000 participating companies, Miquel y Costas has improved its rating in CDP Forests and CDP Climate Change, while maintaining the highest rating in CDP Water Security, all of them in the "leadership" range compared to the previous year. It is worth highlighting that the Group is among the 71 companies worldwide that have obtained at least a double "A" rating, which is reduced to 22 companies at European level and 3 in Spain that achieved this result in 2023.

Likewise, in 2023, the Miquel y Costas Group obtained the "Platinum" rating in the ESG evaluation carried out by EcoVadis ("Silver" rating in 2022). This score is based on the company's sustainability performance in four key categories: Environment, Labor and Human Rights, Ethics and Sustainable Purchasing. It is important to note that this was the Group's second participation in this evaluation, which refers to the 2022 financial year. The EcoVadis Platinum medal is awarded to companies that have demonstrated a solid management system that addresses sustainability criteria, in accordance with the methodology from EcoVadis, world leader in business sustainability ratings. It should be noted that only one percent of the more than 125,000 global companies evaluated received the Platinum rating, demonstrating the Group's excellence and continuous improvement in ESG matters.

R&D&i ACTIVITY

In 2023, the Group has continued with its activities and expansion in R&D&I, dedicating resources amounting to 3.3 million euros to them. In this period, activities have continued to focus mainly on research, largely aimed at obtaining new products and applications, as well as on technological innovation in production processes, with the final phase of the reform being of relevant importance in one of the the paper machines of the MB company for the development of new industrial papers.

PERSONNEL

The Group's average headcount in 2023 is 883 people, four more than the average headcount in 2022. The resources allocated in the period to occupational health, safety and risk prevention totalled EUR 2.4 million (1.7 million euros in the previous year) and those allocated to the various training programs have risen to Euro 268 thousand (157 thousand euros in the previous year).

MAIN RISKS AND OPPORTUNITIES

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

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

Because the Group uses energy sources, mainly electricity and gas, it is affected by the price volatility of these products. The Group, with the aim of mitigating and reducing the impact of price volatility, continuously monitors its evolution and on certain occasions negotiates/closes contracts with trading companies that guarantee greater stability and security for the business. Additionally, a significant part of its investments are aimed at technologies that allow improving productive performance and thereby reducing consumption and installations that reduce external energy dependence (such as those that occurred this year in the investment in photovoltaic panels), advance in the decarbonization plan and in addition to seeking effective management of the supply of said resources.

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

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

The Parent Company and the Group maintain litigation and disputes in the normal course of business. In the second half of 2023, an agreement was reached with the former distributor for the Italian market to put an end to the litigation between both companies and whose rulings had been favourable to the Group, representing extraordinary income for the Group in this year. There have been no relevant changes in the rest of the litigation and disputes that the Group had in progress at the end of the previous year.

In 2023, the armed conflict between Ukraine and Russia has remained latent. This conflict means that we are faced with an uncertain scenario, the duration of which remains indeterminate, and which includes the imposition of international sanctions on Russia, the alteration of international trade in the area and the maintenance of uncertainty about the potential evolution of supply and price. of gas in Europe.

Additionally, the geopolitical tension between Spain and Algeria has remained, which has not allowed an improvement in commercial relations between both countries, with trade of Spanish products with said country remaining blocked.

In the second half of the year, a new armed conflict began between Israel and Palestine in the Gaza strip, thus increasing geopolitical and socioeconomic tensions in the region. No impact, for the moment, on the Group's operations.

SUBSEQUENT EVENTS

It is not known that significant subsequent events have occurred corresponding to the period reported at the date of preparation of these consolidated annual accounts.

OUTLOOK

The results of the Group in the second semester, as well as those accumulated in the financial year 2023, are in line with previously communicated perspectives, thus beginning the recovery of the profitability levels achieved historically.

The Group expects, with the policies and measures adopted, to continue with the recovery path begun in 2023 after the period of historical price inflation suffered in 2022. All this despite the high volatility of demand derived from the macroeconomic context. uncertainty and the impacts, among others on supply chains, as a consequence of the various existing geopolitical conflicts.

Thus, for this first quarter of fiscal year 2024, the Group anticipates an improvement in its results compared to those of the previous year.

As long as macroeconomic conditions are maintained and demand volatility does not increase, this improvement is expected to also occur throughout the year.

ANNUAL CORPORATE GOVERNANCE REPORT

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

ANNUAL REPORT ON DIRECTOR COMPENSATION

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

NON-FINANCIAL-INFORMATION

In accordance with the provisions of Law 11/2019, of 28 December, on non-financial information and diversity, the Miquel y Costas Group has prepared the document titled "Non-financial information" for the 2023 financial year, which is part of this report and which is enclosed herewith (Annex III), pursuant to the provisions of article 44 of the Commercial Code.

ISSUER'S PARTICULARS

Reporting date: 31/12/2023

Tax ID No.: A 08020729

Company name:

MIQUEL Y COSTAS & MIQUEL, S.A.

Registered office:

TUSET, 10 BARCELONA

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the share capital and voting rights attributed, including, where applicable, those corresponding to loyalty shares, at the reporting date:

Indicate whether the company's articles of association contain a provision attributing double voting rights to loyalty shares:

[ ] Yes
[√] No

Last modified on	Share capital (€)	Number of shares	Number of voting rights
19/11/2021	80,000,000.00	40,000,000	40,000,000

Indicate whether there are different classes of shares carrying different rights:

[ ] Yes
[√] No

A.2. List the direct and indirect holders of significant ownership interests at the reporting date, including Board Members with a significant ownership interest:

Name or company name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
JORGE MERCADER MIRÓ	1.57	16.13	0.00	0.00	17.70
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	0.00	4.39	0.00	0.00	4.39
MARÍA DEL CARMEN ESCASANY MIQUEL	3.62	9.00	0.00	0.00	12.62
BERNADETTE MIQUEL VACARISAS	0.35	12.30	0.00	0.00	12.65
INDUMENTA PUERI, S.L.	0.00	14.65	0.00	0.00	14.65

Details of indirect ownership interest:

Name or company name of indirect holder	Name or company name of direct holder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	COLLECTIVE INVESTMENT UNDERTAKINGS	4.39	0.00	4.39
MARÍA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	9.00	0.00	9.00
INDUMENTA PUERI, S.L.	GLOBAL PORTFOLIO INVESTMENTS, S.L.	14.65	0.00	14.65
BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	7.03	0.00	7.03
BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	5.27	0.00	5.27
JORGE MERCADER MIRÓ	HACIA, S.A.	16.13	0.00	16.13

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

Most significant changes

There were no significant changes in the shareholder structure during the fiscal year

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

Name or company name of Board Member	% of voting rights attributed to shares (including loyalty shares)		% of voting rights through financial instruments		% of total voting rights	Of the % of total voting rights attributed to shares, indicate, where appropriate, the % of additional votes attributed corresponding to loyalty shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
JAVIER BASAÑEZ VILLALUENGA	0.28	0.00	0.00	0.00	0.28	0.00	0.00
JORGE MERCADER BARATA	0.49	0.00	0.00	0.00	0.49	0.00	0.00
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	0.25	0.04	0.00	0.00	0.29	0.00	0.00
ÁLVARO DE LA SERNA CORRAL	0.10	12.63	0.00	0.00	12.73	0.00	0.00
JOSÉ MIQUEL VACARISAS	0.37	12.30	0.00	0.00	12.67	0.00	0.00

% of total voting rights held by board members	3.07

Details of indirect ownership interest:

Name or company name of Board Member	Name or company name of direct holder	% of voting rights attributed to shares (including loyalty shares)	% of voting rights through financial instruments	% of total voting rights	Of the % of total voting rights attributed to shares, indicate, where appropriate, the % of additional votes attributed corresponding to loyalty shares
ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	9.00	0.00	9.00	0.00
ÁLVARO DE LA SERNA CORRAL	MARÍA DEL CARMEN ESCASANY MIQUEL	3.62	0.00	3.62	0.00
JOSÉ MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	5.27	0.00	5.27	0.00
JOSÉ MIQUEL VACARISAS	JOANFRA, S.A.	7.03	0.00	7.03	0.00

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

% of total voting rights represented on the board of Board Members	41.10

A.4. Indicate, as appropriate, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business, except those reported in section A.6:

Name or company name of related party	Type of relationship	Brief description
No data		

A.5. Indicate, as appropriate, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

Name or company name of related party	Type of relationship	Brief description
No data		

A.6. Describe the relationships, unless insignificant for the two parties, between significant shareholders or shareholders represented on the board and board members, or their representatives in the case of legal entities.

Explain, where applicable, how the significant shareholders are represented. Specifically, indicate those Board Members appointed to represent significant shareholders, and those whose appointment was proposed by significant shareholders, or related to significant shareholders and/or companies in its group, specifying the nature of the relationships. In particular, state the identity and position of any Board Members or representatives of directors of the listed company who are themselves Board Members or representatives of Board Members of companies that have significant holdings in the listed company or in companies belonging to the same group as a significant shareholder:

Name or company name of related director or representative	Name or company name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/position
JORGE MERCADER BARATA	JORGE MERCADER MIRÓ	HACIA, S.A.	JORGE MERCADER BARATA is a Board Member of HACIA, S.A.
ÁLVARO DE LA SERNA CORRAL	MARÍA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	ÁLVARO DE LA SERNA CORRAL is joint Board Member of ENKIDU INVERSIONES, S.L.
JOSÉ MIQUEL VACARISAS	BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	JOSE MIQUEL VACARISAS is a Board Member of JOANFRA, S.A.
JOSÉ MIQUEL VACARISAS	BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	JOSÉ MIQUEL VACARISAS has full powers to act in AGRICOLA DEL SUDESTE ALMERIENSE S.A., and takes decisions in exercising these powers.

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to sections 530 and 531 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*). If so, provide a brief description and list the shareholders that are party to the agreement:

[ ] Yes
[√] No

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

[ ] Yes
[√] No

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

The Company is not aware of any agreements or concerted actions among its shareholders.

A.8. Indicate whether any individuals or legal entities currently exercise control or could exercise control over the company in accordance with section 5 of the Spanish Securities Market Act (*Ley del Mercado de Valores*). If so, identify them:

[ ] Yes

[√] No

A.9. Complete the following tables on the company's treasury shares.

At year end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
1,818,843		4.55

(*) Through:

Name or company name of direct holder of the ownership interest	Number of direct shares
No data	

A.10. Give details of the conditions and term of the current resolution passed by shareholders authorising the board of Members to issue, buy back or transfer treasury shares:

The acquisition of treasury shares is based on the resolution passed by the shareholders at the General Meeting held on 22 June 2021, which states:

"To authorise the Board to allow both Miquel y Costas & Miquel, S.A., and its majority-owned subsidiaries, to acquire through a purchase, exchange or any other means for valuable consideration permitted by law and to dispose of, with the intervention of authorised mediators, shares of the Company up to the maximum amount permitted by law at any given time and in accordance with that set out in the Company's Internal Code of Conduct, the Share Buyback Programme in force at any given time and other applicable regulations. The equivalent value for which they may be acquired must be set within the limits established by the rules or regulations applicable at any given time.

This authorisation is granted for a period of five (5) years as from this date, observing in all cases the provisions of section 148 of the Corporate Enterprises Act.

To render void the unused part of the authorisation granted to the Board by the shareholders at the Extraordinary and Annual General Meeting of 20 June 2018.

To authorise the Board to allocate, in full or in part, the treasury shares acquired, among other purposes, to remuneration programmes whose purpose is or implies the award of shares or share options, or that are based in any way on the performance of the share price on the stock market, in accordance with that set out in section 146.1.a) of the Spanish Corporate Enterprises Act".

The Board, at its meeting held on 22 June 2021, passed the resolution to execute the authorisation granted by the shareholders at that General Meeting.

A.11. Estimated free float:

	%
Estimated free float	44.21

A.12. Indicate whether there are any restrictions (statutory, legislative or otherwise) placed on the transfer of securities and/or any restrictions on voting rights. In particular, indicate whether there is any type of restriction that could present obstacles to the takeover of the company by means of share purchases on the market, and any authorisation or notification requirements applicable to acquisitions or transfers of the company's financial instruments under industry regulations.

[ ] Yes
[√] No

A.13. Indicate whether the shareholders at the general meeting have resolved to take measures to neutralise a takeover bid pursuant to Spanish Law 6/2007.

[ ] Yes
[√] No

If so, explain the measures approved and the situations in which the restrictions would be inoperative:

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

[ ] Yes
[√] No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. GENERAL MEETING

B.1. Indicate whether quorums for convening the general meeting differ from the system of minimum quorums established in the Corporate Enterprises Act. If so, give details.

[ ] Yes
[√] No

B.2. Indicate and, as applicable, describe any differences between the company's system of passing corporate resolutions and the framework established in the Corporate Enterprises Act:

[ ] Yes
[√] No

B.3. Indicate the rules governing amendments to the company's articles of association. In particular, indicate the majorities required to amend the articles of association and, if applicable, the rules for protecting shareholders' rights when amending the articles of association.

The rules applicable to amendments to the Company's Articles of Association are those set out in the Corporate Enterprises Act.

B.4. Indicate the data on attendance at the general meetings held in the year to which this report refers and those of the two previous years:

Date of general meeting	Attendance data				
	% attending in person	% attending by proxy	% voting remotely		Total
			Electronic voting	Other	
22/06/2021	50.30	18.59	0.00	0.00	68.89
Of which, free float	5.86	10.33	0.00	0.00	16.19
21/06/2022	44.76	17.41	0.00	21.14	83.31
Of which, free float	0.92	11.05	0.00	19.39	31.36
22/06/2023	45.50	19.63	0.00	4.63	69.76
Of which, free float	0.23	13.49	0.00	3.17	16.89

B.5. Indicate whether any item on the agenda of the general meetings held during the year was not approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. Indicate whether the articles of association contain any restrictions with regard to a minimum number of shares required to attend general meetings or to vote remotely:

[√] Yes
[ ] No

Number of shares required to attend general meetings	100
Number of shares required to vote remotely	

B.7. Indicate whether certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of core assets or other similar corporate transactions must be subject to approval by the shareholders at the general meeting:

[ ] Yes
[√] No

B.8. Indicate the address and method of accessing corporate governance information on the company's website and other information on general meetings that must be made available to shareholders on the website:

The address of the Company's corporate website is www.miquelycostas.com.The content of the website includes information considered to be of interest to shareholders and investors, and information required by current regulations.

The "Corporate information" section contains information on corporate governance and general meetings, which can be accessed from the home page via the following route: Corporate information/Corporate governance.

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of Members

C.1.1 Maximum and minimum number of Board Members established in the articles of association and the number set by the general meeting:

Maximum number of Board Members	15
Minimum number of Board Members	5
Number of Board Members set by the general meeting	10

C.1.2 Complete the following table with board members' details:

Name or company name of Board Member	Representative	Category of Board Member	Position on the board	Date of first appointment	Date of last appointment	Procedure for election
JOSE CLAUDIO ARANZADI MARTINEZ		Independent	MEMBER	20/06/2019	22/06/2023	GENERAL MEETING RESOLUTION
JAVIER BASAÑEZ VILLALUENGA		Other non-executive	MEMBER	28/07/2008	22/06/2023	GENERAL MEETING RESOLUTION
MARTA LACAMBRA I PUIG		Independent	MEMBER	20/06/2019	22/06/2023	GENERAL MEETING RESOLUTION
JORGE MERCADER MIRÓ		Proprietary	MEMBER	05/11/1991	22/06/2023	GENERAL MEETING RESOLUTION
JORGE MERCADER BARATA		Executive	CHAIRMAN	27/06/2012	21/06/2022	GENERAL MEETING RESOLUTION
EUSEBIO DÍAZ-MORERA PUIG-SUREDA		Other non-executive	MEMBER	18/04/1997	21/06/2022	GENERAL MEETING RESOLUTION
ÁLVARO DE LA SERNA CORRAL		Proprietary	MEMBER	28/07/2008	22/06/2023	GENERAL MEETING RESOLUTION
JOSÉ MIQUEL VACARISAS		Proprietary	MEMBER	22/06/2023	22/06/2023	GENERAL MEETING RESOLUTION
NARCÍS SERRA SERRA		Independent	MEMBER	22/06/2023	22/06/2023	GENERAL MEETING RESOLUTION
MARÍA TERESA BUSTO DEL CASTILLO		Independent	MEMBER	22/06/2023	22/06/2023	GENERAL MEETING RESOLUTION

Total number of Board Members	10

Indicate if any Board member, whether through resignation or by resolution of the general meeting, have left the board of directors during this reporting period:

Name or company name of Board Member	Category of Board Member when they cease to hold their position	Date of last appointment	Date of departure	Specialised committees of which they were a member	Indicate whether the Board Member left before the end of the term
No data					

C.1.3 Complete the following tables on Board Members and their respective categories.

EXECUTIVE BOARD MEMBERS		
Name or company name of Board members	Position held in the company	Profile
JORGE MERCADER BARATA	CHAIRMAN	Industrial engineer, specialising in chemistry; MBA from the IESE Business School; CEIBS Exchange Programme. Shanghai (China) He is currently the Chairman of Miquel y Costas & Miquel, S.A.; Director of Hacia, S.A., Trustee of Fundación Princesa de Girona, Member of the Advisory Board of UEA (Unió Empresarial Anoia), and Member of the Executive Committee of the IESE Alumni Association.

Total number of executive Board member	1
% of the board	10.00

PROPRIETARY NON-EXECUTIVE BOARD MEMBERS		
Name or company name of Board Members	Name or company name of significant shareholder represented or proposing appointment	Profile
ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	He holds a degree in Economics and Business from Universidad Autónoma de Madrid and a Master's degree in Economics and Business from the IESE Business School. He is currently an Executive at Credit Suisse AG Sucursal en España, Director of Sasekilia, S.L., joint Director and Deputy of Enkidu Inversiones, S.L. and representative of Enkidu Inversiones, S.L. (sole director) at Gilgamesh Inmoinversión, S.L.U. and Cynamon 2005, S.L., and member of the Board of Trustees, Treasurer of Fundación Hospitalaria de la Orden de Malta in Spain and Board Member of Miquel y Costas & Miquel,
JORGE MERCADER MIRÓ	HACIA, S.A.	He holds a PhD in Industrial Engineering from the Barcelona School of Industrial Engineering and a Master's degree in Economics and Business from the IESE Business School. He is currently a member of the Honorary Board of Fundación del Círculo de Economía, Trustee of Fundación Princesa de Girona and of Fundación Pasqual Maragall, Vice President of the Instituto Cerdà, President of Fundación Gala-

		Dalí and of Hacia, S.A. and Honorary Chairman of Miquel y Costas & Miquel, S.A.
JOSÉ MIQUEL VACARISAS	JOANFRA, S.A.	He has a degree in Industrial Engineering from the Polytechnic University of Catalonia, a postgraduate degree in Financial Management from the Pompeu Fabra Polytechnic University, a Master's degree in International Business Economics from the Westminster Business School in London, General Management Programme (PDG) from the IESE Business School, Corporate Compliance from ESADE. He is currently the Head of Internal Audit & Compliance at the Eugin Group, and Board Member of Joanfra, S.A. and of Miquel y Costas & Miquel, S.A.

Total number of proprietary Board Members	3
% of the Board	30.00

INDEPENDENT NON-EXECUTIVE BOARD MEMBERS	
Name or company name of Board Members	Profile
JOSE CLAUDIO ARANZADI MARTINEZ	Industrial Engineer from the Bilbao School of Industrial Engineering and has a degree in Economics from Paris University. He is currently Coordinator of the Ministry of Defence publication "Energy and Geostrategy", Member of the Advisory Committee of GED, and Board Member of Miquel y Costas & Miquel, S.A.
MARTA LACAMBRA I PUIG	She has a degree in Economics and a Master's degree in Economic Theory and Quantitative Methods from Universitat Autònoma de Barcelona; II Executive Training Programme from the EAPC/IESE; a Master's degree in Economics and Management of the Regional and Local Treasury from the Faculty of Economics of the University of Barcelona; Senior Business Management Programme (PADE) from the IESE Business School. She is currently the General Manager of Fundación Catalunya-La Pedrera, Managing Director of Món St. Benet, S.L., Member of the Board of Círculo de Cultura and Member of the Academic Board of the Chair of Leadership and Democratic Governance at ESADE, Member of the Board of Trustees of Fundación Món Clínic, and Member of the Board of Trustees of the International Information and Documentation Centre (CIDOB) Foundation in Barcelona, and Board Member of Miquel y Costas & Miquel, S.A.
NARCÍS SERRA SERRA	He has a PhD in Economics from Universitat Autònoma de Barcelona (UAB), and is Research Fellow at the LSE in the field of Monetary Economics, and Associate Professor of Economic Theory at the UAB. He is currently Honorary President of IBEI (Institut Barcelona d'Estudis Internacionals) and Board Member of Miquel y Costas & Miquel, S.A.
MARÍA TERESA BUSTO DEL CASTILLO	Industrial Engineer from the Polytechnic University of Madrid, Executive Master of Business Administration from IE Business School. She is currently the Chair of ENTALENTA, S.L., Board Member of MTorres Diseños Industriales, S.A.U., Board Member of Miquel y Costas & Miquel, S.A., Member of the Scientific Advisory Committee of CSIC, Professor for the Master's degree programme in Aeronautical Engineering at the European University of Madrid.

Total number of independent Board Members	4
% of the Board	40.00

Indicate whether any independent Board Member receives from the company or its group any amount or benefit other than Board Members' remuneration or maintains, or has maintained over the last financial year, a business relationship with the company or any group company, either in their own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

If applicable, include a statement from the board detailing the reasons why the director in question may carry on their duties as an independent director.

Name or company name of Board Member	Description of the relationship	Reasons
No data		

OTHER NON-EXECUTIVE BOARD MEMBERS

Identify all other non-executive Board Members, explain why they cannot be considered proprietary or independent Board Members and give details of their relationships with the company, its executives or its shareholders:

Name or company name of Board Member	Reasons	Company, executive or shareholder with which the relationship is maintained	Profile
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	He was initially an independent Board Member who, as a result of having reached the legally established limit for holding his position on a continuous basis, in accordance with paragraph 4.i) of section 529 duodecíes of the Corporate Enterprises Act at the time of his re-election by the shareholders at the General Meeting held on 20 June 2018, then became a non-executive Board Member	OTHER COMPANY SHAREHOLDERS	He holds a degree in Economics and MBA from the IESE Business School. He is currently Deputy Chairman and Director of EDM Gestión, S.A.U. SGIIC and Board Member of Miquel y Costas & Miquel, S.A. and other collective investment undertakings.
JAVIER BASAÑEZ VILLALUENGA	He was initially an executive Board Member who then became classified as an other non-executive Board Member in view of his skills, experience and merits demonstrated throughout his professional career and, in particular, during his term as a director of the Company.	NONE	He holds a degree in Political, Economic and Commercial Sciences from the Central University of Barcelona, is a registered non-practising auditor with the Spanish Accounting and Audit Institute, and has a degree in transport services management. He is currently a Board Member of Miquel y Costas & Miquel, S.A. and Desvi, S.A.

Total number of other non-executive Board Members	2
% of the Board	20.00

Indicate any changes in the category of each director during the period:

Name or company name of Board Members	Date of change	Previous category	Current category
JORGE MERCADER MIRÓ	01/07/2023	Executive	Proprietary

C.1.4 Complete the following table with information on the number of female Board Members at the end of the last four years and the category to which they were assigned:

	Number of female Board Members				% of total directors of each category			
	2023	2022	2021	2020	2023	2022	2021	2020
Executive					0.00	0.00	0.00	0.00
Proprietary			1	1	0.00	0.00	10.00	10.00
Independent	2	1	1	1	20.00	10.00	10.00	10.00
Other non-executive					0.00	0.00	0.00	0.00
Total	2	1	2	2	20.00	10.00	20.00	20.00

C.1.5 Indicate whether the company has diversity policies in relation to its board of members on matters such as age, gender, disability, or training and professional experience. Small and medium-sized enterprises, as defined in the Spanish Audit Act (*Ley de Auditoría de Cuentas*), must at least report the policy they have implemented in relation to gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

If so, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results during the year. Also indicate the specific measures adopted by the board of members and the appointments and remuneration committee to achieve a balanced and diverse presence of Board members.

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

Description of the policies, objectives, measures, how they have been applied, and the results obtained

The Board's diversity policy is based on the principles of appropriate composition of the Board; promotion of diversity in its composition; non-discrimination and equal treatment; and compliance with current law.

Therefore, to ensure that there are a variety of opinions within the Board, the responsible bodies will keep in mind the principle of diversity at all times, in particular this includes diversity of gender, training, knowledge and professional experience, skills or age, and the principle of non-discrimination and equal treatment, ensuring that the process of appointing or re-electing Board Members includes candidates of the under-represented gender and avoids that any kind of discrimination in this regard.

To promote diversity, the Company will therefore establish measures aimed at encouraging an appropriate number of members, so as to achieve an appropriate, diverse and balanced composition of the Board as a whole, which enriches decision-making and brings a variety of viewpoints to the discussion of matters within its competence.

The Human Resources, Appointments and Remuneration Committee must therefore ensure that selection processes do not entail any implicit biases that could imply any type of discrimination based on gender, ethnic origin, age or disability, among other reasons. In particular, at least one woman with the professional profile sought will be included among the potential candidates for Board Members, without prejudice to the essential criteria of merit and ability that must govern these processes, with the aim of ensuring that the percentage of female Board Members reaches at least the percentage that is required by law at any given time.

Board membership candidates must meet the Company's requirements regarding professional and personal qualification and integrity. They must be reputable, suitable people of recognised professional solvency, competence, experience, qualification, training, availability and commitment to their position, with a personal and professional record of respect for the law and good business practices, and they must comply with that established by law at all times, to form part of a managing body.

It should be noted that this year the Human Resources, Appointments and Remuneration Committee, as a result of being responsible for proposing the appointment of new Board Members, carried out an extensive selection process with the participation of an external consultant of recognised prestige in which several candidates were assessed. In particular, at the beginning of this process the Human Resources, Appointments and Remuneration Committee established the profile of the ideal Board Members for the position, taking into account the skills matrix of the Board and, in particular, the experience and knowledge considered necessary for the position, the commitment to gender diversity assumed by the Board in the selection of Board Members, and the search for diversity of experience and profiles in the composition of the Board.

The Human Resources, Appointments and Remuneration Committee determined that the profiles identified required outstanding skills, among others, in the field of economics, international relations, and innovation and development (R&D), with at least one of the two profiles being covered by a female Board Member so as to promote gender diversity in the composition of the Board and to gradually adapt to current regulations and good governance recommendations in this area.

As a result of this selection process, the Committee agreed to propose to the shareholders at the General Meeting the appointment of Narcís Serra Serra and Mª Teresa Busto del Castillo as independent Board Members of the Company.

C.1.6 Explain the measures taken, if applicable, by the appointments committee to ensure that the selection processes have no implicit bias that would make it difficult to select female Board Members, and that the company makes a conscious effort to search for female candidates who have the required profile to guarantee an even balance between men and women. Indicate as well whether these measures include the promotion of a significant number of female executives:

Explanation of the measures

The Company's Board Regulations stipulate that the basic responsibilities of the Human Resources, Appointments and Remuneration Committee include reporting to the Board on gender diversity issues and proposing to the Board a target for representation of the under-represented gender on the Board and developing guidance on how to achieve this target.

The election or appointment of Board Members must be preceded by a proposal from the Human Resources, Appointments and Remuneration Committee in the case of independent Board Members and a report in the case of other Board Members; the proposal will be based on a prior assessment of the skills, knowledge and experience required on the Board, while ensuring the commitment to promote an appropriate and diverse composition.

As indicated in section C.1.5 of this Report, the Human Resources, Appointments and Remuneration Committee carried out an extensive selection process during the year in which several candidates were evaluated to fill the vacancies on the Board as a result of the term of office of three members having ended. The Board Member profile for the position was established at the beginning of this process, taking into account the skills matrix of the Board and, in particular, the experience and knowledge considered necessary for the position, the commitment to gender diversity assumed by the Board in the selection of Board Members, and the search for diversity of experience and profiles in the composition of the Board. Specifically, it was determined that the profiles identified required outstanding skills in the field of economics, international relations, and innovation and development (R&D), among others, with at least one of the two profiles being covered by a female Board Member so as to promote gender diversity in the composition of the Board and to gradually adapt to current regulations and good governance recommendations in this area.

The Company's labour and human resources development policy, which is applicable to all personnel including senior executives, has always been governed by the principle of non-discrimination, with one of its pillars being respect for the rights and dignity of individuals (regardless of gender). In accordance with this principle and in the spirit of the current law to achieve effective equality between men and women, the Company has an equality plan that aims to contribute to eliminating discriminatory behaviour in the workplace based on gender and includes, among others, implementing measures that favour the inclusion, long-term service and development of people with the aim of achieving balanced participation between women and men at all levels of the organisation.

When, despite the measures taken, there are few or no female Board Members or female executives, explain the reasons.

Explanation of the reasons

As indicated in section C.1.5 of this Report, Mª Teresa Busto del Castillo joined the Board as an independent Member in 2023.

It should be noted that, in particular when there are vacancies to be filled on the Board, as was the case during the year, and in all other cases, Board Members and senior executives are selected in an objective manner, taking into consideration individuals of both genders who meet the requirements and have the necessary skills, and taking into account the candidate's reputation, knowledge and professional experience to hold the position.

If there are two candidates with the same qualifications, the one representing the under-represented gender will be selected.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the selection policy aimed at promoting an appropriate composition of the board of Board Members.

The Company, and in particular its Board and the Human Resources, Appointments and Remuneration Committee, considers that assessing the competence, knowledge, experience and skills of the candidate to actively collaborate with the Company is essential when selecting Board

Members, ensuring that there is no discrimination based on gender during the selection process.

C.1.8 Explain the reasons for the appointment of any proprietary Board Members at the request of shareholders controlling less than 3% of the share capital.

Name or company name of shareholder	Reason
No data	

Provide details of any rejections of formal requests for board representation from shareholders whose ownership interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If applicable, explain why these requests were rejected:

[ ] Yes
[√] No

C.1.9 Indicate whether any powers or authorities have been delegated by the board of Board Members, including those related to the possibility of issuing or buying back shares, to Board Members or board committees:

Name or company name of the Board Members or committee	Brief description
JORGE MERCADER BARATA	He has broad powers commensurate with his duties as Chairman of the Company, which do not include the ability to issue or repurchase shares.

C.1.10 Identify, as appropriate, the board members who hold office as member, representatives of members or executives at other companies forming part of the listed company's group:

Name or company name of Board Members	Name of the group company	Position	Do they have executive functions?
JAVIER BASAÑEZ VILLALUENGA	DESVI, S.A.	MEMBER	NO
JORGE MERCADER BARATA	MIQUEL Y COSTAS DEUTSCHLAND GMBH	SOLE DIRECTOR	YES
JORGE MERCADER BARATA	PAPELES ANOIA, S.A.	CHAIRMAN	NO
JORGE MERCADER BARATA	CELULOSA DE LEVANTE, S.A.	MEMBER	NO
JORGE MERCADER BARATA	S.A. PAYA MIRALLES	MEMBER	NO
JORGE MERCADER BARATA	CLARIANA, S.A.	MEMBER (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	SOCIEDAD ESPAÑOLA ZIG ZAG, S.A.	CHAIRMAN	NO
JORGE MERCADER BARATA	DESVI, S.A.	MEMBER	NO
JORGE MERCADER BARATA	MB PAPELES ESPECIALES, S.A.	CHAIRMAN (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	MIQUEL Y COSTAS ENERGÍA Y MEDIO AMBIENTE, S.A.	CHAIRMAN	NO

JORGE MERCADER BARATA	MIQUEL Y COSTAS TECNOLOGÍAS, S.A.	CHAIRMAN	NO
JORGE MERCADER BARATA	TERRANOVA PAPERS, S.A.	CHAIRMAN (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	MIQUEL Y COSTAS LOGISTICA, S.A.	CHAIRMAN (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	FOURTUBE, S.L.	MEMBER (REPRESENTED BY A NATURAL PERSON)	NO

C.1.11 Give details of any board members, directors or executives, or their representatives, who are members of the company's board of directors in other entities, whether or not they are listed companies:

Name of Board Members or representative	Name of listed or unlisted company	Position
JORGE MERCADER BARATA	HACIA, S.A.	MEMBER
JORGE MERCADER MIRÓ	HACIA, S.A.	CHAIRMAN
MARTA LACAMBRA I PUIG	MÓN ST. BENET, S.L.	CHIEF EXECUTIVE OFFICER
ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	JOINT AND SEVERAL DIRECTOR
ÁLVARO DE LA SERNA CORRAL	SASEKILIA, S.L.	MEMBER
JAVIER BASAÑEZ VILLALUENGA	DESVI, S.A.	MEMBER
JOSÉ MIQUEL VACARISAS	JOANFRA, S.A.	MEMBER
MARÍA TERESA BUSTO DEL CASTILLO	MTorres Diseños Industriales, S.A.U.	MEMBER
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	EDM GESTIÓN, S.A.U. SGIIC	DEPUTY CHAIRMAN

Indicate, where applicable, any other paid activities carried out by the directors or their representatives, whatever their nature, other than those indicated in the above table.

Name of Board Member or representative	Other paid activities
NARCÍS SERRA SERRA	He is an advisor to various Latin American governments in the framework of the Inter-American Development Bank (IDB) programmes and the programme on security sector reform in Serbia and Montenegro. He is a member of the Study Group on Europe's Security Capabilities, co-author of the reports "A Human Security Doctrine for Europe" and "A European Way of Security"; Co-director of the "From the Washington Consensus towards a New Global Governance" seminar together with Nobel Prize winner Joseph Stiglitz. The seminar established "The Barcelona Development Agenda". He promotes the annual "Ibero-American Development Agenda" seminar, in collaboration with the Ibero-American General Secretariat and the Economic Commission for Latin America and the Caribbean (CEPAL).
ÁLVARO DE LA SERNA CORRAL	He is an executive at Credit Suisse AG Branch Office in Spain.

JOSÉ MIQUEL VACARISAS	He is the Head of Internal Audit & Compliance at the Eugin Group.
MARÍA TERESA BUSTO DEL CASTILLO	She is the Chair of ENTALENTA, S.L.; Member of the Scientific Advisory Committee of CSIC, and Professor for the Master's degree programme in Aeronautical Engineering at the European University of Madrid.

C.1.12 Indicate and, where appropriate, explain whether the company has any rules on the maximum number of boards on which its Board members may sit, identifying, if applicable, where this is regulated:

[√] Yes
[ ] No

Explanation of the rules and where are they stated

The Company's Board Regulations specify that in order for Board Members to be able to devote the time and effort necessary to performing their duties effectively, they may not serve on more than four boards.

For the purpose of calculating the number of boards referred to in the paragraph above, the following rules will be taken into account:

a) The boards on which the Board Members sits as a Proprietary Board Member proposed by Miquel y Costas & Miquel, S.A. or by any of its Group companies will not be counted.

b) All the Boards of Companies that form part of the same group, and those on which the Board Member sits as a Proprietary Board Member of a Group company, will be counted as a single Board, even if the Company's ownership interest in the share capital or its degree of control does not allow it to be considered to form part of the Group.

c) The Boards of asset-holding companies or companies that are vehicles or ancillary to exercising the professional services of the Board Member, their spouse or domestic partner, or their close family members, will not be counted.

d) The Boards of Companies where, although of a commercial nature, their purpose is supplementary or ancillary to another activity that for the Board Member is considered a leisure activity, assistance or aid to third parties, or any other activity that does not entail true dedication by the director to a commercial business, will not be counted.

C.1.13 Indicate the amount of total remuneration received by the board of members:

Remuneration earned during the year by the board of members (thousands of euros)	3,086
Amount of funds accumulated by current board members through long-term savings schemes with vested dividend rights (thousands of euros)	
Amount of funds accumulated by current board members through long-term savings schemes without vested dividend rights (thousands of euros)	767
Amount of funds accumulated by former board members through long-term savings schemes (thousands of euros)	

C.1.14 Identify the senior executives who are not executive board members s and indicate the total remuneration paid to them during the year:

Name or company name	Position(s)
OLGA ENCUENTRA CATALÁN	HEAD OF MANAGEMENT CONTROL OF THE GROUP
JAVIER GARCÍA BLASCO	SALES MANAGER OF THE LIBRITOS DIVISION
MARINA JURADO SALVADO	SALES MANAGER OF THE FUMAR DIVISION
JORDI PRAT CANADELL	CHIEF FINANCIAL OFFICER OF THE GROUP
IGNASI NIETO MAGALDI	ASSISTANT GENERAL MANAGER
JOSÉ MARÍA MASIFERN VALÓN	MANAGER OF THE BESÓS FACTORY
VICTORIA LACASA ESTEBANEZ	HEAD OF THE GROUP'S LEGAL AFFAIRS

Name or company name	Position(s)
JOSEP PAYOLA BASETS	MANAGER OF MB PAPELES ESPECIALES, S.A.
ALFONSO PÉREZ LLORENTE	MANAGER OF THE MISLATA FACTORY
ANTONI ALBAREDA SOTERAS	MANAGER OF THE CAPELLADES FACTORY

Number of women in senior executive positions	3
Percentage of the total number of senior executives	30.00

Total remuneration of senior executives (thousands of euros)	2,561

C.1.15 Indicate whether any amendments were made to the board regulations during the year:

[√] Yes
[ ] No

Description of amendments

Following a favourable report from the Audit Committee, at its meeting held on 27 September 2023 the Board unanimously resolved to make the following amendments to the Company's Board Regulations:

(i) the inclusion of a new "Article 8 bis" under the title "Honorary Chairman" so as to regulate this figure, as a result of the appointment of Mr. Jorge Mercader Miró as Honorary Chairman of the Company.

(ii) the inclusion of a new section 6 in "Article 11" (relating to the Audit Committee) with the aim of including the provision that, for all matters not expressly included in the Board Regulations, the Audit Committee will be governed by the same rules of operation as the Board, thus according it treatment similar to that given to the Human Resources, Appointments and Remuneration Committee in section 6 of Article 12 of these Regulations.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of board members. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

The Board Regulations establish the following regarding the appointment of Board members:

- Board Members will be elected by the shareholders at the General Meeting or appointed by the Board, in the event of appointment by co-option, in accordance with that set out in the Corporate Enterprises Act and the Articles of Association. The election or appointment of Board Members must be preceded by a proposal from the Human Resources, Appointments and Remuneration Committee in the case of independent Board Members and a report in the case of other Board Members.

- The Board Members appointed must meet the requirements set out in the Articles of Association to hold the position and may not be subject to any of the grounds for disqualification established by law.

- Board Members will serve for the term indicated in the Articles of Association and may be re-elected.

The Articles of Association stipulate that Board Members do not have to be shareholders and will always be appointed and re-elected by the shareholders at the General Meeting and will serve for a term of four years.

The Board Regulations also establish the following regarding the removal of Board Members:

1.- Board Members will cease to hold office when the term for which they were appointed elapses, or when so decided at the General Meeting pursuant to the powers conferred upon it by law.

2.- The Board will propose the removal of Board Members at the General Meeting in the following cases, among others:

a. When they become subject to any incompatibility or prohibition provided for by law.

b. When their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist. The latter will be considered to occur with respect to a Proprietary Board Member when the entire shareholding they own or whose interests they represent is disposed of and when this shareholding is reduced to a level that also requires the number of their Proprietary Board Members to be reduced.

3.- When a Board Member's term of office has ended or when they cease to discharge their position for any other reason, they may not render services at any other company that has relations with competitors of Miquel y Costas Group Companies for a period of two years.

4.- If they cease to discharge their position before the end of their term of office, they must explain the reasons for doing so in a letter to be sent to all Board Members. The termination will be reported to the Spanish National Securities Market Commission (CNMV) as a significant event and it will be included in the Annual Corporate Governance Report (AGC)

C.1.17 Explain to what extent the annual assessment of the board has resulted in significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments
Based on the conclusions drawn from the assessment of and the discussions on the Board's activity, this Board did not consider it necessary to adopt a specific plan to correct the statements made.

Describe the assessment process and the areas evaluated by the board of board members with the assistance, if any, of an external consultant, with regard to the functioning and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the assessment process and areas evaluated
For the purpose of complying with the Corporate Enterprises Act and the Company's Board Regulations, and based on the recommendations established in the Code of Good Governance regarding the annual assessment of the functioning of the managing bodies, in January 2024 the Board Members, assisted by an independent external consultant, evaluated the performance of the functions of the Board, its Committees and those of the Chairman, applying the form methodology and conducting personalised interviews with several Board Members, with subsequent discussions and analysis at an in-person meeting. The annual assessment concluded that the overall result of the self-assessment was positive and that the Board Members consider the following to be satisfactory: (i) the quality and efficiency of the functioning of the Board, and its composition and operation, (ii) the functioning and composition of its committees, (iii) the diversity in the composition and competencies of the Board; (iv) the performance of the Chairman of the Board in his duties.

C.1.18 Explain, for those years in which an external consultant participated in the assessment, the business relationships that the consultant or any company in their group has with the company or any company in its group.

In accordance with Recommendation 36 of the Code of Good Governance for Listed Companies, in 2023 the Board was assisted in its assessment and that of its committees by an independent external consultant.

This consultant provides recurring legal advisory services on contractual and securities market matters to the Company.

C.1.19 Indicate the cases in which board members must resign.

The Company's Board Regulations establish that the Board will propose the removal of Board Members to the shareholders at the General Meeting in cases where they are subject to any incompatibility or prohibition provided for by law, when their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist, which is considered to occur with respect to a Proprietary Board Member when the entire shareholding they own or whose interests they represent is disposed of and when this shareholding is reduced to a level that also requires the number of their Proprietary Board Members to be reduced.

These Regulations also provide that, in relation to the Board Member's duties of disclosure, the Board Member must inform the Company of any personal circumstances that affect or may affect the repute or reputation of the Company, in particular, any criminal proceedings in which they are involved as a defendant and the progress of the relevant proceedings. The Board may, after examining the situation presented by the Board Member require the Board Member to resign and the Board Member must abide by this decision.

In addition, the Board may require the Board Member to resign as a result of failing to comply with their general obligations set out in these Regulations.

C.1.20 Are qualified majorities, other than those prescribed by law, required for any type of decisions?

[ ] Yes
[√] No

If so, describe the differences.

C.1.21 Indicate whether there are any specific requirements, apart from those relating to the board members, to be appointed chair of the board:

[ ] Yes
[√] No

C.1.22 Indicate whether the articles of association or the board regulations set any age limit for board members:

[ ] Yes

[√] No

C.1.23 Indicate whether the articles of association or the board regulations set a limit on the term of office or other more stringent requirements in addition to those provided by law for independent board members:

[ ] Yes

[√] No

C.1.24 Indicate whether the articles of association or board regulations establish specific rules on appointing a proxy to the board in favour of other board members, the procedures for doing so and, in particular, the maximum number of proxy appointments a board member may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. If so, briefly describe these rules.

Articles of Association indicate that if any members are unable to attend a Board meeting, they may appoint a proxy and delegate their vote to a Board Member in writing and specifically for each meeting.

Accordingly, the Board Regulations establish that the proxy delegated to another Board Member will be conferred with instructions regarding the decisions to be taken as regard the various items on the agenda of the meeting.

There is no maximum number of proxy appointments or any restrictions on the categories that may be appointed as a proxy other than the limits imposed by regulations.

C.1.25 Indicate the number of board meetings held during the year. Where applicable, indicate how many times the board has met without the chair in attendance. The calculation of attendance will include proxies granted with specific instructions.

Number of board meetings	14

Number of board meetings held without the chair's attendance	0

Indicate the number of meetings held by the lead board member with the other board members, without the attendance or representation of any executive board memberr:

Number of meetings	0

Indicate the number of meetings the various board committees have held during the year:

Number of meetings of the AUDIT COMMITTEE	9
Number of meetings of the HUMAN RESOURCES, APPOINTMENTS AND REMUNERATION COMMITTEE	4

C.1.26 Indicate the number of board meetings held during the year and the attendance of its members:

Number of meetings with attendance in person of at least 80% of members	14
Attendance in person as a % of the total votes cast during the year	95.71

Number of meetings with attendance in person, or by proxy with specific instructions, of all members	14
Attendance in person and by proxy with specific instructions as a % of the total votes cast during the year	100.00

C.1.27 Indicate whether the separate and consolidated financial statements submitted for approval by the board are certified beforehand:

[√] Yes
[ ] No

Identify, where applicable, the person(s) who certified the company's separate and consolidated financial statements prior to their authorisation for issue by the board.

Name	Position
MARTA LACAMBRA I PUIG	CHAIR OF THE AUDIT COMMITTEE
ÁLVARO DE LA SERNA CORRAL	AUDIT COMMITTEE MEMBER
MARÍA TERESA BUSTO DEL CASTILLO	AUDIT COMMITTEE MEMBER

C.1.28 Give details of any mechanisms the board of members has established to ensure that the financial statements submitted by the board of members at the annual general meeting are prepared in accordance with accounting regulations.

The Company and the Miquel y Costas Group Companies prepare their financial statements in accordance with the law and applying generally accepted accounting principles under the supervision of the economic and financial department and the oversight of the Audit Committee.

Each year the heads of the economic and financial department together with the auditors examine and monitor the degree of compliance with the recommendations arising from the work performed in the audit of the financial statements.

In carrying out its duties, the Audit Committee meets with the external auditors at least twice a year to stay informed of any matters related to the process of auditing the financial statements and to deal with any issues that could give rise to possible qualifications in order to take the necessary measures to ensure that this does not occur.

Finally, the Audit Committee submits the financial statements to the Board for authorisation for issue.

C.1.29 Is the secretary to the board also a member?

[ ] Yes
[√] No

If the secretary is not a member, complete the following table:

Name or company name of the secretary	Representative
VICTORIA LACASA ESTEBANEZ	NONE

C.1.30 Indicate whether there are any specific mechanisms established by the company to preserve the independence of its external auditors, and any mechanisms to preserve the independence of the financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

In accordance with that set out in the Company's Board Regulations, the Audit Committee issues a report on an annual basis, before the auditor's report is issued, expressing its opinion on the independence of the auditors. The Audit Committee's basic responsibilities, as indicated in these Regulations, include maintaining appropriate relationships with the external auditors to receive information on any matters that may jeopardise their independence, which will be studied by the Committee, and any other matters related to the process of auditing the financial statements and, where appropriate, the authorisation of services other than those prohibited in accordance with applicable regulations, and any other communications stipulated in the regulations governing financial audits and in technical auditing rules. In any case, the Audit Committee must receive written confirmation, on an annual basis, from the auditor of their independence with respect to the Company or any directly or indirectly related companies, and detailed, individualised information on any type of additional services provided and the related fees received from these companies by the auditors or by persons or entities related to the auditor pursuant to that set out in the regulations governing financial audits.

In relation to financial analysts, investment banks and rating agencies, the Company preserves its independence by publicly disclosing to the market all Company information provided to such agents without giving them any preferential treatment.

The Regulations stipulate that the Board will immediately disclose information on the following matters:

a) relevant information capable of significantly influencing the formation of stock prices.

b) changes in the Company's ownership structure that it becomes aware of, such as changes in significant shareholdings, syndication arrangements and other forms of coalition.

c) substantial changes to the Company's governance rules.

d) the treasury share policies that the Company intends to implement under the authorisations obtained at the General Meeting.

The Internal Code of Conduct also includes and establishes the causes and terms for the dissemination of information to the different financial agents.

C.1.31 Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditor:

[ ] Yes
[√] No

In the event of any disagreement with the outgoing auditors, explain the reasons for the disagreement:

[ ] Yes
[√] No

C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group, and if so, state the amount of fees received for this work and the percentage that this amount represents of the fees billed for audit work to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Fees for other non-audit work (thousands of euros)	15	34	49
Fees for other non-audit work / Fees for audit work (%)	16.17	39.79	27.53

C.1.33 Indicate whether the auditor's report for the previous year included any qualifications. If so, indicate the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of those qualifications.

[ ] Yes
[√] No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the company's separate and/or consolidated financial statements. Likewise, indicate how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Separate	Consolidated
Number of consecutive years	22	22

	Separate	Consolidated

Number of years audited by current audit firm/Number of years the company or its group has been audited (as a %)	62.86	62.86

C.1.35 Indicate whether there is a procedure for the board members to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

[√] Yes
[ ] No

Details of the procedure

In relation to Board meetings, the Board Regulations establish the following:

"The call notice will always include the meeting agenda, which will comprise, among other items, that related to information from subsidiaries and Board Committees, and proposals and suggestions made by the Chairman and other Board Members, which will be submitted no less than five business days before the date set for the Board meeting, in accordance with that set out in the Articles of Association."

Each Board Member is provided with a dossier for each Board meeting, which is explained and, if necessary, discussed, and contains detailed information on all the matters to be discussed at the meeting. Those items that are more complex, such as the annual budget, investment plan, strategic plan and other items of special significance, receive this special treatment. Board Members may consult and request any information they require in the period between Board meetings.

C.1.36 Indicate whether the company has established rules requiring board members to report and, if applicable, resign when situations affecting them arise, whether or not related to their performance in the company itself, which may damage its credibility and reputation, and if so, give details:

[√] Yes
[ ] No

Explanation of the rules

In relation to the Board Member's duties of disclosure, the Board Regulations establish the following:

"The Board Member must inform the Company of any personal circumstances that affect or may affect the repute or reputation of the Company, in particular, any criminal proceedings in which they are involved as a defendant and the progress of the relevant proceedings, all of which will be reported in the Annual Corporate Governance Report . The Board may, after examining the situation presented by the Board Member, require the Board Member to resign and the Board Member must abide by this decision."

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a board member, whether or not related to their performance in the company itself, which could damage its credibility and reputation:

[ ] Yes
[√] No

C.1.38 Give details of the significant agreements entered into by the company that may come into force, be amended or be terminated in the event of a change in control of the company resulting from a takeover bid, and their effects.

No significant agreements were entered into by the Company that may come into force, be amended or be terminated in the event of a change in control resulting from a takeover bid.

C.1.39 Identify individually for board members, and in aggregate terms in all other cases, and provide detailed information on agreements between the company and its officers, executives and employees that provide termination benefits, or guarantee or golden parachute causes, in the event of resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of transactions.

Number of beneficiaries	5

Type of beneficiary	Description of the agreement
Executive Board Member and other Senior Executives.	Executive Board Member: The terms of his contract stipulate that in the event of involuntary termination of his executive functions, except for a serious breach of contract, he will be entitled to termination benefits equal one year's gross salary and equivalent termination benefits in the event of a change of control. Both termination benefits, i.e. the benefits for involuntary termination and the benefits in the event of a change of control, are mutually exclusive and involve the recognition of one year's salary. In addition, if the Company imposes a non-complete clause on the Executive Board Member upon their termination, the Board Member will be entitled to compensation equivalent to 50% of their gross monthly salary for a period of two years. The Senior Executives: If the Company imposes a non-complete clause on the executive, they will be entitled to compensation equivalent to 50% of their gross monthly salary for a period of two years.

Indicate whether, apart from the cases envisaged in regulations, these agreements have to be disclosed to and/or approved by the bodies of the company or of its group: If so, specify the procedures, circumstances and nature of the bodies responsible for their approval or disclosure:

	Board of members	General meeting
Body authorising the clauses	√	

	Yes	No
Is the general meeting informed of the clauses?		√

There is nothing established beyond the cases provided for by law.

C.2. Board committees

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other non-executive board members.

HUMAN RESOURCES, APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
JOSE CLAUDIO ARANZADI MARTINEZ	CHAIRMAN	Independent
MARTA LACAMBRA I PUIG	MEMBER	Independent
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MEMBER	Other non-executive
JOSÉ MIQUEL VACARISAS	SECRETARY	Proprietary
NARCÍS SERRA SERRA	MEMBER	Independent

% of Executive Board Members	0.00
% of Proprietary Board Members	20.00

% of Independent Board Members	60.00
% of other non-Executive Board Members	20.00

Explain the functions attributed to this committee and any additional responsibilities provided for by law, and describe the rules and procedures it follows for its organisation and functioning. For each of these functions, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the functions attributed to it by law, in the articles of association or other corporate resolutions.

The regulations of the Human resources, Appointments and Remuneration Committee are included in the Articles of Association and in the Company's Board Regulations.

As at 31 December 2023, this Committee is composed of five Board Members, three of whom are Independent, and is chaired by an Independent Board Member.

The Board Regulations stipulate that the Committee will meet at least once a year, adopt its decisions by majority vote and report the content of its meetings to the Board.

These Regulations state that "the Human Resources, Appointments and Remuneration Committee will be governed by the Board's rules of operation in all matters not provided for in these regulations."

The basic responsibilities assigned to the Human Resources, Appointments and Remuneration Committee are as follows:

a. Propose to the Board the appointment of Independent Board Members to be appointed by co-option or to be submitted for approval at the General Meeting, and their re-election or removal by the shareholders at the General Meeting; the remuneration of Board Members and the salary policy for senior management; the individual remuneration of Executive Board Members and the other terms set out in their contracts; the standard contractual terms and conditions for Senior Executives; the general human resources policy for the Group companies; proposing a target for representation of the under-represented gender on the Board, and developing guidance on how to achieve this target.

b. Inform the Board of the appointment of Proprietary Board Members and Executive Members to be appointed by co-option or to be submitted for approval at the General Meeting, and their re-election or removal by the shareholders at the General Meeting; the appointment of the Chairman of the Board; the appointment and removal of Senior Executives, and the standard terms of their contracts; gender diversity issues; the appointment and removal of Senior Executives proposed to the Board by the chief executive; the appointment and removal of the Secretary to the Board.

c. Evaluate the profile of those individuals that are most suited to form part of the different committees, in accordance with their knowledge, skills and experience, defining for these purposes the functions and skills that the candidates should have to fill each vacancy and assessing the time and dedication necessary for them to carry out their duties effectively; the competence, knowledge and skills of the Board Membership candidates; the succession of the Chairman and chief executive and, if appropriate, submitting proposals to the Board so that this succession takes place in an orderly and planned manner; compliance with the internal codes of conduct and corporate governance rules.

In 2023, the Human Resources, Appointments and Remuneration Committee met on four occasions to address the following matters, among others: the structure of and changes in the workforce; review of Board Member's remuneration; evaluate the appointment of the members of the Human Resources, Appointments and Remuneration Committee and the Audit Committee; appoint its Chairman; acknowledge the resignation of the Chairman of the Board and his executive functions; report on the appointment of the new Chairman of the Board, his remuneration and his contract; report on the re-election of the non-Independent Board Members whose term of office has ended; report on the appointment of non-Independent Board Members; propose the re-election of Independent Board Member whose term of office has ended; propose the appointment of Independent Board members; propose the appointment of the Honorary Chairman.

AUDIT COMMITTEE		
Name	Position	Category
MARTA LACAMBRA I PUIG	CHAIRMAN	Independent
ÁLVARO DE LA SERNA CORRAL	MEMBER	Proprietary
MARÍA TERESA BUSTO DEL CASTILLO	MEMBER	Independent

% of Executive Board Members	0.00
% of Proprietary Board Members	33.33
% of Independent Board Members	66.67
% of other non-Executive Board Members	0.00

Explain the functions attributed to this committee and any additional responsibilities provided for by law, and describe the rules and procedures it follows for its organisation and functioning. For each of these functions, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the functions attributed to it by law, in the articles of association or other corporate resolutions.

a. The regulations of the Audit Committee are included in the Articles of Association and in the Company's Board Regulations.

b. As at 31 December 2023, this Committee is composed of three Board Members, two of whom are independent, and is chaired by an independent Board Member

c. These Regulations state that "the Audit Committee will be governed by the Board's rules of operation in all matters not provided for in these regulations."

d. The basic responsibilities assigned to the Audit Committee are as follows:

e. Report to the General Meeting on any matters raised by the shareholders regarding its competence and, in particular, on the results of the audit, explaining how it contributed to the integrity of the financial information and the function discharged by the Audit Committee in this process.

f. Propose to the Board, for submission to the shareholders at the General Meeting, the appointment, the terms for hiring, scope of the mandate, re-election and, where applicable, the removal or non-renewal of the external auditors or audit firms, taking responsibility for the selection process in accordance with the applicable regulations.

g. Oversee the effectiveness of the internal audit, the Company's internal control and risk management systems, including the internal control over financial reporting systems, and discuss with the external auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit, without compromising their independence.

h. Understand and oversee the process of preparing and presenting the regulated financial information. Before the corresponding resolution is passed by the Board, the Audit Committee will report to the Board on the periodic financial information and on other information that the Company must disclose to the markets and its supervisory bodies, submitting recommendations or proposals, where applicable, aimed at safeguarding the integrity of this information.

i. Maintain appropriate relationships with the external auditors or audit firms to receive information on any matters that may jeopardise their independence, which will be studied by the Committee, and any other matters related to the process of auditing the financial statements and, where appropriate, the authorisation of services other than those prohibited in accordance with applicable regulations, and any other communications stipulated in the regulations governing financial audits and in technical auditing rules.

j. In any case, the Audit Committee must receive written confirmation, on an annual basis, from the external auditors or audit firms of their independence with respect to the Company or any directly or indirectly related companies, and detailed, individualised information on any type of additional services provided and the related fees received from these companies by the external auditors or audit firms or by persons or entities related to them pursuant to that set out in the regulations governing financial audits.

k. Issue an annual report, before the auditor's report is issued, expressing an opinion on the independence of the auditors or audit firms. This report must, in all cases, contain the evaluation of the provision of the additional services mentioned in paragraph e) above, considered individually and as a whole, and must contain a reasons assessment of the services rendered in relation to the rules governing independence.

l. Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any especially significant irregularities within the Company, particularly of a financial and accounting nature.

m. Report on related party transactions that must be approved by the shareholders at the General Meeting or the Board, and oversee the internal procedure, if any, established by the Company for those transactions whose approval has been delegated.

n. In 2023, the Audit Committee met on nine occasions to address the following matters, among others: monitor the financial statements and management information of the Company and the consolidated Group; review and report to the Board on the periodic public information consisting of the half-yearly and interim reports; analyse and study the financial policy, reporting on it to the Board; examine the communications received through the Whistleblower Channel; examine the internal control for the prevention of criminal risks; issue the report on the functioning and activities of the Committee for 2022; issue the report on the independence of the auditors; examine the Corporate Social Responsibility Report for 2022; report favourably to the Board on the proposal to amend various articles of the Board Regulations; appoint its Chairman; authorise the contracting of services other than financial audit services; approve the update of the Group's Anti-corruption and Anti-bribery Policy; approve the policy and procedure relating to the new internal information and whistleblower protection system; consider the proposal to appoint the new auditor of the Company and its Group for the years ended 31 December 2024, 2025 and 2026 since the term of the current auditing firm is coming to an end.

Identify the board members who are members of the audit committee that have been appointed based on their knowledge of and experience in accounting, auditing or both, and indicate the date on which the chair of this committee was appointed.

Names of Board Members with experience	MARTA LACAMBRA I PUIG / ÁLVARO DE LA SERNA CORRAL / MARÍA TERESA BUSTO DEL CASTILLO
Date of appointment as chair	31/07/2023

C.2.2 Complete the following table with information on the number of female board members on the various board committees over the past four years.

	Number of female Board Members							
	2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%
HUMAN RESOURCES,	1	20.00	2	40.00	1	25.00	1	16.70

APPOINTMENTS AND REMUNERATION COMMITTEE								
AUDIT COMMITTEE	2	66.66	1	33.30	0	0.00	0	0.00

C.2.3 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

The competencies and rules of operation of the Human Resources, Appointments and Remuneration Committee and those of the Audit Committee are governed in the Articles of Association and in the Company's Board Regulations, which are available on the corporate website. During the year, Article 11 on the Audit Committee was amended to include a new section with the aim of including the provision that, for all matters not expressly included in the Board Regulations, the Committee will be governed by the same rules of operation as the Board, thus according it treatment similar to that given to the Human Resources, Appointments and Remuneration Committee in section 6 of Article 12 of these Regulations.

The Audit Committee prepares an Annual Activities Report.

During the year, the working groups set up within the Board met on several occasions: the Energy and Environment Committee, the R&D and Commercial Committee, and the Inorganic Growth Committee.

D. RELATED PARTY AND INTRA-GROUP TRANSACTIONS

D.1. Explain, if applicable, the procedure and competent bodies for approving related party and intra-group transactions, indicating the company's general internal criteria and rules governing the obligation of board members or shareholders affected to refrain from performing the transactions, and detailing the internal reporting and regular control procedures established by the company in relation to those related party transactions where approval has been delegated by the board of members.

In accordance with that set out in the Company's Board Regulations, the Audit Committee's basic responsibilities include reporting on related party transactions that must be approved by the shareholders at the General Meeting or the Board, and overseeing the internal procedure, if any, established by the Company for those transactions whose approval has been delegated.

To comply with current regulations, in relation to the inclusion of information on related parties in the half-yearly financial report to be sent to the Spanish National Securities Market Commission, the Company asks its Board Members and executives to submit a statement listing all transactions that they and their related parties may have performed with the Company or with any Group company during the reporting period. In addition, the Company performs a second level control to be able to compare these statements and, where appropriate, identify possible discrepancies.

Furthermore, the Company's Internal Code of Conduct establishes that when Persons Subject to the Code have performed on their own account any transaction for the subscription, purchase or sale of Securities Subject to the Code, they must send a notice to the Secretary to the Board detailing these transactions within fifteen days following the end of each calendar month, unless this notice must be sent in advance in accordance with the applicable regulations, with transactions carried out by Related Persons being treated in the same way as transactions performed on their own account, which must be declared.

Accordingly, Chapter IX of the Board Regulations includes the "Duties of Board Members" in matters relating to confidentiality, non-competition, the Company's information not in the public domain or business opportunities, and indicates that these duties will also be considered to be enforceable when the circumstances in each case refer to companies in which the Board Member has a significant ownership interest or to any person related to the Board Member in such a way that it affects their independence or judgement.

D.2. Individually list those transactions that are significant due to their amount or importance carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the company's board of members, indicating which body was responsible for approving them and whether any shareholder or board member affected had to refrain from performing the transaction. In the event that competence fell to the shareholders at the general meeting, indicate whether the proposed resolution was approved by the board without the majority of independent board members voting against it:

	Name or company name of the shareholder or any of its subsidiaries	% of ownership	Name of the company or subsidiary	Amount (thousands of euros)	Approving body	Name of the significant shareholder or board member that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent members voting against it
(1)	JORGE MERCADER MIRÓ	17.70	MIQUEL Y COSTAS & MIQUEL, S.A.	3,157	Board with the ratification at the General Meeting		YES
(2)	INDUMENTA PUERI, S.L.	14.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,611	Board with the ratification at the General Meeting		YES
(3)	BERNADETTE MIQUEL VACARISAS	12.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,267	Board with the ratification at the General Meeting		YES
(4)	MARÍA DEL CARMEN ESCASANY MIQUEL	12.62	MIQUEL Y COSTAS & MIQUEL, S.A.	2,261	Board with the ratification at the General Meeting		YES

	Name or company name of the shareholder or any of its subsidiaries	Type of relationship	Type of transaction and other information necessary for its assessment
(1)	JORGE MERCADER MIRÓ	Corporate	Dividends paid
(2)	INDUMENTA PUERI, S.L.	Corporate	Dividends paid
(3)	BERNADETTE MIQUEL VACARISAS	Corporate	Dividends paid
(4)	MARÍA DEL CARMEN ESCASANY MIQUEL	Corporate	Dividends paid

D.3. Individually list the transactions that are significant due to their amount or importance carried out by the company or its subsidiaries with the company's directors or executives, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was responsible for approving them and whether any shareholder or board member affected had to refrain from performing the transaction. In the event that competence fell to the shareholders at the general meeting, indicate whether the proposed resolution was approved by the board without the majority of independent members voting against it:

	Name of the directors or executives or their controlled or jointly controlled entities	Name of the company or subsidiary	Relationship	Amount (thousands of euros)	Approving body	Name of the significant shareholder or board member that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent members voting against it
(1)	ÁLVARO DE LA SERNA CORRAL	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	19	Board with the ratification at the General Meeting		YES
(2)	EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	52	Board with the ratification at the General Meeting		YES
(3)	JORGE MERCADER BARATA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	89	Board with the ratification at the General Meeting		YES
(4)	JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	51	Board with the ratification at the General Meeting		YES
(5)	JOSÉ MIQUEL VACARISAS	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	65	Board with the ratification at the General Meeting		YES
(6)	IGNASI NIETO MAGALDI	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	4	Board with the ratification at the General Meeting		YES
(7)	ALFONSO PÉREZ LLORENTE	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	4	Board with the ratification at the General Meeting		YES
(8)	JAVIER GARCÍA BLASCO	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	21	Board with the ratification at the General Meeting		YES
(9)	MARINA JURADO SALVADO	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	25	Board with the ratification at the General Meeting		YES
(10)	JOSÉ MARÍA MASIFERN VALÓN	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	15	Board with the ratification at the General Meeting		YES
(11)	ANTONI ALBAREDA SOTERAS	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	7	Board with the ratification at the General Meeting		YES

	Name of the directors or executives or their controlled or jointly controlled entities	Name of the company or subsidiary	Relationship	Amount (thousands of euros)	Approving body	Name of the significant shareholder or board member that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent members voting against it
(12)	JOSEP PAYOLA BASETS	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	20	Board with the ratification at the General Meeting		YES
(13)	OLGA ENCUENTRA CATALÁN	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	9	Board with the ratification at the General Meeting		YES
(14)	JORDI PRAT CANADELL	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	3	Board with the ratification at the General Meeting		YES

	Name of the directors or executives or their controlled or jointly controlled entities	Type of transaction and other information necessary for its assessment
(1)	ÁLVARO DE LA SERNA CORRAL	Dividends paid
(2)	EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Dividends paid
(3)	JORGE MERCADER BARATA	Dividends paid
(4)	JAVIER BASAÑEZ VILLALUENGA	Dividends paid
(5)	JOSÉ MIQUEL VACARISAS	Dividends paid
(6)	IGNASI NIETO MAGALDI	Dividends paid
(7)	ALFONSO PÉREZ LLORENTE	Dividends paid
(8)	JAVIER GARCÍA BLASCO	Dividends paid
(9)	MARINA JURADO SALVADO	Dividends paid
(10)	JOSÉ MARÍA MASIFERN VALÓN	Dividends paid
(11)	ANTONI ALBAREDA SOTERAS	Dividends paid
(12)	JOSEP PAYOLA BASETS	Dividends paid
(13)	OLGA ENCUENTRA CATALÁN	Dividends paid
(14)	JORDI PRAT CANADELL	Dividends paid

D.4. Individually list the intra-group transactions that are significant due to their amount or importance carried out by the company with its parent company or with other companies belonging to the parent's group, including the subsidiaries of the listed company, unless no other related party of the listed company has an interest in such subsidiaries or the subsidiaries are wholly owned, directly or indirectly, by the listed company.

In any case, list any intra-group transactions carried out with entities in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
No data		

D.5. Individually list any transactions that are significant due to their amount or importance carried out by the company or its subsidiaries with other related parties that are considered significant in accordance with International Accounting Standards as adopted by the EU and that have not been reported under the previous headings.

Company name of the related party	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
No data		

D.6. List the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its board members, executives, significant shareholders or other related parties.

In accordance with the Internal Code of Conduct, the persons to whom it applies are required to inform the Secretary to the Board of any possible conflicts of interest to which they or persons related to them are subject as a result of their family relationships, their personal assets, or for any other reason. If there is any doubt as to where there is a conflict of interest, it must be discussed with the Secretary to the Board before taking any decision that may be affected by this conflict of interest.

Furthermore, the Board Regulations establish that Board Members must consult the Human Resources, Appointments and Remuneration Committee before accepting any executive position in another company or entity that may represent a conflict of interest.

In addition to the above, each year all Board Members, regardless of whether they had already reported the conflict when it arose, issue an express statement regarding the conflicts of interest that relate both to the Board Members themselves personally and to their related parties, whereby this statement is subsequently ratified at a Board meeting, placed on record by the Secretary to the Board in the Company's register of conflicts of interest.

D.7. Indicate whether the company is controlled, as defined in section 42 of the Spanish Commercial Code (*Código de Comercio*), by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with this company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of these companies.

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's risk control and management system for financial and non-financial risks, including tax-related risks.

The Audit Committee, in performing the functions established in the Articles of Association and the Board Regulations, controls business risks, oversees and manages the actions of the Internal Control Service for risks relating to the business in general and, in particular, those relating to information and compliance with the law as regards commercial, criminal and tax matters.

E.2. Identify the corporate bodies responsible for developing and implementing the risk control and management system for financial and non-financial risks, including tax risks.

1.- Human Resources, Appointments and Remuneration Committee:
This Committee oversees and controls all matters related to the personnel providing services to the Group: prevention and safety, loyalty, replacement, etc.

2.- Audit Committee:
This Committee examines and oversees the Company's financial reporting process, the internal control systems and the internal control model for criminal risks prevention.

3.- Management Committee:
This Committee oversees the business areas, both production and logistics in general, including the environmental and commercial areas.

4.- Risk Management and Control Committee:
This Committee is responsible for the risk control functions regarding economic-financial, tax, legal and commercial risks, and the risk of claims in terms of prevention and insurance.

5.- Investment and Environment Committee:
This Committee is responsible for monitoring all aspects of investments in tangible assets and the Technical Committee analyses, discusses, proposes and monitors risks and opportunities related to the environment.

6.- Area Committees:
These committees are responsible for enforcing guidelines regarding those matters that are most closely related to the operational and commercial risks of each of the Group's areas.

7.- Compliance Officer:
They are responsible for monitoring, proposing measures, reporting and presenting evidence and, where appropriate, analysing any mitigating actions.

E.3. List the main financial and non-financial risks, including tax risks and, to the extent that they are significant, those arising from corruption (understood within the scope of Royal Decree Law 18/2017), which may impact the achievement of the business objectives.

The main risks identified and managed by the Miquel y Costas Group are summarised below:

Macroeconomic:
Commodities and energy
Economic and financial backdrop
Legal and regulatory risks regarding civil, commercial, tax and other matters.

Operations and markets:
Sector concentration
Quality and quality assurance
Research and new products

Facilitation:
Integrity of assets
IT systems
Human resources
Taxation

Criminal risks
Environment and sustainability

E.4. Identify whether the company has risk tolerance levels, including tax risks.

The Company considers that it has sufficient capacity and is adequately prepared to withstand and manage the risks identified.

The Board Regulations establish that the Audit Committee is responsible for overseeing the effectiveness of the internal audit, the Company's internal control and risk management systems, in particular the internal control over financial reporting systems, and discussing with the external auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit, without compromising their independence.

The Board Regulations also stipulate that the Audit Committee, in carrying out the functions attributed to it, will identify the different types of risk faced by the Company, the level of risk that the Company considers acceptable, the measures envisaged to mitigate their impact and the systems to control and manage these risks, which will be submitted to the Board for approval.

The Audit Committee also submits them to an audit and compares them with the established risk assessment processes, the description of the risks identified with an indication of the tolerance and the assessment of each risk.

E.5. Indicate any financial and non-financial risks, including tax risks, that have arisen during the year.

Risks arising during the year Legal. In the second half of 2023, an agreement was reached with the former distributor for the Italian market, Tobacco's Import-Export SPA, to put an end to the lawsuit between the Parent and this distributor, the rulings on which had been favourable to the Group, representing an extraordinary income for the Group during this year.

Risks arising during the year Tax. An appeal for judicial review was filed with the National Appellate Court against the ruling handed down by the Central Economic-Administrative Tribunal dismissing the economic-administrative claim filed against the settlement agreement resulting from the tax audit in relation to corporation tax for 2012 to 2015.

Risks arising during the year: two administrative appeals were filed with the Central Economic-Administrative Tribunal against the settlement agreements of the Spanish Tax Agency in relation to the partial exemption from the electricity tax, with one appeal for 2016 and 2017, and the other for 2018; the Company has made a provisional payment for the assessments included in the above settlement agreements.

Risks arising during the year An appeal for judicial review was filed against the ruling of the Regional Economic-Administrative Tribunal of Catalonia, within the framework of the procedure for requesting a refund for amounts incorrectly paid in relation to the hydrocarbon tax payments for the periods from September 2014 to September 2018, both inclusive.

E.6. Explain the plans for responding to and monitoring the company's main risks, including tax risks, and the procedures followed by the company to ensure that the board of members responds to any new challenges that may arise.

The Company monitors all regulations affecting it through its committees, its Management Committee, its internal services and the collaboration of its external advisors. All new regulations that impact the Company's activities are channelled through the areas of responsibility that must be aware of these regulations so as to ensure proper compliance.

In addition, the Board and, where appropriate, its delegate committees, selectively monitor the application of, adaptation to and compliance with these regulations.

As regards taxation, it also stays up to date on any tax regulations through its advisors, analyses economic events so that they are handled by the committees responsible for such events with the greatest guarantees possible, and activates the procedures for taking action when required by the tax authorities.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk control and management systems in relation to the company's internal control over financial reporting (ICFR).

F.1. The company's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or functions responsible for: (i) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its oversight.

In accordance with that set out in the Company's Board Regulations, the Audit Committee is responsible for overseeing the effectiveness of the internal audit, and the Company's internal control systems and, in particular, for understanding and overseeing the process of preparing and presenting the regulated financial information. The Committee also carries out internal monitoring activities.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) designing and reviewing the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the company:

The Human Resources, Appointments and Remuneration Committee is responsible for determining and reviewing the organisational structure and for submitting and reporting on it to the Board. General Management is responsible, by delegation from the Board, for implementing the resolutions passed by the Board in relation to the Group's organisational structure, definition of responsibilities and assignment of functions.

The Company has documented internal procedures to ensure that the assigned functions are performed correctly.

- Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The Company has an Internal Code of Conduct approved by the Board, the purpose of which is to set out the principles and rules of conduct in the securities markets. Personnel subject to this Code are familiar with and understand it and a copy is available on the corporate website and on the CNMV's website.

Since it was initially drafted, this Code has been adapted to any legislative or other amendments required, and its current wording was approved at the Board meeting held on 20 June 2022 and communicated to the CNMV.

In addition, the Company has procedures that establish the guidelines for using and handling sensitive information.

- Whistleblower channel, for reporting to the audit committee any financial or accounting irregularities, and any potential breaches of the code of conduct and irregular activities in the organisation, stating whether reports made through this channel are confidential and whether communications can be sent anonymously, thus respecting the rights of the whistleblower and the reported party.

The Audit Committee has implemented a whistleblower channel through which the Company's personnel can make suggestions or recommendations on any matter relating to the Group, and report compliance irregularities or submit reports of illegal activities or suspected illegal activities. Several actions were carried out in 2023 to bring the Group's whistleblower channel and internal regulations into line with the requirements of current regulations, creating an internal whistleblower information and protection system accessible not only to staff but also to third parties such as suppliers, former employees, family members, investors or customers.

Communications and reports submitted through this channel and for these purposes by staff may, at their choice, be sent either anonymously or with the whistleblower's identification, and will in all circumstances be treated as strictly confidential.

In addition, those persons that are not part of the Company but that have ties to the organisation can also file complaints.

- Training programmes and periodic refresher courses for personnel involved in preparing and reviewing financial information and evaluating the ICFR system, which at least cover accounting standards, auditing, internal control and risk management.

Both the personnel involved in preparing and reviewing the financial information and those responsible for the assessment of internal control systems participate in regular training and refresher programmes on accounting standards, internal control and risk management.

These training plans are mainly carried out by management of the various areas, with the Human Resources Department in charge of supervision and mentoring.

F.2. Risk assessment in financial reporting

Report at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, with respect to:

- Whether the process exists and is documented:

For corporate risk management, the Company has designed a risk map of the most relevant processes in financial reporting. The document is based on the model proposed by the COSO Report and is updated on an ongoing basis as part of the Internal Oversight Plan.

This document establishes, among other aspects, that corporate risk management is a process carried out by the Board and its specialised committees, Management and the rest of the Company's personnel, and that its basic function is to identify and assess potential events that could jeopardise the achievement of the objectives set.

- Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

The corporate risk management framework is basically aimed at achieving the Company's objectives from a financial reporting perspective and the ongoing process of assessing these risks includes verifying compliance with the following principles:

- Completeness
- Adequate registration
- Correct assessment
- Appropriate transaction cut-off
- Adequate presentation and classification

- Whether a specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

The Economic and Financial Department identifies and modifies, if necessary, the Group's scope of consolidation on an ongoing basis, using multi-departmental sources of information.

- Whether the process addresses other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they may affect the financial statements.

To a large extent, the internal control system focuses on assessing the risk of achieving the objectives related to financial reporting. However, the assessment process includes all manner of objectives and regulatory compliance objectives. These operational and regulatory compliance objectives include the assessment of environmental, quality, knowledge, development, industrial/intellectual property and reputational risks.

- Which of the company's governing bodies is responsible for overseeing the process.

The Board is ultimately responsible for overseeing the process, in addition to that carried out by the Audit Committee, which has been delegated, among other functions, the task of periodically monitoring the Company's internal audit, the internal control systems and risk management.

F.3. Control activities

Specify at least the following components with a description of their main characteristics:

F.3.1 Procedures for reviewing and authorising financial information and the description of the ICFR system to be disclosed to the securities markets, indicating those responsible, and documentation describing the flows of activities and controls (including those related to the risk of fraud) for the various types of transactions that may have a material effect on the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimates, evaluations and projections.

The Audit Committee analyses the interim and half-yearly financial information in accordance with the authority delegated to it by the Board.

Following a report from the Audit Committee, the Board is the body that decides on the terms of the financial information to be disclosed by the Company.

The Accounting and Consolidation Department, together with the Management Control Department, prepares the economic and financial information of all Group companies and manages and oversees the supporting documentation and transactions in accordance with risk prevention processes. This economic and financial information is reviewed and analysed, together with the estimates and valuations made, by the Management Committee and the Risk Management and Control Committee.

General Management submits the economic and financial information for the period to the Board at least on a monthly basis.

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Company has updated internal policies and procedures that it has disseminated on the operation of the IT systems, secure access, segregation of duties, and on the development or maintenance of computer software.

Access to the IT systems is managed by the IT Systems Department, which has the appropriate human and technical resources to properly manage such access, in accordance with the organisational guidelines established.

As regards the control mechanisms for data recovery and assuring business continuity, the Group has a contingency plan that is reviewed and updated on a regular basis.

Internal control is reviewed on an annual basis by the Group's external auditors, which includes verifying the IT system controls.

F.3.3 Internal control policies and procedures for overseeing the management of activities outsourced to third parties and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The valuation processes, judgements or calculations to be made for the preparation and publication of the financial statements are carried out by internal services, along with any other processes that may be relevant to prepare this financial information.

Verification, audit and assessment services, among others, affecting the various activities are carried out, depending on their particular characteristics, with the frequency established by external services, such as the Statement of Non-Financial Information and the assessment of the Board, among others, and on industrial activity on specific topics.

F.4. Information and communication

Specify at least the following components with a description of their main characteristics:

F.4.1 A specific function in charge of defining and updating accounting policies (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations; and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Accounting Department and the Management Control Department are responsible for establishing and keeping up to date the accounting policies applicable to the Group, and for keeping the heads of the different areas involved informed and resolving any questions or differences as to their interpretation.

The accounting policies applied are based on the regulatory framework established in the Commercial Code, the General Accounting Plan in force and other commercial law, International Financial Reporting Standards, EU Directives transposed into Spanish law, and the various types of related regulations adopted by the European Union.

F.4.2 Mechanisms for gathering and preparing financial information in standard format that are applicable to and to be used by all units of the company or the group, and that support the main financial statements and accompanying notes, and the disclosures concerning ICFR.

The Group's IT systems are mostly supported by an integrated corporate application (ERP) that allows the various areas to be managed in a centralised and coordinated manner, such as production, sales, purchasing, logistics, inventories and warehouse control, accounting, payroll, etc., and that makes the processes more reliable and provides a suitable degree of security regarding the integrity, reliability and uniformity of the financial information obtained.

The subsidiaries that form part of the Group's scope of consolidation in Spain follow a single, unified chart of accounts. The information is processed by the integrated management system, which allows the financial information to be automatically gathered and prepared by the Corporate Accounting Department. The companies not included in this computer system and certain foreign companies ensure maximum uniformity and the Group has also implemented control measures to ensure that the financial data collected by these companies are complete, accurate and provided in a timely manner.

F.5. Monitoring

Specify at least the following components with a description of their main characteristics:

F.5.1 The ICFR monitoring activities undertaken by the audit committee and whether the company has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The Audit Committee's functions include carrying out an assessment to ensure that the Company's processes and risk management and internal control systems, including the ICFR system, are correctly designed, implemented and functioning effectively.

The Committee also approves and regularly monitors the annual work plan. At its meetings, it analyses the assessments and recommendations issued by the control service and, where applicable, proposes corrective measures and evaluates the effects of those implemented.

F.5.2 A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior executives and its audit committee or board of members. State also whether the company has an action plan to correct or mitigate the weaknesses identified.

The Audit Committee communicates regularly with the statutory auditor and the internal oversight services. The Committee is the body that keeps the Board informed of the matters handled and the actions taken.

At the Committee's meetings with the auditor, the latter informs the Committee of the work programme and their findings in relation to the internal control performed during the review of the financial statements.

The Committee monitors the activity carried out and compliance with agreed action plans to mitigate any control weaknesses.

The Economic and Financial Department communicates regularly with the auditor to discuss the actions taken to avoid or correct any weaknesses observed.

F.6. Other relevant information

F.7. External auditor's report

Report on:

F.7.1 Whether the ICFR information supplied to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The Company considers that the systems in place provide sufficient guarantees as to the quality of its financial information and reports this in all communications where appropriate.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the code of good governance for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

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

   Compliant [X]   Explain [ ]

2. When the listed company is controlled, as defined in section 42 of the Commercial Code, by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with this company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of these companies, it should publicly disclose the following in a precise manner:

   a) The type of activity they engage in and any business dealings between the listed company and its subsidiaries and also by the parent company and its subsidiaries.

   b) The mechanisms in place to resolve possible conflicts of interest.

   Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

3. During the annual general meeting, the chair of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

   a) Changes taken place since the previous annual general meeting.

   b) The specific reasons why the company does not follow certain recommendations of the Corporate Governance Code and the alternative rules applied in this connection, should any exist.

   Compliant [X]   Partially compliant [ ]   Explain [ ]

4. The company should draw up and implement a policy of communication and contact with shareholders and institutional investors in the context of their involvement in the company, and with proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant contacts or those charged with its implementation.

   Without prejudice to the legal obligations regarding the dissemination of inside information and other types of regulated information, the Company should also have a general policy regarding the communication of financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

   Compliant [ ]   Partially compliant [X]   Explain [ ]

The Company has established rules of conduct in relation to the communication policy that respect the current law and treat those receiving the information appropriately. These rules are set out in various regulatory texts that are published on the corporate website.

Information is disseminated through the means of communication using an external agency. Before being disseminated through this channel, the information to be made available to the market, investors and other stakeholders is carefully reviewed internally by the Company to ensure that it is clear and truthful.

In addition, the Company holds meetings with agents who request them for the purpose of clarifying and explaining the information disclosed through the different channels, and has a single centralised internal spokesperson who manages communications with financial analysts, investors and other stakeholders.

5. The board of members should not put forward a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emption rights for an amount exceeding 20% of the share capital at the time of the delegation.

   And when a board approves the issuance of shares or convertible securities without pre-emption rights, the company should immediately post a report on its website explaining the exclusion as envisaged in commercial law.

   Compliant [X]   Partially compliant [ ]   Explain [ ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

   a) Report on the auditor's independence.

   b) Reports on the functioning of the audit committee and the appointments and remuneration committee.

   c) Audit committee report on related party transactions.

   Compliant [ ]   Partially compliant [ ]   Explain [X]

The Company draws up most of the reports listed in this Recommendation on an annual basis.

7. The company should broadcast its general meetings live on the corporate website.

   And the company should have mechanisms in place that allow proxies to be appointed and votes to be cast by remote means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the general meeting.

Compliant [ ] Partially compliant [X] Explain [ ]

The Company does not currently consider it necessary to broadcast the general meetings live on its website due to the complexity and the resources necessary to do so.

The Company's General Meeting Regulations establish that when it is decided that the General Meetings may be attended by remote means in accordance with the law, the Board will:

1. Mediate the appropriate procedures so that the Company and those attending the meeting may make use of all electronic means available that facilitate their communication and effective participation (to exercise their rights both before the meeting and in real time and to follow along when other attendees take the floor), whereby these means must in all cases guarantee the identity and accreditation of the shareholders and their representatives.
2. Provide, where applicable, information on the systems that allow the General Meeting to be followed or attended remotely through the electronic means established, and any other information considered appropriate and useful for shareholders for these purposes.
3. Identify all the necessary details to allow for the orderly conduct of the meeting, within the framework provided for by law.

In any case, the Company's prefers to hold General Meetings in person, as it considers this to be the best method of participation for those attending.

8. The audit committee should ensure that the financial statements submitted by the board of members at the annual general meeting are prepared in accordance with accounting regulations. And in those cases where the auditor has included a qualification in their auditor's report, the chair of the audit committee should clearly explain the audit committee's opinion on its content and scope at the general meeting, making a summary of this opinion, along with any other proposals and reports of the board, available to shareholders when the call notice for the meeting is published.

   Compliant [X] Partially compliant [ ] Explain [ ]

9. The company should disclose its requirements and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

   These requirements and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

   Compliant [X] Partially compliant [ ] Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

    a) Immediately circulate the supplementary items and new proposals.

    b) Publish the attendance card template or proxy appointment or remote voting form with the necessary changes so that they can vote on the new items on the agenda and alternative resolutions proposed under the same terms as those proposed by the board of members.

    c) Put all these items or alternative proposals to a vote applying the same voting rules as for those submitted by the board of members, with particular regard to presumptions or deductions about the direction of votes.

    d) After the general meeting, disclose the breakdown of votes on these supplementary items or alternative proposals.

    Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

11. If the company plans to pay per diems for attendance at the general meeting, it should first establish a general, long-term policy regarding such per diems.

    Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

12. The board of members should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

    In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, and with the impact of its activities on the broader community and the natural environment.

    Compliant [X]   Partially compliant [ ]   Explain [ ]

13. The board of members should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

    Compliant [X]   Explain [ ]

14. The board of members should approve a selection policy aimed at promoting an appropriate composition of the board and that:

    a) Is specific and verifiable.

    b) Ensures that appointment or re-election proposals are based on prior analysis of the board's required competencies.

    c) Favours diversity of knowledge, experience, age and gender. For this purpose, measures that encourage the company to have a significant number of female senior executives are considered to favour gender diversity.

    The results of the prior analysis of the board's required competencies should be written up in the appointments committee's explanatory report that is published when the general meeting is convened that will ratify the appointment and re-election of each board member.

    The appointments committee should annually verify compliance with this policy and set out its findings in the annual corporate governance report.

    Compliant [ ]   Partially compliant [X]   Explain [ ]

The Board's diversity policy implemented by the Company complies with the requirements set out in a) b) and c) above.

The selection process is aimed at ensuring that Board members have the necessary experience and knowledge to fulfil their duties and responsibilities and that they bring the appropriate expertise to cover the various committees set up by the Board.

This selection process must comply with the Company's pillars at all times and, therefore, avoid any type of discrimination based on age or gender during the process; compliance with this is verified and ratified by the Human Resources, Appointments and Remuneration Committee.

15. Proprietary and independent board members should constitute an ample majority on the board of members, while the number of executive members should be the minimum necessary, bearing in mind the complexity of the corporate group and the ownership interests they control.

    And the number of female members should account for at least 40% of the board members by the end of 2022 and subsequent years, and not be less than 30% prior to that date.

    Compliant [ ]   Partially compliant [X]   Explain [ ]

The Company complies with the first part of the recommendation since the number of executive Board Members, currently one, constitutes the minimum number of Members. It should be noted that the number of Members in this category has been reduced from two to one.

There are three Proprietary Board Members and four Independent Board Members, which therefore constitute a large majority on the Board.

The Board currently has two female members, representing 20% of the Board members. It should be noted that one of the members who joined the Board in 2023 was a woman, in accordance with the target set by the Company for the number of female members to represent at least 40% of the total number of Members in line with current law. To achieve this objective, the Human Resources, Appointments and Remuneration Committee must ensure that the selection processes do not entail any implicit biases that could imply any type of discrimination based on gender, among other reasons, so that when there are vacancies to be filled, at least one woman with the professional profile sought will be included among the potential candidates for Board Members, without prejudice to the essential criteria of merit and ability that must govern these processes.

16. The percentage of proprietary board members out of all non-executive board members should be no greater than the proportion of the capital represented on the board by these members to the remainder of the company's capital.

    This criterion may be relaxed:

    a) In large cap companies where few shareholdings attain the legal threshold to be considered significant.

    b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant [X]   Explain [ ]

17. The number of independent board members should represent at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has a shareholder or multiple shareholders acting in concert controlling over 30% of the share capital, independent board members should represent at least one third of the total number of members.

Compliant [X]   Explain [ ]

18. Companies should post the following board member particulars on their websites, and keep them permanently updated:

a) Professional experience and background.

b) Memberships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) An indication of the member category to which they belong, in the case of proprietary member indicating the shareholder they represent or with which the board member has ties.

d) The date of their first appointments as a company member, and subsequent re-elections.

e) Shares held in the company and any options on these shares.

Compliant [X]   Partially compliant [ ]   Explain [ ]

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary board members at the request of shareholders controlling less than 3% of share capital and explain any rejection of a formal request for a place on the board from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary membership.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

20. Proprietary board members should resign when the shareholders they represent dispose of their ownership interest in its entirety. If the shareholders reduce their ownership interest, and therefore lose some of their entitlement to proprietary members, the number of proprietary members should be reduced accordingly.

Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

21. The board of members should not propose the removal of independent board members before the end of their term as indicated in the articles of association, unless the board considers there is just cause to do so, subject to a report by the appointments committee. Just cause will be presumed when members take up new posts or responsibilities that prevent them from allocating sufficient time to discharge the duties of members or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent, in accordance with that established in applicable law.

The removal of independent board members may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant [X] Explain [ ]

22. Companies should establish rules obliging board members to inform the board and, where appropriate, resign when situations affecting them arise, whether or not related to their performance in the company itself, which could damage the credibility and reputation of the company. In particular, they should be obliged to inform the board of members of any criminal charges brought against them and the progress of any proceedings.

    And, having been informed or having otherwise become aware of any of the situations mentioned in the previous paragraph, the board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report from the appointments and remuneration committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the member or proposing their removal. And this should be disclosed in the annual corporate governance report, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, when the corresponding measures are adopted.

    Compliant [X] Partially compliant [ ] Explain [ ]

23. All board members should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other members unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

    When the board makes material or reiterated decisions about which a member has expressed serious reservations, then they must draw the pertinent conclusions. Board members resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

    The terms of this recommendation also apply to the secretary to the board, even if they are not a member.

    Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

24. When, either by resignation or by resolution of the general meeting, a board member leaves office before the end of their term, they should give sufficient explanation of the reasons for their resignation or, in the case of non-executive members, their opinion on the reasons for the removal by the shareholders at the meeting, in a letter to be sent to all board members.

    And, without prejudice to the disclosure of all of the above in the annual corporate governance report, to the extent that it is relevant to investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the member.

    Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

25. The appointments committee should ensure that non-executive board members have sufficient time available to discharge their responsibilities effectively.

    And the board regulations should establish the maximum number of company boards on which members may serve.

    Compliant [X]   Partially compliant [ ]   Explain [ ]

26. The board should meet with the frequency necessary to properly perform its functions, at least eight times a year, in accordance with a schedule of dates and agendas set at the beginning of the year, to which each member may propose the addition of initially unscheduled items to the agenda.

    Compliant [X]   Partially compliant [ ]   Explain [ ]

27. Board member absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, members should delegate their powers of representation with the appropriate instructions.

    Compliant [X]   Partially compliant [ ]   Explain [ ]

28. When board members or the secretary express concerns about some proposal or, in the case of members, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

    Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

29. The company should provide suitable channels for board members to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

    Compliant [X]   Partially compliant [ ]   Explain [ ]

30. Regardless of the knowledge board members must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

    Compliant [X]   Partially compliant [ ]   Explain [ ]

31. The agendas of board meetings should clearly indicate the items on which the board of members must adopt a decision or pass a resolution, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chair may wish to submit decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent of the majority of members present, which will be duly recorded in the minutes.

Compliant [X] Partially compliant [ ] Explain [ ]

32. Board members should be regularly informed of changes in the shareholder structure and the views of significant shareholders, investors and credit rating agencies on the company and its group.

Compliant [X] Partially compliant [ ] Explain [ ]

33. The chair, as the person responsible for the efficient functioning of the board of members, in addition to exercising the functions assigned by law and the company's articles of association, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular assessments of the board and, where appropriate, the company's chief executive; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each member, when circumstances so advise.

Compliant [X] Partially compliant [ ] Explain [ ]

34. When a lead board member has been appointed, the articles of association or board regulations should grant them the following powers in addition to those conferred by law: chair the board of members in the absence of the chair or deputy chair, if any; give voice to the concerns of non-executive members; maintain contacts with investors and shareholders to hear their views and develop an understanding of their concerns, especially those in relation to the company's corporate governance; and coordinate the succession plan for the chair.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

The powers granted to the Company's lead Board Member are those provided for in current law.

35. The board secretary should strive to ensure specifically that the board's actions and decisions are informed by the governance recommendations of the code of good governance as may be applicable to the company.

Compliant [X] Explain [ ]

36. The board in plenary session should conduct an annual assessment, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the functioning of the board.

b) The functioning and composition of its committees.

c) The diversity of board membership and competences.

d) The performance of the chair of the board of members and the company's chief executive.

e) The performance and contribution of each member, with particular attention to the chairs of the various board committees.

The evaluation of the various board committees should start from the reports they send the board of members, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of members should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company of its group has with the company or any company of its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant [X] Partially compliant [ ] Explain [ ]

37. When there is an executive committee, at least two non-executive members should sit on this committee, at least one of whom should be independent; and its secretary should be the secretary to the board.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee, and all board members should receive a copy of the executive committee's minutes.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

39. The members of the audit committee as a whole, and particularly its chair, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management, for financial and non-financial risks.

Compliant [X] Partially compliant [ ] Explain [ ]

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chair or the chair of the audit committee.

Compliant [ ] Partially compliant [X] Explain [ ]

The Company's organic structure offers guarantees to ensure the oversight of the IT systems and internal control and is supplemented by the ICFR and Criminal Risk Prevention Control Service, which monitors these IT systems and internal control and reports directly to the Audit Committee.

41. The head of the unit in charge of the internal audit function should present the annual work plan to the audit committee for approval by the committee or the board, report directly to it on its execution, including any incidents and limitations in terms of its scope that may arise during its implementation, the results and follow-up of its recommendations, and submit an activities report at the end of each year.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

The ICFR and Criminal Risk Prevention Control Service, established in accordance with the organisational size of the Company, is included in recommendation 40 and, its control function submits its annual work plan to the Audit Committee for approval, reports on the execution of the plan, including incidents and limitations in carrying out the plan, the results and the follow-up of its recommendations; it submits an activities report for its consideration on a half-yearly basis.

42. In addition to those provided for by law, the audit committee should have the following functions:

1. In relation to internal control and reporting systems:

a) Oversee and assess the process of drafting and the integrity of financial and non-financial information, and the systems for controlling and managing financial and non-financial risks related to the company and, if applicable, to the group — including operational, technological, legal, social, environmental, political, reputational and corruption-related risks — reviewing compliance with regulatory requirements, the appropriate demarcation of the scope of consolidation and the correct application of accounting policies.

b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or propose the approval to board of the guidelines and annual work plan of the internal audit service, ensuring that it focuses primarily on the main risks (including reputational risk); receive regular information on its activities; and verify that senior executives are taking into account the conclusions and recommendations of its reports.

c) Establish and oversee a mechanism that allows employees and other persons related to the company, such as board members, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting issues, or any other type of irregularities, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any event, provide for cases in which communications can be made anonymously, thus respecting the rights of the whistleblower and the reported party.

d) Ensure in general that the policies and systems established as regards internal control are effectively applied in practice.

2. In relation to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise their quality or independence.

c) Ensure that the company reports any change in the external auditor to the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons behind them.

d) Ensure that the external auditor has a yearly meeting with the board in plenary session to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [X]   Partially compliant [ ]   Explain [ ]

43. The audit committee may call on any company employee or manager to be present at its meeting, even ordering their presence without another senior executive.

Compliant [X]   Partially compliant [ ]   Explain [ ]

44. The audit committee should be informed of any structural changes or corporate transactions the company is planning, so that the committee can analyse the transaction and report to the board

beforehand on its economic terms and accounting impact and, when applicable, the exchange ratio proposed.

Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

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

a) The different types of financial and non-financial risk (including operational, technological, financial, legal, social, environmental, political and reputational and corruption-related risks) to which the company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, including a specialised risk committee when the sector regulations so provide, or when the company considers it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures in place to mitigate the impact of the identified risks, should they occur.

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

Compliant [X]   Partially compliant [ ]   Explain [ ]

46. Companies should establish an internal risk control and management function, performed by one of the company's internal units or departments, and under the direct supervision of the audit committee or, where applicable, some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks to which the company is exposed are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively within the framework of the policy defined by the board of members.

Compliant [X]   Partially compliant [ ]   Explain [ ]

47. Appointees of the appointments and remuneration committee — or of the appointments committee and the remuneration committee, if they are separate — should have the right balance of knowledge, skills and experience for the functions they are called on to discharge and the majority of their members should be independent members.

Compliant [X]   Partially compliant [ ]   Explain [ ]

48. Large cap companies should have a separate appointments committee and remuneration committee.

Compliant [ ]   Explain [ ]   Not applicable [X]

49. The appointments committee should consult with the company's chair and chief executive, especially on matters relating to executive members.

When there are vacancies on the board, any member may approach the appointments committee to propose candidates that they might consider suitable.

Compliant [X] Partially compliant [ ] Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior executive contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for board members and senior executives, including share-based remuneration schemes and their application, and ensure that their individual compensation is proportionate to the amounts paid to other members and senior executives in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on the remuneration of the board members and senior executives contained in the various corporate documents, including the annual directors' remuneration report.

Compliant [X] Partially compliant [ ] Explain [ ]

51. The remuneration committee should consult with the company's chair and chief executive, especially on matters relating to executive board members and senior executives.

Compliant [X] Partially compliant [ ] Explain [ ]

52. The rules governing the composition and functioning of supervision and control committees should be set out in the board regulations and should be consistent with those governing legally mandatory board committees as specified in the previous recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive board members, with a majority of independent members.

b) Committees should be chaired by an independent member.

c) The board should appoint the members of such committees having regard to the knowledge, skills and experience of its members and remit of each committee and discuss their proposals and reports; and the committees should report the business transacted and account for the work performed at the first plenary session of the board following each committee meeting.

d) Committees may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meetings should be recorded in minutes and a copy made available to all board members.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

53. The task of overseeing compliance with the company's environmental, social and corporate governance policies and rules, and its internal codes of conduct, should be assigned to one or more board committees, which may be the audit committee, the appointments committee, a committee specialising in

sustainability or corporate social responsibility or any other specialised committee that the board of members has decided to create in exercising its powers of self-organisation. And this committee should be composed solely of non-executive members, the majority of whom should be independent and specifically assigned the minimum functions indicated in the following recommendation.

Compliant [X]   Partially compliant [ ]   Explain [ ]

54. The minimum functions referred to in the above recommendation are as follows:

a) Monitor compliance with corporate governance rules and the company's internal codes of conduct, ensuring that the corporate culture is in line with its purpose and values.

b) Supervise the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, proxy advisors and other stakeholders. It will also oversee the way in which the company communicates and relates to small- and medium-sized shareholders.

c) Regularly evaluate and review the company's corporate governance system and its policy on environmental and social matters to ensure that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of other stakeholders.

d) Ensure that the company's environmental and social practices are in line with the strategy and policy established.

e) Monitor and evaluate the company's interaction with its stakeholders.

Compliant [X]   Partially compliant [ ]   Explain [ ]

55. The sustainability policies regarding environmental and social matters should identify and include at least:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other unlawful conduct.

b) The methods or systems for monitoring compliance with the policies, the associated risks and their management.

c) The mechanisms for monitoring non-financial risk, including those matters related to ethics and business conduct.

d) The channels for stakeholder communication, participation and dialogue.

e) Responsible communication practices that prevent the manipulation of information and protect the company's integrity and honour.

Compliant [X]   Partially compliant [ ]   Explain [ ]

56. Board members remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive members.

Compliant [X]   Explain [ ]

57. Variable remuneration linked to the company's profit and the board member's performance, the award of shares, options or any other right to acquire shares or to be remunerated based on share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive members.

The company may consider the share-based remuneration of non-executive members provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the member must dispose of to defray costs related to their acquisition.

Compliant [X] Partially compliant [ ] Explain [ ]

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure such remuneration reflects the professional performance of the beneficiaries and not simply the general performance of the markets or the company's sector or other similar circumstances.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor in the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short-, medium- and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate their contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

59. The payment of the variable components of remuneration should be subject to sufficient verification that the performance or other conditions previously established have been effectively fulfilled. Companies must include in the annual board members' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, companies should consider establishing a malus clause based on the deferral for a sufficient period of time of the payment of a portion of the variable components, entailing their total or partial loss in the event that some event occurs prior to the time of payment that makes it advisable to do so.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

61. A major part of executive board members' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

62. Once the shares, options or financial instruments corresponding to the remuneration schemes have been assigned, executive board members should not be able to transfer their ownership or exercise these options until a period of at least three years has elapsed.

An exception is made in the case where the member has, at the time of the transfer or exercise, a net economic exposure to the change in the share price for a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

This will not apply to shares that the board member needs to dispose of to meet the costs related to their acquisition or, subject to the favourable opinion of the appointments and remuneration committee, to handle extraordinary situations when necessary.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

The Company has only assigned stock options. These stock options are personal and non-transferable and may not be disposed of. The options assigned must be held until the end of the 5-year vesting period. The shares can only be disposed of freely once they have been acquired.

The Company is considering making adaptations in the regulations of the instrument that are decided at any given time, where the requirements set out in the second part of the recommendation are included.

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment is not in accordance with the director's actual performance or based on data subsequently found to be inaccurate.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

64. Payments due to termination of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the board member has complied with the criteria or conditions established to receive payment.

Regarding this recommendation, payments due to contractual termination will include any payments that are accrued or where the payment obligation arises as a result of, or in connection with, the termination of the contractual relationship between the board member and the company, including amounts not previously vested from long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

H. OTHER INFORMATION OF INTEREST

1. If there is any material aspect of corporate governance at the company or the group companies that has not been dealt with in the other sections of this report, and that it is necessary to include to provide the most complete and reasoned information on corporate governance structure and practices at the company or its group, provide a brief description.

2. This section may also include any other information, clarification or qualification relating to the previous sections of the report, provided this additional information is relevant and not repetitive.

   In particular, indicate whether the company is subject to any laws other than Spanish law on corporate governance, and if so, include the information that it is required to provide, where such information differs from that required in this report.

3. Also state whether the company voluntarily adheres to other international, industry-specific or other ethical principles or good practices. If applicable, identify the code and date of adoption. In particular, indicate whether the company adheres to the Code of Best Tax Practices of 20 July 2010:

A.2

The figures that are presented relate to those reported by the holder to the CNMV and to the Company and, where applicable, after adjusted for any corporate transactions performed. Therefore, the reported values may not accurately reflect the reality of the shareholding.

It should also be noted that the information that has been provided to the Company by an indirect holder is reported if it includes information of direct holders.

In accordance with the instructions for completing this report, only direct holders exceeding 3% of the total voting rights (1% if they are a resident in a tax haven) are identified, so there may be discrepancies between the total indirect shareholdings and the sum of the corresponding direct shareholdings reported.

A.3

It is placed on record that, although the holder of the significant ownership interest is Mª del Carmen Escasany Miquel, in 2023 the Board Member, Mr. Álvaro de la Serna Corral exercised decision-making power over ENKIDU INVERSIONES, S.L., and over the transactions involving the shares of María del Carmen Escasany Miquel.

It is also placed on record that, although the holder of the significant ownership interest is Bernadette Miquel Vacarisas, the Board Member, Mr. José Miquel Vacarisas is also a Board Member of JOANFRA, S.A., and has been granted full powers to act in AGRICOLA DEL SUDESTE ALMERIENSE, S.A.

H

The full texts mentioned in this Report referring to the Company's regulations and the rest of the information published by Miquel y Costas & Miquel, S.A. in Spain are available on the Company's corporate website (www.miquelycostas.com) and on the website of the Spanish National Securities Market Commission (www.cnmv.es).

The Company adheres to the Code of Best Tax Practices of 20 July 2010.

This annual corporate governance report was approved by the company's board of members at its meeting held on:

25/03/2024

Indicate whether any board members voted against or abstained in relation to the approval of this report.

[ ] Yes
[√] No

ISSUER'S PARTICULARS

Reporting date: 31/12/2023

Tax ID No.: A 08020729

Company name:

MIQUEL Y COSTAS & MIQUEL, S.A.

Registered office:

TUSET, 10 BARCELONA

A. THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A.1.1 Explain the current board members' remuneration policy applicable to the current year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved at the general shareholders meeting, provided that the information included is clear, specific and concrete.

A description must be given of how remuneration was specifically determined for the current year, both remuneration of board members acting as such and for the performance of executive functions, which would have been carried out by the board in accordance with that set out in the contracts signed with the executive members and with the remuneration policy approved at the general meeting.

In any case, at least the following information must be reported:

a) Description of the company's procedures and bodies involved in determining, approving and implementing the remuneration policy and its terms.

b) Indicate and, if necessary, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.

c) Information on whether any external advisors have been involved and, if so, their identity.

d) Procedures included in the current board members' remuneration policy that allow for temporary exceptions to the policy, the terms under which such exceptions may be applied and the components of remuneration that may be subject to exception under the policy.

The general bases of the Company's Board Members' Remuneration Policy for 2022, 2023 and 2024, approved at the General Meeting held on 22 June 2021 and amended at the General Meeting of 21 June 2022, aim to compensate Members for their dedication and are in line with the Company's performance during the year. The basic principles governing this Policy are as follows:

a) Proportionality: Board Members' remuneration must be commensurate with their dedication, qualifications and responsibility for the purpose of attracting and retaining Members with the desired profile, without compromising the independence of judgement of non-Executive Members.

b) Reasonableness: when setting remuneration proposals, the Company's financial position must be taken into account, based on a balance between the fulfilment of short-, medium- and long-term targets, which allow remuneration for performance over a sufficient period of time.

c) Achievement of corporate interests and long-term sustainability: the Remuneration Policy must be in line with corporate interests and with non-financial criteria, so as to promote the Company's medium- and long-term earnings and sustainability.

d) Risk mitigation: the Remuneration Policy must reward the achievement of results based on prudent and responsible risk-taking, incorporating the necessary mechanisms to avoid excessive risk-taking and rewarding unfavourable results.

e) Compliance with good governance practices: Board Members' remuneration must comply, where applicable, with the principles and recommendations of the Good Governance Code for Listed Companies regarding remuneration.

f) Attracting and retaining the best professionals: Board members' remuneration must enable the Company to access the best talent available at any given time and include sufficient motivational elements to retain them, without this being a distorting factor for non-Executive members.

The Human Resources, Appointments and Remuneration Committee is in charge of drawing up this Remuneration Policy and is the body with the responsibilities detailed in Article 12.2 of the Board Regulations.

Its role is to submit proposals to the Board regarding: (i) the remuneration of Board Members and the salary policy for senior management, (ii) the individual remuneration of Executive Board Members and the other terms set out in their contracts, and (iii) the standard contractual terms and conditions for Senior Executives.

In exercising its functions and in accordance with section 529 novodecíes.2 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), this Committee designs and prepares the content of the Remuneration Policy, which is subsequently submitted to the Board together with the required specific report. The Board then submits the corresponding reasoned proposal for approval at the General Shareholders Meeting based on the Committee's report. The General Meeting is responsible for approving the Remuneration Policy, which, after the Articles of Association, is the Company's highest standard for Board Members' remuneration.

Within the statutory remuneration scheme, in accordance with that set out by law and the current Remuneration Policy, the Board is responsible for setting the amount to be paid to each Board Member, for determining the conditions to obtain this remuneration, taking into account their duties, responsibility and dedication to the management of the Company, and for deciding how the remuneration approved at the General Meeting will be distributed among the Board Members.

A distinction should be made between Board Members' remuneration in their capacity as such, which established in the Articles of Association, and the remuneration received by Executive Members for their management functions, the remuneration scheme of which is also established in the Articles of Association and detailed in their contracts.

The shareholders at the General Meeting are also responsible for approving remuneration that consists of the delivery of Company shares or stock options or rights tied to the value of the Company's shares.

The Annual Board Members' Remuneration Report is reviewed on an annual basis by the shareholders at the General Meeting and, if necessary, approved by an advisory vote.

In addition to the knowledge and information available to the members of the Human Resources, Appointments and Remuneration Committee, the remuneration policies of other companies in the sector have been considered to establish the Company's Remuneration Policy.

No external advisors were involved in determining the Board Members' remuneration for 2024. Reports from recognised consulting firms are available, but the decision is taken internally.

No temporary exceptions are provided for in the current Remuneration Policy.

A.1.2 Relative weight of variable to fixed remuneration items (remuneration mix) and the criteria and objectives taken into account in determining this weight to ensure an appropriate balance between fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration scheme to reduce exposure to excessive risk and to bring it into line with the company's long-term objectives, values and interests, including, where applicable, reference to measures envisaged to ensure that the remuneration policy takes into account the company's long-term performance, measures taken in relation to those categories of staff whose professional activities have a material impact on the company's risk profile, and measures envisaged to avoid conflicts of interest.

In addition, indicate whether the company has established an accrual or vesting period for certain variable remuneration items, in cash, shares or other financial instruments, a period for deferring payment of amounts or delivery of financial instruments already accrued and vested, or whether a clause has been agreed for the reduction of deferred remuneration not yet vested or that requires the board member to return the remuneration received, when such remuneration has been based on data that have subsequently proven to be manifestly misstated.

Article 18 of the Board Regulations states that the Board will be entitled to receive the remuneration set out in the Articles of Association and in the Remuneration Policy approved by the shareholders at the General Meeting.

Article 23 of the Articles of Association indicates that Board Members, in their capacity as such, will receive remuneration consisting of a share of up to a maximum of 5% of the Company's annual net profits, and that the shareholders at the General Meeting will set the percentage applicable for each year within this limit, which may only be taken from net profits once the requirements of section 218 of the Corporate Enterprises Act have been met. The above article indicates that, following a report from the Human Resources, Appointments and Remuneration Committee, and taking into account the functions, responsibility and dedication of the Board Members to the management of the Company, the Board will be responsible for distributing the remuneration approved by the shareholders at the General Meeting among the various Members and for setting the exact amount to be paid to each Member together with the conditions to obtain this remuneration.

As regards attendance fees, the Articles of Association indicate that Board Members, in their capacity as such, will receive remuneration for attending Board meetings, and the shareholders at the General Meeting will determine the corresponding amount to be paid, which will be distributed by the Board among its members taking into account their actual attendance at Board meetings. In the event that variable remuneration consisting of a share in the Company's profits is to be distributed, the amount received as attendance fees would be deducted from this amount.

The remuneration of the Board Members, in their capacity as such, is therefore considered to be variable, as it is directly proportional to the profit after tax obtained by the Company and subject to the allocation criteria established and to the attendance of the Members at Board meetings.

In addition, the above Article 23 of the Articles of Association indicates that Executive Board Members will also be entitled to receive other remuneration for the performance of their executive functions in accordance with the contract entered into with the Company and pursuant to that set out in the current law. This remuneration will take into consideration the duties, responsibilities and, in general, dedication of the Executive Members and may include fixed emoluments, any form of variable remuneration, contributions to savings and employee benefit schemes and/or insurance premium payments, whereby such remuneration is compatible with and independent of that received in their capacity as Board Members.

The remuneration envisaged for Executive Board Members is aimed at achieving a balance between fixed and variable remuneration and, within the latter, a balance between short- and long-term remuneration, which, while being consistent with the Company's performance, provides an element of motivation, loyalty and promotes the long-term sustainability of the Company.

The targets set for obtaining the above variable remuneration include individual achievements, which are linked to the responsibility and functional scope of action of each person and their influence on the Company's risk map and processes, and group achievements, which are only achieved through appropriate joint management. These achievements also include both financial and non-financial targets, with sustainability being a key element in the ongoing assessment of business processes.

In relation to long-term variable remuneration, the current multi-year plans designed are subject to the achievement of certain targets, mainly linked to results, in which the executive chairman, currently the Company's only Executive Board Member, participates together with the executives, with an impact on the medium- and long-term strategic plan.

Variable remuneration is received in two payments. In the first phase, the degree of achievement is objectively assessed and a maximum of 30% of this amount is paid. The second payment is made when the assessment processes are completed and the information on which they are based becomes final. In the event of any discrepancy or error in application, this will be rectified, depending on the case, either by immediately returning the amount or in a subsequent payment.

Clawback clauses have been signed with: (i) employees of the Miquel y Costas Group with an employment relationship and with variable remuneration linked to targets, (ii) Executive Board Member in their capacity as executives, and (iii) all Board members in their capacity as members. This clause indicates that the variable remuneration paid, whether annual or multi-year remuneration, may be recovered in full or in part, regardless of the corresponding vesting period, if certain events that require a correction to be made take place within three years following the end of the corresponding vesting period of the variable remuneration in question ("Reference Period"). The recovery must meet the requirements established in the clause, and the Human Resources, Appointments and Remuneration Committee will be responsible for proposing to the Board the degree to which the remuneration is recoverable based on the circumstances and the responsibility of the beneficiary in the event.

In addition, the Company has the 2016 Stock Option Plan, the beneficiaries of which include the executive chairman. This Plan was approved at the Company's General Shareholders Meeting held on 22 June 2016 and was implemented by the Board on 30 January 2017. The vesting period established is five years, followed by an exercise period of three additional years and, therefore, it is currently in the implementation phase. The Board Member, Mr.Javier Basañez Villaluenga is also a beneficiary of this Plan due to his status as an executive when the Plan was approved.

A.1.3 Amount and nature of the fixed components that board members acting as such are expected to earn during the year.

There is no fixed remuneration for Board Members acting in their capacity as such.

A.1.4 Amount and nature of the fixed components that will be earned by executive board members for exercising senior management functions.

The Executive Chairman, who is the Company's only Executive Board Member, receives fixed remuneration for the performance of his executive functions, as established in the Articles of Association and by contract and approved by the Board; this remuneration is first reviewed by the Human Resources, Appointments and Remuneration Committee each year and is updated either by agreement of the parties, by application of the Collective Agreement or in accordance with the CPI, as the case may be.

A.1.5 Amount and nature of any component of remuneration in kind to be earned during the year including, but not limited to, insurance premiums paid on behalf of board members.

In the case of Executive Board Members, a health insurance premium and contributions to a social benefit plan are established subject to the fulfilment of a series of conditions, including the achievement of at least a certain figure for profit.

Likewise, in accordance with Article 23 of the Articles of Association, the Company has taken out a third-party liability insurance policy for the Board Members.

In addition, the difference between the amount paid for travel on company business in a vehicle not belonging to the Company and the amount that is considered to be tax-deductible in this connection is formally considered to be remuneration in kind.

A.1.6 Amount and nature of the variable components, differentiating between short- and long-term components. Financial and non-financial parameters, which include social, environmental and climate change parameters, selected to determine variable remuneration in the current year, an explanation of the extent to which these parameters are related to the performance of both the board member and the company and its risk profile, and the methodology, period necessary and techniques envisaged to be able to determine, at the end of the year, the effective degree of compliance with the parameters used in determining variable remuneration, explaining the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or any other type of conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively met.

Indicate the range in monetary terms of the different variable components in accordance with the degree of compliance with the established targets and parameters, and whether there is a maximum monetary amount in absolute terms.

Article 23 of the Articles of Association indicates that Board Members, in their capacity as such, will receive remuneration for attending Board meetings and that, for this purpose, the shareholders at the General Meeting will determine the corresponding amount to be paid, which will be distributed by the Board among its members taking into account their actual attendance at Board meetings, an amount that will remain in force until an amendment is approved. This remuneration is considered fixed remuneration.

In addition, Article 23 stipulates that Board Members, in their capacity as such, will receive remuneration consisting of a share of up to a maximum of 5% of the Company's annual net profits, with the amount to be received by the Board Members as remuneration for attendance at Board meetings being deducted from this share in profits. It also indicates that the percentage applicable to each year within the above maximum will be established by the shareholders at the General Meeting and may only be taken from net profit once the requirements set out in section 218 of the Corporate Enterprises Act have been met, whereby the specific percentage approved at the General Meeting will remain in force until an amendment is approved.

The above Article 23 establishes that the exact amount to be paid to each Board Member in their capacity as such, the conditions for obtaining this remuneration and its distribution among the various Members will be determined by the Board, which, following a report from the Human Resources, Appointments and Remuneration Committee, will take into account the duties, responsibilities and, in general, the dedication of the Members to the management of the Company.

The Executive Chairman, who is currently the Company's only Executive board Member, receives a salary for the performance of his executive functions:

(i) Fixed remuneration or a salary, agreed by means of a contract approved by the Board. In accordance with that set out in section 5.1 of the 2022-2024 Remuneration Policy, Executive Board Member will receive fixed remuneration for the performance of their Senior Management functions, which will take into account the level of responsibility and the duties performed, will constitute a significant part of their total compensation, and must be approved by the Board and reflected in the corresponding contractual agreement. This remuneration will be updated on an annual basis by agreement of the Board or, failing that, in accordance with any changes in the CPI.

(ii) Annual variable remuneration, the receipt of which is partly conditional on targets tied to the performance figures of the Company and/or the Group and on other specific functional targets, both financial and non-financial, which are defined annually in relation to their functions and area of activity, taking into account the Company's Strategic Plan and short- and medium-term targets. This remuneration is designed to be a maximum percentage of the fixed remuneration and is reviewed annually once the percentage of achievement of the targets established has been confirmed.

(iii) Variable remuneration over a three-year period, consisting of a percentage of the total amount to which they are entitled together with other senior management personnel, to be settled and paid at the end of the three-year period, provided the conditions established for its accrual are met, which are approved in advance in quantitative terms.

In addition, the Company has the 2016 Stock Option Plan, the beneficiaries of which include the executive chairman. This Plan was approved at the Company's General Shareholders Meeting held on 22 June 2016 and was implemented by the Board on 30 January 2017. The vesting period established is five years, followed by an exercise period of three additional years and, therefore, it is currently in the implementation phase. The Board Member, Mr. Javier Basañez Villaluenga is also a beneficiary of this Plan due to his status as an executive when it was approved.

A.1.7 Main characteristics of the long-term savings schemes. Among other information, a description must be provided of the contingencies covered by the scheme, whether it is a defined contribution or benefit plan, the annual contribution to be made to the defined contribution schemes, the benefit to which the beneficiaries are entitled in the case of defined benefit schemes, the terms for vesting the dividend rights in favour of the board members and their compatibility with any type of payment or compensation for early termination or arising from the termination of the contractual relationship, under the terms provided, between the company and the board member

Indications should be provided as to whether the accrual or vesting of any long-term savings plans is linked to achieving certain targets or parameters related to the short- and long-term performance of the board member.

The social benefit schemes for executives, which are only available for Executive Board Membes, are intended to cover retirement, disability and death.

These schemes consist of an annual contribution for a three-year period, provided that the conditions established to obtain this contribution in each of the three years of the Plan are met; these conditions are approved by the Human Resources, Appointments and Remuneration Committee for the period and are established based on criteria of proportionality between remuneration and length of service up to a certain limit. After verifying that the established conditions have been met, the contribution is only made at the end of the three-year period through externalisation in the form of insurance, so that it can be included in a defined contribution plan.

In addition, until the consolidated right are obtained, which will occur when any of the contingencies envisaged in the insurance policy take place, with the conditions and requirements established in the policy, they must have met the good corporate governance requirements established by the Company.

A.1.8 Any type of payment or compensation for early termination or arising from the termination of the contractual relationship, under the terms provided, between the company and the board member, regardless of whether it is the company or the board member that decides to end the relationship, and any type of agreements, such as exclusivity, post-contractual non-competition and long-term service or loyalty agreements, which entitle the board member to any type of payment.

There is no compensation in the event of early termination of Board Members, except as set out in the following section regarding the contractual conditions of Executive Members.

A.1.9 Indicate the conditions to apply to the contracts of executive board members exercising senior management functions. Among other information, indicate the term, limits on termination benefits, long-term service clauses, notice periods, and payment as a substitute for the above notice period, and any other clauses relating to hiring bonuses, termination benefits or golden parachutes in the event of early termination of the contractual relationship between the company and the executive member. Include, among others, non-competition, exclusivity, long-term service or loyalty and post-contractual non-competition covenants or agreements, unless explained in the previous section.

In accordance with section 529 octodecies of the Corporate Enterprises Act, the Company has a contract entered into with its Executive Chairman with the following basic terms and conditions:

A) It has an indefinite term and will remain in force for as long as the Executive Chairman holds his position.

B) It includes a duty of confidentiality in relation to information to which he has access while performing his duties.

C) It covers cases of early termination, both by the Executive Chairman and by the Company.

D) As regards termination benefits, it establishes the right to receive an amount equivalent to his gross annual remuneration in the following cases:

(i) in the event of involuntary termination of his executive functions, except in the case of a serious breach of obligations;

(ii) in the event of a change of control;

(iii) when there is a substantial change to his functions.

E) A non-competition agreement is established. If the Company chooses to require the executive chairman to fulfil a non-competition obligation after the contractual relationship is terminated, a consideration is established, for a maximum period of two years, equal to 50% of his gross monthly salary, which may be in addition to any of the two previous termination benefits and will be paid on a monthly basis until the end of the two-year period.

A.1.10 The nature and estimated amount of any additional remuneration that will be earned by board members in the current year as consideration for services rendered other than those inherent to their position.

The Company's Board Members do not earn any additional remuneration for services rendered other than those inherent to their position.

A.1.11 Other remuneration items such as advances, loans and guarantees and other remuneration granted by the company to the Board Member.

The Company's Board Members do not earn any remuneration for these items.

A.1.12 The nature and estimated amount of any other additional remuneration envisaged not included in the previous sections, whether paid by the company or another group company, which will be earned by the board members in the current year.

No additional remuneration other than that included in the previous sections was earned.

A.2. Explain any relevant changes in the remuneration policy applicable in the current year as a result of:

a) A new policy or an amendment to a policy already approved at the general meeting.

b) Relevant changes in how remuneration is specifically determined established by the board for the current year of the remuneration policy in force with respect to that applied in the previous year.

c) Proposals that the board of members has agreed to present at the general shareholders meeting at which this annual report will be submitted and that are intended to apply to the current year.

Board Members' remuneration is set out in the Board Members' Remuneration Policy for 2022, 2023 and 2024, which was approved at the General Meeting held on 22 June 2021 and amended at the General Meeting of 21 June 2022 to bring it into line with the new requirements of the Corporate Enterprises Act.

This Policy reflects the changes introduced by Article 23 of the Articles of Association in relation to the remuneration of Board Members in their capacity as such being divided into two separate remuneration items:

(i) it establishes the remuneration to each Board Member for meetings and attendance;

(ii) it maintains the share in the Company's net profits, although from now on the specific percentage of the maximum share stipulated in the Articles of Association will be determined by the shareholders at the General Meeting, up to a maximum of 5%, from which the total amount corresponding to remuneration for attendance fees will be deducted.

A new Board Members' Remuneration Policy for 2024, 2025 and 2026 is expected to be submitted for approval at the next General Shareholders Meeting so as to bring its content into line with the terms and conditions of the contract for the new executive chairman that the Company entered into on 1 July 2023.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which should be available on the company's website.

https://miquelycostas.com/informacion-corporativa/#gobiernocorporativo

A.4. Explain, taking into account the data provided in section B.4, how the shareholders' vote at the general meeting at which the annual remuneration report for the previous year was submitted to an advisory vote was taken into account.

Item Four on the Agenda of the Extraordinary and Annual General Meeting held on 22 June 2023, regarding the advisory vote on the Annual Board Members' Remuneration Report for 2022, obtained the support of 90.17% of the votes, calculated based on the share capital attending the General Meeting with voting rights, without taking into account treasury shares, which shows support from the majority of the Company's shareholders attending the General Meeting.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS IMPLEMENTED DURING THE YEAR

B.1.1 Explain the process followed to implement the remuneration policy and determine the individual remuneration reflected in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of members and, where applicable, the identity and role of external advisors whose services were used in the process of implementing the remuneration policy in the year ended.

As indicated in subsection A.1, the Human Resources, Appointments and Remuneration Committee is assigned the basic responsibilities established in the Board Regulations in relation to the Company's Remuneration Policy, which consist of proposing to the Board:

(i) the remuneration of Board Members and the salary policy for Senior Managers:

(ii) the individual remuneration and other contractual terms of Executive Board Members.

(iii) the standard contractual terms for Senior Executives.

Based on the proposals of the Human Resources, Appointments and Remuneration Committee, the Board prepares the Annual Board Members' Remuneration Report and submits it to an advisory vote at the General Shareholders Meeting as a separate item on the agenda.

At its meeting held on 27 March 2023, this Committee unanimously agreed to approve the remuneration envisaged for the Executive Board Members for 2023, and to submit the draft of the Board Members' Remuneration Report for 2022 to the Board for review and, where appropriate, approval and subsequent publication in accordance with the applicable legal provisions. The Board, at its meeting held on this same date, and with the Executive Board Member being required to abstain both from the deliberations and the voting, resolved to approve the remuneration of the Executive Board Member for 2023 with the favourable vote of the rest of the members. The Board also unanimously agreed to approve the Annual Board Members' Remuneration Report for 2022.

As a result of the voluntary resignation of Mr. Jorge Mercader Miró as Chairman of the Board, and as a result of no longer performing his executive functions, the Human Resources, Appointments and Remuneration Committee, at its meeting held on 22 June 2023, reported favourably to the Board on the appointment of Mr. Jorge Mercader Barata as the new executive chairman, with effect from 1 July 2023, together with the new commercial contract entered into to govern the terms of his professional services, and the corresponding remuneration, in accordance with the Company's Articles of Association and the Remuneration Policy in force. As part of the remuneration provided for in the Articles of Association in his capacity as Board Member, he is entitled to 1.0% of annual profit after tax of the Parent for 2023 and, therefore, 0.5% applied in the second half of the calendar year. The Board, at its meeting held on this same date, and following a report from the Committee, resolved to appoint Mr. Jorge Mercader Barata as the new executive chairman of the Board, with effect from 1 July 2023, and to approve his new service contract with the Company.

The Board Members' remuneration for 2023 was determined by the corporate bodies without the involvement of external parties.

B.1.2 Explain any deviations from the procedure established for implementing the remuneration policy that took place during the year.

In 2023, there were no deviations from the procedure established for implementing the Remuneration Policy.

B.1.3 Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that such exceptions were necessary for the long-term interests and sustainability of the company as a whole or to ensure its viability. Also, quantify the impact that the application of these exceptions has had on the remuneration of each board member during the year.

In 2023, no temporary exceptions to the Remuneration Policy were applied.

B.2. Explain the various actions taken by the company in relation to the remuneration scheme and how they have contributed to reducing exposure to excessive risk and bringing it into line with the company's long-term objectives, values and interests, including reference to measures that have been taken to ensure that the remuneration earned has taken into account the company's long-term performance and achieved an appropriate balance between fixed and variable components of remuneration, what measures have been taken in relation to those categories of staff whose professional activities have a material impact on the company's risk profile, and what measures have been taken to avoid conflicts of interest, if any.

In relation to the remuneration scheme, the measures taken by the Company in 2023 to help reduce exposure to excessive risks and bring it into line with the targets were as follows:

(i) Implement that set out in the Articles of Association in relation to the annual remuneration of Board Members, in their capacity as such, directly linked to the profit obtained by the Company in the year. The remuneration was therefore considered to be variable as it is generated directly in proportion to the Company's positive performance and is distributed based on the responsibility and dedication of each of the Board Members and their attendance at Board meetings.

(ii) Approve the remuneration for Executive Board Members for their management functions, the variable portion of which consisted of annual remuneration conditional on targets tied to the profit obtained by the Company and/or the Group and other individual and functional targets. The salaries of Executive Board Members were evenly distributed between fixed and variable components.

(iii) Maintain the current 2016 Stock Option Plan, the beneficiaries of which include Mr. Jorge Mercader Barata, the Executive Chairman, and Mr. Javier Basañez Villaluenga, an Executive Member, at the date of approval of the Plan. This Plan has a vesting period of 5 years, after which the options may be exercised within 3 years. This Plan aims to effectively increase the productivity of the beneficiaries and of the Company itself and, therefore, obtain better results for the Group, resulting in a direct benefit for its shareholders.

(iv) Maintain a clawback clause, signed by all Executive Board Members and Senior Management, which allows the Company to recover all or part of the remuneration paid, depending on the circumstances and the liability of the recipient.

In relation to conflicts of interest, all Company Board Members have submitted express written statements that as at 2023 year-end they were in compliance with section 229 of the Corporate Enterprises Act and Ministry of Economy and Finance Order EHA 3050/2004, of 15 September. In addition, the commitments detailed in the Internal Code of Conduct, which include the duty to report in advance and to avoid conflicts of interest, as currently defined by law, have been accepted by those employees that are required to do so given their position and duties.

In relation to risks, those responsible for the various risk groups identified and prioritised in the first line of defence have been appointed, and they must submit regular reports on compliance with the controls established to the body designated by the Audit Committee as the second line of defence. In addition, the Company is subject to an annual audit.

B.3. Explain how the remuneration earned and vested in the year complies with that set out in the current remuneration policy and, in particular, how it contributes to the long-term, sustainable performance of the company.

Likewise, report on the relationship between the remuneration obtained by the board members and the company's results or other performance measures, both short and long term, explaining, where applicable, how changes in the company's performance may have influenced a change in board members' remuneration, including any remuneration earned but where payment was deferred, and how this contributes to the company's short- and long-term results.

Board Members' remuneration in 2023 was fully in line with the Company's current Remuneration Policy and the requirements and limits established in the framework of the Articles of Association and, therefore, the final remuneration received was proportional to the Company's performance during the year.

The attendance fees received by the Board Members during the year were deducted from total variable remuneration.

Furthermore, the remuneration of the Executive Bord Members for their executive functions included a fixed component, in the form of salary and remuneration in kind, the latter of which is for a very small amount, and a variable component that is conditional on targets tied to the profit of the Company and/or the Group and/or on other specific financial and non-financial targets.

B.4. Report on the result of the advisory vote at the general meeting on the annual remuneration report of the previous year, indicating the number of abstentions and the votes cast against and in favour of the report.

	Number	% of total
Votes cast	26,306,720	65.77

	Number	% of votes cast
Votes against	2,582,915	9.82
Votes in favour	23,719,652	90.17
Protest votes		0.00
Abstentions	4,153	0.02

Remarks

B.5. Explain how the fixed components earned and vested during the year by the board members acting as such were determined, their relative proportion for each member and how they varied compared to the previous year.

The Board members, in their capacity as such, do not have any fixed component of remuneration.

B.6. Explain how the salaries earned and vested during the year by each of the executive board members for performing management functions were determined and how they varied compared to the previous year.

The Articles of Association establish that Executive Board Members will be entitled to receive other remuneration (salaries, incentives, pensions, bonuses, termination benefits and insurance), which will be subject to the applicable legal regime, for the performance of their executive functions at the Company arising from a contractual relationship other than that of holding the position of director. This remuneration is set out in the relevant contracts and has been expressly approved unanimously by the Board.

In 2023, Executive Board Members received fixed remuneration of EUR 733 thousand (EUR 988 thousand in 2022) for the performance of their senior management functions, in accordance with that detailed in section C of this report.

It should be noted that Mr. Jorge Mercader Miró voluntarily resigned from his duties as the Company's executive chairman as from 1 July 2023, but continued to hold the position of Board Member as a Proprietary Member. With effect from this same date, Mr. Jorge Mercader Barata was appointed as the new Executive Chairman, with the subsequent changes to his functions and remuneration from executive to Chairman.

B.7. Explain the nature and main characteristics of the variable components of the remuneration schemes earned and vested during the year ended.

In particular:

a) Identify each of the remuneration plans that have given rise to the different variable remuneration earned by each of the board members during the year ended, including information on their scope, approval date, implementation date, vesting conditions, accrual periods and validity, criteria used to evaluate performance and how this has an impact on setting the variable amount earned, and the measurement criteria used and the period required to be able to adequately measure all the terms and criteria stipulated, explaining in detail the criteria and factors applied regarding the time required and methods for verifying whether the performance or other conditions to which the accrual and vesting of each component of variable remuneration are tied have been effectively met.

b) In the case of share option plans or other financial instruments, the general characteristics of each plan must include information on the terms both for acquiring unconditional ownership (vesting) and for being able to exercise these options or financial instruments, including the price and exercise period.

c) Each of the board members, and their category (executive members, proprietary non-executive members, independent non-executive members or other non-executive members), who are beneficiaries of remuneration schemes or plans that include variable remuneration.

d) Where applicable, information will be provided on any accrual payment deferral periods that may have been applied and/or periods for retaining or not disposing of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration schemes:

Short-term variable remuneration for Board Members comprises the following:

(i) The remuneration of the Board members, in their capacity as such, which is established in the Articles of Association. The actual fulfilment of the condition has been quantitatively verified and the remuneration was paid once verification was obtained. Formulas are provided to adjust the remuneration of each Board Member based on their attendance at Board meetings. The distribution percentage is established in accordance with their responsibility and dedication.

(ii) The annual remuneration of the Executive Board Member for their management functions, which consists of a fixed and a variable component, and is tied to the achievement of financial and non-financial targets, both at an individual level, linked to the responsibility of each Member and the influence of their actions on the Company's risk map and processes, and at a group level, which can only be achieved through appropriate joint management.

Explain the long-term variable components of the remuneration schemes:

The Executive Chairman is assigned the following long-term variable remuneration for his additional senior management functions at the Company:

(i) Three-year remuneration, which is subject to the achievement of certain targets linked to general long-term financial results and to his dedication in relation to his functions and those of his area of activity within the organisation.

(ii) The Executives Benefit Plan, consisting of an annual contribution for a three-year period, as long as the three-year earnings targets approved by the Human Resources, Appointments and Remuneration Committee for the period are met, which is calculated based on criteria of proportionality between remuneration and length of service up to a certain limit.

(iii) The Miquel y Costas & Miquel, S.A. 2016 Stock Option Plan, which was approved by the shareholders at the Extraordinary and Annual General Meeting held on 22 June 2016, the characteristics of which are described in its regulations, published as a significant event on remuneration schemes, which is available on the corporate website (www.miquelycostas.com) and on the website of the Spanish National Securities Market Commission (www.cnmv.es). This Plan came into effect on 31 January 2017 and has a term of 8 years, with the first 5 years corresponding to the vesting period and the last 3 years for exercising the options. This phase will end on 10 February 2025. The beneficiaries of this Plan are Mt. Jorge Mercader Barata, the Chairman and only executive director at the end of 2023, and the Board Member Mr. Javier Basañez Villaluenga, in his capacity as an executive when this Plan was approved.

B.8. Indicate whether certain variable components earned had to be reduced or returned when payment had been deferred in the first case, or vested and paid in the second case, based on data that have subsequently proven to be manifestly misstated. Describe the amounts reduced or returned as a result of malus or clawback clauses being applicable, why they were enforced and the years to which they correspond.

In 2023 no refund of any amount was requested for remuneration paid or deferred payment.

B.9. Explain the main characteristics of the long-term savings schemes, the amount or equivalent annual cost of which is shown in the tables in Section C, including retirement and any other survivor's benefits, which are financed in part or in full by the company, whether they are provided internally or externally, indicating the type of plan, whether it is a defined contribution or benefit plan, the contingencies covered, the terms for vesting dividend rights in favour of the board members and their compatibility with any type of compensation for early termination of the contractual relationship between the company and the board member.

The Executives Benefit Plan offers the executives designated by the Board corporate employee benefits in addition to the social security scheme to cover retirement, disability and death. This Plan, which covers Executive Board Member was established by the Company for the first time in the 2007-2009 Three-Year Plan and consists of a contribution at the end of the three-year period of the amounts accrued annually during this period, as long as the earnings targets approved by the Human Resources, Appointments and Remuneration Committee for the period are met. The distribution of the amount among the beneficiaries is calculated based on criteria of proportionality between fixed remuneration and length of service up to the limit established.

The contribution, through its externalisation in the form of insurance, is made in the year following the end of the three-year period, once the period has ended and fulfilment of the conditions for receiving benefits has been verified, so that it can be included in a defined contribution plan. However, the dividend rights and the corresponding allocation for tax purposes will not be vested until one of the contingencies envisaged in the insurance policy takes place, in accordance with the requirements established in the policy, provided the beneficiary has fulfilled the required good governance conditions up until that time.

The current Plan was launched in 2022 and is in force for the 2022-2024 period. At the end of 2024, once the period has ended, the sum of the annual amounts will be accrued based on the fulfilment of the conditions established for obtaining these amounts.

B.10. Explain, if applicable, any termination benefits or other type of payment arising from early termination, regardless of whether it is the company or the board member that decides to end the relationship, or the termination of the contract, under the contractual terms, earned and/or received by the board members during the year.

No termination benefits were paid, accrued or received in 2023.

B.11. Indicate whether any significant changes have been made to the contracts of executive board members that exercise senior management functions and, if so, explain these changes. Likewise, explain the main terms of the new contracts signed with executive board members during the year, unless they have already been explained in section A.1.

Given that Mr. Jorge Mercader Miró resigned as executive Chairman of the Board and thus no longer performed his executive functions, the Company's Human Resources, Appointments and Remuneration Committee, at its meeting held on 22 June 2023, resolved to report favourably on the termination, with effect from 1 July 2023, of his service contract entered into with the Company on 22 December 1997 and partially amended the contract on 30 March 2015, without prejudice to the fact that certain remuneration items provided for in the contract would continue to be earned until the end of 2023.

In view of the new position held by Mr. Jorge Mercader Barata as Chairman of the Board, the Committee also resolved to report favourably on the following:

(i) To terminate and render void, as from 1 July 2023, the service contract of Mr. Jorge Mercader Barata entered into with the Company on 30 March 2015, without prejudice to the fact that certain remuneration items provided for in the contract would continue to be earned.

(ii) To enter into a new commercial agreement regulating the terms for providing his professional services in his new capacity as Executive Chairman, and the corresponding remuneration in accordance with the Company's Articles of Association and the Remuneration Policy in force.

The Board resolved on the following at its meeting of 22 June 2023:

(i) To render void, as from 1 July 2023, the employment and service contract entered into with Mr. Jorge Mercader Miró on 22 December 1997, partially amending the contract by virtue of an addendum of 30 March 2015.

(ii) To terminate and render void, as from 1 July 2023, the service contract entered into between Mr. Jorge Mercader Barata and the Company on 30 March 2015.

(iii) To approve a new service contract between Mr. Jorge Mercader Barata and the Company in accordance with that set out in sections 249.3, 249.4 and 529 octodecíes of the Corporate Enterprises Act, including the terms and conditions established by the Human Resources, Appointments and Remuneration Committee.

B.12. Explain any additional remuneration earned by board members as consideration for services rendered other than those inherent to their position.

In 2023 no additional remuneration was earned by Board Members for services rendered other than those inherent to their position.

B.13. Explain any remuneration in the form of advances, loans and guarantees granted, indicating the interest rate, their essential characteristics, any amounts repaid and the obligations assumed on their behalf by way of guarantee.

In 2023, the Company did not grant the Board Members any advances or loans and did not assume any obligations on their behalf, including guarantee obligations.

The Company also did not have any balance in favour of the Board Members, in their capacity as such, or in favour of the Executive Members that did not originate from the established remuneration.

B.14. Give details of the remuneration in kind earned by board members during the year, briefly explaining the nature of the different salary components.

In 2023, remuneration in kind for Executive Board Members consisted of individual health insurance, the amount of which per Member was EUR 1.3 thousand, as detailed in section C of this report.

Compensation for travel expenses was not considered to be a remuneration item, as described in section A.1. of this report.

B.15. Explain the remuneration earned by the board member through payments made by the listed company to another entity at which the director provides services, when the purpose of these payments is to compensate their services at the company.

In 2023, the Company did not make any payments to third parties as remuneration for the services rendered by the Company's Board Members

B.16. Explain and list the amounts earned during the year in relation to any other remuneration item other than those listed above, regardless of the type of remuneration and the group company making payment, including all manner of benefits, such as when it is considered a related party transaction or, in particular, when it significantly affects the fair representation of the total remuneration earned by the board member, explaining the amount granted or payable, the nature of the consideration received and, where appropriate, the reasons why it would have been considered not to constitute remuneration for the board member in his capacity as such or in consideration for the performance of his executive functions, and whether or not it has been considered appropriate to include it in the amounts earned under "Other items" in section C of this report.

There were no remuneration items with these characteristics in 2023.

C. DETAIL OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE BOARD MEMBERS

Name	Type	Accrual period 2023
JORGE MERCADER MIRÓ	Proprietary Member	From 01/01/2023 to 31/12/2023
JORGE MERCADER BARATA	Executive Chairman	From 01/01/2023 to 31/12/2023
JAVIER BASAÑEZ VILLALUENGA	Other Non-Executive Member	From 01/01/2023 to 31/12/2023
ÁLVARO DE LA SERNA CORRAL	Proprietary Member	From 01/01/2023 to 31/12/2023
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Other Non-Executive Member	From 01/01/2023 to 31/12/2023
JOSÉ MIQUEL VACARISAS	Proprietary Member	From 22/06/2023 to 31/12/2023
MARTA LACAMBRA I PUIG	Independent Member	From 01/01/2023 to 31/12/2023
CLAUDIO ARANZADI MARTÍNEZ	Lead Member	From 01/01/2023 to 31/12/2023
MARÍA TERESA BUSTO DEL CASTILLO	Independent Member	From 22/06/2023 to 31/12/2023
NARCÍS SERRA SERRA	Independent Member	From 22/06/2023 to 31/12/2023
JOAQUÍN FAURA BATLLE	Lead Member	From 01/01/2023 to 22/06/2023
JOAQUÍN COELLO BRUFAU	Other Non-Executive Member	From 01/01/2023 to 22/06/2023
JOANFRA, S.A.	Proprietary Member	From 01/01/2023 to 22/06/2023

C.1. Complete the following tables regarding the individual remuneration of each of the board members (including remuneration for exercising executive functions) earned during the year.

a) Remuneration of the reporting company:

i) Remuneration earned in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
JORGE MERCADER MIRÓ		21		294	649			1	965	1,422
JORGE MERCADER BARATA		21		439	646			1	1,107	714
JAVIER BASAÑEZ VILLALUENGA		21			112				133	314
ÁLVARO DE LA SERNA CORRAL		21			112				133	88
EUSEBIO DÍAZ-MORERA PUIG-SUREDA		14			77				91	80
JOSÉ MIQUEL VACARISAS		10			68				78	
MARTA LACAMBRA I PUIG		21			112				133	88
CLAUDIO ARANZADI MARTÍNEZ		21			112				133	88
MARÍA TERESA BUSTO DEL CASTILLO		10			68				78	
NARCÍS SERRA SERRA		10			68				78	
JOAQUÍN FAURA BATLLE		10			37				47	72
JOAQUÍN COELLO BRUFAU		11			44				55	88
JOANFRA, S.A.		11			44				55	88

Remarks

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
JORGE MERCADER MIRÓ	---							0.00				
JORGE MERCADER BARATA	2016 stock option plan	135,273	135,273					0.00			135,273	135,273
JAVIER BASAÑEZ VILLALUENGA	2016 stock option plan	111,273	111,273					0.00			111,273	111,273
ÁLVARO DE LA SERNA CORRAL	---							0.00				
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---							0.00				
JOSÉ MIQUEL VACARISAS	---							0.00				
MARTA LACAMBRA I PUIG	---							0.00				
CLAUDIO ARANZADI MARTÍNEZ	---							0.00				
MARÍA TERESA BUSTO DEL CASTILLO	---							0.00				
NARCÍS SERRA SERRA	---							0.00				
JOAQUÍN FAURA BATLLE	---							0.00				

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
JOAQUÍN COELLO BRUFAU	---							0.00				
JOANFRA, S.A.	---							0.00				

Remarks

iii) Long-term savings schemes.

Name	Remuneration for vesting rights under savings schemes
JORGE MERCADER MIRÓ	
JORGE MERCADER BARATA	
JAVIER BASAÑEZ VILLALUENGA	
ÁLVARO DE LA SERNA CORRAL	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	
JOSÉ MIQUEL VACARISAS	
MARTA LACAMBRA I PUIG	
CLAUDIO ARANZADI MARTÍNEZ	

Name	Remuneration for vesting rights under savings schemes
MARÍA TERESA BUSTO DEL CASTILLO	
NARCÍS SERRA SERRA	
JOAQUÍN FAURA BATLLE	
JOAQUÍN COELLO BRUFAU	
JOANFRA, S.A.	

	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
Name	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
JORGE MERCADER MIRÓ							616	616
JORGE MERCADER BARATA							151	151
JAVIER BASAÑEZ VILLALUENGA							207	207
ÁLVARO DE LA SERNA CORRAL								
EUSEBIO DÍAZ-MORERA PUIG-SUREDA								
JOSÉ MIQUEL VACARISAS								
MARTA LACAMBRA I PUIG								

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
CLAUDIO ARANZADI MARTÍNEZ								
MARÍA TERESA BUSTO DEL CASTILLO								
NARCÍS SERRA SERRA								
JOAQUÍN FAURA BATLLE								
JOAQUÍN COELLO BRUFAU								
JOANFRA, S.A.								

iv) Details of other items

Name	Description	Amount of remuneration
JORGE MERCADER MIRÓ	Compensation in kind	1
JORGE MERCADER BARATA	Compensation in kind	1
JAVIER BASAÑEZ VILLALUENGA	---	
ÁLVARO DE LA SERNA CORRAL	---	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---	
JOSÉ MIQUEL VACARISAS	---	
MARTA LACAMBRA I PUIG	---	

Name	Description	Amount of remuneration
CLAUDIO ARANZADI MARTÍNEZ	---	
MARÍA TERESA BUSTO DEL CASTILLO	---	
NARCÍS SERRA SERRA	---	
JOAQUÍN FAURA BATLLE	---	
JOAQUÍN COELLO BRUFAU	---	
JOANFRA, S.A.	---	

Remarks

b) Remuneration paid to board members of the listed company as members of the managing bodies of its subsidiaries:

i) Remuneration earned in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
JORGE MERCADER MIRÓ										
JORGE MERCADER BARATA										
JAVIER BASAÑEZ VILLALUENGA		50							50	25
ÁLVARO DE LA SERNA CORRAL										
EUSEBIO DÍAZ-MORERA PUIG-SUREDA										
JOSÉ MIQUEL VACARISAS										

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
MARTA LACAMBRA I PUIG										
CLAUDIO ARANZADI MARTÍNEZ										
MARÍA TERESA BUSTO DEL CASTILLO										
NARCÍS SERRA SERRA										
JOAQUÍN FAURA BATLLE										
JOAQUÍN COELLO BRUFAU										
JOANFRA, S.A.										

Remarks

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
JORGE MERCADER MIRÓ	---							0.00				
JORGE MERCADER BARATA	---							0.00				
JAVIER BASAÑEZ VILLALUENGA	---							0.00				
ÁLVARO DE LA SERNA CORRAL	---							0.00				
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---							0.00				
JOSÉ MIQUEL VACARISAS	---							0.00				
MARTA LACAMBRA I PUIG	---							0.00				

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
CLAUDIO ARANZADI MARTÍNEZ	---							0.00				
MARÍA TERESA BUSTO DEL CASTILLO	---							0.00				
NARCÍS SERRA SERRA	---							0.00				
JOAQUÍN FAURA BATLLE	---							0.00				
JOAQUÍN COELLO BRUFAU	---							0.00				
JOANFRA, S.A.	---							0.00				

Remarks

iii) Long-term savings schemes.

Name	Remuneration for vesting rights under savings schemes
JORGE MERCADER MIRÓ	
JORGE MERCADER BARATA	
JAVIER BASAÑEZ VILLALUENGA	
ÁLVARO DE LA SERNA CORRAL	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	
JOSÉ MIQUEL VACARISAS	
MARTA LACAMBRA I PUIG	
CLAUDIO ARANZADI MARTÍNEZ	
MARÍA TERESA BUSTO DEL CASTILLO	
NARCÍS SERRA SERRA	
JOAQUÍN FAURA BATLLE	
JOAQUÍN COELLO BRUFAU	
JOANFRA, S.A.	

	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
Name	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
JORGE MERCADER MIRÓ								
JORGE MERCADER BARATA								

	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
Name	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
JAVIER BASAÑEZ VILLALUENGA								
ÁLVARO DE LA SERNA CORRAL								
EUSEBIO DÍAZ-MORERA PUIG-SUREDA								
JOSÉ MIQUEL VACARISAS								
MARTA LACAMBRA I PUIG								
CLAUDIO ARANZADI MARTÍNEZ								
MARÍA TERESA BUSTO DEL CASTILLO								
NARCÍS SERRA SERRA								
JOAQUÍN FAURA BATLLE								
JOAQUÍN COELLO BRUFAU								
JOANFRA, S.A.								

Remarks

iv) Details of other items

Name	Description	Amount of remuneration
JORGE MERCADER MIRÓ	---	
JORGE MERCADER BARATA	---	
JAVIER BASAÑEZ VILLALUENGA	---	
ÁLVARO DE LA SERNA CORRAL	---	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---	
JOSÉ MIQUEL VACARISAS	---	
MARTA LACAMBRA I PUIG	---	
CLAUDIO ARANZADI MARTÍNEZ	---	
MARÍA TERESA BUSTO DEL CASTILLO	---	
NARCÍS SERRA SERRA	---	
JOAQUÍN FAURA BATLLE	---	
JOAQUÍN COELLO BRUFAU	---	
JOANFRA, S.A.	---	

Remarks

c) Summary of remuneration (thousands of euros)

The summary should include amounts for all remuneration items referred to in this report earned by the board member in thousands of euros.

	Remuneration earned at the Company					Remuneration earned at group companies					
Name	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Company total for 2023	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Group total for 2023	Company and Group total for 2023
JORGE MERCADER MIRÓ	965				965						965
JORGE MERCADER BARATA	1,107				1,107						1,107
JAVIER BASAÑEZ VILLALUENGA	133				133	50				50	183
ÁLVARO DE LA SERNA CORRAL	133				133						133
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	91				91						91
JOSÉ MIQUEL VACARISAS	78				78						78

	Remuneration earned at the Company					Remuneration earned at group companies					
Name	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Company total for 2023	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Group total for 2023	Company and Group total for 2023
MARTA LACAMBRA I PUIG	133				133						133
CLAUDIO ARANZADI MARTÍNEZ	133				133						133
MARÍA TERESA BUSTO DEL CASTILLO	78				78						78
NARCÍS SERRA SERRA	78				78						78
JOAQUÍN FAURA BATLLE	47				47						47
JOAQUÍN COELLO BRUFAU	55				55						55
JOANFRA, S.A.	55				55						55
TOTAL	3,086				3,086	50				50	3,136

Remarks

C.2. Indicate the changes over the last five years in the amount and the percentage variation of the remuneration earned by each of the board members of the listed company who have held this position during the year, the company's consolidated profit or loss, and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not members of the listed company.

	Total amounts earned and annual change (%)								
	2023	% change 2023/2022	2022	% change 2022/2021	2021	% change 2021/2020	2020	% change 2020/2019	2019
Executive Board Members									
JORGE MERCADER BARATA	1.107	55.04	714	-40,70	1.204	33,04	905	6,85	847
Non-Executive Board Members									
JORGE MERCADER MIRÓ	965	-32,14	1.422	-27,78	1.969	22,91	1.602	4.36	1,535
JOAQUÍN COELLO BRUFAU	55	-37.50	88	-22.12	113	15.31	98	5.38	93
ÁLVARO DE LA SERNA CORRAL	133	51.14	88	-22.12	113	15.31	98	3.16	95
JOANFRA, S.A.	55	-37.50	88	-22.12	113	15.31	98	3.16	95
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	91	13.75	80	-23.08	104	6.12	98	8.89	90
JOAQUÍN FAURA BATLLE	47	-34.72	72	-36.28	113	15.31	98	8.89	90
CLAUDIO ARANZADI MARTÍNEZ	133	51.14	88	-22.12	113	63.77	69	46.81	47
MARTA LACAMBRA I PUIG	133	51.14	88	-22.12	113	15.31	98	108.51	47
JAVIER BASAÑEZ VILLALUENGA	183	-46.02	339	-53.56	730	44.55	505	10.02	459
JOSÉ MIQUEL VACARISAS	78	-	0	-	0	-	0	-	0

	Total amounts earned and annual change (%)								
	2023	% change 2023/2022	2022	% change 2022/2021	2021	% change 2021/2020	2020	% change 2020/2019	2019
MARÍA TERESA BUSTO DEL CASTILLO	78	-	0	-	0	-	0	-	0
NARCÍS SERRA SERRA	78	-	0	-	0	-	0	-	0
Consolidated profit/(loss) of the Company									
	56,553	37.74	41,058	-38.77	67,058	15.10	58,262	14.09	51,066
Average remuneration of employees									
	39	2.63	38	5.56	36	-2.70	37	-2.63	38

Remarks

Mrs. Maria Teresa Busto, Mr. Narcís Serra and Mr. José Miquel were appointed to the Board on 22 June 2023. On this same date, Mr. Joaquín Faura, Mr. Joaquín Coello and Joanfra S.A. stepped down from their position on the Board.

Upon retirement, Mr. Jorge Mercader Miró ceased to perform his duties as Executive Chairman as from 1 July 2023 and became Proprietary Board Member, leading to a resolution passed by the Board to redistribute the remuneration approved at the General Meeting among the Members.

D. OTHER INFORMATION OF INTEREST

If there is any salient feature of board members' remuneration that has not been addressed in the other sections of this report, and that is necessary to provide a more comprehensive view of the company's remuneration structure and practices in relation to its members, provide a brief description.

This annual remuneration report was approved by the company's board at its meeting held on:

25/03/2024

Indicate whether any boars members voted against or abstained in relation to the approval of this report.

[ ] Yes

[√] No

Diputació, 260
08007 – Barcelona

+34 934 050 855
www.mazars.es

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

Independent Verification Report

Consolidated Non-Financial Information Statement for the financial year ended 31st December 2023

Free translation of the verification report originally issued in Spanish based on our work on the Consolidated Non-Financial Information Statement, carried out in accordance with the requirements of Law 11/2018 of 28 December. In case of discrepancy, the Spanish version prevails.

Diputació, 260
08007 – Barcelona

+34 934 050 855
www.mazars.es

Independent Verification Report on the Consolidated Non-Financial Information Statement

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

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31st December 2023 of **MIQUEL Y COSTAS & MIQUEL, S.A.** (hereinafter the Parent Company) **and its Subsidiaries** (hereinafter the Group) that forms part of the Group's Consolidated Management Report.

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

Responsibility of the Directors

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

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

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

Our independence and quality control

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

Our firm applies the International Standard on Quality Management (ISQM) 1, that requires the firm to design, implement and operate a quality management system which includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

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

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

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

- Meetings with personnel from the Group to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.

- Analysis of the scope, relevance and integrity of the content included in the NFIS for FY2023 based on the materiality analysis carried out by the Group, considering the content required under current commercial legislation.

- Analysis of the procedures used to compile and validate the information presented in the NFIS for FY2023.

- Review of the information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for FY2023.

- Verification, through sample testing, of the information relating to the content of the NFIS for FY2023 and its adequate compilation using data supplied by the information sources.

- Obtaining a representation letter from the Directors and Management.

mazars

Conclusion

Based on the procedures performed in our verification and on the evidence we have obtained, no matters have come to our attention which may lead us to believe that the NFIS of **MIQUEL Y COSTAS & MIQUEL, S.A. and Subsidiaries** for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the provisions of current commercial legislation and following the criteria of the selected GRI standards in accordance with the details provided for each matter in Appendix I "Traceability table under Law 11/2018 and under the European taxonomy regulation" of the aforementioned NFIS.

Emphasis of matter

In accordance with the European Parliament and Council's (EU) Regulation 2020/852 of 18th June 2020 related to establishing a framework to facilitate sustainable investments, as well as on the basis of the Delegated Acts promulgated in accordance with the provisions of said Regulation, there is an obligation to disclose information on how and to what extent the company's activities are associated with eligible economic activities in relation to environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems (the remaining environmental objectives), and for certain new activities included in the climate change mitigation and adaptation objectives, for the first time for FY2023, in addition to the information on eligible and aligned activities already required in FY2022 in relation to the climate change mitigation and adaptation objectives. Consequently, the attached NFIS does not include comparative information on eligibility in relation to the rest of the abovementioned environmental objectives or the new activities included in the climate change mitigation and adaptation objectives. Furthermore, to the extent that information related to FY2022 was not required with the same level of detail as in FY2023, in the attached NFIS the breakdown of information is not strictly comparable. Additionally, it should be pointed out that **MIQUEL Y COSTAS & MIQUEL, S.A.**'s Directors have included information on the criteria that, in their opinion, enable best compliance with the aforementioned obligations and which are defined in section 2.10 "Taxonomy - sustainable finances" of the attached NFIS. Our conclusion has not been modified in relation to this matter.

Use and distribution

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

Barcelona, 18th April 2024

Mazars Auditores, S.L.P.

(signed in the original in Spanish)

____
Juan Luque

Annex III NON-FINANCIAL INFORMATION

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

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

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

To provide comparability in the information reported, for most of the indicators, data for the previous year (2022) is included.

Materiality:

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

1. The Group's Business Model

Miquel y Costas & Miquel, S.A. is the parent company of the Miquel y Costas Group, an industrial group with its registered offices at Calle Tuset, 8 and 10, 7th floor, 08006-Barcelona. The Group's current parent company was incorporated as a public limited liability company ("sociedad anónima") in 1929 and the Miquel y Costas Group is now made up of 16 companies devoted to the production of specialty papers, the provision of services associated to this activity and their commercialisation and a representative office.

The companies that make up the Group, as well as related companies and representative offices are the following:

Production	Provision of services	Distribution
Miquel y Costas & Miquel Miquel y Costas Argentina MB Papeles Especiales Terranova Papers Clariana Fourtube (related entity) Celulosa de Levante	Payá Miralles Miquel y Costas Tecnologías Desvi Miquel y Costas Energía y Medio Ambiente Miquel y Costas Logística Office of Representation in the Philippines	Miquel y Costas Deutschland Papeles Anoia Sociedad Española Zigzag Miquel y Costas Chile

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

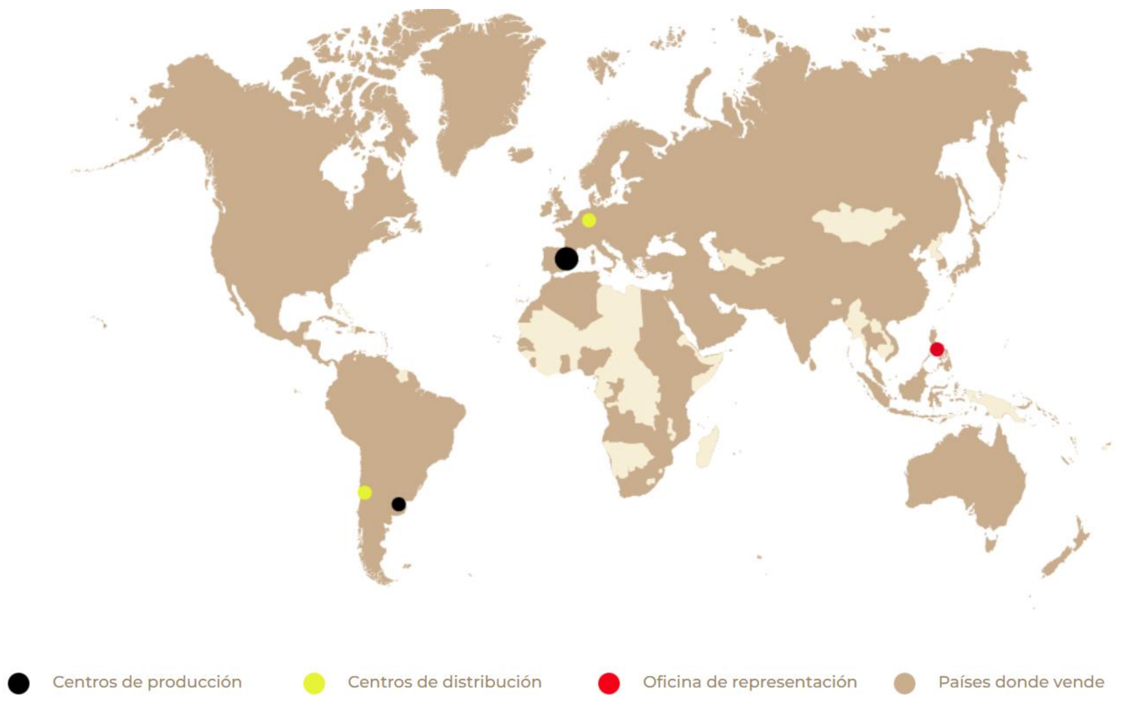
The Group currently has three main lines of business: the so-called "Tobacco Industry", that covers the sale of pulp and paper connected with the tobacco industry, "Industrial Products", connected with paper for use in industrial products and "Others" which covers commercialization, services and other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

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

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

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

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



The high level of technology, derived from its own developments, has enabled the Group to be present in most of the world's markets. In addition to meeting domestic demand, a highly significant portion of the Group's sales are exports, which are deeply rooted in the Group, as shown by the fact that nearly one hundred and twenty-five years ago the Company already had its own sales agencies and a large number of customers in Havana, Federal District of Mexico, Valparaíso, New York, etc. Export sales accounted for 88% in 2023, the main market being OECD countries at 31%, the European Union at a little over 30%, while the rest of the world accounted for 26%.

In 2023 geopolitical tensions existing in 2022 have remained latent (armed conflict between Russia and Ukraine and the deterioration of business relations between Spain and Algeria). Their duration remains undetermined and international trade in both areas continues to be disrupted.

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

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

To address a fiercely competitive global market, the Group invests continuously in research, development, and innovation, giving rise to new products that meet the highest standards of quality and consistency, and satisfying emerging needs, and having the very latest technology available, (much of which is exclusive), to increase productivity and maintain the level of quality in their range of products.

As the Group demands energy sources, mainly electricity and gas, they are affected by the price volatility of these products. The Group, in order to mitigate and reduce the impact of the volatile prices, continually monitor their evolution and on determined occasions negotiates/closes contracts with trading companies that guarantee greater stability and security for the business. In addition, a significant part of their investments are geared towards technologies that permit improved production performance and with this reduce consumption, and towards installations that lower dependence on external energy (such as those that took place this year in the investment in photovoltaic panels), advancement in the decarbonisation plan and also ensure an efficient management of the supply of said resources.

Concerning the governing bodies, the Board of Directors is the Company's ultimate decision-making body, except in areas reserved for the competence of the General Meeting by current regulations in force. Information on this section is detailed in the Annual Corporate Governance Report which forms part of the Annual Accounts for FY2023, and also on the corporate website https://miquelycostas.com/informacion-corporativa/#gobiernocorporativo.

2. Environmental Matters

2.1 The effect of business activity on the environment

The Miquel y Costas Group stands out within the value chain of the paper sector due to its specialisation in fine papers, concentrating specifically on the manufacturing and commercialisation of papers for the tobacco industry, industrial products, and printing papers. Their strong commitment to sustainable development is reflected in the achievement of clear and demanding objectives. The company seeks to actively contribute to the preservation of the environment and the mitigation of climate change. This commitment is manifested in both direct and indirect effects on sustainability, such as the adoption of efficient and responsible production processes, appropriate forest management, the protection of biodiversity, improvements in the quality of life and the generation of wealth in the environments in which it operates.

In this sense, the environmental policy of the Miquel y Costas Group focusses on two key objectives: first, to guarantee the constant conformity of the products supplied to customers with the established standards, ensuring operational and human conditions for a continuous and cost-effective improvement of quality; second, to develop activities with the highest respect for the environment, minimising impacts that derive from core and auxiliary operations in all production centres. In line with the above, the Group's Corporate Social Responsibility Policy, in addition to working to ensure strict compliance with current legal obligations, voluntarily incorporates environmental concerns, such as climate change mitigation, the promotion of responsible forest management, the protection of biodiversity and the sustainable use of water, demonstrating a high commitment to environmental protection.

The wood used to produce cellulose, which is acquired from suppliers outside the Group, is exclusively obtained from forest plantations of fast-growing species, indirectly resulting in environmental (specifically in forests), social and economic benefits. Concerning the environmental benefits, the Group collaborates in increasing forested areas and conserving natural forests, which in turn act as efficient CO_2 sinks and provide effective erosion control.

Regarding indirect social and economic benefits, it is important to highlight the Group’s contribution, through its supply chain, to rural development as boosting the creation of employment and wealth, as well as fostering sustainable growth in the forestry sector.

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

As detailed in the following sections, significant achievements are being made in the saving of natural resources, the reduction of emissions, the increase of energy efficiency in production centres, the adoption of renewable energies and the management of waste generated in the different processes.

2.2 Environmental assessment or certification procedures

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

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

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

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

- Standard IATF 16949, for MB Papeles Especiales and Terranova Papers, which defines the basic requirements of the automobile industry's quality management system for automotive and spare parts companies.

- Standard UNE-EN ISO 50001, for Miquel y Costas & Miquel, S.A. in Besós and Mislata, MB Papeles Especiales, S.A., Terranova Papers, S.A., Celulosa de Levante, S.A and Clariana, S.A.

  The certification UNE-EN ISO 50001, on energy management systems, was obtained in 2022 for all of the production centres, except Besós, which obtained the certification during the year 2023. Its scope covers the design, production and sale of cigarette, plug wrap and tipping papers for the tobacco industry, paper for publishers, the graphic, food and packaging industries, special filter papers and absorbent paper. It also includes the design, manufacturing and sale of special cellulose pulps made from non-wood fibres. This certification supports the efficient management of energy aspects linked to industrial activities, using control tools and continued improvement to reduce energy consumption and maximise energy efficiency.

- Standard BRCGS Packaging Materials, for Terranova Papers, is an international standard that defines hygiene-sanitary requirements to be met by packaging and wrapping. This standard ensures food safety, legality, and quality for the consumer.

- Standard ISO 22000, for Miquel y Costas & Miquel in the manufacturing centre located in Mislata (Valencia). This certification demonstrates compliance with the strictest standards of food hygiene and safety and ensures the safety of the materials that are in contact with the food manufactured, also including those packaging and wrapping materials that come into contact with food, as well as their high level of safety.

- Custody chain standards FSC-STD-40-003, FSC-STD-40-004, FSC-STD-50-001, PEFC-ST-2002:2020 and PEFC-ST-2001:2020 cover all production centres, except for Celulosa de Levante, for which it is not applicable. These standards define the necessary requirements to ensure the responsible sourcing of forestry raw materials and to guarantee their traceability throughout the supply chain. The Group prioritises the procurement of raw materials from regions with responsible practices, respect for human rights and traceability to the place of origin, thus contributing to preserving ecosystems, preventing the loss of biodiversity and promoting respect for the environment.

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

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

- The Custody Chain Policy (POLCDC) at the companies Miquel y Costas & Miquel, S.A., MB Papeles Especiales, S.A., Terranova Papers, S.A. and Clariana, S.A.

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

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

  As a consequence of the POLCDC and the PRCOM02, only FSC® (FSC-C041521) or PEFC (PEFC/14-33-00022) certified or FSC-controlled wood material is purchased, thus eliminating the risk of using cellulose from timber that is not responsibly managed.

- The general risk and opportunity analysis procedure (PRRYO01) states that annually each work centre that is ISO 9001, ISO 14001, ISO 22000 and ISO 50001 certified must identify risks and opportunities of all the processes that make up the IMS of each organisation, also considering the context and needs and expectations of the stakeholders of each production centre. Likewise, the environmental risks and opportunities, including those associated with climate change are identified at corporate level on a half-yearly basis. The procedure is based on a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and an FMEA (Failure Mode and Effect Analysis). As a result, preventive action and improvement/ objective plans are established and developed to address these risks and opportunities and the result forms part of, among others, the annual investment plan.

  The main risks in the IMS environmental control process identified by means of the PRRYO01 are:

  - Possible breach of the thresholds laid down in the Integrated Environmental Authorisations (IEAs) for different environmental aspects such as emissions, waste, effluents, noise, light and soil.
  - Possible incorrect functioning of the environmental and energy-related Best Available Techniques (BATs) in place in the plants.
  - Lack of knowledge of amendments to environmental legislation.

- The procedure for identifying and assessing environmental and energy aspects (PRSAM01) establishes the methodology for identifying and assessing the environmental and energy impacts arising from the activities, products and services of companies that have implemented the IMS, from a life-cycle perspective, the main ones being:

  - Consumption of natural resources: decrease, abiotic depletion, global warming, and indirect impacts associated with the manufacture of the good consumed.
  - Emissions and odours: atmospheric pollution, abiotic depletion, and global warming.
  - Waste: impacts associated with waste management (decrease in natural resources, atmospheric pollution, water pollution and landfill clogging).
  - Discharges or sewage: reduction in water quality, aquatic ecotoxicity and indirect impacts associated with water purification.
  - Noise and light: disturbance and possible harm to health.

  - Soil: pollution of water and soil, abiotic depletion and aquatic ecotoxicity.

- Energy management system procedure (PRSGE01), applied to all activities, products and services that use energy from the processes defined in the Integrated Management System.

  To mitigate the risks that could affect the energy performance and efficiency, this procedure implements the energetic review, performance indicators and the energy baseline. It details the planning for energy data collection, establishes operational control and provides guidelines for the design and acquisition of installations, equipment, systems and processes.

In order to supervise the application of these environmental and energy-related policies, procedures and objectives, the General Internal Audit Procedure (PRAUD01) is used, which formalises the performance of internal audits in all production centres under specific standards and rules applicable to each of them. On a half-year basis, the correct functioning of the operating control and compliance with environmental and energy policies, objectives and legal requirements, as described in the PRAUD01 and in the Operating Control Procedure (PRSAM04) is verified.

Additionally, annual external audits are performed by companies certified under the abovementioned standards. To reduce the impact on climate change, the Miquel y Costas Group involves its supply chain, assessing suppliers annually on the environment and on energy through specific certificates and performance, as outlined in POLCAM. The rating obtained, together with second party audits, is used to guide purchasing decisions. For more information, consult section 6 (Society) of this report.

2.3 Resources dedicated to environmental and energy risk prevention

The Miquel y Costas Group permanently dedicates resources to the prevention of environmental risks and to the reduction of climate impact. In 2023, total net environmental investments in national companies, deducting grants received, have amounted to €3,616 thousand euros (6,060 thousand euros in 2022).

Within the framework of the production process, resources have mainly focused on the optimisation of energy consumption to mitigate climate change, as well as to boost efficiency in the use of raw material and water, in this way favouring the reduction of waste and minimising the use of natural resources.

Concerning investments not directly related to the production process, resources have mainly been dedicated to projects that include the installation of a new manufacturing-reclaimed-water tank to maximise water reuse, to the development of a new sludge drying facility, to the removal of roofing containing asbestos and its replacement (in this way boosting the use of materials that are safe and more respectful of the environment) and to the execution and start-up of new photovoltaic installations to substitute conventional electricity for own generation with renewable energy sources.

2.4 Environmental protection and responsibility

In 2023, the total environmental protection costs incurred by the Group in Spain, excluding revenue from the sale of by-products and excluding expenses arising from CO_2 emission rights, have amounted to € 4,744 thousand (€4,986 thousand in 2022). They included no extraordinary items and derived mainly to the social contribution through charges paid for the use of water established by the Autonomous Regions, as well as consumption of raw materials and energy in environmental protection activities and costs related to waste collection and treatment. Until the end of 2023, the Group has no knowledge of contingencies related to environmental protection and improvement. In 2022, there were no contingencies related to this area either.

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

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

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

This report does not include data related to Miquel y Costas & Miquel, S.A.'s production centre located in Capellades (Barcelona), the logistic and production centres of Miquel y Costas Logística, S.A. located in Betxí (Castellón) and Pas de l'Aigua (Barcelona) and the work centre located in Tuset (Barcelona), due to the low relevance that their environmental and energetic aspects have. Likewise, for the same reason, this report does not include the foreign subsidiaries either.

Data reported hereafter is based on tonnes produced:

t prod	2022	2023	Variation 2022-2023
Product	97,698	85,278	-12.7%

It is important to highlight that in 2023 the Group recorded a 12.7% decrease in its total production compared to the previous year. This decrease is attributable to special circumstances (weak demand in some business segments, investments...) which resulted in lower manufacturing activity in some production centres, affecting the normal production rate, penalising efficiency and, therefore, worsening some specific ratios.

2.5 Pollution and Climate Change

The Miquel y Costas Group is committed to reducing their greenhouse gas emissions (hereinafter, GHG) and to improving the sustainability of their products and services. In 2023 they made public their Climate Transition Plan (CTP) with which they seek to reduce their GHG emissions by 51% for 2030 (base year 2018) and aims to reach Net Zero throughout the whole value chain by 2050. Likewise, they are seeking to increase the implementation of practices and technologies which respect the environment, such as the optimisation of equipment, the substitution of contaminating fuel and energy efficiency in all production centres, aligned with the Paris Agreement's objective of limiting the increase in global temperature to 1.5ºC. The CTP, included in the Group strategy, establishes specific objectives and action to meet climate commitments.

The Board of Directors (hereinafter BD) and the Management are the Group's ultimate decision-making and supervisory bodies with regard to the commitments acquired for the fight against climate change. These represent a priority in the management of the organisation and a basic principle of their Corporate Governance. Among their functions are included orientation, control, supervision and annual monitoring of matters related to climate change and implementation of the Group's Climate Transition Plan. Management reports regularly to the BD on the strategies, policies, main risks and opportunities associated to climate, which are assessed in each centre and reviewed by the Executive Chairman and Chief Executive Officer, who align the whole organization to reach the goals in the different operating aspects: CAPEX, purchasing policies, monetary incentives, operating efficiency, performance objectives, etc.

The procedure followed to define the Group's environmental objectives is the following: the Executive Chairman defines the environmental objectives for the organization, based on the proposal from Miquel y Costas Tecnologías (MCT) and informs the BD on revenue, direct and indirect costs and investments, including those related to climate change. Later they are presented for approval by this body, which periodically reviews and compares with the targets the operational and financial performance that may be affected by climate-related issues. These issues are also taken into account when analysing possible acquisitions, mergers and divestments during board meetings. In addition, budgets are validated on an annual basis and every three years the Strategic Business Plans, which are designed and presented directly by the division directors. It should be noted that the Group has an Audit Committee (a body that reports to the BD) and that one of its functions is to review the effectiveness of risk and opportunity management, including those related to climate change.

In addition, the Energy and Environment Committee has been set up, composed of members of the Board of Directors and the management team, which, twice a year, reviews the most relevant aspects related to the environment and energy. The Miquel y Costas Group is proactive in analysing and managing the risks and opportunities related to the environment, including those associated with climate change, which may affect their direct commercial operations. Specifically, every six months the person in charge of the Integrated Management System, together with the Executive Chairman, carries out the evaluation, review and reporting at corporate level of the risks and opportunities associated to climate change.

The Miquel y Costas Group's most significant direct greenhouse gas emissions arise from combustion equipment used to generate the steam in pulp and paper manufacturing processes. Also, a small percentage of emissions linked to the fuel consumption due to the periodic star-up of auxiliary emergency equipment and the use of mobile sources such as machinery and vehicles owned by the Group is taken into account.

With regard to the management of greenhouse gas emissions, for the period 2021-2025, the companies MB Papeles Especiales, S.A., Terranova Papers, S.A., Payá Miralles, S.A. and Clariana, S.A., which are low emission, are excluded from the European Union's Emissions Trading System. In applying the corresponding legislation, a maximum annual emission has been established for each of them which, in the case it were surpassed and as an equivalent mitigation measure, would entail delivering the surplus volume of emission rights to the State.

In 2023 all production centres have been below the limit of annual maximum emissions established with the exception of Terranova Papers, which has surpassed it by just 1.58% (0.94% in 2022).

In turn, the companies Miquel y Costas & Miquel, S.A – Besós factory and Celulosa de Levante, S.A. have remained within the European Union's Emissions Trading System, corresponding to a total allocation of 23,174 emission rights. The total verified emissions are equivalent to 21,413 tonnes of CO2, the result of which is a surplus of 1,761 emission rights, higher than the deficit of 429 emission rights for 2022.

As in previous years, no free allocation is received for emissions related to the electricity generated by the cogeneration plants, which remain relevant. In 2023, a reduction in emissions linked to these installations was achieved. This is due to their lower operating time, given that, instead of generating electricity, it was more favourable for the Group to purchase it from the grid compared to 2022.

It is important to note that the reduction in the operating time of the cogeneration plants, together with the lower activity in some production centres, is also reflected in the reduction of greenhouse gas emissions that the Group has achieved in 2023, compared to the previous year.

Annually, an accredited external entity verifies the emissions associated with all of the above installations and presents the corresponding reports to the Public Administration.

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

Highlighted data is as follows for the Group as a whole:

		2022	2023	Variation 2022-2023
Scope 1	**t CO_{2e}**	62,822	52,827	-15.9%
	t CO_{2e}/t product	0.64	0.62	-3.7%
Scope 2	**t CO_{2e}**	0	0	NA
	t CO_{2e}/t product	0.00	0.00	NA

* Scope 2 emissions valued according to the market-based method (based on the market) and which depend on the type of electricity purchased by the Group

In 2023, the Group reaffirmed its commitment to procure 100% of electricity from renewable sources maintaining in this way the complete elimination of Scope 2 CO2 emissions (100% in 2022). This commitment, integral to the decarbonisation and sustainability strategy, is planned to continue in the future.

Since 2022, the Group has implemented decisive measures to advance in its decarbonisation plan, initiating the detailed calculation of the Organisation's Carbon Footprint covering scopes 1, 2 and 3, following the GHG Protocol methodology. Furthermore, this calculation methodology has been maintained in 2023, and both GHG emissions inventories are verified annually by a third party certified in accordance with the UNE-EN ISO 14064-3:2019 standard. Specifically, the calculation of Scope 3 allows the Group to gain an understanding of emissions within its value chain, identify risks and areas of opportunity to reduce and establish more effective measures to reduce emissions along the value chain.

For the Group as a whole, the key figures for Scope 3 emissions (t CO_{2e}) are as follows:

		2022	2023	Variation 2022-2023
Scope 3	**t CO_{2e}**	111,832	102,544	-8.3%

*Scope 3 emissions in 2023 include the following categories: Goods and services purchased or acquired, Capital goods, Fuel and energy activities (not included in scope 1 or 2), Transport and distribution of products and services upstream, Waste generated in operations. In 2022, all of the above categories were included with the exception of Capital goods.

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

CDP is a non-profit organisation that measures the transparency, commitment, strategy and management of companies and cities, at worldwide level, to promote the evolution towards a sustainable economy. In addition, it mobilises investors, businesses and governments to build and accelerate collaborative development actions that work for current and future generations.

The CDP valuation report provides a detailed overview of our current position and highlights areas of focus for continuous improvement in environmental management and climate governance. This evaluation categorises the company in evolutionary levels (D Outreach, C Awareness, B Management, A Leadership,) and facilitates sectoral, regional and global comparisons. The four types of questionnaires are:

- CDP Climate Change: addresses the efficient management of the carbon and climate change risk.
- CDP Forest: establishes a framework to restore forests and ecosystems.
- CDP Water Security: boosts the reduction of the hydric footprint, which is an environmental indicator that quantifies the total volume of water used in the manufacturing of goods and services.
- CDP Supplier Engagement Rating (SER) / Climate Change: assesses the organisation's commitment with their suppliers with regard to climate change, boosting action to reduce carbon emissions in the supply chain.

As a result of the Group's continued dedication in the implementation of the best available practices, to the promotion of the environmental management and investments and action carried out in each production centre for decarbonisation, the Miquel y Costas Group has obtained an A rating in the CDP Climate Change Questionnaire presented in 2023. This qualification corresponds to the rank ''Leadership". For comparative purposes, it is above the regional average in Europe, is higher than the paper and forest sector's average, and higher than the global average, the ratings of which are within the range of "Management" (rating B).

It is important to note that achieving an A rating is an indication of excellence that reaffirms the Group's commitment to climate change mitigation, sustainability, its commitment to promoting energy efficiency in all its processes and transparency in communication. It also places the Miquel y Costas Group among the 354 companies worldwide that obtained this rating in the CDP Climate Change questionnaire presented in 2023, out of a total of 23,202 companies that responded to the questionnaire.

Rating	2022	2023
CDP Climate Change	B	A

In 2023, improvement in the CDP Climate Change questionnaire was achieved compared with 2022, specifically in in the areas of risk disclosure and management, business strategy, financial planning and climate scenario analysis. Also, with the objective of reaching common goals to reduce emissions and to mitigate climate change with their suppliers, the Group addressed this need through the implementation of measures to encourage involvement and increase the commitment of all stakeholders throughout the value chain. Some of the measures implemented in the last two years encompass the inclusion of criteria associated to climate change in the process of their selection and also campaigns to gather data on suppliers' GHG emissions.

Thanks to the intensified collaboration with suppliers and to the exchange of information, the Group has improved the precision in estimating the carbon footprint of their main products. This progress is achieved through the use of primary data sources, such as the data on emissions provided directly by the product and service suppliers. The Group seeks specific commitments from suppliers with the highest GHG impacts (scope 3), such as suppliers of wood pulp, to establish objectives to reduce emissions aligned with the objectives of the Paris Agreement to limit the increase of the global temperature to 1.5ºC and approved by the SBTi (Science Based Target initiative), a global organisation that offers methods and tools for companies to effectively address the risks associated to climate change.

As a consequence of the above, the level of the organisation's involvement with their suppliers regarding climate change has been reflected in achieving the rating A- in the CDP Supplier Engagement Rating (SER) obtained by the Group in 2022 (last rating obtained and available up to the current date of publication of this report), which is within the range "Leadership". For comparative purposes, it is higher than the European average, than the average for the paper and forestry sector, and than the global average, the ratings of which are within the range of "Awareness" (rating C).

Rating	2022
CDP Supplier Engagement Rating (SER)	A-

Obtaining the rating A in the module CDP Climate Change in 2023 and rating A- in the module CDP SER in 2022 (last score awarded at the date of publication of this report), is synonymous with excellence in the management of environmental impacts and the taking of coordinated action in the face of climate crisis. Reaffirming the Group's commitment to sustainability, their commitment to boosting de-carbonisation in all production processes and the organisation's willingness to be transparent in communication.

In order to actively encourage this commitment, the Group includes environmental performance in the compensation of the Steering Committee, by including incentives linked to sustainability. Additionally, General Management is motivated to obtain a rating of Leadership (A/ A-) in the annual valuation carried out by CDP with the objective of reinforcing the company's leadership in terms of sustainability, adaptation and mitigation of climate change.

EcoVadis is a sustainability assessment platform that provides corporate social responsibility and sustainability performance ratings and analysis for companies. EcoVadis evaluates and ranks organisations according to their sustainable practices, enabling companies to make informed decisions when selecting business partners and encourage continuous improvements in social and environmental responsibility.

In 2023, the Miquel y Costas Group received the “Platinum” qualification in the ESG evaluation carried out by EcoVadis (a “Silver” qualification in 2022). This score is based on the company's sustainability performance in four key categories: Environment, Labour and Human Rights, Ethics and Sustainable Procurement. Importantly, this was the Group's second participation in this assessment, which relates to the 2022 financial year. The EcoVadis Platinum medal is awarded to companies that have demonstrated a solid management system that addresses sustainability criteria, in accordance with the methodology of EcoVadis, the world leader in corporate sustainability qualifications. It should be noted that only one percent of the more than 125,000 global companies assessed received the Platinum rating, demonstrating the Group's excellence and continuous improvement in ESG.

What is more, the Group also consolidates their commitment with other external interested parties. They actively participate and support different industrial associations such as ASPAPEL (Spanish Association of Pulp and Paper Manufacturers) a national professional organisation which groups together companies in the pulp and paper sector, which represents more than 90% of the total production of the sector through the 50 associated companies. The association’s mission is to support competitive and sustainable development of its members and promote the image of the sector, its companies and products, and they also act as an industry representative before the Government and other players, developing strategies and providing a forum for partner companies. The Group’s Executive Chairman is member of the Managing Board, which guarantees a perfect alignment of objectives for both organisations.

Likewise, the Group is also part of ACOGEN (The Spanish Cogeneration Association) a national organisation which represents companies involved in cogeneration. With 115 associated companies which represent more than 11% of the electricity produced in Spain, their objective is to encourage and support the development of cogeneration in Spain. The association seeks to establish a favourable environment for the existing plants and for new constructions, valuing the essential characteristics of technology: high energy efficiency, primary energy savings, distributed electricity generation and emission reduction. The Group participates in different work committees and groups to define and agree the sectorial position on climate change legislation, which also allows learning from other companies, collaborating and sharing experiences on common challenges related to climate change.

Also, the Group supports global environmental initiatives through the NGO, Trees for the Future, a non-profit organisation which operates in 9 different countries and helps communities from around the world to plant trees and to fight deforestation. It empowers and assists farmers to revitalise their own land and plant trees in different African countries, such as Cameroon, Senegal, Uganda, Tanzania and Kenya, contributing in this way to the improvement of local economies, biodiversity and carbon sequestration. This initiative which started in 2017 with the objective of planting 165,000 trees, managed to achieve this objective in 2022. As a result, a new target was set to plant 200,000 trees by the end of 2023. Thanks to the support of the Group and the collaboration of its consumers through social media, this target was exceeded by planting 200,172 trees in the period 2017-2023. Since 1989, the organisation has planted more than 225 million trees. The more trees they plant, the higher the visibility of the association and its capacity to interact with national, regional and local authorities to influence the policies, laws and regulations that commit to the non-conversion of natural ecosystems, the fight against deforestation and restauration and compensation of forests and the mitigation of climate change.

Moreover, in its quest to strengthen its corporate commitments linked to sustainable development, the Group generates several positive impacts that contribute to the achievement of Sustainable Development Goals (SDGs) established in the Agenda 2030 by the United Nations. After completing the identification of the SDGs most relevant to its business, the Group formalised this commitment in 2023, highlighting the main SDGs to which it contributes. This translates into a positive impact on social and environmental sustainability through its solutions and products.

In this context, the main SDGs associated with climate change to which the Group contributes are as follows:

SDG 7. AFFORDABLE AND CLEAN ENERGY.

The Group is committed to increasing the use of renewable energy sources wherever possible.

Main contributions in 2023:

- In 2023, 100% of electricity purchased from the company was produced from renewable sources (100% in 2022), thereby eliminating Scope 2 CO2 emissions in full.
- Increase in the share of energy from renewable sources to 39% in 2023 (35% in 2022).
- Development of the project for the technological improvement of the black liquor combustion system at the Celulosa de Levante production centre.

SDG 13. CLIMATE ACTION.

The Group has clear greenhouse gas emission reduction targets and is constantly striving to improve energy efficiency at all its production sites, actively contributing to climate change mitigation.

Main contributions in 2023:

- Targets to reduce absolute CO2 emissions of scope 1 and 2 by 51% by 2030 (base year 2018) and to reach net Zero by 2050. In 2023, reduction of absolute CO2 emissions of scope 1+2 by 55.3% and scope (1+2+3) by 38.6% taking 2018 as base year.
- Ongoing validation of GHG emission reduction targets by SBTi.
- Publication of the Climate Transition Plan (CTP).

SDG 12. RESPONSIBLE CONSUMPTION AND PRODUCTION

The Group promotes sustainable consumption and production methods at all its production sites.

Main contributions in 2023:

- Increased energy efficiency in its production centres, reducing natural gas consumption/tonne of product by 4.2% in 2023 compared to the previous year (22.7% in 2022) and by 17% compared to 2018.

The transition towards a world without carbon emissions is complex. In this context, the Group considers that proactive interaction and commitment with stakeholders is essential for influencing society and achieving the objectives of reducing emissions established within the framework of the Paris Agreement. Therefore, listening and responding to the worries and opinions of the interested parties is one of the bases to understanding the economic, social and environmental risks and opportunities, and specifically, those associated to climate change which they face worldwide. The participation in different industrial associations and the sustainability indices mentioned above demonstrate the continued efforts for monitoring and the understanding of stakeholders, as well as their ability to adapt to market needs.

Lastly, the Group focuses on the effective management of relations with the Authorities that design the environmental policies for the places where they operate, through the Executive Chairman and the Chief Executive Officer. The Executive Chairman is a member of the Board of Directors of the national sectorial association to which the Group belongs, working hand in hand with national and regional government agencies which establish climate change legislation.

Both in the aforementioned CDP Climate Change questionnaire as well as the Climate Transition Plan, the risks identified are the following:

- Risks due to changes to legislation and legal risks. A concrete example is the instability of the free allocation of emission rights. If the allocated rights were to decrease abruptly, the Company might have to buy more CO2 emission rights to continue its operations, which would lead to increased costs.
- Risks due to new technologies. Supporting the transition to processes and products with lower carbon emissions requires constant technological innovation, which can involve investment and operational risk.
- Risks due to changes in physical climate parameters. They are considered relevant as they can directly affect the operation of the facilities. In the event of extreme weather (hurricanes, cyclones, forest fires, etc.) the availability of raw materials may be altered, leading to increased costs.
- Risks due to other changes related to the market. One could for example see a decline in demand due to changes in the market that the Company had not anticipated and linked to new consumption patterns associated with growing concerns about climate change and sustainability.

Related to the analysis of the opportunities associated to climate change, the Group has identified various positive aspects for their business model:

- Operational cost improvement opportunities. The implementation of renewable energy for own consumption in their direct operations can for example reduce energy costs significantly and diminish the Group's dependence on traditional energy sources.

- Business development opportunities. Clients' growing environmental awareness and the change towards a low carbon economy offers the opportunity to develop and industrialise new sustainable products to satisfy this demand and to turn the Group's leadership in this area into a competitive advantage.
- Funding optimisation opportunities. Improvement of the positioning in the capital markets through the participation in sustainable indices, such as ECOVADIS and CDP, may generate greater trust and attract investors in sustainable companies as well as making it easier to obtain external financing on preferential terms.

In addition, for the evaluation of risks and opportunities associated to climate change, a short-term and long-term analysis has been carried out both from the point of view of transition risks as well as physical risks. Particularly noteworthy is the evaluation carried out for raw materials or the areas from which they originate, identified as relevant aspects for the Group's business model. The two future qualitative scenarios considered were: the "very strict" Representative Concentration Path (RCP 2.6) and the "business as usual" Representative Concentration Path (RCP 8.5). Both scenarios are defined by the Intergovernmental Panel on Climate Change (IPCC) and are commonly used to analyse the risks and opportunities associated with climate change.

The path RCP 2.6 is a very strict scenario of GHG emissions in which a drastic reduction of emissions is assumed in order to limit the global temperature increase to less than 2ºC. In this context, in the period of transition to 2030, the Group has set up mitigation strategies for these risks short term, guided by elements that are in line with the objectives established, which seek to reduce GHG emissions short term, guarantee 100% of responsible sourcing of raw material of forestry origin and reduce water extraction for production processes by 12% (2014-2025).

Furthermore, the RCP 8.5 path is a scenario of GHG emissions known as "business as usual", in which a continuation of current trends of emissions is predicted without significant changes in policies and technology. In this context, identifying the physical risks that may arise long-term due to changes in the physical parameters of the climate is essential in order to assess the resilience of the organisation in the face of associated challenges, specifically with regard to key suppliers of raw material located in areas of risk. Also, the Group works to identify alternative sources of supplies of the same raw materials and/or alternative products which are not located in areas of risk, as well as adopting measures to mitigate impacts. As part of this effort, the Group has established the objective to certify all their wood pulp suppliers under the standards FSC and PEFC to guarantee the sustainable management of forests, which is key to mitigate the risks associated to the acquisition of forestry products.

In terms of transition risk analysis, two quantitative scenarios have been selected for this assessment. Firstly, the IEA 2DS developed by the International Energy Agency (IEA) which is based on a projected warming limit of 2°C and provides a scenario analysis based on the development of lower carbon technology and its implementation in various sectors, including the pulp and paper sector. The scenario sets a target of reducing CO2 emissions by almost 60% by 2050 (compared to 2013), followed by a continuous decrease after 2050 until carbon neutrality is reached. For example, according to the IEA's sector analysis since 2018 the energy efficiency of pulp and paper production has remained practically stable, while in the Net Zero Scenario energy intensity falls by approximately 1.5% per year until 2030. Considerable improvements in energy efficiency are needed and can be achieved by increasing the share of paper produced from recycled resources and implementing best available production technologies. In this context, considering the risks identified for the pulp and paper sector in the short and long term, the Group has put in place element-driven mitigation strategies in line with the set targets aiming at reducing GHG emissions of scope 1+2 by 51% (2018-2030) and scope 1+2+3 by 90% by 2050. These include actions already in place or under development such as the implementation of new thermal energy generation systems using biomass, energy efficiency projects to reduce consumption at all production centres, the acquisition of 100% of purchased electricity from renewable sources with guarantees of origin, and a robust programme to implement new photovoltaic generation facilities that will increase the Group's self-sufficiency and consolidate the reduction of its Scope 2 emissions.

Finally, the IEA NZE 2050 scenario, also developed by the IEA, has been selected, which shows a pathway for the global energy sector to achieve net zero CO2 emissions by 2050. This scenario is consistent with limiting global temperature increase to 1.5°C with or without a limited temperature overshoot (with a 50% probability), in line with the reductions assessed in the IPCC Sixth Assessment Report. The Group focused on the implementation of this scenario for the pulp and paper sector. The scenario was run in the short and long term (2020-2050) to assess the impact of climate change on the business model. The transition scenario was considered for the whole company according to the NZE scenario to assess the impact of regulation, the pace of innovation in new and emerging technologies, the availability of sustainable bioenergy, the energy market, etc. According to the IEA NZE 2050, a 47% reduction in CO2 emissions intensity is projected for the pulp and paper sector from 2018 to 2030. This information provided the basis for the Group to set its short-term emission reduction targets. The Company aims to achieve a 51% reduction in emissions by 2030 (2018 baseline), a more ambitious target than the suggested recommendations for the sector. The Group's ambitious emissions reduction targets will contribute to achieving its goal of zero net emissions by 2050, and significant improvements in energy efficiency are needed to achieve this. This can be achieved by ensuring security of fuel and electricity supply at all times and by seeking to avoid volatility in energy markets. The results of the scenario analysis were used by the Group's engineering department, which investigates energy efficiency alternatives that can be successfully implemented to decrease exposure to this risk. As a result, the company has launched a new programme of initiatives aimed at improving its Scope 1 emissions for the period 2021-2026 and expects to invest around €54,000,000 in the implementation of new biomass thermal power generation systems on the one hand, and energy efficiency projects in all production centres on the other, such as the optimisation of thermal consumption in various paper machines. All this with the aim of ensuring compliance with the GHG emission reduction targets for 2030.

It should be pointed out that climate-related risks and opportunities have been included in the business strategy, therefore, their analysis is included in their financial planning process, mainly revenue, direct and indirect costs and investments. Revenue projections take into account the development and industrialisation of new products to address the growing environmental awareness of the clients and the change to a low-carbon economy. A clear example is the introduction into the market of cellulose-based cigarette filters which are totally bio-degradable, to substitute synthetic materials. The indirect and direct costs such as the expenses associated to the certification of new suppliers and/or types of raw materials that are less exposed to the consequences of climate change, are also a key part of the financial planning.

In more detail, the Miquel y Costas Group effectively already has important action underway to reduce emissions and to optimise their energy consumption:

- Consolidation of their clean energy generation development plan: continuity of the biomass boiler studies and the installation of photovoltaic panels for own consumption. In 2023 the Group finalised its fifth photovoltaic installation, located in Clariana, the functioning of which started at the beginning of that year. Also, the second phase of a new photovoltaic installation was completed in the Celesa factory the functioning of which started in October 2023, In addition, the project for the second phase of the photovoltaic installation at the Besós factory has begun and is expected to come into operation in the second quarter of 2024.

Below is included a table where development of the Group's Photovoltaic Plan is presented with the startup of the new installations in the 2020-2026 period:

	Installed Power Startup							
Scope	**2020** (kWp)	**2021** (kWp)	**2022** (kWp)	**2023** (kWp)	**Accumulated (2020-2023)** (kWp)	**Total investment (2020-2023)** (thousands €)	**Accumulated (2020-2026)** (kWp)	**Total investment (2020-2026)** (thousands €)
Production Centre	193	562	1,302	1,562	3,620	6,086	6,695	14,688

It is important to note that, although the photovoltaic plan was initially expected to be completed by the end of 2024, its development is running a little slower than expected. By the end of 2024, there will be an installed capacity of 3,793 kWp, and it is planned to complete the installations and projects at the Besós (phase II), MB and Celesa centres by 2026. By the latter date, a total installed capacity of 6,695 kWp is then expected to be reached. The delays are associated with the need for additional investment in upgrading existing facilities and longer than expected administrative deadlines.

- Execution of an intensive programme for energy efficiency action in all the production centres, such as the optimisation of thermal consumption in several paper machines, the results of which have contributed to the minimization of the Group's carbon footprint.

- Continuation of the actions for energy improvement and efficiency identified in the energy audits presented to the competent authority in the first quarter of 2021 based on the data for the period 2017-2020. For example, the new photovoltaic installations mentioned previously.

- In 2023, the Group obtained certification of regulation ISO 50001 for energy management systems in all its main production centres. The most recent certification was completed by Miquel y Costas & Miquel (Besós factory) at the end of 2023, while the centres of Miquel y Costas & Miquel (Mislata factory), Celesa, MB Papeles Especiales, Terranova Papers and Clariana obtained it in 2022. This is evidence of effective management of the energy aspects derived from industrial activities, through the implementation of control and continuous improvement tools. This strategy not only minimises energy consumption, but also maximises the Group's energy efficiency compared to 2022.

- Participation in the BlueBiz programme, which is an exclusive incentive for companies whose employees fly with Air France, KLM and Alitalia. Through this programme, companies can earn and use Blue Credits when purchasing BlueBiz tickets on the airlines mentioned above. This partnership focuses on reducing greenhouse gas (GHG) emissions associated with business flights by Group employees. In 2023, thanks to this partnership, we managed to reduce CO2 emissions related to air travel. In 2022, the collaboration with Lufthansa Group Airlines for the reduction of GHG emissions associated with employee air travel (Scope 3) was implemented. In addition, as part of its commitment to sustainability and the environment, the Group promotes the elimination of unnecessary business flights and encourages the replacement of face-to-face meetings with video calls or other technological methods to reduce the emissions associated with this activity.

- Collaboration with the NGO, Trees for the Future® as mentioned above, the aim of which is to reforest areas of Sub-Saharan Africa and favour the growth of the region's economy through sustainability. This organisation empowers and helps farmers to revitalise their own land and plant trees in different African countries, such as Cameroon, Senegal, Uganda, Tanzania and Kenya. Thanks to this initiative and participation through the Smoking®'s campaign #RollWithGreen, through the planting of 200,172 trees in the period 2017-2023 (167,200 trees in the period 2017-2022), GHG absorption and increased economic contribution to local communities has been achieved, which has helped to combat poverty and hunger in these regions.

Presented in the table below is the achievement of the objectives established by the Group, as part of the Group's commitment to fighting against deforestation and their collaboration with the NGO Trees for the Future®:

Results Trees for the Future	2022	2023	Variation 2022-2023
Trees planted	167,200	200,172	+19.7%
Hectares reforested	16.92	20.25	+19.7%
Persons removed from poverty	334	400	+19.8%
t CO_2 sequestered in 20 years	6,106	7,311	+19.7%

As a result of the measures already adopted within the framework of the transition to a decarbonised economy, in 2023 a reduction in GHG emissions of scope 1 and 2 has been achieved. It should be noted that the current GHG emission reduction targets are more ambitious and are based on current scientific recommendations and aligned with what the Paris Agreement establishes, to limit the increase in global average temperature to no more than 1.5ºC above pre-industrial levels. The new emission reduction targets include a commitment to achieve a 51% reduction in greenhouse gas (GHG) emissions in its direct operations (scopes 1 and 2) by 2030, taking 2018 as a reference year, and a commitment to ensure that 100% of the electricity purchased by the company in all its production centres comes from renewable energy sources by 2030. In addition, it seeks to achieve climate neutrality (Net Zero) by 2050 at the latest.

It is crucial to note that these targets may be updated as, at the end of 2023, the Group initiated a review to align with the SBTi (Science Based Targets Initiative) criteria. These targets are currently in the process of adjustment and will be submitted for final approval by SBTi during 2024.

The Miquel y Costas Group joined the international SBTi initiative in August 2023, a project backed by non-profit organisations such as CDP, UNGC (The United Nations Global Compact), WRI (World Resources Institute) and WWF (World Wildlife Fund). The aim of this initiative is to help companies set greenhouse gas emission reduction targets based on climate science to limit global warming. The Group committed to define short and long-term targets for decarbonisation and has up to 24 months from accession to define and submit these targets to SBTi for approval, in accordance with its rules.

The table below shows the GHG emission reduction targets in force up to the publication of this report:

		2018	2022	2023	Variation 2022-2023	Variation 2018-2023	Objective 2018- 2030	Objective Net Zero 2018- 2050
Scope 1+2	**t CO_{2e}**	118,200	62,822	52,827	-15.9%	-55.3%	-51.0%	
	t CO_{2e}/t product	1.23	0.64	0.62	-3.7%	-49.6%		
	t CO_{2e}/km^2 product	40.48	22.22	21.25	-4.4%	-47.5%		
Scope 1+2+3	**t CO_{2e}**	252,973	174,654	155,372	-11.0%	-38.6%		-90%

It should be noted that, although the Group almost met most of its absolute and specific GHG reduction targets early, the year 2023 was marked by exceptional circumstances at several of its sites, which impacted GHG emissions for the year. The reduction in the operating time of the cogeneration plants and lower activity at some production sites contributed to the decrease in total emissions in 2023 compared to the previous year. The Group actually experienced a 12.7% reduction in its total production, affecting efficiency and worsening some specific ratios.

Also, periodically the emissions of NO_x and SO_x in the combustion boilers are measured, as the corresponding IEA indicates:

Kg/ t prod	2022	2023	Variation 2022-2023
NOx	0.89	0.79	-10.7%
SOx	0.02	0.01	-32.7%

The Miquel y Costas Group has established not exceeding certain thresholds of NO_x emissions as an objective, in each of the production centres, in accordance with the applicable IEA:

Installation		Objective 2025 NO_x (mg/Nm^3)	O_2% reference
Cogeneration plants	Turbine	150	15
	Motor	190	15
Conventional boilers		200	3

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

Consumption – natural gas and electricity	2022	2023	Variation 2022-2023
Natural Gas (thousands Nm^3/t prod)	0.30	0.29	-4.2%
Electricity consumed by Company (MWh/t prod)	1.49	1.64	+10.5%

In 2023, the growing inclusion of renewable sources to the energy mix of the Group can be highlighted, as part of their decarbonization strategy:

KWh energy from renewable sources / KWh total energy	2022	2023	Variation 2022-2023
Renewable sources	35%	39%	+8.6%
Non-renewable sources	65%	61%	-4.7%

Therefore, the consumption of energy from renewable sources in comparison with the previous year has increased by 8.6%. This has been achieved through serious effort and investment in solutions in situ where possible, such as the installation of photovoltaic panels, the use of biomass and prioritizing the purchase of electric energy from a renewable source to supply their production centres.

2.6 Circular Economy and waste prevention and management

Circular economy

The main raw materials are virgin wood pulp and non-wood fibres. It should be noted that this figure does not include other fibres used in the production process, such as synthetic fibres, or intercompany acquisitions.

t fibre	2022	2023	Variation 2022-2023
Wood pulp and non-wood fibres	82,127	72,013	-12.3%

This relevant variation between 2022 and 2023 also reflects the impact of the above-mentioned exceptional production circumstances.

The Group seeks an active partnership with suppliers to address the environmental impact of raw materials. With this objective in mind, the certification of 100% of suppliers is pursued every year. through the implemented custody chain, thus guaranteeing the responsible origin of the pulp purchased. In addition, all incoming wood pulp, before being incorporated into the custody chain, is subject to the due diligence system established in PRCOM02, ensuring the traceability of the wood or pulp to its place of origin. In 2023, 100% of the pulp purchased was supplied by suppliers that are both FSC® (FSC-C041521) and PEFC certified, as explained above. These certifications apply the highest environmental and sustainability standards.

Likewise, in most of the manufacturing processes, paper is recovered in the form of waste generated in the production process itself.

In 2023, the Miquel y Costas Group has answered for the third time to the complete CDP Forest questionnaire, reporting data on the management of raw materials with a forest origin used in their production centres. As a result of continued commitment to the elimination of deforestation, the Group obtained an A- rating in the questionnaire presented in 2023, demonstrating its corporate transparency and performance in forestry. This score corresponds to "Leadership". For comparative purposes, it is higher than the European average, than the average for the paper and forestry sector, and the global average whose scores are in the "Management" and "Awareness" range (scores B and C).

rating	2022	2023
CDP Forest	A-	A

Achieving an A rating reinforces the Group's commitment to responsible forest management and the fight against deforestation throughout its value chain, as well as transparency in communication. It also places the Miquel y Costas Group among the 30 companies worldwide that obtained this rating in the CDP Forest questionnaire presented in 2023, out of a total of 1,152 companies that responded to the questionnaire.

This assessment reflects the strong commitments made in this area. The Miquel y Costas Group companies dedicated to the manufacture and commercialization of special papers depends greatly on raw materials of forest origin. As the Group recognises the global importance of forests and other natural ecosystems and considers the impact that business activity can have on them, they establish as priority the following high-level commitments in the adequate development of forestry management for the protection of the environment, in accordance with the requirements of the standards of the Custody Chain implemented which are more rigorous than legal compliance:

- Commitment to eliminating deforestation
- Commitment to eliminating the conversion of natural ecosystems
- Commitment to not clearing land by burning or clear felling
- Commitment to stakeholder awareness and participation
- Commitment to respect the Free, Prior and Informed Consent (FPIC) of Indigenous Peoples.

The annual Due Diligence System (hereinafter DDS) is monitored by the Purchasing Manager to prevent deforestation risks. It is also applied to all wood pulp suppliers, complies with Regulation (EU) No 995/2010 and uses custody chain standards such as PEFC and FSC to ensure responsible practices.

Collaboration with suppliers is essential to address the environmental impact of raw materials. Therefore, the DDS monitors and controls the validity of the FSC and PEFC certificates of 100% of the suppliers, conducting risk analyses and applying sanctions, if necessary, while ensuring the traceability of the pulp back to its origin. In addition, any use of untrustworthy or conflictive timber, for example, that has caused damage in the past or fails to protect the rights or livelihoods of local communities, will result in disciplinary action. These may include the suspension of material purchases from a supplier that does not comply with the requirements set out in the Custody Chain Policy (POLCDC), which is a public document and is available for consultation on the company's website.

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

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

The Group has improved the questionnaire addressed to its main suppliers in order to analyse their environmental commitment on an annual basis, both in 2022 and 2023. The data requested includes information on GHG emissions, water management in relation to the products supplied, as well as actions taken or planned to reduce their environmental impact. They are also asked to participate in CDP questionnaires and report on the results achieved. The involvement of suppliers through the Group's questionnaire will continue to be strengthened on an annual basis, as the results obtained will be increasingly decisive in purchasing decisions.

Waste prevention and management

Waste is managed through authorised companies, always observing the hierarchy of Prevention, Reuse, Recycling, Appraisal and, lastly, Elimination.

kg waste/t prod	2022	2023	Variation 2022-2023
Hazardous waste	2.43	2.28	-6.3%
Non-Hazardous waste	95.87	103.63	+8.1%
Total	**98.30**	**105.91**	**+7.7%**

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

kg waste/kg total waste	2022	2023	Variation 2022-2023
Recovered waste	97%	98%	+1.5%
Waste disposed of	3%	2%	-48.8%

In accordance with POLCAM and PRSAM01 all centres analyse their annual waste generation and, if significant, set targets for waste reduction, both hazardous and non-hazardous.

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

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

The Group has made progress in minimising total hazardous waste by achieving a 6.3% reduction in 2023 compared to 2022. This is attributed to the implementation of good waste management practices and the implementation of the measures set out in the latest hazardous waste minimisation study conducted for the period 2022-2025, these measures are described below.

The production centres that generate more than 10 tonnes of hazardous waste per year are required to present a hazardous waste minimisation study every four years, as established by Royal Decree 952/1997. Minimisation is understood as any action that aims to reduce hazardous waste by amount or by dangerousness, and covers aspects related to changes in processes, internal recycling or through the adoption of best practices. As a consequence of the above, the affected Group factories periodically assess such aspects and implement measures, considering technological, environmental and economic feasibility criteria, to reduce the main hazardous waste generated (such as polluted containers, used oils, fluorescent bulbs, chemical product waste, absorbents, etc.).

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

- Hazardous products purchasing optimisation.
- Control of product stock.
- Appropriate segregation of packaging.
- Use of larger packages
- Efficient management of maintenance plans and cleaning procedures for equipment and facilities.

- Change of the light installation for LED lighting, implying the reduction of fluorescent waste.
- Periodic review of the state of packaging and containers of raw material, products and waste.
- Workers' training and awareness.

Thanks to the efforts made, production centres to which the above is applicable have complied with 83% of objectives established in the last hazardous waste minimisation study.

For the 2022-2025 period, new hazardous waste minimisation targets have been set, such as reducing contaminated packaging by between10% and 35%, absorbent materials by 33%, hydraulic oils by 21%, among others. In cases where it is not possible to minimise hazardous waste, the Group undertakes to keep its generation stable.

Moreover, the Group, in its quest to promote corporate commitments linked to sustainable development, has to date identified the main SDGs to which it contributes associated with the Circular Economy and waste prevention and management:

SDG 12. RESPONSIBLE CONSUMPTION AND PRODUCTION

The Group promotes sustainable consumption and production methods in all its production centres. Offering environmentally friendly and high-quality products.

Main contributions in 2023:

- 98% recovery of waste generated in all our operations by 2023.
- 6.3% reduction of hazardous waste generation through prevention, reduction, recycling and reuse activities by 2023.

SDG 15. LIFE IN TERRESTRIAL ECOSYSTEMS

The Group is committed to the preservation of forests and biodiversity, which is reflected in its Custody Chain policy for the procurement of pulp and raw materials for all its production sites.

Main contributions in 2023:

- Support sustainable forestry and ensure a transparent supply chain by purchasing 100% of wood pulp exclusively from suppliers that are FSC and/or PEFC certified in 2022 and 2023, in line with its annual target.

2.7 Sustainable use of water

The paper industry employs water in its production processes, mainly as a means of transport to generate the physical and chemical reactions that are necessary to make pulp and paper. It should be noted that, although paper plants use water from different sources, only a small percentage is consumed, since most is reintroduced to the receiving medium. Due to this, the paper industry is not strictly classed as a "consumer" of water, but as a user of the resource (Source: Voluntary agreement between the Ministry of the Environment and Aspapel, dated 2009).

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

For the Group's production plants as a whole, the origin of the extracted water is the following:

m^3/t prod	2022	2023	Variation 2022-2023
Underground water	20.72	22.79	+10.0%
Municipal water	0.097	0.109	+12.7%
Total	**20.81**	**22.90**	**+10.0%**

It is important to note that FY2023 saw a 10% increase in water withdrawal per tonne of product compared to the previous year, mainly due to exceptional circumstances that affected the manufacturing activity at some production sites and penalised efficiency compared to the previous year.

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

m^3/t prod	2022	2023	Variation 2022-2023
Discharge	19.04	20.99	+10.2%

Water Security is central to the Group's strategy, promoting sustainable resource management internally and at all levels. Integrating a water saving and quality assurance policy into the business model. As a result, the Water Cycle Manager, the Plant and Production Managers, the Executive Chairman and the CEO have among their annual objectives to increase water resilience and optimise the resource management. In addition, they have annual financial incentives in place to encourage achievement of the targets set.

In 2015, a Water Committee was created to define and implement the company's water strategy, leading to the design and execution of the Group's Annual Water Reduction Plan. This committee, chaired by the company's Executive Chairman and CEO, meets periodically throughout the year to assess the status of water-related issues, review performance against objectives and set new and updated targets. It also approves new investments linked to water reduction initiatives and other water-related issues.

The Executive Chairman and the CEO make key decisions and oversee the proper development of the plan, taking into account future trends in water demand.

In 2023, one of the Group's main focuses was to make progress in water reuse due to exposure to drought risk in some production centres. The organisation analyses its industrial risks annually with the WRI Aqueduct Water Risk Atlas tool and identifies facilities located in water-stressed areas and also monitors the needs of specific suppliers in water-stressed situations. Currently, only one of the Group's facilities is located in a high water stress area (40%-80%), the WRI definition of water stress area is based on human population's water demand divided by available water. If the referenced water stress is above 40% the facility is in a stressed area. However, it should be noted that in 2023 three production centres were subject to occasional reductions in consumption due to exceptional situations related to the drought situation in the autonomous community of Catalonia.

In addition, the Group conducts annual water risk assessments of its operations and supply chain, following the enterprise risk management framework. In the first quarter of the year, factory managers review and update facility-level contingency plans, approved by the Executive Chairman and CEO according to ISO 14001 standards. Key issues from the previous year are reviewed, stakeholder views and expectations are updated. Likwise, the Group also relies on specialised external consultants and forestry-related entities, such as the Spanish Association of Pulp, Paper and Cardboard Manufacturers (ASPAPEL), which provides valuable information on risks and opportunities in the paper sector.

In addition, the Group annually reports its water consumption, extraction and water cycle management data through the CDP Water Security questionnaire, which measures the Group's transparency, commitment, strategy and management of its water footprint, demonstrating its commitment to conservation of resources.

Thanks to the application of the strategic plan, the identification of risks and opportunities, good practices in all production centres and the implementation of new technologies, the Miquel y Costas Group achieved an A rating in 2023 for the second consecutive year, placing it at the top of the "Leadership" range. In comparison, this score exceeds the European average for the paper and forestry sector, as well as the global average, which is in the "Awareness" range (rating C).

Rating	2022	2023
CDP Water Security	A	A

Obtaining an A rating confirms the Group's sense of responsibility towards sustainability, its commitment to promoting the circular economy in all its processes and its transparency in communication. It also places the Miquel y Costas Group among the 101 companies worldwide that obtained this rating in the CDP Water Security questionnaire presented in 2023, out of a total of 4,815 companies that responded to the questionnaire.

Globally in 2023, the Group has excelled by scoring A in CDP Climate Change, A in CDP Forests, and A in Water Security, placing it among a select group of companies with these high scores in all three areas. Out of more than 23,000 participating companies, the Organisation has improved its rating in CDP Forests and CDP Climate Change, while maintaining the highest rating in CDP Water Security, all in the "leadership" range compared to the previous year.

It is important to highlight that the Miquel y Costas Group is among the twelve companies worldwide that have obtained a triple "A" rating in the questionnaires, with only seven companies in Europe achieving this result during the 2023 financial year. In fact, the Miquel y Costas Group is the only company in southern Europe and Spain to have achieved this distinction.

Objectives established in the Water Reduction Plan for the conservation of hydric resources are the following:

- In the short term, from 2014 to 2025, the main priority is to reduce water extraction by 12%, simultaneously reducing absolute and intensive water stress in relation to production, a target already exceeded in 2022. However, the intensive objectives during this financial year have been affected by exceptional manufacturing situations in some production centres, impacting production and generating an increase compared to the previous year.
- During this same period, a target has been set to reduce sludge generation by 20% by 2025 compared to 2014 data, a goal already achieved in 2021. In this way, the Group is committed to promoting circular economy and reducing the carbon footprint associated with the transport and management of this sludge.
- Likewise, throughout this period, the objective has been set for all production centres to maintain a track record without any type of environmental incident; an achievement satisfactorily reached in 2022 and at the end of 2023 thanks to the Group's excellent practices.

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

Importantly, the targets set are not only limited to absolute measures (m3/year); they also incorporate specific values to assess the Group's progress in reducing its water footprint per tonne of product and per product area.

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

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

	2014	2022	2023	Variation 2022-2023	Variation 2014-2023	Objective 2014- 2025
Water extracted (thousands m^3)	2,271	2,034	1,953	-4.0%	-14.0%	-12.0%
Water extracted (thousands m^3) / t product	0.025	0.021	0.023	+10.0%	-8.6%	
Water extracted (thousands m^3) / km^2 product	0.888	0.719	0.785	+9.2%	-11.6%	
Environmental incidents	0	0	0	NA	NA	0
t sludge	5,485	4,156	3,931	-5.4%	-28.3%	-20.0%
t sludge /t product	0.061	0.043	0.046	+8.4%	-23.8%	

In addition, as part of its commitment to minimising the environmental impact in all their operations, the Group has set an objective for the 2014-2025 period in all production centres: improving the wastewater quality beyond the compliance requirements, being maintained at least 10 % below the limits established for the COD, SM (Suspended Matter) and pH parameters.

In 2023, this target has been achieved at 100% in all centres, maintaining the same level of compliance as in 2022.

In its commitment to reduce its water footprint, the Miquel y Costas Group involves its supply chain, evaluating suppliers from an environmental perspective. Among key suppliers, it identifies those committed to sustainability, for example through their participation in initiatives such as CDP Water Security.

To ensure sustainability of supply, the company requires all suppliers, especially wood pulp suppliers with the highest water impact, to comply with ISO 9001, 14001 and FSC and PEFC Custody Chain certifications. Periodic reviews are carried out by the Purchasing department to ensure compliance.

FSC and PEFC certification is essential for wood pulp suppliers as it contributes to sustainable water management, supporting SDG 6 on clean water and sanitation, and promoting responsible supply chain practices.

Moreover, the Group, in its quest to promote corporate commitments linked to sustainable development, has to date identified the main SDGs to which it contributes:

SDG 6. CLEAN WATER AND SANITATION

The Group is aware of the current problem of water scarcity and the value of this resource, and therefore promotes and pays special attention to the correct and efficient management of water in all its facilities.

Main contributions in 2023:

- Reduction of freshwater use by 14.0% in 2023 (base year 2014).
- Implementation of the Water Reduction Plan (Water Committee).
- In 2022 and 2023, it was ensured that 100% of the company's employees have access to safe sanitation services, including hand washing facilities with soap and water in all facilities, as in the previous year.

2.8 Plastics

The Miquel y Costas Group has initiated the analysis of its exposure to risks associated with plastic in direct operations and in the supply chain, addressing plastic used as a packaging material. This assessment is included in the environmental risk and opportunity assessment process mentioned above, which also considers the impacts associated with the use of plastics.

The Group produces goods packaged in plastic and issues the annual Plastic Packaging Declaration in accordance with RD 1055/2022 on packaging and packaging waste in the companies where this declaration applies. Although the Company has various links with plastic, it perceives more opportunities than risks, such as replacing synthetic materials in some products with cellulose-based alternatives, which are more environmentally friendly, and promoting the responsible use of plastics in all its production centres.

The Group is currently in the process of evaluating and/or setting targets related to the responsible use of plastics.

Moreover, the Group, in its quest to promote corporate commitments linked to sustainable development, has to date identified the main SDGs to which it contributes associated with plastic reduction:

SDG 12. RESPONSIBLE CONSUMPTION AND PRODUCTION

The Group promotes sustainable consumption and production methods in all its production centres. Offering environmentally friendly and high-quality products.

Main contributions in 2023:

- 98% recovery of waste generated in all our operations by 2023, including plastic.
- 6.3% reduction in hazardous waste generation through prevention, reduction, recycling and reuse activities by 2023, including contaminated plastic packaging.

SDG 14. UNDERWATER LIFE

Plastic represents a significant threat to marine life and aquatic ecosystems. The Group recognises the importance of preserving aquatic ecosystems and preventing the loss of biodiversity. In this context, it aims to have a positive impact on the natural environment in the areas where it operates.

Main contributions in 2023:

- 100% compliance 2022 and 2023 with the objective of improving wastewater quality beyond compliance requirements by at least 10% below the established limits for COD, SM (suspended matter) and pH parameters at all facilities.

2.9 Biodiversity

The Miquel y Costas Group's Production plants are located in areas that are not protected or regarded as high value in biodiversity terms. Even so, certain measures are carried out for their preservation.

The Group recognises the importance of preserving natural ecosystems and avoiding the loss of biodiversity. In this context, it is seeking to generate a positive impact in the natural environment of the areas where their operations are carried out. The commitments acquired by the Group in the area of biodiversity are as follows:

- Commitment to not exploring and/or not developing activities in natural areas legally designated as protected.
- Commitment to respecting natural areas legally designated as protected.
- Commitment to preventing negative impacts on threatened or protected species in danger of extinction.
- Commitment to not converting natural spaces of high conservation value.
- Commitment to not trading in species included in the appendices of the International CITES treaty (Convention on International Trade in Endangered Species of Wild Flora and Fauna).

In this sense, in some factories, controls are carried out through the calculation of biodiversity indicators, such as the biological index IBMWP, which evaluates the state of the quality and ecologic potential of river water. The Group analyses this index annually in their installations in La Pobla de Claramunt and Tortosa in accordance with the corresponding IEA due to the fact that they discharge into public waterways.

The results obtained in the analysis carried out both in 2023 and 2022 determine that, based on the index obtained, there are no differences with regard to the level of biological quality, therefore the discharge from factories does not influence the wealth of invertebrates of the rivers and does not affect the biodiversity of the area.

However, Miquel y Costas Group's greatest impact in the area of biodiversity is that found associated to the supply chain. For this reason, as mentioned earlier in the section on circular economy, the Group has acquired high level commitments for the adequate development of forestry management, such as the elimination of deforestation, elimination of the conversion of natural ecosystems, commitment to respect the Free, Prior and Informed Consent (FPIC) of Indigenous Peoples, not to clear land through burning or clear-felling, and awareness-raising and stakeholder participation.

Even when the Group does not own forests, it contributes to sustainable forestry through the responsible sourcing of raw material of forest origin, such as wood pulp and non-wood fibres. It should be pointed out that guaranteeing that the fibre used in production centres originates from responsible sources and achieving the reduction of GHG from non-deforestation are actions of great importance for the preservation of ecosystems and natural habitats, and to mitigate climate change.

In addition, as detailed earlier in the sections on climate change and sustainable use of water, the Group historically makes efforts to reduce its water footprint and carbon footprint associated to its operations, which reflects a sustainable management of resources for the protection of ecosystems and mitigation of climate change, which also influences biodiversity in a direct way.

Moreover, the Group, in its quest to promote corporate commitments linked to sustainable development, has to date identified the main SDGs to which it contributes associated with biodiversity:

<u>SDG 15. LIFE OF TERRESTRIAL ECOSYSTEMS</u>

The Group is committed to the preservation of forests and biodiversity, which is reflected in its Custody Chain policy for the procurement of pulp and raw materials for all its production sites.

Main contributions in 2023:

- Support sustainable forestry and ensure a transparent supply chain by purchasing 100% of wood pulp exclusively from suppliers that are FSC and/or PEFC certified by 2022 and 2023, in line with its annual target.

2.10 Sustainable finance taxonomy

On 18th June 2020 the European Parliament approved the (EU) Regulation 2020/852 related to the establishment of a framework to facilitate sustainable investment (a framework also called Sustainable Finance Taxonomy), as an instrument to achieve the objective of reaching a European Union that is climate-neutral in 2050.

This taxonomy, which has entered into force in different phases until 2023, sets out a number of economic activities ('eligible' activities). However, for an eligible activity to be considered environmentally sustainable because it is in line with the taxonomy ('aligned'), it has to:

1. Make a substantial contribution to at least one of the environmental objectives defined by the EU (climate change mitigation; adaptation to climate change, sustainable use and protection of water and marine resources; transition to a circular economy, prevention and control of pollution and restoration of biodiversity and ecosystems);

2. Not significantly harm the other environmental objectives and;

3. Comply with minimum social safeguards.

Miquel y Costas Group has defined a work process that involves the different Group companies and businesses and have allowed them to carry out the classification of their activities as ‘eligible’ and/or ‘aligned’ in accordance with the criteria that the European taxonomy mentioned earlier establishes.

a) Eligibility analysis

The Group’s main activity is the manufacture of low-grammage fine and specialty papers. Following an analysis of the activities stated in Annexes I and II of the Delegated Regulation 2021/2139, the Delegated Regulation 2022/1214 of 9th March 2022 and Annexes I, II, III and IV of Delegated Regulation 2023/2486 of 27 June 2023, it is observed that they focus on sectors, the exercise of which supposes direct mitigation/adaptation of climate change. As a consequence, said regulations do not include the Group’s core activity as eligible.

However, the Group develops the following activities, related to the area of energy production, which can be considered as eligible due to their link with the mitigation of climate change:

- 4.1 Electricity generation using solar photovoltaic technology.
- 4.24 Production of heat/cool from bioenergy.
- 4.30 High-efficiency co-generation of heat/cool and electricity from gaseous fossil fuels.

b) Alignment analysis

The process to determine the alignment of activities identified as ‘eligible’ by Sustainable Finance Taxonomy starts with the verification of compliance of the criteria of substantial contribution to the mitigation of climate change (see table on the following page). Once the activities that comply with the requisites are identified, compliance of the criteria of not causing significant harm (DNSH) with regard to the different environmental objectives (adaptation to climate change, water resources, pollution, circular economy and biodiversity) is validated. Finally, the opportune verifications are carried out to determine that Miquel y Costas complies with the so-called minimum social safeguards (OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights).

1) <u>Technical criterion for substantial contribution:</u> Taxonomy establishes different types of substantial contribution criteria. In this way, the activities identified by the Miquel y Costas Group are classified according to the following criterion: Nature of the activity, GHG emissions savings threshold and GHG emissions generation threshold.

   The following table summarises the level of compliance of substantial contribution criterion for the mitigation of climate change in each of the activities identified:

Code	Economic activity	Nature of the activity	GHG emissions savings threshold	GHG emissions generation threshold
4.1	Generation of electricity through photovoltaic solar technology			
4.24	Production of heat/cold from bioenergy			
4.30	High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels			

Activity 4.24 Production of heat/cool from bioenergy does not reach the substantial contribution criterion as it cannot certify that the GHG emission savings reach the 80% set by taxonomy.

Activity 4.30 High-efficiency co-generation of heat/cool and electricity from gaseous fossil fuels does not comply with the threshold for the generation of GHG emissions, which is currently established at 100 g CO2 per 1 kWh of energy produced by cogeneration.

Both activities, despite not complying with the substantial contribution criterion determined by taxonomy, do comply with all the legal and environmental requisites established in the legislation in force.

2) Criteria for not causing significant harm: The Miquel y Costas Group has developed an analysis for each of the activities which comply with the technical criteria for substantial contribution to determine that said activities are not causing significant harm to any of the other environmental objectives. Based on the above, in compliance with Annex I and II of the Delegated Regulation 2021/2139 of 4th June 2021 and Annexes I, II, III and IV to Delegated Regulation 2023/2486 of 27 June 2023, compliance of the specific requirements requested has been reviewed for each activity.

3) Minimum safeguards: The Miquel y Costas Group is strongly committed to complying with the minimum safeguards in the terms developed in the Taxonomy Regulation (2020/852) as well as in the documents published by the European Commission, which are grouped under four large, themed blocks: Human Rights, Corruption, Taxes and Fair Competition. In this spirit the Group is carrying out the necessary and pertinent action to ensure their compliance as described in the "Respect for human rights" section of this document.

In any case, taking into account that the eligible activities are limited (consequence of the Group’s type of business model, and of the current limitation of the list of activities of Taxonomy to those with potential for substantial contribution in the area of mitigation of climate change and adaptation to climate change), it has been concluded to report that the level of alignment for 2023 is 0% as the Group is in the process of finalizing assurance of compliance with the requirements to be fulfilled.

c) Calculation of the main indicators

A) Calculation of the % of turnover

The key indicator referring to turnover is calculated as the proportion of revenue derived from eligible activities (numerator) out of the total revenue of the company (denominator). Said revenue corresponds to that recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82, letter a), as adopted by the Commission’s Regulation (EC) No. 1126/2008. The denominator of this key indicator appears in note 18 “Net turnover and other operating revenue” of the consolidated notes for FY2022.

Eligible activities of electricity generation using solar photovoltaic technology and production of heat/cool from bioenergy have not been generators of revenue in 2022 and 2023, as energy and heat/cold generated in the Group’s production processes are destined to own consumption.

The activity of high-efficiency co-generation of heat/cool and electricity from gaseous fossil fuels is made up of two cogenerating units, one belonging to the company Miquel y Costas & Miquel S.A (operating on an own-consumption model and therefore not generating any revenue) and others to MB Papeles Especiales, S.A.

The revenue generated by the cogeneration plant operated by MB Papeles Especiales S.A in 2022 thanks to the sale of energy, has represented 2.7 million euros, equivalent to **0.8%** of the Group’s sales. In 2023, no energy was sold to third party companies.

B) CAPEX

This indicator is obtained as the proportion of fixed assets invested in eligible economic activities (numerator) with regard to the total assets that have been acquired in FY2023 (denominator). Said denominator (CapEx total) is obtained as the additions to tangible and intangible assets prior to depreciations, amortizations, revaluations and value impairments arising excluding the changes in reasonable value.

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

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

In accordance with the consolidated financial statements, the total CapEx appears in notes 4 and 5 of 2023's consolidated notes and correspond to the year's registers.

The Miquel y Costas Group commits to sustainability implementing measures to generate renewable energy in their installations and the production of cold/heat from black liquors (bioenergy). Therefore, the numerator has been calculated as the monetary sum of the Group's investments in said measures for each of the eligible activities.

C) OPEX

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

The only expenses associated to the activities identified as eligible are those for maintenance of the photovoltaic panels and the cogenerating plants, which are not significant in the year ended at 31^{st} December 2023. In addition, the direct non-capitalised costs covered by European taxonomy, that is, those included in the denominator, represent less than 5% of the total operating expenses of the Group. Therefore, their value is not considered material and, in accordance with that stated in section 1.1.3.2 of annex I of Delegated Regulation 2021/2178 of 6^{th} July 2021, the numerator of the indicator is reported as 0.

NET TURNOVER

FY2023	Year 2023			Substantial Contribution Criteria						Lack of significant damage criteria ("does not cause significant damage") (h)										
Economic Activities	Codes (a) (2)	Turnover (3)	Proportion of Turnover year N (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum guarantees (17)	Proportion of turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year N-1 (18)	Category facilitating activity (19)	Category transition activity (20)
MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES		*Thousands €*	*%*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S/N*	*S/N*	*S/N*	*S/N*	*S/N*	*S/N*	*S/N*	*%*	*F*	*T*
A. ELEGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1. Environmentally sustainable activities (conforming to taxonomy)																			
Turnover of environmentally sustainable activities (conforming to the taxonomy) (A.1)		0	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	-	S	S	S	S	S	S	0,00%		
Of which: facilitators		0	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	-	S	S	S	S	S	S	0,00%	F	
Of which: transition		0	0,00%							-	S	S	S	S	S	S	0,00%		T
A.2 Eligible activities according to Taxonomy but not environmentally sustainable (activities that do not conform to taxonomy)																			
Turnover from taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to taxonomy) (A.2)		-	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
A. Turnover from eligible activities according to taxonomy (A.1 + A.2)		-	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
Turnover from ineligible activities according to the taxonomy (B)		309.319	100,00%																
Total (A + B)		**309.319**	**100,00%**																

Turnover proportion / Total turnover		
	which conforms to the taxonomy by objective	*eligible according to the taxonomy by objective*
CCM	0,00%	0,00%
CCA	0,00%	0,00%
WTR	0,00%	0,00%
CE	0,00%	0,00%
PPC	0,00%	0,00%
BIO	0,00%	0,00%

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

CAPEX

FY2023	Year 2023			Substantial Contribution Criteria						Lack of significant damage criteria ("does not cause significant damage") (h)									
Economic Activities (1)	Codes (a) (2)	CapEx (3)	Proportion of CapEx year N (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum guarantees (17)	Proportion of turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), any N-1 (18)	Category facilitating activity (19)	Category transition activity (20)
MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES		*Thousands €*	*%*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S;N; N/EL*	*S/N*	*S/N*	*S/N*	*S/N*	*S/N*	*S/N*	*S/N*	*%*	*F*	*T*
A. ELEGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1. Environmentally sustainable activities (conforming to the taxonomy)																			
CapEx of environmentally sustainable activities (conforming to the taxonomy) (A.1)		-	0,00%	0,00%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	%		
Of which: facilitators		-	0,00%	0,00%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	%	F	
Of which: transition		-	0,00%	0,00%						S	S	S	S	S	S	S	%		T
A.2 Eligible activities according to taxonomy but not environmentally sustainable (activities that do not conform to taxonomy)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Generation of electricity through solar photovoltaic technology	**CCM 4.1 / CCA 4.1.**	976	4,78%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3,80%		
Production of heat/cold from bioenergy	**CCA 4.24**	1.703	8,34%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2,40%		
CapEx from taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to taxonomy) (A.2)		**2.679**	**13,12%**	13,12%	0%	0%	0%	0%	0%								6,20%		
A. CapEx from eligible activities according to taxonomy (A.1 + A.2)		**2.679**	**13,12%**	13,12%	0,00 %	0,00 %	0,00 %	0,00 %	0,00 %								6,20%		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
CapEx from ineligible activities according to the taxonomy (B)		17.737	86,88%																
Total (A + B)		**20.416**	**100%**																

3. Social and personnel-related issues

The average number of employees in this year has been 883 (average number of employees in 2022 was 879) and the total number of workers of the Miquel y Costas Group at year end 2023 was 886 (892 workers at year end 2022).

It should be pointed out that in 2023, in the work centre of the Mislata Factory a Temporary lay-off was processed for production reasons, the negotiation of which terminated in the final four-month period of 2022, resulting in “in agreement”, for a total of 83 days of suspension and affecting 62 workers, covering the period from 26/10/2022 to 31/12/2023, and applied according to the production load of the factory. Likewise, at the work centre Clariana Factory, an ERTE for production causes is being applied, which was negotiated and terminated with the result of "with agreement", for a total of 180 days of suspension and affecting 40 workers for a period of time that goes from 01/08/2023 to 31/08/2024 and applied on the basis of the production load.

For reporting purposes, and given the stability of the workforce, the number of workers at the end of 2022 and 2023 is used and classified by gender and professional category, as follows:

Classification per gender and professional category	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
Board members	2	0	2	1	0	1
Senior Management	6	3	9	6	3	9
Directors	21	0	21	22	1	23
Supervisors and middle managers	90	10	100	86	10	96
Adm. Personnel	85	87	172	81	89	170
Prod. personnel	453	135	588	452	135	587
Total	**657**	**235**	**892**	**648**	**238**	**886**

The classification by age and gender at year end 2022 and 2023 is as follows:

Classification by age and gender	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
<= 20	1	0	1	1	0	1
from 21 to 30	58	12	70	61	13	74
from 31 to 40	107	38	145	96	34	130
from 41 to 50	231	94	325	224	89	313
from 51 to 60	210	81	291	220	89	309
>= 61	50	10	60	46	13	59
Total	**657**	**235**	**892**	**648**	**238**	**886**

The distribution per country at year end 2022 and 2023 is as follows:

Distribution per country	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
Spain	635	209	844	633	211	844
Argentina	17	25	42	13	25	38
Chile	2	1	3	0	2	2
Germany	2	0	2	1	0	1
Philippines	1	0	1	1	0	1
Total	**657**	**235**	**892**	**648**	**238**	**886**

With regard to the company Miquel y Costas & Miquel, S.A., the number of workers at year end 2022 and 2023 is as follows:

Classification per gender and professional category	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
Board members	2	0	2	1	0	1
Senior Management	5	3	8	6	3	9
Directors	7	0	7	9	1	10
Supervisors and middle managers	56	5	61	47	5	52
Adm. Personnel	50	49	99	49	50	99
Prod. Personnel	233	104	337	228	102	330
Total	**353**	**161**	**514**	**340**	**161**	**501**

The labour and human resources development policy has several guiding elements, the most important of which is the principle of non-discrimination, accompanied by respect for the rights and dignity of individuals (regardless of gender), observance of the guiding principles of upright, honest and responsible conduct and the rejection of any form of discrimination.

Likewise, it is also of considerable importance to be able to have information on the state of the climate of the companies that make up the Group, in order to be able to carry out better and more appropriate management with criteria that incorporate those aspects collected that could be critical or are considered relevant to maintain good performance and to be able to continue working in a sustained manner on continuous improvement. For this reason, several tools are available that provide the desired information in different ways. These are:

1- Planning of Surveys to be carried out periodically, which includes the distribution of two surveys annually, with all the Group Companies being surveyed every four years.

2- At the same time, and compatible with the surveys, there is a complaints mailbox that can also be used to present suggestions. In terms of suggestions that may be received from the workers, in the surveys sent out there is a section for writing "suggestions" so that they can be submitted by those who want to.

3- Annually, from Senior Management, and the Functional Directorates hold meetings with Management for Objectives, or monitoring meetings of the Incentives to assess the results achieved, based on some objectives or projects that are defined previously, through which, the main objectives are articulated and guided, which are supported or complemented by the secondary ones, to be worked on during the year for which they are defined. These aspects to be worked on are transferred by each functional manager in the respective meetings to be held with their collaborators.

4- And finally, the parent company, being a listed company, complies with market regulations regarding publication and access to information, so that staff, as a stakeholder, can access it if they so wish, within the legally stipulated timeframe.

In line with its guiding principles and under Law 3/2007 for effective equality between men and women, the parent company has an Equality Plan which aims to contribute to the elimination of any discriminatory behaviour based on gender in the workplace, including the implementation of measures to favour inclusion, permanence, and development of persons in order to:

- Encourage a balanced participation of women and men at all levels of the business organisation.
- Promote measures that favour a work-life balance.
- Tackle, with full guarantees, any incidents that may arise in connection with sexual or gender-based harassment.

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

The total number and distribution of employment contracts for the entire Group in 2022 and 2023 was as follows:

Classification per contract	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
Indefinite-term contract	74%	26%	95%	73%	27%	94%
Temporary contract	76%	24%	5%	80%	20%	6%
Total	**74%**	**26%**		**73%**	**27%**	

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

In the case of the individual company Miquel y Costas & Miquel, S.A., the number and distribution of contracts in 2022 and 2023 was as follows:

Classification per contract	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
Indefinite-term contract	69%	31%	95%	67%	33%	96%
Temporary contract	72%	28%	5%	82%	18%	4%
Total	**69%**	**31%**		**68%**	**32%**	

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

Contract classification per age	Indefinite 2022	Temporary 2022	Total 2022	Indefinite 2023	Temporary 2023	Total 2023
<= 20	1	0	1	0	1	1
from 21 to 30	56	14	70	54	20	74
from 31 to 40	132	13	145	124	6	130
from 41 to 50	311	14	325	297	16	313
from 51 to 60	286	5	291	303	6	309
>= 61	60	0	60	59	0	59
Total	**846**	**46**	**892**	**837**	**49**	**886**

And the distribution by category and gender in 2023 is the following:

Classification per gender and professional category	Men		Women		Total
	Temporary	Indefinite	Temporary	Indefinite	
Executive board members	0	1	0	0	1
Senior Management	0	7	0	3	10
Directors	0	25	0	1	26
Supervisors and middle managers	2	80	0	10	92
Administrative and technical personnel	9	72	5	84	170
Production personnel	28	424	5	130	587
Total	**39**	**609**	**10**	**228**	**886**

95.80% of the Group's female employees have a permanent contract, while this ratio decreases to 93.98% in the case of male employees.

During 2022, the distribution by category and gender was as follows:

Classification per gender and professional category	Men		Women		Total
	Temporary	Indefinite	Temporary	Indefinite	
Executive board members	0	2	0	0	2
Senior Management	0	6	0	3	9
Directors	0	21	0	0	21
Supervisors and middle managers	3	87	0	10	100
Administrative and technical personnel	7	78	10	77	172
Production personnel	25	428	1	134	588
Total	**35**	**622**	**11**	**224**	**892**

95.32% of the Group’s female employees have an indefinite-term contract, whilst said ratio decreases to 94.70% in the case of the male employees.

In 2022 and 2023 the number of dismissals per age, gender and professional classification for the national companies is detailed in the following tables:

Dismissals per gender and age	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
<=20	0	0	0	0	0	0
From 21 to 30	2	0	2	3	0	3
From 31 to 40	3	1	4	4	0	4
From 41 to 50	4	1	5	1	2	3
From 51 to 60	6	1	7	2	0	2
>=61	0	0	0	0	0	0
Total	**15**	**3**	**18**	**10**	**2**	**12**

* Data on foreign subsidiaries has not been included.

Dismissals per professional classification and gender	Men 2022	Women 2022	Total 2022	Men 2023	Women 2023	Total 2023
Executive board members	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0
Directors	0	0	0	0	0	0
Supervisors and middle managers	3	0	3	1	0	1
Administrative Personnel	1	2	3	2	2	4
Production personnel	11	1	12	7	0	7
Total	**15**	**3**	**18**	**10**	**2**	**12**

* Data on foreign subsidiaries has not been included.

Remunerations to all Group employees comply with all statutory obligations established in the collective bargaining agreements in force. Additionally, specific Group employees have available (subject to certain conditions) the contribution to a social welfare plan, variable remuneration and incentives linked to the achievement of certain objectives, access to a stock option plan in the company (the current one being exercised in the period) and life insurance.

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

2023	MEN Age	MEN Average salary	WOMEN Age	WOMEN Average salary	Difference
Board of Directors	<=30		<=30		
	31-49		31-49		
	>=50		>=50		
		488.526			
Senior Management + Directors	<=30		<=30		8%
	31-49	88.331	31-49	97.932	
	>=50	123.997	>=50	148.374	
		113.642		123.153	
Managers and Intermediate managers	<=30		<=30		-19%
	31-49	49.886	31-49	48.863	
	>=50	60.835	>=50	43.850	
		57.654		46.635	
Administrative and technical personnel	<=30	27.639	<=30	24.408	-13%
	31-49	38.639	31-49	31.090	
	>=50	48.095	>=50	41.900	
		39.599		34.503	
Production personnel	<=30	29.062	<=30	23.264	-17%
	31-49	33.616	31-49	30.523	
	>=50	37.488	>=50		
		34.551		28.713	
Non-continuous Production Personnel	<=30	19.282	<=30		-3%
	31-49	25.230	31-49	24.957	
	>=50	28.204	>=50	25.304	
		25.725		25.080	

(*) Dark shaded boxes relate to information on a single person.

(1) Difference between men and women in the "Supervisors and middle managers" group, the group of men has more seniority than the group of women in the 50+ age group. In the women's group there is a higher percentage of middle management. Moreover, the two groups are not quantitatively comparable.

(2) Difference between men and women in the "Technical and Admin" group, the group of men is made up of sales persons and engineers, while the women's group is made up of administrative staff and sales assistants.

(3) Difference between men and women in the "Production personnel" group, in the women's group, there is a group that does not receive shift rotation, while the men's group is made up of operators of all categories. Moreover, the two groups are not quantitatively comparable.

(4) Difference between men and women in the "Non-continuous Production personnel" group, the men's group includes gluers and maintenance.

The average remuneration broken down by gender, age and professional classification for the national companies in the previous year were as follows:

2022	MEN			WOMEN		
	Age	Average salary		Age	Average salary	Difference
Board of Directors	<=30			<=30		
	31-49			31-49		
	>=50			>=50		
		381.833			0	
Senior Management + Directors	<=30			<=30		26%
	31-49	97.563		31-49		
	>=50	123.254		>=50	161.384	
		117.053			146.940	
Managers and Intermediate managers	<=30	35.779		<=30		-16%
	31-49	44.646		31-49	43.729	
	>=50	53.440		>=50	38.860	
		50.598			42.512	
Administrative and technical personnel	<=30	25.726		<=30	22.022	-13%
	31-49	35.496		31-49	28.710	
	>=50	42.943		>=50	37.587	
		36.388			31.550	
Production personnel	<=30	28.170		<=30	31.012	-14%
	31-49	32.551		31-49	29.397	
	>=50	36.308		>=50		
		33.580			28.988	
Non-continuous Production Personnel	<=30	19.583		<=30		-1%
	31-49	23.996		31-49	23.034	
	>=50	24.688		>=50	24.277	
		23.923			23.735	

(*) Dark shaded boxes relate to information on a single person.

(1) The difference between men and women in the "Senior Management + Directors" group is due to the fact that the women's group is made up of a higher proportion of members of Senior Management, as opposed to the men's group, which is made up of a higher proportion of Directors.

(2) Difference between men and women in the “Supervisor and middle managers” group, the group of men has more seniority than the group of women in the 50+ age group. Moreover, the two groups are not quantitatively comparable.

(3) Difference between men and women in the “Administrative and technical personnel”, the group of men is made up of salespersons and engineers whilst the women are administrative personnel and sales assistants.

(4) Difference between men and women in the “Production personnel” group, 31 to 49 age group, the women are mainly labourers whilst the men’s group is made up of all categories of operators. Also, the two collectives are not quantitatively comparable.

Information relating to the remuneration of Board members and Directors may be consulted in the Corporate Governance Annual Report which is part of FY2023 Annual Accounts, and also in the Board Members’ Remuneration Report, both available on the following corporate website: http://www.miquelycostas.com/

The average remuneration of Board members for the 2023 financial year, including all items, was €344,152 for men and €140,784 for women (€345,347 and €88,040 respectively in the FY2022). If executive directors (all men in both years) are excluded in the above calculation, there is no gender gap, the average remuneration for non-executive directors being equal for men and women.

The average remuneration of Directors, including variable remuneration, subsistence, indemnities, payments to long-term savings schemes and any other payments, is as follows:

Senior Management + Directors 2023	**Men**	**Women**
	142,011.52	153,554.78

Senior Management + Directors 2022	**Men**	**Women**
	184,060.58	224,891.11

With regard to employment of people with a disability, the data relating to gender and type of contract in the national companies for the years 2022 and 2023 were the following:

People with a disability per category and gender	**Men 2022**	**Women 2022**	**Total 2022**	**Men 2023**	**Women 2023**	**Total 2023**
Executive board members	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0
Directors	1	0	1	1	0	1
Supervisors and middle managers	0	0	0	0	0	0
Admin. Personnel	0	1	1	0	1	1
Production personnel	3	1	4	3	1	4
Total	**4**	**2**	**6**	**4**	**2**	6

** Data on foreign subsidiaries is not included.*

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

Data related to absenteeism for 2022 and 2023 include the hours lost through illness, occupational accident and maternity or paternity:

Hours of absenteeism	Hours 2022	Hours 2023
Hours of absenteeism for Temporary Disability	68,163.28	77,453.74
Hours of absenteeism for health contingencies derived from Covid-19	4,647.45	15.50
Hours of absenteeism for Occupational Accident	5,301.27	7.259,33
Hours of absenteeism for maternity/paternity	6,231.16	9,442.83

** Data on foreign subsidiaries is not included.*

The current work schedules apply to all the employees and are in line with legislation in each country. The measures put in place to promote a work-life balance and the co-responsible use of this right by both parents are all those laid down in prevailing labour legislation, such as the reduction in working hours for childcare, leave of absence, etc. The office personnel have a flexible working day, while production work is organised in rotating morning, afternoon, and night shifts, as well as a non-stop system (depending on the production centre).

The regulation and organisation of work is carried out in accordance with the collective agreements, with the State Collective Agreement for the pulp, paper and card sector, the State Collective Agreement for graphic art, paper handling, card handling, publishers and auxiliary industries and the Province of Castellón's Collective Agreement for Merchandise Transportation Work by Road and its Annexes being applicable according to the kind of activity of the different centres. Likewise, respect for the union relations is guaranteed by the existence of freedom of association for the workers facilitating the existence of union platforms. The Group has not implemented a disconnection policy because the situations in question have not been identified and priority has not been afforded to developing and regulating such a policy.

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

The employees' representatives are informed quarterly of trends in the economic sector to which the company belongs, the economic situation of the company and its evolution, forecast of new contracts and absenteeism statistics. Also, the Group has a permanent channel for communicating with the maximum managing body through an inbox managed by the Audit committee, body delegated by the Board of Directors.

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

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

- The Health and Safety of the workers (H&S) must be managed in agreement with the international standard ISO 45001:2018, with the same professional rigor as any other of the Company's key areas and all managers must specifically consider these aspects in any activities they carry out or order to be carried out, and in all decisions taken, as an integral part therein.

- Working safely must be inherent to the activity developed and, in order to enable this, the necessary resources will be provided to reach set objectives with the commitment to eliminate eventual dangers.

- Through express delegation from the General Management, ongoing implementation, and improvement of the H&S management system, will be sustained in the leadership of the Factory Management of each work centre, the commitment and involvement at all levels and functions within the organisation. In order to achieve this, the authority and responsibility of the Management of each Area and chain of command will be essential to guarantee compliance with procedures, correct condition of equipment and installations, as well as the appropriate use of protective equipment, both collective and individual.

- Systems will be maintained and reinforced to enable the ongoing identification of dangers and assessment of labour risks as a basis for the establishment of appropriate measures and control programmes, moving towards continuous improvement.

- Although all employees are trained in risk prevention for the safe performance of their work, actions will be reinforced to broaden their knowledge beyond what is legally established so that personnel can anticipate the occurrence of accidents in the workplace.

- Mechanisms will be boosted for the participation and consultation of workers' representatives to enable fluent communication in the area of prevention and to promote their involvement in risk assessment processes and in the design and application of preventive programmes.

- Management shall maintain and monitor the necessary prevention plans and programmes that, in addition to complying with legal requirements and other requirements subscribed to by the company, will enable the achievement of the objectives set on the road to continuous improvement.

The collective bargaining agreements applicable in the Miquel y Costas Group's national work centres call for compliance with the provisions contained in current legislation on occupational health and safety and, in particular, those set out in Law 31/1995, of 8 November, on the Prevention of Occupational Hazards, and its implementing provisions.

In addition, the State Collective Bargaining Agreement for the pulp, paper and cardboard sector calls for full collaboration in all companies in the sector, with the Group being a very active participant through the Aspapel Technical Forum on Occupational Risk Prevention, aimed at ensuring that preventive measures effectively reduce the risks arising from the production process and the possible accidents that may occur in it.

Work centres' accident rate data in 2023 compared with 2022 are as follows:

In the workplace												
Centre (1)	No. acc. (men) 2022	No. acc. (men) 2023	No. accidents (women) 2022	No. accidents (women) 2023	Objective accidents 2022-2023	IF (2) 2022	IF (2) 2023	Objective IF 2021-2022	IG (3) 2022	IG (3) 2023	Objective IG 2022-2023
MCM. TUSET	0	0	0	0	(4)	0	0	(4)	0	0	(4)
P. ANOIA	0	0	0	0	(4)	0	0	(4)	0	0	(4)
MCT	0	0	0	0	(4)	0	0	(4)	0	0	(4)
MCEMA	0	0	0	0	(4)	0	0	(4)	0	0	(4)
DESVI	0	0	0	0	(4)	0	0	(4)	0	0	(4)
MCM BESOS	3	6	0	0	(7)	9.2	18.7	(5)	0.3	1.0	(5)
MCL	1	0	0	1	(4)	35.5	29.7	(4)	0.4	0.6	(4)
CELESA	3	1	0	0	(7)	21.3	7.0	(5)	0.2	0.5	(5)
MCM MISLATA	1	5	0	0	(7)	7.4	38.3	(6)	0.5	0.3	(6)
MCM CAPELLADES	2	1	0	0	(4)	8.7	4.4	(4)	0.2	0.1	(4)
MB	3	5	0	0	(7)	20.7	33.9	(6)	0.2	0.9	(6)
TP	1	2	1	0	(7)	20.3	20.2	(5)	0.5	0.3	(5)
CLARIANA	3	1	0	0	(7)	37.7	13.1	(8)	0.9	0.5	(8)

En route to work				
Centre (1)	No. accidents (men)		No. accidents (women)	
	2022	2023	2022	2023
Miquel y Costas & Miquel, Tuset work centre	0	0	0	0
Miquel y Costas & Miquel, Besós production centre	1	2	0	0
Papeles Anoia	0	1	0	0
Miquel y Costas Tecnologías	0	0	0	0
MCEMA	0	0	0	0
Desvi	0	0	0	0
Miquel y Costas Logística	0	0	0	0
Celesa production centre	0	0	0	0
Miquel y Costas & Miquel, Mislata production centre	1	1	0	0
Miquel y Costas & Miquel, Capellades production centre	0	0	0	1
MB production centre	0	0	0	0
Terranova production centre	1	2	0	0
Clariana production centre	0	0	0	0

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

	INDEX 2022 PER ECONOMIC ACTIVITY
FREQUENCY INDEX	26.70
SEVERITY INDEX	0.87

Information obtained from the web mites.gob.es/ Statistics tables of work-related accidents 2022

The Miquel y Costas Group has as a reference framework an occupational health and safety management system based on the ISO 45001:2018 standard, whose objective and expected results of the management system is to prevent work-related injuries and health deterioration and to provide safe and healthy working environments. The implementation of the management system in accordance with this standard was a strategic decision of the organisation in 2020. The Miquel y Costas Group maintains its certification in accordance with the standard ISO 45001:2018, obtained by a prestigious, internationally recognised accredited body.

As in 2022, no occupational illnesses have been identified and reported in 2023.

The management system's approach, based on the concept PDVA (Planning-Doing-Verifying-Acting), allows for a continued move forwards in continued improvement, for complying with fulfilment of the legal requirements and other requisites, as well as achieving the objectives established annually.

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

The Group plans an annual training plan for all Group employees, providing them (according to category and position) with the necessary training for the development of their daily activities. Such training may be aimed at acquiring new knowledge related to their daily duties, improving skills or obtaining certifications.

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

The number of training hours per professional category in 2022 and 2023 for national companies has been the following:

No. Hours of training per professional category	**Hours 2022**	**Hours 2023**
Directors	95	340
Managers and intermediate managers	716	842
Adm. personnel	2,661	3,477
Prod. personnel	2,340	4,460
Total	**5,812**	**9,119**

4. Respect for human rights

Respect for human rights is a fundamental part of the Miquel y Costas Group's values and an aspect intrinsically linked to its business activities. For this reason, the *Human Rights Policy* was developed in 2023, and the Chairman of the Board of Directors of the parent company is responsible for approving it and ensuring its compliance.

Through this policy, the Management of Miquel y Costas & Miquel, S.A. and its Business Group wishes to formalise its firm commitment to internationally recognised human rights and to avoid any complicity in the violation of any of them, in all areas and at all levels of the organisation.

All the people who make up the Miquel y Costas Group are obliged to respect the principles of the Universal Declaration of Human Rights and carry out their activities in line with the United Nations 2030 agenda. These commitments are also binding on third parties that collaborate with any of the Group's companies.

In line with this purpose, the Miquel y Costas Group has taken a further step by informing the Secretary General of the United Nations of its formal adherence to the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption. As an active member as of 16 October 2023, the Group will ensure that these principles form part of its strategy, culture and daily operations, to collaborate in projects that promote the achievement of the Sustainable Development Goals (SDGs) and to make its progress public.

In this same context, the Code of Ethics stands as the framework that governs all the Group's activities and guarantees its commitment to current legislation and solid ethical values. Its update in 2022 has established new and stronger commitments with stakeholders that have been developed and reflected during 2023, among others, with the boost to the formalisation of the Group's commitment to the protection of human rights through its Human Rights Policy.

Furthermore, corporate policies have been defined in strict adherence to the fundamental principles and values to exercise due diligence in accordance with OECD guidelines, International Labour Organisation policies, the UN Compact, the SDGs and the company's *Code of Ethics*.

Thus, the Group is expressly committed to a set of basic principles which it establishes as a standard of conduct to be followed in all its activities, which must be governed by the principles of non-discrimination, these being its guiding principles:

- Respect for the rights and dignity of persons without distinction of gender, race, conviction, illness or any other condition protected by law.
- Adherence to the guiding principles of integrity, honesty and responsible conduct.
- Rejection of any form of discrimination, harassment or abuse.
- Prohibition of child labour.
- Rejection of forced and compulsory labour and human trafficking.
- Respect for decent and fair remuneration for work performed.
- Respect for health and hygiene at work.
- Respect for freedom of association and effective recognition of the right to collective bargaining.

To this end, the labour policies approved by the Group are established in accordance with the labour regulations or legislation in force at all times and in each location in which it resides, and the corresponding due diligence procedures are developed to ensure compliance with such regulations or legislation. At the same time, the Group works to improve individual and collective labour rights for all its employees beyond those required by international organisations.

Compliance with regulations on hiring and working conditions excludes the possibility that abusive, forced or illegal labour may arise, expressly stating its rejection of slavery or human trafficking, and prohibiting the hiring of child labour at its centres or those of its suppliers, also including the evaluation of compliance with this commitment in the audit of suppliers that has been reviewed in 2023 and which will be fully applicable in 2024.

A pesar de que los distintos convenios colectivos de aplicación que rigen las relaciones laborales en el Grupo Miquel y Costas son de ámbito supraempresarial, dejando la negociación fuera del ámbito de control del Grupo, en el devenir de las relaciones laborales se producen negociaciones en el seno del Grupo que suelen finalizar con acuerdos que adaptan, sino mejoran, los derechos definidos a nivel estatal en los diferentes convenios colectivos.

Despite the fact that the different collective bargaining agreements that govern labour relations in the Miquel y Costas Group are of a supra-company scope, leaving negotiation outside the Group's sphere of control, in the course of labour relations, negotiations take place within the Group that usually end with agreements that adapt, if not improve, the rights defined at state level in the different collective bargaining agreements.

The rights of unionisation and assembly of all workers are guaranteed as established by law, as well as the rights and guarantees foreseen in the labour regulations for the members of the legal representation of workers existing in all centres.

The Miquel y Costas Group provides the various legal representatives of the workers and the various trade union representatives with the material and space resources necessary for the proper performance of their functions in the interests of their organisations and those they represent, thus facilitating the holding of meetings and/or assemblies.

It is the responsibility of the Board of Directors, management and all persons within the Group to commit themselves to establishing a strong compliance culture within the Group.

Based on the approved and implemented Equality Plan, work has been carried out on the implementation of the improvement actions established in its schedule and on the definition of indicators to report on the evolution of the equality situation in the different work centres. This includes a new protocol for the prevention of sexual harassment with the aim of detecting, preventing, acting, informing and raising awareness among all staff of the importance of respect for equality and non-discrimination on any grounds.

In order to assess effective compliance with the principle of respect for a working environment free of violence, harassment, intimidation and respect for people's rights, various surveys are carried out in accordance with the provisions of the People Management Procedure (PRGESRH) which provides: biennial satisfaction surveys in the MB and Terranova centres, in which the results are measured and analysed, and depending on the values obtained in the different items, improvement actions are implemented; quadrennial HR evaluation surveys by all work centres; and annual evaluation surveys of the direct manager and job satisfaction in 2 work centres, which will change on a rotating basis each year according to an established calendar.

Arising from the results of the direct manager evaluation surveys, training actions have been carried out in motivation, team management and persuasive leadership to reinforce the weakest aspects. An equality survey was also completed at the MB, Terranova, Celulosa de Levante and Clariana centres in order to assess the situation at each centre, the results of which form part of the action plan to be carried out during the term of the Equality Plan.

As part of the principles of action that the Group promotes to ensure compliance with its commitments to human rights, all employees, customers, investors and suppliers have at their disposal a communication channel through which they can report breaches of human rights or even raise concerns about compliance with the principles of the Code of Ethics.

In order to strengthen communication with the company, and to complement the current physical channels and mailboxes implemented since 2013 in the Group, on 29 May 2023 the Audit Committee and the Board of Directors approved the establishment of a new Internal Reporting System for the entire Group, as well as the creation of an Ethics Committee responsible for its management. The new Internal Reporting System enables the reporting of suspected breaches of the law to take place completely anonymously and without any fear of retaliation on the part of the reporting person, provided that the report is made in good faith. Its regulation is set out in the Internal Whistleblower Information and Protection System Procedure available on the Group's website.

The volume of complaints and queries remains low, having been reviewed until the first half of 2023 by the Audit Committee and thereafter by the Ethics Committee.

In 2023, four complaints were received in relation to possible infringements of rights and protection of individuals, most of which, after being duly assessed, had to be diverted to other management channels as they were not the subject of the channel and dealt with deviations or situations within the remit of other areas, with a single exception, which was duly investigated and analysed, concluding that there was no infringement of any kind. On the other hand, a complaint of harassment was received, investigated and processed through the channels established in the Equality Plan, which resulted in dismissal.

In 2022, only one communication was received, and in no case was the complaint related to discrimination, harassment or lack of respect for human rights.

Moreover, and in order to guarantee compliance with the guiding principles of the labour policy, the Group carries out training plans on ethics standards for all staff. Training is provided not only to key employees exposed to high risks but to all the workforce.

These training programmes are destined to disclose and guarantee compliance with the principles of the Code of Ethics and their commitment to the community and Human Rights, which include the complaints channel procedure and the sanctioning system.

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

In accordance with its formal adherence to the principles of the United Nations Global Compact, and in its quest to promote the adoption of corporate commitments that have a positive impact on sustainable development, the Group has begun the process of identifying the Sustainable Development Goals (SDGs) that are currently most relevant to its business activity and that contribute to the fulfilment of the 2030 Agenda.

In this context, the main SDGs associated with the protection of human rights, to which the Group contributes, are as follows:

3 HEALTH AND WELL-BEING

The Group is committed to health and safety in all workplaces, ensuring strict compliance with safety regulations. ISO 45001 certification at all production sites demonstrates commitment to international safety standards.
Main contributions in 2023:

- Investment in fire, health and safety (thousands of €): 1,679 (664 in 2022)
- Employees trained in health and safety: 100% of those trained; emergency teams and managers (100% in 2022)
- Frequency rate: 14.9 (12.2 in 2022)

8 DECENT WORK AND ECONOMIC GROWTH

The Group is committed to inclusive and sustained economic growth to drive progress, create decent work and improve the community's standard of living. To achieve this, it allocates resources to R&D projects, improving efficiency and attracting talent.

Compliance with regulations on recruitment and working conditions prohibits abusive, forced or illegal labour. The Group transfers to its supply chain the obligation to reject slavery and child labour and to guarantee adequate working conditions.

Main contributions in 2023:

- Permanent contracts: 94% (95% in 2022)
- Tax contribution (thousands of €): Corporate tax payments of 15,014 (9,762 in 2022)
- R&D&I resources (thousands of €): 3,283 (6,395 in 2022)
- Strategic suppliers assessed in CSR: 100% (100% in 2022)
- Training hours: 9,119 (5,812 in 2022)
- EPS (euros per share): 1.1136 (0.8185 in 2022)
- Amount earmarked for donations: €110,000 (€100,000 in 2022)

10 REDUCING INEQUALITY

The Group's primary objective is to raise awareness among all staff of the importance of inclusive economic and social growth ensuring an working environment with equal opportunities and prohibiting any discriminatory employment practices.

Main contributions in 2023:

- Satisfaction surveys conducted at the MB and Terranova centres (Mislata and Celesa in 2022).
- Assessment of performance in management positions; 81% evaluated (90% in 2022).
- 100% of new recruits informed about the equality policy implemented and the sanctions regime.
- 100% of the staff has been informed of the functioning of the complaints channel.
- 100% of staff have been informed of the update of the Code of Ethics.
- % of training requests granted: 71.35% (79.56% in 2022).

5. Fight against corruption and bribery

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

On 28th November 2022, the same bodies have examined and approved the update of the Code of Ethics reinforcing even further the previous commitments with stakeholders and establishing new and solid commitments on ethical policies. In this way the Group's willingness is shown to fight for the prevention of corruption and fraud, money laundering, situations of conflict of interest or the risks involved in sensitive transactions (gifts, facilitation payments, cash payments, political contributions, donations); as well as promoting the protection of Human Rights, own industrial and intellectual property and of third parties, or of security of information and personal data.

On 24 April 2023, the Audit Committee, as a delegated body of the Board of Directors, approved the update of the Anti-Corruption and Anti-Bribery Policy, thus reinforcing our position in the fight against fraud. The new policy adapts its content to the principles and commitments of the new Code of Ethics and is aligned with the ESG requirements of the main global evaluators.

The Anti-Corruption and Anti-Bribery Policy, like the Code of Ethics, is applied in all the companies that make up the Miquel y Costas Group and applies to all the personnel that provide their services, and is accessible to both personnel and external parties through the Group's website.

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

The Anticorruption and Antibribery Policy reinforces the commitment held by the Miquel y Costas Group to develop its activities in agreement with the legislation in force, substantiated in the values of the Code of Ethics (integrity, transparency, equality, commitment, and excellence). And at the same time, it provides the principles for action and the necessary mechanisms to avoid any possible corruption or bribery.

The *Institutional Anti-Fraud Statement* included in this policy constitutes the Group's commitment to the prevention and punishment of fraudulent acts and conduct that may give rise to corruption and fraud in any of its manifestations.

To ensure compliance with the Anti-Corruption and Anti-Bribery Policy, the control model implemented for the prevention of criminal risks is applied.

Since 2016, the Miquel y Costas Group has implemented the "Internal Control Model for the Prevention of Criminal Risks". This management and organisational model has been designed with the conviction and desire to cover all areas of activity, and includes surveillance and control measures necessary to prevent and detect the commission of crimes (and more specifically criminal offences that may affect the legal entity), guaranteeing the goodwill of the company before third parties.

Management of compliance with policies and procedures relating to business ethics, and the resolution of queries arising therefrom, is centralised in the Audit Committee through the Compliance Officer, who is responsible for the periodic review, analysis and supervision of the control activities applied in the different processes exposed to risk, in order to identify conduct and procedures that are punishable under criminal law, both own and third party, occurring within the Group or its activities, and to adopt the appropriate measures in each case.

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

- Periodic supervision of the effectiveness of existing controls.
- Action plans to establish new control mechanisms or improve existing ones.
- Internal audit plan of controls that are considered critical.
- External audit to assess the management model.
- Supervision and approval of actions taken, and results achieved by the Audit Committee (delegated body of the Board of Directors).

Periodically, an internal follow-up is carried out on compliance with the control mechanisms implemented in the most exposed processes, extracting conclusions on the suitability of their design, assessing their operating effectiveness in the prevention or detection of offences that are particularly criminal, and actions follow.

Every three years, a diagnostic report is carried out through an external audit, assessing the compliance-management system to verify the degree of maturity and effectiveness, benchmarking the best practices, which includes its alignment with technical aspects and needs defined in the UNE 19601.

The external audit conducted in 2022 assessed, among other things, the adequacy of the functions of the supervisory body and the system for monitoring the system, concluding that a formally implemented compliance management system is in place in accordance with the requirements set out in the Criminal Code.

As a result of the recommendations derived therefrom, a new external audit was carried out in 2023, which entailed the reassessment of the criminal risks included until now and the incorporation of the assessment and, where appropriate, control mechanisms, of the new offences for which the legal entity is criminally liable in accordance with the latest amendments to the Criminal Code. As well as the establishment of objective criteria for assessing the effectiveness of the controls.

Consequently, on 30 October 2023, the Audit Committee approved the new inherent and residual risk map for both Miquel y Costas and its subsidiaries, resulting from the detection and assessment of risks and risk factors, as well as mitigating controls.

Likewise, at present, the receipt, assessment, management and response to possible complaints or suspicions regarding the commission of unlawful actions that may be submitted through the various channels available to the Group is centralised in the Ethics Committee.

Given that ethical values guide the activity and underpin trust with both personnel and the environment, it is essential to ensure respect for company policies, and it is considered mandatory to have channels and procedures for reporting any act of non-compliance or illegal actions or suspicions of them.

In the reporting period, as in 2022, there were no confirmed cases of corruption, bribery, fraud, money laundering or any other type of crime covered by criminal risks. Consequently, for this reason:

- No employees have been reprimanded or dismissed.
- There has not been any termination or lack of renewal of contracts with any business partner.
- No lawsuits have been received for this reason, neither against the organisation nor any of its partners.
- -No deviations or non-compliance with the policy on gifts, presents and gratuities have been detected through responsible employee communications.

The Group's entire new regulatory framework, its commitments and its management hinge on the principle of "zero tolerance" to corruption and fraud over obtaining benefits based on actions contrary to the Code of Ethics. In order to strengthen the Group's position on zero tolerance to acts of corruption or any offence covered by criminal risks, the Group carries out training plans on ethical standards for all staff. Training is provided not only to key employees exposed to high risks but to the entire workforce.

These training programmes are aimed at ensuring the application of the criminal risk prevention procedure and identifying possible warning signs, as well as disseminating and ensuring compliance with the principles of the Anti-Corruption and Anti-Bribery Policy, including the whistleblower channel procedure and the sanctions regime.

In addition, in 2023 as in 2022, assessment tests were carried out to ensure that all staff are aware of and adhere to the Group's ethical principles. The scores obtained ensure that we understand their content and the consequences of non-compliance.

At year end 2023:

- In line with the previous year, all members of the governing body have received information on business ethics policies and training on the organisation's anti-corruption procedures, as part of the regular and ongoing reporting and guidance protocol that has been followed in previous years.
- In line with the previous year, 100% of new recruits this year have been informed of the policies and procedures governing the Group's activities and the ethical principles that define its conduct, including the Anti-Corruption and Anti-Bribery Policy, as established by internal regulations and as has been complied with in recent years.
- 92% of staff have received training on the organisation's ethical standards, with the remaining percentage corresponding to recent additions or temporary incapacitation, a range that is within the levels of tolerance for the evolution of the activity and in line with the previous year. In 2022 it was 97% (the percentage fluctuates depending on contract terminations and retirements).
- 94% of staff have completed the ethical awareness tests, with positive results. The remaining percentage is due to organisational issues and will be carried out in 2024. This training is part of the Training Plan to ensure that all staff are kept up to date and reminded of their knowledge in this area. In 2022 it was 80%.
- No deviation or non-compliance with the policy on gifts, presents and gratuities has been detected through the established controls or through the responsible declarations issued by employees (0 non-compliances in 2022).

6. Society

The Group maintains a continuous and constant relationship with local communities, including educational, business, municipal and sectoral groups related to its activities. This relationship aims to maintain a source of information and communication regarding possible collaborations, establish close relationships between companies and associations in the sector for better management, knowledge-sharing of different situations, as well as the potential economic promotion of the town or area in which the Group's companies are located.

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

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

The amount that the Group earmarked for donations during the year amounted to 110 thousand euros, representing an increase of 10% over the previous year (100 thousand euros in 2023), practically all of which has been channelled through the Fundación Miquel y Costas, which in turn has reverted it to the company.

6.1 Purchases

Principles that govern the Commitment with Suppliers

One of the key pillars in the development of the Group's activity is based on the provision of assets and services prioritising quality, competitive prices, delivery deadlines, respect for the environment, product safety and professional services. One of the key mechanisms for achieving this objective is the construction of a reliable and sustainable value chain which allows a shared value to be generated at the same time as facilitating the obtaining of greater economic value.

In order to create and maintain this value chain, the Group is governed by the principles of legality, ethics and respect, guided by screening criteria based on objectivity and transparency and establishing minimum standards of compliance to which all our suppliers must commit. All the decisions adopted in this area must be accredited, in the sense that they must be justifiable, testable, and verifiable in the case that there is an inspection by the Group's supervisory bodies or even by third parties.

To guarantee these principles, all suppliers are aware of the Group's Code of Ethics and are required either to adhere to it or to demonstrate compliance with and commitment to a similar Code of Ethics that meets the same standards and, in particular, undertake to respect the human and labour rights of its personnel. The Group does not tolerate violations of any of the principles detailed in the Code.

Management of Suppliers

The Group maintains a close and regular dialogue with suppliers, mainly through the Corporate Purchasing Department. From the Risk analysis an identification of strategic suppliers, per volume, incidents in the activity and impact on the environment and society is established, highlighting the energy and raw material suppliers, particularly those suppliers of cellulose, pulp and chemical products.

The majority of these suppliers, except for energy suppliers are managed in a centralised way by the Corporate Purchasing Department, made up of an interdisciplinary team which periodically manages the raw material orders from the many suppliers situated in diverse locations all over the world, analysing the stock available and future needs. With regard to the rest of the production materials, the department takes care of the negotiation of prices and delivery conditions with each one of the suppliers, and each centre takes responsibility for quantifying the needs of the materials (product, quantity and delivery date).

The energy suppliers are managed in a centralised way by an area specialist in this field, led by the Group's Senior Management with the objective of adapting the supplies to the most immediate needs of the Group, but always looking for a balance with the strategy mid-term designed to try to ensure stability and greater efficiency in the activity and commitments to society and the environment.

The suppliers of big investments destined for renovation, or the refurbishment of equipment, machinery and installations are managed in a centralised way by a team that is specialized in the development, execution and management of products, solutions, applications and industrial technology systems related to areas of the Group's activity.

In all cases, the criteria, both in selection as well as evaluation of the existing suppliers, are clearly defined in the Group's procedures in force and are based on the balance between economic criteria and high standards of quality, always taking into consideration the commitment and compliance with practices destined to the protection and safety of the environment. The labour and society regulations and compliance of governance play a decisive role and in the last few years they have become requirements that are more and more key for the Group, which actively encourages their suppliers to improve their commitment to all ethical and sustainability principles in order to meet our high standards in these areas.

The management of Suppliers during this financial year

During 2023, once the impacts of the pandemic had been minimised and the logistics situation normalised, especially the maritime situation, the Group was able to maintain the supply capacity of all the raw materials necessary for the normal operation of the activity, monitoring at all times the stocks of our plants and the supply capacities of strategic suppliers.

The most relevant events during the period were a generalised fall in demand, which led to a sharp reduction in the price of our main raw material, cellulose pulp, as well as chemicals and packaging material, both cardboard and plastic. On the other hand, the price of sea freight also fell sharply after large increases in the previous year. The conflict in Ukraine, which strained the price and availability of some products during 2022, did not significantly affect the supply chain and energy prices, which have even been reduced.

The Group's supplier panel is very stable and it has not been necessary to incorporate any new suppliers during the past year. For several years now, the Group has been informing all suppliers about our policies on Corporate Social Responsibility, Criminal Risk Prevention, Code of Ethics and Anti-Corruption Policy. This year our goal is that 100% of our suppliers are not only aware of these policies, but also adhere to their compliance.

Supply Chain

The Purchasing department is in charge of supplying the necessary materials to ensure the needs of all the production plants are met. The production material is divided into the following families: pulp, chemical products, rings, packaging, material for books for rolling papers and vestments.

The information on suppliers involved in each of the families is outlined in the following table:

	No. SUPPLIERS		AMOUNT PURCHASES (M€)		% SPAIN (in €)		% Rest EU (in €)		% Extra-EU (in €)	
FAMILY	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Pulp	23	16	57.19	79.40	36.9%	32.7%	37.7%	43.8%	25.4%	23.5%
Chemical Prod.	75	71	19.71	23.90	77.3%	79.9%	22.7%	20.1%	0.0%	0.0%
Rings	3	3	1.46	1.60	99.6%	100.0%	0.4%	0.0%	0.0%	0.0%
Packaging	69	70	6.12	6.00	97.5%	100.0%	2.3%	0.0%	0.2%	0.0%
Mat. Books	3	3	4.93	5.20	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Vestments	8	6	1.14	1.10	52.9%	14.0%	47.1%	86.0%	0.0%	0.0%

As global leaders in quality of our products we may only use that pulp which offers the best technical characteristics, that which can only be found in a radius that moves away from the influence of the European Union. However, to maintain and guarantee the effective compliance of the Group's minimum requisites and commitments, 100% of the cellulose suppliers selected have the two most internationally recognized custody chain forestry certificates, FSC and PEFC. Both certificates certify that the cellulose manufacturers comply with the highest standards of quality and commitment to the principles that govern both "zero deforestation", and in the conservation of indigenous species and aboriginal tribes within the regions where logging takes place. In addition, both certificates ensure the protection of the workers' rights, in accordance with the International Labour Organisation's (ILO) International Work Regulations. These requisites include the effective abolition of child labour, the elimination of all forms of forced or compulsory labour, the elimination of discrimination in the area of employment and occupation, respect for union freedom and effective recognition of the right to collective negotiation, having to guarantee the protection of the workers through specific support from their rights and maintaining or increasing their social and economic wellbeing.

As a result of this supply policy, **48**% of the pulp purchased (vs. 41% in 2022) was FSC certified, and the remaining **52**% (vs. 59% in 2022) was FSC controlled, of which **54**% (vs. 62% in 2022) was PEFC certified. These figures provide a positive response to the requirement for pulp to be certified in both custody chains and we can more than meet our customers' demand for forestry certifications.

With regard to chemical products, the Group promotes collaboration with suppliers operating within the national sphere, reaching **77**% of total purchases (vs. 80% in 2022) from suppliers of this family of products, with the aim of contributing to minimising the carbon footprint and fostering growth and sustainability in our community. The rest of the purchases are for highly technical products that are not available locally, but remain within the scope of the European Union.

With regard to suppliers of rings, packaging and materials for the manufacture of cigarette paper booklets, we continue to use almost **100**% local suppliers, all of them within a radius of less than 60 km from our production centres, thus helping to minimise the impact of the carbon footprint of these products.

Finally, as far as the family of vestments is concerned, these are highly technical products that few manufacturers can supply, so we are obliged to extend our purchases to the intra-Community sphere, as manufacturing capacities within Spain are very limited.

Certification and assessment of suppliers

The Group has a general supplier evaluation procedure that establishes and regulates the system for choosing, continuously evaluating and monitoring suppliers in its centres, determining their ability to comply with the quality requirements for each product and service, and which includes environmental and custody chain criteria for raw materials of forest origin. In addition, when contracting all suppliers, the Group reports on the Code of Ethics, Corporate Social Responsibility and Anti-Corruption Policy and checks the social dimension of the supplier, verifying its focus on the prevention and mitigation of negative social impacts in the supply chain.

With regard to the panel of strategic suppliers, the Purchasing Department carries out an assessment of the suppliers that provide material for industrial and business activity, taking into account aspects related to:

- **Quality**: The previous year's non-conformities are reviewed, are counted in number of deliveries and non-conformities reported in the period under review.

- **Economic**: Suppliers of the same product are ranked according to the prices offered.

- **Delivery deadlines**: Suppliers who fail to meet our planned delivery dates are penalised.

- **Environment**: Suppliers that have EMAS, ISO 14001 certification or simply have an environmental policy are evaluated differently.

- **Service and Support:** Together with the R&D Department, the degree of cooperation and support in both technical and commercial matters is assessed.

- **CSR**: Since the previous year, the methodology for assessing suppliers' compliance with commitments to CSR principles has improved. From this year onwards, suppliers are asked to provide clear evidence that they have a sustainability report, clear CSR policies or, at least, that they can demonstrate a commitment to human rights, compliance with current legislation on tax, labour, health and safety, incident management or deviations from their CSR or Code of Ethics.

During 2023, a more detailed and continuous monitoring of this last requirement has been introduced. Of the 100% of suppliers reviewed, **78**% (vs. 64% in 2022) are within the compliance ranges.

100% of strategic suppliers (181) have been evaluated under all these parameters, obtaining an average score of **88.6 out of 100** (vs. 87.2 in 2022).

In addition to these annual evaluations, the Purchasing Department, together with the R&D Department, carries out periodic audits of suppliers, during which all parameters are reviewed and the relevance of the commitment to compliance with economic, social and environmental standards is emphasised.

In addition, all suppliers who carry out work at the facilities of Miquel y Costas & Miquel, S.A. and its Group must guarantee compliance with the Group's social and environmental policies and procedures.

6.2 Tax information

The Group receives certain grants for the promotion of public policies aligned with those of the Group. Details of this aid can be found in note 14 (a) of the consolidated annual accounts for 2023.

The Group has control mechanisms in place to ensure tax compliance in the countries in which it operates. In addition, the Group has contracted advisors in the various countries where it has a corporate presence to advise it in terms of tax compliance and regulatory changes. In 2023, none of the Group's companies were subject to any material tax penalties (nor in 2022).

The net profits obtained country by country, as well as the corporate tax payments made in 2023, are as follows:

COUNTRY	PROFIT BEFORE TAX	PAYMENTS FOR CORPORATION TAX **
SPAIN	**55,026**	**14,712**
REST OF COUNTRIES (Subsidiaries)*	**1,527**	**322**
TOTAL	**56,553**	**15,034**

Data in thousands of euros.

* Rest of countries (Subsidiaries) includes mainly Argentina with 85% of the operations under this heading.
** Payments carried out for corporation tax corresponding to fiscal years 2022 and 2023.

The net profits obtained country by country, as well as the corporate tax payments made in 2022, are as follows:

COUNTRY	PROFIT BEFORE TAX	PAYMENTS FOR CORPORATION TAX **
SPAIN	40,321	9,473
REST OF COUNTRIES (Subsidiaries)*	737	289
TOTAL	41,058	9,762

Data in thousands of euros.

* Rest of countries (Subsidiaries) includes mainly Argentina with 85% of the operations under this heading.
** Payments carried out for corporation tax corresponding to fiscal years 2021 and 2022.

6.3 Consumers

The Group complies with the legislation in force in the countries where it markets its products. Most of them are industrial products that are integrated into the production process of other companies. The products intended for the food sector comply with all the requirements demanded to guarantee the health and safety of consumers, complying in the case of Terranova Papers with the BRCGS standard and in the case of Mislata with the ISO 22000 standard. The technical specifications of the products are defined by the customers, and no complaints related to the health of consumers have been received from them in either FY2023 or FY2022. As a result of the quality management system certified under the ISO 9001 standard, procedures have been established for the communication, reception, management and resolution of any incident or complaint that may arise from our clients.

This report is available on the website www.miquelycostas.com

Appendix I. Traceability table under the requirements of Law 11/2018 and of the European regulation on taxonomy

SCOPE	Content	Report framework	Section in this report
Business model	Brief description of the group's business model, which will include: 1.) business context, 2.) organization and structure, 3.) markets in which it operates, 4.) objectives and strategies, 5.) main factors and trends that may affect its future evolution.	GRI 2-1 GRI 2-2 GRI 2-6 GRI 3-3	1. Group business model
Policies	A description of the policies applied by the group in relation to environmental matters, social issues, respect for human rights, respect for combating corruption and bribery, and those related to personnel, including any measures that, where applicable, may have been adopted to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of the disabled and universal accessibility	GRI 3-3	These are described throughout the chapters of the NFIS
S/T, M/T and L/T risks	The main risks related to these matters linked to the group activities including, where relevant and proportionate, its commercial relationships, products or services that could have adverse effects on those areas; and * how the group manages those risks, * explaining the procedures employed to detect and assess them in accordance with the national, European or international reference frameworks for each area. * Information must be included on any impacts detected, providing a breakdown, particularly of the main short-, medium- and long-term risks	GRI 3-3	These are described throughout the chapters of the NFIS
Environmental matters	**Global Environment**		
	1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, if applicable, on health and safety, environmental assessment or certification procedures; 2.) Resources devoted to preventing environmental risks; 3.) Application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. under environmental responsibility legislation).	GRI 3-3	2. Environmental matters
	Pollution		
	1.) Measures to prevent, reduce or repair carbon emissions that seriously affect the environment; 2.) Taking into account any form of atmospheric pollution specific to an activity, including noise and light pollution.	GRI 305-7 GRI 303-4	2. Environmental matters
	Circular economy and waste prevention and management		
	Circular economy Waste: Measures for the prevention, recycling, reuse, other forms of recovery and disposal of waste;	GRI 306-3 GRI 306-4 GRI 306-5	2. Environmental matters
	Actions to combat food waste.	NA	Not reported, non-material
	Sustainable use of resources		
	Consumption of water and water supply in accordance with local limits; Consumption of raw materials and measures adopted to use them more efficiently; Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energies.	GRI 303-3 GRI 303-5 GRI 3-3 GRI 301-1 GRI 302-1	2. Environmental matters

SCOPE	Content	Report framework	Section in this report
	Climate change		
	Significant aspects of the greenhouse gas emissions generated by the company's activities, including the use of the goods and services produced;	GRI 3-3 GRI 305-1 GRI 305-2 GRI 305-5	2. Environmental matters
	Measures adopted to adapt to the consequences of climate change;		
	Medium- and long-term reduction targets set voluntarily to reduce greenhouse gas emissions and the means implemented to this end.		
	Protection of biodiversity		
	Measures taken to preserve or restore biodiversity;	GRI 3-3 GRI 304-1 GRI 304-2	2. Environmental matters
	Impact of activities or operations on protected areas.		
Social matters and those related to personnel	**Employment**		
	Total number and distribution of employees by gender, age, country and professional category;	GRI 2-7 GRI 405-1	3. Social and personnel-related matters
	Total number and distribution of employment contract types;		
	Annual average of indefinite contracts, temporary contracts and part-time contracts by gender, age and professional category;		
	Number of lay-offs by gender, age and professional category;	GRI 3-3	3. Social and personnel-related matters
	Average remunerations and their evolution broken down by gender, age and professional category or equivalent value;	GRI 3-3	3. Social and personnel-related matters
	Wage gap, remuneration for the same positions or the company's average remuneration;	GRI 405-2	3. Social and personnel-related matters
	Average remuneration of the Board of directors and senior management, including variable remuneration, subsistence, indemnities, payments to long-term savings schemes and any other remuneration broken down by gender;	GRI 3-3	3. Social and personnel-related matters
	Implementation of 'right to disconnect' policies;	GRI 3-3	3. Social and personnel-related matters
	Disabled employees.	GRI 405-1	3. Social and personnel-related matters
	Work organisation		
	Organization of working hours	GRI 3-3	3. Social and personnel-related matters
	Number of hours of absenteeism	GRI 3-3	3. Social and personnel-related matters
	Measures to facilitate a work-life balance and encourage their co-responsibility by both parents.	GRI 3-3	3. Social and personnel-related matters
	Health and safety		
	Conditions of health and safety in the workplace;	GRI 403-1 GRI 403-4b	3. Social and personnel-related matters
	Occupational accidents, particularly frequency and severity, professional diseases, broken down by gender.	GRI 403-9 GRI 403-10	3. Social and personnel-related matters
	Labour relations		
	Organization of social dialogue, including procedures to inform and consult personnel and negotiate with them;	GRI 3-3	3. Social and personnel-related matters
	Percentage of employees covered by collective bargaining agreements by country;	GRI 2-30	3. Social and personnel-related matters
	Balance of the collective agreements, particularly in the area of occupational health and safety	GRI 403-4	3. Social and personnel-related matters
	Mechanisms and procedures to promote the workers' implication in the company's management, in terms of information, consultation and participation.	GRI 3-3	3. Social and personnel-related matters

SCOPE	Content	Report framework	Section in this report
	Training		
	Implemented training policies;	GRI 404-2a	3. Social and personnel-related matters
	Total training hours per professional category.	GRI 404-1	3. Social and personnel-related matters
	Accessibility		
	Universal accessibility for the disabled	GRI 405-1	3. Social and personnel-related matters
	Equality		
	Measures adopted to promote equal treatment and opportunities between women and men;	GRI 3-3	3. Social and personnel-related matters
	Equality plans (Chapter III of Organic Law 3/2007 of 22 March for the effective equality of women and men), measures taken to promote employment, sexual and gender harassment protocols, integration and universal accessibility for the disabled;		
	The policy against all kinds of discrimination and, if applicable, on diversity management.		
Human rights	**Human Rights**		
	Application of due diligence procedures in relation to human rights; Prevention of risks of infringement of human rights and, if applicable, measures to mitigate, manage and repair any abuse committed;	GRI 3-3 GRI 2-23	4. Respect for human rights
	Reports filed for cases of infringement of human rights;	GRI 2-26 GRI 406-1	4. Respect for human rights
	Promotion and fulfilment of the provisions of the fundamental conventions of the International Labour Organization relating to respect for freedom of association and the right to collective negotiation;	GRI 3-3	4. Respect for human rights
	Elimination of discrimination in the field of employment and occupation;		
	Elimination of forced or compulsory labour;		
	Effective abolition of child labour.		
Corruption and Bribery	**Corruption and Bribery**		
	Measures taken to prevent corruption and bribery;	GRI 3-3 GRI 2-23 GRI 205-1	5. Fight against corruption and bribery
	Measures to combat money laundering.	GRI 3-3 GRI 2-23	5. Fight against corruption and bribery
	Contributions to foundations and non-profit entities.	GRI 3-3	6. Society
Society	**Company's commitments to sustainable development**		
	The impact of the company's activity on employment and local development;	GRI 3-3	6. Society
	The impact of the company's activity on local populations and the territory;	GRI 3-3	6. Society
	Relations and modes of dialogue held with members of local communities;	GRI 2-29	6. Society
	Association or sponsorship actions.	GRI 2-28	6. Society

SCOPE	Content	Report framework	Section in this report
	Subcontracting and suppliers		
	The inclusion in the purchasing policy of social, gender equality and environmental matters; Consideration of social and environmental responsibility in relations with suppliers and subcontractors;	GRI 3-3 GRI 2-6 GRI 308-1 GRI 414-1	6. Society
	Supervisory and audit systems and related findings.	GRI 3-3	6. Society
	Consumers		
	Consumer health and safety measures;	GRI 3-3 GRI 416-2	6. Society
	Claim systems, complaints received and their solutions.	GRI 3-3	6. Society
	Tax information		
	Profits obtained country by country	GRI 207-4	6. Society
	Profit tax paid	GRI 207-4	6. Society
	Public grants received	GRI 201-4	6. Society
EU Taxonomy	European taxonomy for sustainable environmental activities	Own methodology based on compliance with Regulation 2020/852	2. Environmental matters