

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

**AND**

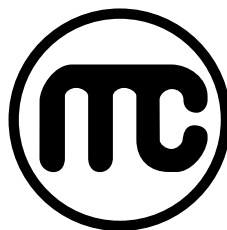
**MIQUEL Y COSTAS & MIQUEL, S.A.  
AND SUBSIDIARY COMPANIES**

Non-Financial Information Report

for 2018

(Free translation from the original in Spanish)

This report is part of the 2018 Miquel y Costas & Miquel S.A.  
Directors' Report and its Group formed by the  
Miquel y Costas & Miquel S.A. Company  
and subsidiaries.  
(APPENDIX II)



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



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

Independent verification report  
of Consolidated Non-Financial Information Report  
for the year ended December 31, 2018





*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 VERIFICATION REPORT

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 (“NFIS”) for the year ended 31 December 2018 of Miquel y Costas & Miquel, S.A. and subsidiaries (“Grupo Miquel y Costas”) which forms part of Grupo Miquel y Costas’ 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 the Appendix I. “Traceability table under Law 11/2018” included in the accompanying NFIS.

### Responsibility of the Directors

The preparation of the NFIS included in Grupo Miquel y Costas’ Management Report and the content thereof are the responsibility of the Board of Directors of Miquel y Costas & Miquel, S.A. The NFIS has been drawn up in accordance with the provisions of current commercial legislation and with the selected Sustainability Reporting Standards of the Global Reporting Initiative (“GRI Standards”) in line with the details provided for each matter in the Appendix I. “Traceability table under Law 11/2018” in the mentioned NFIS.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure 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 behaviour.

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

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

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### **Our responsibility**

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out in relation solely to fiscal year 2018. The data relating to previous years were not subject to the verification envisaged in current commercial legislation. 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 statements issued by the Spanish Institute of Auditors (“Instituto de Censores Jurados de Cuentas de España”).

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

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

- Meetings with Grupo Miquel y Costas personnel to ascertain the business model, policies and management approaches applied and 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 2018 based on the materiality analysis carried by Grupo Miquel y Costas, considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in NFIS for 2018.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2018.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2018 and its adequate compilation using data supplied by the information sources.
- Obtainment of a management representation letter from the Directors and Management.



### **Conclusions**

Based on the procedures performed in our verification and on the evidence we have obtained, no matters have come to our attention which may lead us to believe that the 2018 NFIS of Miquel y Costas & Miquel, S.A. and subsidiaries for the year ended 31 December 2018 has not been prepared, in all of their significant matters, in accordance with the provisions of current commercial legislation and with the selected GRI Standards in line with the details provided for each matter in the Appendix I. "Traceability table under Law 11/2018" in the mentioned NFIS.

### **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.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by  
Ignacio Marull

26<sup>th</sup> April, 2019





## APPENDIX II

### NON-FINANCIAL INFORMATION STATEMENT OF THE MIQUEL Y COSTAS GROUP

*(Free translation from Spanish)*

This Non-Financial Information Statement, which forms part of the Consolidated Directors' Report for 2018, complies with the general provisions of Law 11/2018 of 28 December, whereby the Spanish Code of Commerce was amended, the revised Spanish Companies Act introduced under Royal Decree-Law 1/2010 of 2 July, and Audit Law 22/2015 of 20 July, relating to non-financial information and diversity, by reference to the Global Reporting Initiative Standards related to the content of the Law, as set out in Appendix I. Traceability table under Law 11/2018.

#### 1. The Group's business model

Miquel y Costas & Miquel, S.A. is the parent company of the Miquel y Costas Group (hereinafter the Group), an industrial group having its registered office at calle Tuset, 8 y 10, 7<sup>a</sup> planta, 08006-Barcelona. The Group's current parent company was incorporated as a public limited liability company ("sociedad anónima") in 1929 and the Group is now formed by 15 subsidiaries and 1 associate. While still a paper business, the Group's activities range from industrial manufacturing to marketing and services. The Group companies are shown below:



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 and cellulose pulp (from annual plantations). Following the acquisition of the company Clariana, S.A. in the middle of 2018, the Group's business also includes the manufacture of coloured paper and card.

The Group currently has three main business lines: "Tobacco industry" products, "Industrial products" and "Other", consisting of marketing, services and other activities.

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

This effort and experience is 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 synergies are generated in the research and technology areas both to develop new products and in relation to process control and management, where the Group has made considerable progress.

The Group has industrial plants in Besós (Barcelona), Capellades (Barcelona) and Mislata (Valencia) engaged in the production of fine and specialty lightweight and converted papers, particularly for the cigarette industry; in Tortosa (Barcelona), 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), which manufactures coloured paper and card, and in Avellaneda (Buenos Aires, Argentina), making cigarette rolling paper packs and other converted papers. The Group also has an associate, Fournube (Seville), engaged in the manufacture of converted paper.

The high tech nature of the business, thanks to the Group's own developments, has earned it a place in the majority 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 La Habana, México D.F., Valparaíso, New York, etc. Export sales accounted for over 89% in 2018, the main market being the European Union at a little over 34%, while OECD countries and the rest of the world accounted for almost 26% and 29%, respectively.

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

As sales are made 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 credit risk insurance policies.

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

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

The Board of Directors is the Company's ultimate decision-making body, barring matters reserved for the General Meeting. The relevant information is set out in the Annual Corporate Governance Report, which forms part of the 2018 Annual Accounts, as well as in the corporate website <http://www.miquelycostas.com/esp/InformeGobierno.php?Ejercicio=2018>

## **2. Environment**

The Miquel y Costas Group companies form part of the paper industry and therefore demand forest products. They are engaged in the manufacture and marketing of paper for the tobacco industry and industrial products, one of their objectives being to achieve a high level of commitment to the suitable development of forest management and the efficient use of resources for environmental protection.

The industry has a vision of sustainability based on four action areas: sustainable forest management, efficient and responsible production, contribution to improving the quality of life and wealth generation and leadership in recovery and recycling.

The timber used to produce cellulose is obtained from forest plantations of fast-growing species. These plantations bring various environmental, forest-related, social and economic benefits. In the first case, they help to increase forested areas and conserve natural woodland, as well as acting as efficient CO<sub>2</sub> sinks and providing effective erosion control.

The main economic and social benefits relate to rural development as a driver of employment and wealth creation. They also serve to reduce Spain's raw material deficit, since the paper industry is one of the few sectors showing an extremely high rate of consumption of local raw materials, playing a significant role in stimulating sustainable growth in the forestry industry.

The cellulose and paper sectors are intensive in gas and power consumption. By developing and applying new production technologies that are increasingly environmentally friendly, the paper industry has saved a considerable amount of water and energy, and has considerably cut emissions, discharges and waste generated in the process. A major commitment has been made to cogeneration and clean, renewable fuels.

The general objectives of the environmental policy applied by Miquel y Costas & Miquel, S.A. and its Group are designed to ensure that the products supplied to customers meet stipulated requirements at all times, the necessary operational and human conditions are in place to continuously and profitably improve product quality, and that business activities are conducted in the most environmentally friendly manner possible, minimizing impacts generated.

Miquel y Costas & Miquel, S.A. and its Group have a Quality, Environment, Custody Chain and Product Safety Management System in place in order to achieve their objectives in these areas. The Integrated Management System (IMS) complies with the current version of the UNE-EN ISO 9001 and UNE-EN ISO 14001 standards at all the plants, as indicated in the table below, the IATF 16949 standard at MB Papeles Especiales and Terranova Papers, defining the basic requirements for the automobile quality management system in car and parts companies, and the BRC-IOP Packaging standard at Terranova Papers, which is an international standard developed to provide a common basis for certifying companies that manufacture packaging and packaging materials.

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

This report does not include data related to the production plants of Miquel y Costas & Miquel, S.A. in Capellades (Barcelona), Miquel y Costas Logística, S.A., Miquel y Costas Argentina S.A. and the offices in Tuset (Barcelona) due to the limited relevant of related environmental aspects.

Miquel y Costas & Miquel, S.A. and its Group companies have been certified under the UNE-EN ISO 14001:2015 standard since 10-10-2006. This covers the design, production and sale of cigarette, plugwrap and tipping papers for the tobacco industry, cigarette rolling paper packs, fine paper for publishing, the graphics industry and packaging, specialty paper for filters and absorbent paper. Design, production and sale of special cellulose pulps using non-timber fibres.

The custody chain standards FSC-STD-40-003, FSC-STD-40-004, FSC-STD-50-001, PEFC-ST-2002:2013 and PEFC-ST-2001:2008 are also fulfilled by the companies Miquel y Costas & Miquel, S.A. (at all its plants), MB Papeles Especiales, S.A. and Terranova Papers, S.A.

Miquel y Costas & Miquel, S.A. and its Group companies have been custody chain certified since 16-10-2009. This covers fine and specialty papers, filter and absorbent paper for the cigarette industry, printing paper, cigarette rolling paper packs and specialty paper.

As part of the Integrated Management System, Miquel y Costas & Miquel, S.A. and its Group apply:

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

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

The general supplier assessment procedure (PRCOM02) states that all raw material inputs 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, FSC or PEFC certified or FSC controlled timber is purchased, thereby reducing the risk of using timber produced in a non-sustainable way.

The general risk and opportunity analysis procedure (PRRYO01) states that each plant that is ISO 9001 and ISO 14001 certified must identify risks and opportunities in its organization annually based on the context, stakeholders and all the IMS processes. The procedure is based on a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and an FMEA (Failure Mode and Effects Analysis). As a result, preventive actions and improvement plans/objectives are developed to address the risks and opportunities for inclusion in the annual investment plan.

The main risks in the Group's IMS environmental control process identified by means of the general risk and opportunity analysis procedure (PRRYO01) are as follows:

- Possible breach of the thresholds laid down in Integrated Environmental Authorisations (IEAs) for each environmental aspect (emissions, waste, discharges, noise, light and soil)
- Possible incorrect functioning of the environmental Best Available Techniques (BATs) in place in the plants
- Lack of knowledge of amendments to environmental legislation
- Failure to meet deadlines for environmental legal formalities

The procedure for identifying and assessing environmental aspects (PRSAM01) lays down the methodology relating to the activities, products and services of companies that have implemented the IMS, including atmospheric emissions, wastewater, waste, noise and consumption of natural resources and their associated environmental impact from a life cycle perspective.

An assessment is carried out to determine which aspects are significant, as well as the associated risks, to include them in the PRRYO01 and plan preventive actions and improvements/objectives to reduce the environmental impact.

Through the procedure to identify and assess environmental aspects (PRSAM01), the Group identifies the environmental impacts of its activities, the main ones being:

- Consumption: Decrease in natural resources, abiotic depletion, global warming and indirect impacts associated with the manufacture of the good consumed.
- Emissions and smells: Air pollution, abiotic depletion and global warming. Human toxicity.
- Waste: Impacts associated with waste management (decrease in natural resources, air pollution, water pollution and landfill clogging).
- Discharges: Reduction in water quality, abiotic depletion 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.

There is a general procedure consisting of annual internal audits (PRAUD01) to verify and control the application of the policies and procedures described. Annual external audits are also carried out by authorized companies under the above-mentioned standards.

In addition, the Miquel y Costas Group works closely with its suppliers and contractors to guarantee their commitment to the environment, as indicated in the POLCAM. The policy is available on the corporate website <http://www.miquelycostas.com/esp/PoliticaCalidad.php>. As regards supplier assessment from an environmental viewpoint, further information is provided in section 6 (Society) of this report.

A six-monthly procedure is also carried out to check the functioning of the operational control defined and compliance with the environmental policy, objectives and requirements applicable at each plant, as described in the PRSAM04 and in the general internal audit procedure (PRAUD01).

The net investment, after deducting grants received, totaled €5,199 thousand in 2018 (€2,038 thousand in 2017). The Group's main environmental investments in the production process in 2018 were designed to reduce power consumption and so help combat climate change.

As regards investments not directly related to the production process, the main resources were employed to modernize structures through responsible renovation, to undertake projects to guarantee and improve the drying of purification plant sludge, and to optimize and replace power and steam generators, in the last two cases to reduce the consumption of natural resources (water and fuel).

Environmental protection costs incurred by the Group in 2018, after deducting revenue from the sale of by-products, amounted to €3,492 thousand (€2,681 thousand in 2017). They included no extraordinary items and related mainly to fees paid to regional governments for the use of water, raw materials and power consumed in environmental protection activities, and waste collection and treatment.

#### Pollution and climate change

The main greenhouse gases emitted by the Miquel y Costas Group relate to combustion equipment that generates the steam used in pulp and paper manufacturing processes. These facilities are included in the European Union's emission allowance trading scheme and are regulated accordingly.

Annual emissions are verified annually by an authorized external entity and are reported to the authorities in order for an equivalent number of allowances to be surrendered, thereby compensating for the emissions generated.

The Greenhouse Gases (GHG) protocol standard lays down a classification of emissions in terms of "scopes". Scope 1 refers to direct emissions from sources owned or controlled, while scope 2 includes indirect emissions due to the generation of electricity purchased.

The data are as follows for the Group as a whole:

t CO2/t prod	2017	2018 (Includes Clariana, S.A.)
Scope 1	0.92	0.78
Scope 2*	0.64	0.44

\*The figure is calculated based on the electricity mix of the Catalan Office for Climate Change (OCCC)

The data for the company Miquel y Costas & Miquel, S.A. are as follows:

t CO <sub>2</sub> /t prod	2017	2018
Scope 1	0.79	0.75
Scope 2*	0.50	0.39

\*The figure is calculated based on the electricity mix of the Catalan Office for Climate Change (OCCC)

In addition, through the CDP (Carbon Disclosure Project), the Group reports its emissions data to demonstrate its commitment to the environment and the reduction of GHG emissions. The report provides details of GHG reduction targets, as indicated in the section on risks.

Score	2017	2018
CDP Climate Change	B	B

The Miquel y Costas Group received a score of B, which is within the management range and for comparative purposes is above the European regional average (score of C) and the average for the paper and forestry industry (score of B-).

In the report to the Carbon Disclosure Project, risks are separated into three types:

- Risks of changes to legislation (EU ETS, energy, etc.)
- Risks of changes to physical climate parameters (natural catastrophes and changes to climate conditions)
- Risks of other changes related to the climate (corporate reputation and image)

As a result of this analysis and in order to improve the above-mentioned indicators, targets are set to mitigate the risks identified:

- In the short term, for the period 2008-2020, a 20% GHG emissions reduction target has been set through the following measures adopted in the transition towards a decarbonised economy: installation of low-emission equipment by Terranova Papers, optimisation of cogeneration boiler operations at the plants of Besós and MB Papeles Especiales, increase in the portfolio of energy reduction projects and study of investments in biomass combustion technologies.
- In the medium term, in the period 2008-2025, a 32% GHG emissions cutting target has been set based on the analysis of investments in more sustainable technologies.
- In the long term, in the period 2030-2050, a 40% GHG emissions cutting target will be applied through the study of new low-carbon-emission technologies for the pulp and paper industry.

Emissions of NO<sub>x</sub> and SO<sub>x</sub> from the combustion boilers are measured periodically, as indicated in the relevant IEAs.

kg/t prod	2017	2018 (Includes Clariana, S.A.)
NO <sub>x</sub>	1.05	0.89
SO <sub>x</sub>	0.01	0.02

### Circular economy

Pulp and paper manufacturing processes consume virgin material as a raw materials, but shrinkage during the production process is recovered.

As regards wood pulp, the main raw material used in our paper plants, 78% of the pulp purchased in 2018 was certified through the custody chain in place (excluding Clariana, S.A.). €120 million was spent to purchase cellulose pulp, natural fibers, chemical products and other raw materials.

The principal raw materials are wood pulp and textile fibers. This does not include other fibers employed in the production process, such as synthetic fibers, nor those purchased from Group companies.

<b>t fibre</b>	<b>2017</b>	<b>2018 (Includes Clariana, S.A.)</b>
Wood and non-wood fibres	63,469	78,517

Waste is managed through authorised companies, always observing the hierarchy of prevention, reuse, recycling, other types of recovery and disposal.

<b>kg waste/t prod</b>	<b>2017</b>	<b>2018 (Includes Clariana, S.A.)</b>
Hazardous waste	3.44	2.95
Non-hazardous waste	118.62	120.37

One of the measures implemented in a number of plants consists of optimising the sludge dehydration system in order to reduce the amount of this waste generated.

### Sustainable use of resources

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

Water used in the production process is mainly obtained from natural sources owned by the Miquel y Costas Group. Water and fiber recovery equipment is employed during production and the fiber is returned to the process. Data for all the Group's plants:

<b>m<sup>3</sup>/t prod</b>	<b>2017</b>	<b>2018 (Includes Clariana, S.A.)</b>
Capture of groundwater	23.18	22.61
Capture of municipal water	0.13	0.14

<b>m<sup>3</sup>/t prod</b>	<b>2017</b>	<b>2018 (Includes Clariana, S.A.)</b>
Discharge	21.35	20.98



The data for the company Miquel y Costas & Miquel, S.A. are as follows:

<b>m<sup>3</sup>/t prod</b>	<b>2017</b>	<b>2018</b>
Capture of groundwater	17.76	16.94
Capture of municipal water	0.13	0.24

<b>m<sup>3</sup>/t prod</b>	<b>2017</b>	<b>2018</b>
Discharge	15.01	15.79

The Group reports water consumption data through the CDP (Carbon Disclosure Project) to demonstrate our commitment to combating climate change.

<b>Score</b>	<b>2017</b>	<b>2018</b>
CDP Water	B	B

The Miquel y Costas Group obtained a score of B, which is within the management range and is above the European regional average and the average for the paper and forestry industry (score of C in both cases).

Finally, the main energy sources are natural gas and electricity.

<b>Consumption of natural gas and electricity</b>	<b>2017</b>	<b>2018 (Includes Clariana, S.A.)</b>
Natural gas (Nm <sup>3</sup> /t prod)	0.43	0.35
Electricity consumed (MWh/t prod)	1.64	1.37

#### Biodiversity

The production plants are located in areas that are not protected or regarded as high value in biodiversity terms. However, controls are carried out in some plants by calculating biodiversity indicators.

The IBMWP index is a tool used to assess the quality of river water. The Miquel y Costas Group employs it at the plants in La Pobla de Claramunt and in Tortosa, in accordance with the relevant Integrated Environmental Authorizations (IEAs), since they discharge into a public waterway.

The data reported by the Group are based on product tones produced (including Clariana, S.A.).

<b>t prod</b>	<b>2017</b>	<b>2018</b>
Product	70,720	93,905

The calculation base for the data reported by the company Miquel y Costas & Miquel, S.A. is as follows:

<b>t prod</b>	<b>2017</b>	<b>2018</b>
Product	41,538	44,469

### 3. Social and personnel-related matters

The Miquel y Costas Group's headcount at year-end 2018 totals 897 (including the company Clariana, S.A.). The average number of employees during the year was 887, the year-end figures being used due to the high stability of the workforce, as follows:

Classification by gender and professional category	Women	Men	Total
Production personnel	144	447	591
Administrative and technical personnel	98	75	173
Supervisors and middle management	10	88	98
Directors	2	24	26
Senior management	1	5	6
Executive Board directors	0	3	3
<b>Total</b>	<b>255</b>	<b>642</b>	<b>897</b>

The classification by age and gender is as follows:

Classification by age and gender	Women	Men	Total
< 20	0	3	3
21 to 30	17	32	49
31 to 40	52	145	197
41 to 50	97	222	319
51 to 60	60	187	247
> 60	28	54	82
<b>Total</b>	<b>254</b>	<b>643</b>	<b>897</b>

The distribution by country is as follows:

Distribution by country	Women	Men	Total
Spain	235	621	856
Argentina	19	18	37
Chile	0	1	1
Germany	0	2	2
Philippines	0	1	1
<b>Total</b>	<b>254</b>	<b>643</b>	<b>897</b>

As regards the individual figures for Miquel y Costas & Miquel, S.A., the headcount at the year end is shown below:

Classification by gender and professional category	Women	Men	Total
Production personnel	118	241	359
Administrative and technical personnel	58	45	103
Supervisors and middle management	4	47	51
Directors	1	10	11
Senior management	1	4	5
Executive Board directors	0	3	3
<b>Total</b>	<b>182</b>	<b>350</b>	<b>532</b>

The prevalent feature of the Group's labour and human resources development policy has always been the non-discrimination principle, which is based on respect for people's rights and dignity (irrespective of gender), conduct that is upright, honest and responsible, and the avoidance of all forms of discrimination.

In line with these guiding principles and with Law 3/2007 on the effective equality of women and men, the Company has an Equality Plan to help to eradicate discriminatory behavior in the workplace by reason of gender, including measures to favor hiring, continuance and personal development so as to:

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

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

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

Classification by contract	Women	Men	Total
Indefinite	29%	71%	788
Temporary	27%	73%	109
<b>Total</b>			<b>897</b>

Only one Group employee has a part-time contract at the year-end.

The individual figures for Miquel y Costas & Miquel, S.A. are as follows:

Classification by contract	Women	Men	Total
Indefinite	34%	66%	467
Temporary	35%	65%	65
<b>Total</b>			<b>532</b>

The annual distribution of indefinite, temporary and part-time contracts by age in the Group companies is as follows:

Classification of contracts by age	Temporary	Indefinite	Total
< 20	1	2	3
21 to 30	17	32	49
31 to 40	48	149	197
41 to 50	32	287	319
51 to 60	10	237	247
> 60	1	81	82
<b>Total</b>	<b>109</b>	<b>788</b>	<b>897</b>

The distribution by category and gender is as follows:

Classification by category and gender	Women		Men		Total
	Temporary	Indefinite	Temporary	Indefinite	
Production personnel	12	135	60	392	599
Administrative and technical personnel	16	77	13	60	166
Supervisors and middle management	1	9	7	80	97
Directors	0	4	0	22	26
Senior management	0	1	0	5	6
Executive Board directors	0	0	0	3	3
<b>Total</b>	<b>29</b>	<b>226</b>	<b>80</b>	<b>562</b>	<b>897</b>

In 2018, the number of lay-offs by age, gender and professional category is shown below for the Spanish companies:

Lay-offs by gender and age	Women	Men	Total
< 20	0	0	0
21 to 30	0	3	3
31 to 40	1	2	3
41 to 50	3	6	9
51 to 60	0	2	2
> 60	0	1	1
<b>Total</b>	<b>4</b>	<b>14</b>	<b>18</b>

Lay-offs by professional category and gender	Women	Men	Total
Production personnel	1	7	8
Administrative and technical personnel	3	5	8
Supervisors and middle management	0	0	0
Directors	0	1	1
Senior management	0	1	1
Executive Board directors	0	0	0
<b>Total</b>	<b>4</b>	<b>14</b>	<b>18</b>

Average remuneration broken down by gender, age and professional category is shown below for the Spanish companies:

Category	MEN		WOMEN		Wage gap by professional
	Age	Average wage	Age	Average wage	
Senior management + Middle management	<=30	0.00	<=30	0.00	13%
	31-49	108,867.68	31-49	0.00	
	>=50	109,257.78	>=50	123,429.11	
	Total	109,109.81		123,429.11	
Supervisors and middle management	<=30		<=30	0.00	-15%
	31-49	46,955.10	31-49	43,388.18	
	>=50	52,979.22	>=50		
	Total	50,078.93		42,503.84	
Administrative and technical personnel (1)	<=30	24,461.07	<=30	23,548.36	-20%
	31-49	37,965.68	31-49	29,080.04	
	>=50	43,961.44	>=50	36,382.35	
	Total	38,587.23		30,792.94	
Production personnel (2)	<=30	25,225.35	<=30	25,576.46	-15%
	31-49	31,180.40	31-49	26,851.32	
	>=50	32,106.50	>=50		
	Total	31,181.68		26,390.32	
Non-continuous production personnel (3)	<=30		<=30	0.00	-16%
	31-49	26,484.51	31-49	20,162.40	
	>=50	27,537.09	>=50	22,596.80	
	Total	26,141.10		22,047.09	

(\*) The shaded boxes without data relate to information on a single person.  
Pre-retired employees are not included.  
The wage gap is the difference between the average salary for women versus the average salary for men.

- (1) Difference between women and men in the "Administrative and technical personnel" group: the men are sales representatives and engineers, while the women are administrative personnel and sales assistants.
- (2) Difference between women and men in the "Production personnel" group aged 31 to 49: the women are mostly labourers while the men are operatives in all categories.
- (3) Difference between women and men in the "Non-continuous production personnel" group: the men are maintenance workers and the women are paper conversion workers.

Details of the remuneration of Board directors and senior managers may be consulted in the Annual Corporate Governance Report, which forms part of the 2018 Annual Accounts, as well as in the corporate website: <http://www.miquelcostas.com/esp/InformeGobierno.php?Ejercicio=2018>.

The following data refer to employees with disabilities by gender and contract type for the Spanish companies:

<b>Employees with a disability rating by category and gender</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>
Temporary	0	1	1
Indefinite	1	6	7
<b>Total</b>	<b>1</b>	<b>7</b>	<b>8</b>

The Miquel y Costas Group meets all prevailing legal requirements and, in particular, those related to disabled employees. In this case, in accordance with the Law on the Social Integration of the Disabled (LISMI), in view of the special nature and complexity of work posts in the paper industry from the viewpoint of occupational safety, the Company opts to request the certificate of exceptionality. This legal option and alternative allows the law to be observed by hiring employees through Special Employment Centers to carry out certain production work, which also helps to create jobs. No work posts have been adapted for disabled employees.

The following data on absenteeism for 2018 include hours of sick leave, occupational accidents and maternity/paternity leave:

<b>Absenteeism (hours)</b>	<b>Hours</b>
Hours due to illness	73,300.40
Hours due to occupational accidents	6,253.92
Maternity/paternity leave hours	7,542.86

\* Not including data on Clariana, S.A. nor on the foreign subsidiaries.

The current work calendar applies to all the employees and is in line with legislation in each country. The measures put in place to promote a work-life balance and the co-responsible use of this right by both parents are laid down in prevailing legislation, such as the reduction in working hours for child care, parental leave, etc. The office personnel have a flexible working day, while production work is organized in rotating morning, evening and night shifts, as well as a non-stop system (depending on the plant).

Work is regulated and organized as laid down in collective bargaining agreements. Each plant comes under the national collective agreements for the pulp, paper and board industry or for graphic arts, paper conversion, board conversion, publishing and ancillary industries. Trade union membership rights are guaranteed through freedom of association for workers, facilitating the creation of trade union platforms. The Group has not implemented a right to disconnect 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, besides the communication mechanisms that are common practice in the business world. Meetings are regularly held with the employees' representatives (works committee and delegates) to discuss various matters affecting labour relations in the plants and with the health and safety committees.

The employees' representatives are informed quarterly of trends in the economic sector, the Company's business situation and performance, forecast new contracts and absenteeism statistics. A channel for communicating with the Board committee is available in the form of an open inbox. The Group applies national employment legislation in each country in which it has employees, all of whom are covered by national collective bargaining agreements.

Group management understands that occupational risk prevention is a key aspect of business management to which all those involved must pay the utmost attention so as to achieve a safe and healthy work environment in all the offices and plants.

With the aim of guiding those that are responsible for managing the Company, whether senior or middle management, a prevention policy has been put in place, based on the following principles:

- Personal health and safety must be managed with the same professional rigor as any other of the Company's key areas and all managers must specifically consider these aspects in all activities they carry out or order and in all decisions taken.
- The procedures applied to evaluate performance and promote personnel will include aspects related to occupational health and safety.
- The relevant actions will be promoted so that all persons working in the Group's plants and offices have the same level of occupational health and safety, including employees and personnel from external companies, by implementing the necessary coordination and control procedures with contractors.
- Work will be performed safely, adopting the appropriate preventive measures as an integral part of each activity. Measures will be in place so that occupational health and safety training and motivation forms part of the professional training of all persons, so as to assure that they all have sufficient training and information related to risks, preventive measures and emergency measures applicable to their posts.
- Mechanisms will be provided to ensure fluid communication with workers in relation to prevention and to encourage their active engagement and that of their representatives in risk assessment processes and in the design and application of preventive programs.
- Systems will be in place to allow the ongoing identification of hazards and assessment of occupational risks as a basis for establishing appropriate control measures and programs, so as to create and maintain safe work environments.
- Management will apply and monitor the necessary prevention plans and programs both to assure compliance with prevailing legislation and other requirements applicable to the Company and to allow continuous improvement until the target of zero injuries is reached.

The collective bargaining agreements applicable at the Miquel y Costas Group's plants, that is the national collective agreements for the pulp, paper and board industry and for graphic arts, paper conversion, board conversion, publishing and ancillary industries, encourages compliance with the provisions of current occupational health and safety legislation, particularly Law 31/1995 of 8 November on Occupational Risk Prevention and related enabling regulations.

In addition, the national collective agreement for the pulp, paper and board industry urges the greatest possible cooperation from all industry companies, the Group participating actively through the ORP Technical Forum, which focuses on ensuring that preventive measures effectively reduce risks and potential accidents during the production process.

Accident data for each plant in 2018 are as follows:

Work centre <sup>(1)</sup>	Lost-time occupational accidents			
	No. of accidents (men)	No. of accidents (women)	FR <sup>(2)</sup>	SR <sup>(3)</sup>
Miquel y Costas & Miquel, Tuset offices	0	0	0	0
Miquel y Costas & Miquel, Besós plant	3	0	9.0	0.2
Miquel y Costas & Miquel, Besós plant	2	0	15.2	0.3
Miquel y Costas & Miquel, Mislata plant	2	0	15.2	0.4
Miquel y Costas & Miquel, Capellades plant	1	1	8.1	0.2
MB plant	1	0	7.4	0.2
Terranova plant	0	0	0	0
Clariana plant	6	0	44.9	0.6

Plant <sup>(1)</sup>	Lost-time accidents on the way to/from work	
	No. of accidents (men)	No. of accidents (women)
Miquel y Costas & Miquel, Tuset offices	0	1
Miquel y Costas & Miquel, Besós plant	4	0
Miquel y Costas & Miquel, Besós plant	1	0
Miquel y Costas & Miquel, Mislata plant	1	0
Miquel y Costas & Miquel, Capellades plant	0	2
MB plant	1	0
Terranova plant	0	0
Clariana plant	0	0

(1) Not including foreign subsidiaries

(2) Frequency rate: number of accidents per million hours worked

(3) Severity rate: number of days lost per thousand hours worked

During this period there was one fatal accident during a train journey from the worker's home to the place of work.

The occupational risk prevention system identifies, assesses and controls the risk that there may be workers engaged in professional activities showing a high incidence or risk of certain diseases. No professional disease was identified or declared in 2018.

Occupational risk prevention is a key aspect of management in all the Group companies to which all those involved must pay the utmost attention so as to achieve a safe and healthy work environment.

OHSAS 18001:2007 certification lays down the requirements that must be fulfilled by an occupational health and safety management system so that organizations can effectively control related risks in their activities and continuously improve performance. OHSAS 18001:2007 certification entails an improvement in occupational health and safety management, demonstrates a commitment to compliance with prevailing legislation and helps to identify potential emergency situations and management system weaknesses, facilitating the integration of quality, environment and occupational health and safety systems.



In order to guarantee this, the Group obtained certification in 2011 for the Tuset work centre (headquarters), the Besós plant (Barcelona), the Capellades plant (Barcelona), the Mislata plant (Valencia), the MB Papeles Especiales plant (La Pobla de Claramunt), the Terranova Papers plant (La Pobla de Claramunt) and the Celesa plant (Tortosa).

An annual Training Plan is drawn up after defining the work posts and identifying training needs arising from objectives set (defined by the department/area head, plant manager, general manager and/or division manager, relating to new products, processes or facilities, due to regulations applicable to a product or process, requirements of the Quality, Environment, Custody Chain and Occupational Safety Management System or changes to the Integrated Management System). This guarantees training for personnel that could influence product quality, customer service, environmental aspects and all matters related to the posts they hold, which could improve their performance.

The number of training hours per professional category in 2018 is shown below for the Spanish companies:

No. of training hours per professional category	Hours
Production personnel	2,444
Administrative and technical personnel	5,190
Supervisors and middle management	1,576
Directors	623
Senior management	149
Executive Board directors	72
<b>Total</b>	<b>10,054</b>

#### 4. Respect for human rights

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

- Respect for personal rights and dignity, regardless of gender.
- Upright, honest and responsible conduct.
- Rejection of any form of discrimination.

Business policies have been defined in strict compliance with the fundamental principles and values promoted by the main international human rights organizations, such as the United Nations or the World Labour Organization.

The labour policies in place in the Group are in line with prevailing employment legislation at all times and include due diligence procedures to assure compliance.

In line with the guiding principles, Miquel y Costas & Miquel, S.A. and its Group have drawn up and are committed to maintaining an Equality Plan to help to eradicate discriminatory behavior in the workplace by reason of gender, including measures to favor hiring, continuance and personal development so as to:

- Achieve a balance of women and men at all levels of business organization.
- Promote measures that favor a work-life balance.
- Tackle any incidents that may arise in connection with sexual, moral or gender harassment.

An internal procedure is also in place to prevent sexual, moral or gender harassment in the workplace, including penalties for any act of harassment that may occur in the Group companies.

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

On 27 November 2017, the Board of Directors approved the Code of Ethics, demonstrating the Miquel y Costas Group's desire to do business in line with the values of integrity, transparency, equality, commitment and excellence that guide the conduct of its employees, senior management and the Board. The Code of Ethics guarantees the Group's undertaking to carry out its activities in accordance with solid ethical values and to comply with applicable legislation. All the companies of the Miquel y Costas Group aim to do business observing the values of integrity, transparency, equality, commitment and excellence that guide the conduct of all their employees, management and the Board. The principles and values that underlie the Code of Ethics are mandatory for all personnel employed by or providing services to any Group company.

Trade union rights and freedom of association for all our workers are observed in accordance with the law, as well as the rights and guarantees laid down in employment legislation for the employees' legal representatives at all the plants.

## **5. Combating corruption and bribery**

The Miquel y Costas Group has had an "Internal Control Model for Criminal Risk Prevention" in place since 2016. This management and organization model has been designed to cover all business areas and includes surveillance and control measures necessary to prevent and detect the commission of offences (particularly criminal offences that may benefit the legal entity), thus guaranteeing the Company's good intentions with respect to third parties.

Prevailing legislation is observed through the periodic review, analysis and oversight of the control activities applied to the processes exposed to risk so as to identify conduct and procedures that are punishable under criminal law, both by the employees and third parties within the Group or during its activities, as well as to adopt suitable measures in each case.

Once the criminal risk control management system has been implemented, the offences that could show the highest incidence are identified and prioritized, while also detecting the areas and processes most exposed to risk and the mitigating control mechanisms. The management model is kept up to date by means of the following actions:

- Periodic supervision of the effectiveness of controls;
- Action plans to put in place new controls or improve existing mechanisms;
- Internal audit plan for controls regarded as critical; and
- External audit of the management model.

A periodic follow-up is carried out of compliance with the control mechanisms implemented in the processes most exposed to risk, conclusions are drawn on their design and their operational effectiveness for the prevention or detection of offences, particularly criminal offences, is evaluated. The actions taken and findings are overseen and approved by the Audit Committee (Board committee). An annual report is also issued by an external auditor on the compliance management system.

In addition to the Code of Ethics, on 27 November 2017 the Audit Committee, as the Board committee responsible for these matters, approved the Corporate Social Responsibility Policy and the Anti-corruption and Anti-bribery Policy, as ratified by the Board of Directors on 18 December 2017.

The Code of Ethics, Corporate Social Responsibility Policy and Anti-corruption and Anti-bribery Policy are applicable to all the companies of the Miquel y Costas Group and all their personnel. The Corporate Social Responsibility (CSR) Policy, besides strict compliance with applicable legal obligations, is designed to assure the voluntary inclusion in governance, management and business strategies of social, labour, environmental and human rights concerns that arise in relation to the stakeholders that represent sustainable value for the Miquel y Costas Group.

Similarly, the Anti-corruption and Anti-bribery Policy bolsters the Group's commitment to doing business in accordance with prevailing legislation, based on the values and principles underlying the Code of Ethics. The Anti-corruption and Anti-bribery Policy includes mechanisms to avoid the risk of money laundering.

The risk prevention and control model is applied for the purposes of fulfilling the Code of Ethics, Corporate Social Responsibility Policy and Anti-corruption and Anti-bribery Policy.

The Code of Ethics, Corporate Social Responsibility Policy and Anti-corruption and Anti-bribery Policy in place in all the companies of the Miquel y Costas Group are publicly available (internally and externally) on the website: <http://www.miquelycostas-gob.com/>

The Group has a Compliance Officer who responds to queries relating to these mechanisms and there are channels available to report suspicions of the commission of unlawful actions.

The Miquel y Costas Group has a contact inbox in its corporate governance website (for external use) and an internal whistleblower channel at each work center.

All notifications received are treated as highly confidential and are examined by the Audit Committee. No matter related to discrimination or harassment was reported in 2018.

There were no confirmed cases of corruption during the year. Accordingly:

- No employee was warned or dismissed in this respect.
- There were no terminations or non-renewals of agreements with any business partner.
- No legal claims have been received in this regard against the organization or any of its employees.

All the centers located in Spain and the most significant corruption-related risks have been evaluated. Work centers are set out below by type:

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

The most relevant risks related to corruption and to the Group's activities are described below:

- Fraud and swindles.
- Frustration of enforcement.
- Criminal insolvency.
- Money laundering.
- Bribery.
- Influence peddling.

In the interests of our zero tolerance stance in relation to acts of corruption and offences of any kind, assure observance of the prevention procedure and identify possible warning signs, as well as to guarantee fulfilment of the principles contained in the Code of Ethics, Corporate Social Responsibility Policy and Anti-corruption and Anti-bribery Policy, in 2018 the Group:

- Furnished information to the members of the governance team on the policies and training available in the organization in relation to procedures to combat corruption.
- Informed 91% of the organization's employees, 85% having received training (the remaining percentage relates to new joiners and workers on sick leave).
- Informed three significant business partners representing 35% of share capital.

## **6. Society**

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

Partnerships have been undertaken in relation to educational programs or agreements for practical training in some of the Group companies, as well as a project to restore heritage assets such as a paper mill, a singular XVIII-century building that is undergoing a full renovation.

As regards business associations, the Group, through its companies, is a sponsor member of the paper museum Museu Molí Paperer de Capellades (Barcelona) and a member of the Anoia UEA (Unió Empresarial de l'Anoia) regional business association. The Group made donations totaling €54 thousand during the year.

As regards the supply chain, the procurement department assesses suppliers of production materials taking into account aspects related to quality, price, delivery period, technical service and assistance, and the environment. Regular audits are carried out covering all these matters, including internal questionnaires that must be completed and visits to the supplier's facilities by the Group's technical personnel, over 120 reviews having been carried out with an average score of 92.2 out of 100.

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

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

In addition, there is an operational control procedure (PRSAM04) for environmental aspects associated with equipment and facility maintenance activities and those performed by subcontractors.

Specifically for subcontractors that carry out work in the facilities of Miquel y Costas & Miquel, S.A. and its Group, the CTAIMA platform is used to coordinate business activities, informing the companies of the environmental requirements to be fulfilled in order to work inside the facilities.

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

#### Tax information

The Group makes contributions to the territories in which it is located. Certain assistance is also received to promote public policies aligned with those of the Group. Details of this assistance may be found in note 14 a) to the 2018 Consolidated Annual Accounts.

Net profits obtained by country are as follows:

<b>Country</b>	<b>Profit Before Taxes</b>	<b>Income Tax Payments</b>
SPAIN	50,287	10,777
OTHER COUNTRIES (Argentina, Chile and Germany)	-633	45
<b>Total</b>	<b>49,654</b>	<b>10,822</b>

\* Data in thousands of euros, including the negative impact of hyperinflation in Argentina

#### Consumers

The Group complies with legislation in force in the countries where its products are sold. Most are industrial products that are included in other companies' production processes. Products used in the food industry fulfil all requirements to guarantee the health and safety of consumers and, in the case of Terranova Papers, meet the BRC-IOP standard. Product technical specifications are defined by customers, no claim having been received in relation to consumer health.

### Appendix I. Traceability table under Law 11/2018

SCOPE	Content	GRI Standards	Page of report
<b>Business model</b>	Brief description of the group's business model, including: 1.) business context 2.) organization and structure 3.) markets in which it operates 4.) objectives and strategies 5.) main factors and trends that may affect its future performance.	102-1	1
		102-2	2
		102-3	1
		102-4	4
		102-6	2
		102-7	1
<b>Political</b>	A description of the policies applied by the group in relation to environmental matters, social issues, respect for human rights, combating corruption and bribery, and those related to personnel, including any measures that may have been adopted under the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of the disabled and universal accessibility.	103, 102-16, 102-17	3, 4, 6, 11, 14, 15, 19, 20, 22
<b>Results of policies KPIs</b>	The results of the policies, including the relevant non-financial key performance indicators that allow: 1.) monitoring and assessment of progress; and 2.) favour comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	102-8, 102-41, 102-41, 301-1, 302-1, 302-4, 303-1, 305-1, 305-2, 305-7, 308-1, 401-1, 403-2, 404-1, 405-1, 405-2, 406-1	7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22
<b>S/T, M/T and L/T risks</b>	The main risks related to these matters and 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 matter. * Information must be included on any impacts detected, providing a breakdown, particularly of the main short-, medium- and long-term risks.	102-15	1, 5, 7, 15, 18, 20
<b>Environmental matters</b>	<b>Overall environment</b>		
	1. Detailed information on the current and foreseeable effects of the company's activities on the environment and, if applicable, on health and safety, environmental assessment or certification procedures; 2.) Resources devoted to preventing environmental risks; 3.) Application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. under environmental responsibility legislation).	103	4, 5, 6
	<b>Pollution</b>		
	1. Measures to prevent, reduce or repair carbon emissions that seriously affect the environment.	103	6, 7, 8

SCOPE	Content	GRI Standards	Page of report
	2. Taking into account any form of atmospheric pollution specific to an activity, including noise and light.	305-7	6, 8
	<b>Circular economy and waste prevention and management</b>		
	Circular economy;	103	4, 8
	Waste: Measure for the prevention, recycling, reuse, other forms of recovery and disposal of waste;	103	8
	Actions to combat food waste.	103	Immaterial
	<b>Sustainable use of resources</b>		
	<u>Consumption of water and water supply in accordance with local limits;</u>	303-1	8
	<u>Consumption of raw materials and measures adopted to use them more efficiently;</u>	103	8
		301-1	8
	Direct and indirect <u>consumption of energy, measures taken to improve energy efficiency and the use of renewable energies.</u>	103	9
		302-1	9
		302-4	9
	<b>Climate change</b>		
	Significant aspects of the greenhouse gas emissions generated by the company's activities, including the use of the goods and services produced;	103	7
		305-1	7
		305-2	7
	Measures to adapt to the consequences of climate change;	103	5, 6, 7
	Medium- and long-term reduction goals set voluntarily for greenhouse gas emissions and the means used to achieve them.	103	7
	<b>Protection of biodiversity</b>		
	Measures taken to preserve or restore biodiversity;	103	9
	Impacts of activities or operations on protected areas.	304-2	9
Social and personnel-related matters	<b>Employment</b>		
	Total number and distribution of employees by gender, age, country and professional category;	103	10, 11
		102-8	10, 11
		405-1	10, 11
	Total number and distribution of employment contract types;	102-8	11
	Annual average indefinite contracts, temporary contracts and part-time contracts by gender, age and professional category;	102-8	10, 12
		405-1	12
	Number of lay-offs by gender, age and professional category;	401-1	12
	Average remuneration and trends by gender, age and professional category or equivalent value;	405-2	13
	Wage gap, remuneration for the same posts or the company's average remuneration;	103	13
		405-2	13
	Average remuneration of Board directors and executives, including variable remuneration, per diems, indemnities, payments to long-term pension schemes and any other remuneration broken down by gender;	103	13
	Implementation of right to disconnect policies;	103	14
	Disabled employees.	405-1	14
	<b>Work organization</b>		
	Organization of working hours;	103	14



SCOPE	Content	GRI Standards	Page of report
	Number of hours of absenteeism;	403-2	14
	Measures to facilitate a work-life balance and encourage the co-responsibility of both parents.	103	11
	<b>Health and safety</b>		
	Health and safety in the workplace;	103	15, 16
	Occupational accidents, particularly frequency and severity, professional diseases, broken down by gender.	403-2	16
		403-3	16
	<b>Labour relations</b>		
	Organization of social dialogue, including procedures to inform, consult and negotiate with personnel;	103	14.15
	Percentage of employees covered by collective bargaining agreements by country;	102-41	15
	Main content of the collective agreements, particularly in relation to occupational health and safety.	403-4	16
	<b>Training</b>		
	Training policies implemented;	103	17
	Total training hours by professional category.	404-1	17
	<b>Universal accessibility for the disabled</b>	<b>103</b>	<b>14</b>
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**miquel y costas & miquel,s.a.**

Mr. Francisco Javier Basañez Villaluenga, bearing National ID nº 36.949.799-T, as Secretary of the Board of Directors of the trading company **Miquel y Costas & Miquel, S.A.**, with registered office in Barcelona, calle Tuset, nº 10, and Taxpayer ID nº A-08020729, and the parent company of the Consolidated Group, hereby

CERTIFIES:

That on 25 March 2019 the Board of Directors of Miquel y Costas & Miquel, S.A. approved in 2018 Statement of Financial Position. This Report, with Spanish version comprises 26 pages, It is presented together with the verification report issued by independent provider accompanying the Annual Accounts of the Company and Consolidated Group, which were formulated on the date aforementioned by all the members of the Board of Directors and unanimously approved.

And in witness hereof, I sign this certificate for all purposes in Barcelona on twenty-six of March two thousand nineteen

Original in Spanish signed

