ANNUAL REPORT
_2022

NON-ESEF COMPLIANT AND UNAUDITED VERSION

MAKING IT BETTER SEMAPA

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

This document constitutes a non-ESEF compliant and unaudited version of the Annual Report for the year 2022 of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. The final and audited version of the aforementioned Annual Report in ESEF format can be consulted at www.cmvm.pt and at www.semapa.pt. If there are differences between this version in PDF format and the aforementioned version in ESEF format, the content in the latter will prevail.

This document is a translation of a text originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

ANNUAL REPORT
_2022

MAKING IT BETTER SEMAPA

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1

OVERVIEW 2022

Message from the Chairman and CEO

GRI 2-22

José Fay
Chairman of the Board of Directors

Ricardo Pires
Chairman of the Executive Board (CEO)

Dear Stakeholders,

After two very challenging years brought on by the pandemic, 2022 was another year marked by unpredictability, this time due to a war in Europe, the end of decades of controlled inflation in the major developed economies, and a significant rise in interest rates, that penalise the prospects for economic growth for 2023.

It was also a year especially characterised by uncertainty and volatility in our industries. Energy, logistics and raw material costs, which were already at historically high levels at the beginning of the year, rose substantially throughout the year.

These difficulties serve to enhance the significance of the results of the Semapa Group. In the first place are all the Semapa Group employees, who contributed another exceptional year, a year which once again highlighted the ability of Semapa Group's people to overcome challenges and the robustness of the competitive position of the different companies in their markets. The teams responded to the adverse economic context with improvements in efficiency, increases in productivity and great discipline in cost control. All these factors proved decisive in achieving a result that makes us very proud. We address these words of sincere gratitude to all our employees for your effort and wisdom.

"In 2022 the Semapa Group reiterated its ambition for growth, and the year was marked by several important advances in the area of investment and innovation, two pillars of Semapa's renewed ambition."

This result leaves the Semapa Group in a very robust financial position and reinforces our ambition to face a new cycle of investment and growth. The economic situation will be demanding, but we are convinced that as a Group with a long-term horizon, we have the conditions to accelerate growth, continuing to bet on solid businesses with good medium and long-term prospects.

In 2022 the Semapa Group reiterated its ambition for growth, and the year was marked by several important advances in the area of investment and innovation, two pillars of Semapa's renewed ambition.

The partnership at UTIS was strengthened and extended to the entire portfolio of products related to the production of hydrogen and its use in continuous combustion and internal combustion optimization systems. This strengthened partnership was also embodied in the inauguration of a new factory that boosts the company's production capacity and opens up new horizons.

At ETSA, we have begun construction on a new plant for the development of the ETSA ProHy project, which will be inaugurated in 2024 and which marks the company's entry into the high value-added fine chemical segment.

At Secil, we highlight the progress of the Clean Cement Line project, which positions the Outão plant as one of the most efficient and sustainable in the world.

At Navigator we highlight various developments: in the tissue segment – the preparation of the acquisition of Goma Camps Consumer, to be finalised in 2023; in packaging – the Agenda "From Fossil to Forest – Sustainable Packaging Products for Fossil Plastic Replacement" under the Recovery and Resilience Plan (RRP); and in energy – the agreement of principle with P2X Europe for the development of a state-of-the-art industrial unit for the large-scale production of non-fossil fuels for the aviation sector from green hydrogen and biogenic CO_2.

In the venture capital segment, Semapa Next was very active in 2022, with 5 new investments in which the company led or co-led investment rounds: Kencko, Probely, RealFevr, Overstory and Circuit.

This was also a year in which our shareholders elected a new Board of Directors and an executive board was constituted for the next three years. We thank all the members of the previous Board of Directors and Executive Committee for their contribution to the development of the Semapa Group.

With the election of the new bodies, Semapa also redefined its purpose. As we have seen in recent years, the speed of change today requires a capacity for rapid mobilisation at all organizational levels. We wanted "Making it Better" – a proposal that resulted from the joint contribution of all Semapa employees – to be crystallised as the guidepost for the entire organisation. This purpose was also reflected in the new brand and is taking root in our culture.

In the strategic pillar "Talent", leadership development programmes were implemented, targeting the first lines of the Group, in co-creation with prestigious business schools. This is one example among many that reflects the investment made to ensure the preparation of a wide range of leaders, prepared for the challenges of the future.

The year was also marked by a strengthening of the Group's performance in the field of Sustainability, 2022 being highlighted by various distinctions and initiatives of our subsidiaries.

At the Semapa Group level, during 2022 the ambition to decarbonize was consolidated, with the Carbon Roadmap being approved in 2023. The Carbon Roadmap formalizes the Group's path towards reducing emissions, consolidating the approaches between the different companies and guaranteeing the cohesion of the sustainability policy and the fight against climate change. Within the scope of the Carbon Roadmap, the objective is to achieve carbon neutrality by 2050, and to reduce, by 2035, CO_2 emissions under scope 1 and 2, by 54% and 71%, in the geographies where the Group operates and in Portugal, respectively.

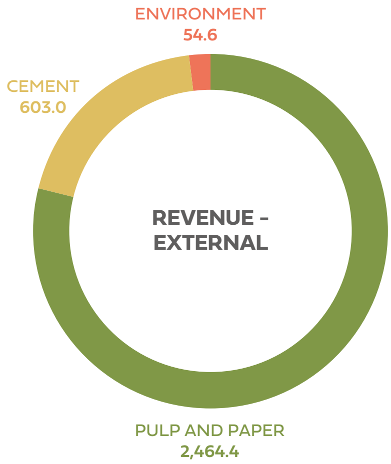
Navigator was given the maximum rating ("A") by CDP – Disclosure Insight Action for global leadership in the fight against climate change; it was also rated it as an ESG Industry Top-Rated company by the rating agency Sustainalytics.

Secil launched Verdi Zero Concrete, the first carbon-neutral concrete in Portugal, a product based on a Secil innovation in product development that guarantees, from the outset, an important reduction in CO_2 emissions.

With regard to ETSA and UTIS, companies whose own core business contributes to decarbonisation, strategic growth plans were drawn up and the investment commitment to accelerate the expansion of their businesses was reinforced.

We close with a message of enthusiasm for the future. The responsiveness of Semapa Group Employees allows us to face the future with confidence and ambition. We start from a privileged position, with a legacy and a very strong set of companies, to which we have added a renewed investment ambition, which will translate into growth opportunities for the Group's staff. To all our stakeholders we reiterate the commitment made in our purpose, to contribute with positive impact, Making it Better.

Leading Indicators of the Group



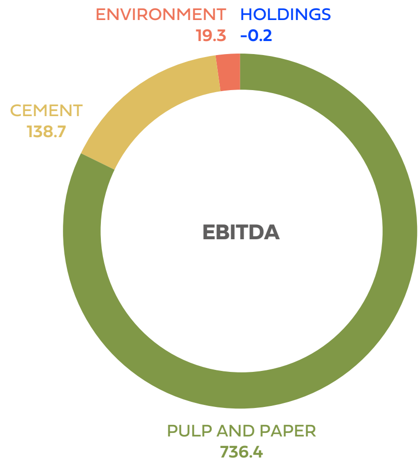
REVENUE

3,122.0

million euros

+46.5%

2021: 2,131.4 million euros



EBITDA

894.2

million euros

+75.8%

2021: 508.7 million euros

EBITDA MARGIN

28.6%

2021: 23.9%

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

307.1

million euros

+55.0%

2021: 198.1 million euros

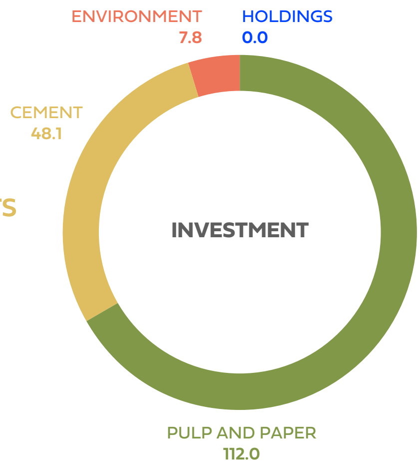
INVESTMENT IN TANGIBLE FIXED ASSETS

168.0

million euros

+39.7%

2021: 120.3 million euros



ACCIDENT FREQUENCY RATE

7.7

2021: 7.9

NO. HOURS OF TRAINING/ EMPLOYEE

28.6

2021: 30.1

RENEWABLE ENERGY CONSUMPTION

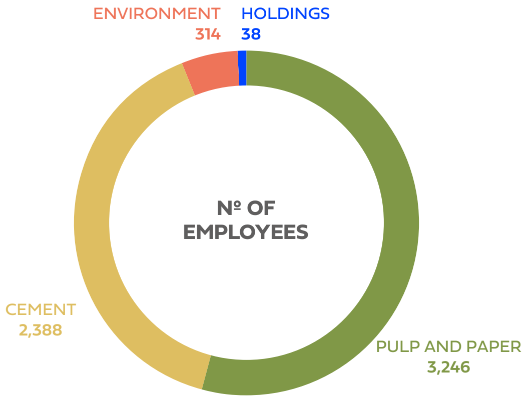
(%total energy consumption)

57%

NO. OF EMPLOYEES

5,986

2021: 5,830 (+2.7%)



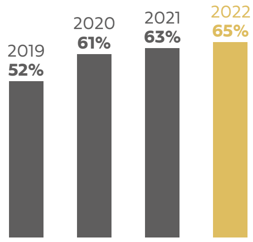
KG CO_2 PER T/ CEMENTITIOUS

Secil

-16.4%

vs. 1990 emissions

Product	N.º	Capacity
BEKP Pulp	3	1.55 MtAD
UWF Paper	2	1.57 Mt
Cement	8	9.75 Mt



% OF NATIONAL CERTIFIED WOOD RECEIVED IN NAVIGATOR'S INDUSTRIAL COMPLEXES

% NATIONAL CERTIFIED WOOD

Navigator

65%

2021: 63%

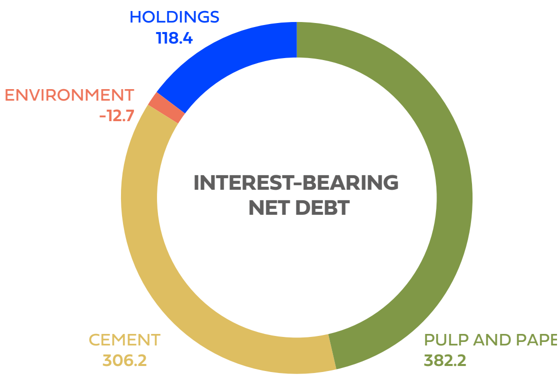
INTEREST-BEARING NET DEBT

794.2

million euros

-21.8%

2021: 1,015.6 million euros



BUSINESS INDICATORS

Million Euros	2018	2019	2020	2021	2022
Income Statement					
Revenue	2,198.0	2,228.5	1,867.4	2,131.4	3,122.0
EBITDA	548.5	486.8	419.3	508.7	894.2
EBITDA margin (%)	25.0%	21.8%	22.5%	23.9%	28.6%
Operational results	313.7	241.0	199.2	310.1	641.8
EBIT margin (%)	14.3%	10.8%	10.7%	14.5%	20.6%
Profit for the year	201.2	162.7	142.2	250.0	422.1
Attributable to Semapa's Shareholders	132.6	124.1	106.6	198.1	307.1
Per share					
Closing market price, Eur/share	13.100	13.720	9.000	11.700	12.360
Dividends per share, Eur (paid in n+1)	0.512	0.125	0.512	1.764	0.950
Basic earnings per share, Eur	1.643	1.540	1.333	2.481	3.845
Cash Flow					
Cash Flow	436.0	408.6	362.3	448.5	674.4
Investments					
Capital Expenditure	243.2	202.9	108.9	120.3	168.0
Balance Sheet					
Consolidated shareholders' equity	890.4	960.9	948.8	1,092.3	1,323.4
Total equity	1,257.6	1,261.7	1,208.0	1,345.4	1,633.6
Interest-bearing net debt	1,551.6	1,470.7	1,215.7	1,015.6	794.2
Interest-bearing net debt + IFRS 16	1,551.6	1,545.8	1,295.9	1.112,3	895.4

Note:
2022 dividends per share refers to the proposed allocation of profit presented in this report to be paid in 2023

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THE SEMAPA GROUP

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1 Purpose, Mission, Strategic Principles and Values

GRI 2-23

Purpose

Work as one,
joining forces to make it happen.

MAKING IT BETTER

Mission

To be a reference investment company, focused on growth and long-term value creation, respecting our legacy and bringing together the best talent to build a diversified and future-proof portfolio that is protected against the future, always looking for positive social and environmental impact.

Values

> Simplicity, proximity and discretion;

> Social and environmental awareness;

> Orientation to action;

> Continuous improvement with innovation and entrepreneurship

Strategic Principles

> To grow, with the creation of shareholder value in a perspective of sustainable development with high social awareness;

> To promote the development of local communities;

> To develop its Human Resources, providing them with permanent upgrading and career opportunities in accordance with demonstrated ambition and skills;

> To be ready for business opportunities and to make acquisitions with the potential for generating value.

2 Who We Are

One of the biggest Portuguese industrial groups with a presence in
4 continents

Portfolio
that includes Pulp and Paper, Cement and Other Building Materials, Environment, Venture Capital and Hydrogen for Energy Efficiency and Decarbonization

Listed on
Euronext Lisbon (PSI)
since 1995

Family
Queiroz Pereira
reference investor

Professional, experienced and diversified **management**

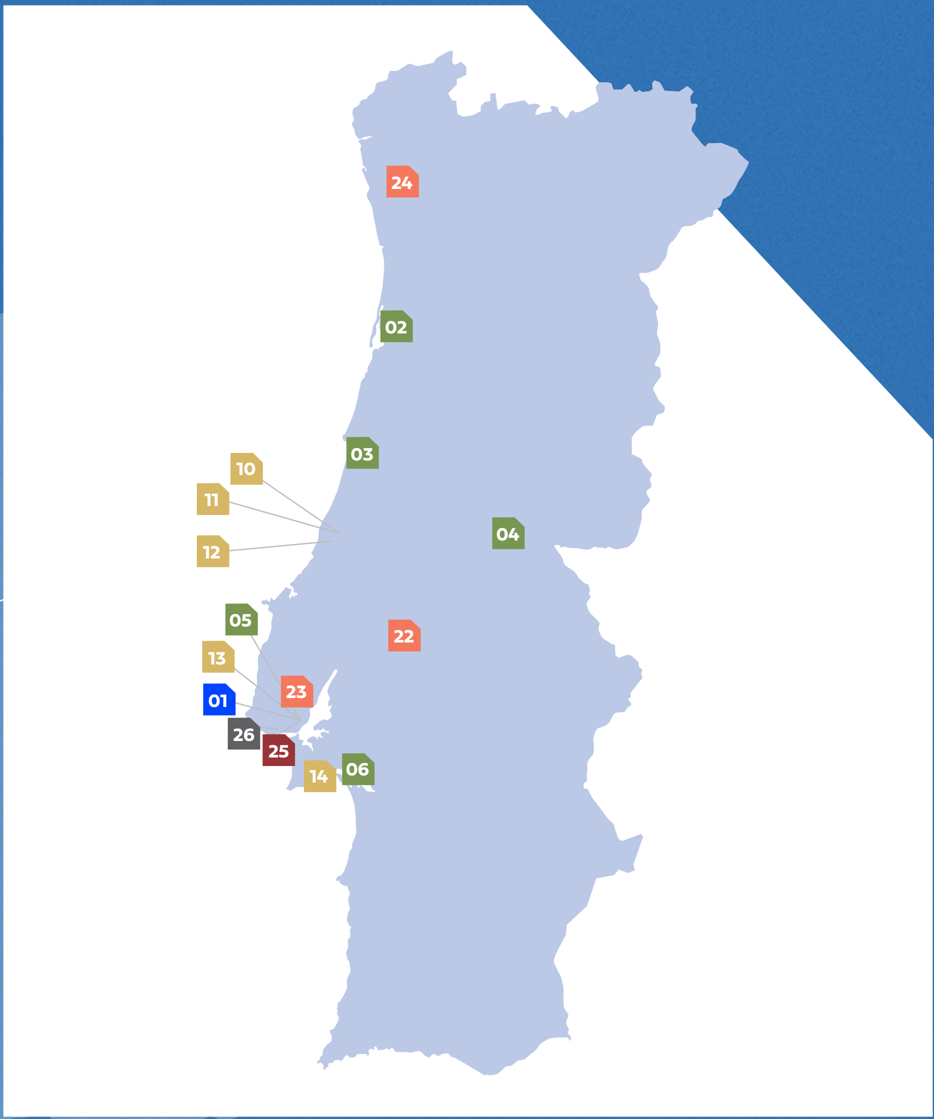
3 What We Do

SEMAPA

Navigator	Pulp and Paper	69.97%
Secil	Cement and Other Building Materials	100%*
ETSA	Environment	100%*
Semapa Next	Venture Capital	100%
UTIS	Hydrogen For Energy Efficiency and Decarbonization	50%

* Approximate value

4 Where We Are



Holding
Semapa

01 Lisbon Office

Pulp and Paper
Navigator

02 Aveiro Plant
03 Figueira da Foz Plant
04 Vila Velha de Ródão Tissue Plant
05 Lisbon Office
06 Setúbal Plant
07 Maputo Office

Cement
Secil

08 Terneuzen Terminal
09 Vigo Terminal
10 Maceira-Liz Plant
11 Maceira Lime Plant
12 Cibra-Pataias Plant
13 Lisbon Office
14 Secil-Outão Plant
15 Gabès Plant
16 Funchal Terminal
17 Sibline Plant
18 Praia Terminal
19 Lobito Plant
20 Adrianópolis PR Plant
21 Pomerode SC Plant

Environment
ETSA

22 Coruche Plant
23 Santo Antão do Tojal Plant
24 Vila Nova de Famalicão Plant

Venture Capital
Semapa Next

25 Lisbon Office

Energy Efficiency
UTIS

26 São Domingos de Rana Plant

5 Governance Model

GRI 2-9

General Meeting

Represents all shareholders and their resolutions

Statutory Auditor

Audits and certifies the statutory accounts, besides other powers in the law

Audit Board

3 members, with 2 independent members
Oversees the management of the company, besides other powers in the law and in the articles of association

Remuneration Committee

3 independent members
Draws up the remuneration policy for the board of directors and the audit board, and analyses and sets the directors' remunerations

Board of Directors

8 members, with 1 independent member
Manages the company's business

Executive Committee

2 members
Executive management body exercises the powers delegated to it by the board of directors

Executive Officers Committee

4 members, including the members of the executive committee
Assists the executive committee in the exercise of its duties

Control And Risk Committee

3 members, with 1 independent director
Identifies and monitors the significant risks in the company's operations

Corporate Governance Committee

3 members, with 1 non-executive director
Supervises compliance with legal, regulatory and statutory provisions applicable to corporate governance, and fosters discussion and improvement of the corporate governance model

Talent Committee

6 members, with 4 non-executive directors
Makes recommendations and delivers advise on appointments and evaluations

Investor Support Office/ Market Relations Officer

1 member
Responds to requests and provides information to shareholders and stakeholders

Company Secretary

1 member
Appointed by the board of directors and has the powers defined in the law

6 Corporate Bodies

BOARD OF DIRECTORS
CHAIRMAN
José Antônio do Prado Fay

FULL MEMBERS
Ricardo Miguel dos Santos Pacheco Pires
Vítor Paulo Paranhos Pereira
Filipa Mendes de Almeida de Queiroz Pereira
Mafalda Mendes de Almeida de Queiroz Pereira
Lua Mónica Mendes de Almeida de Queiroz Pereira
António Pedro de Carvalho Viana-Baptista
Paulo José Lameiras Martins

EXECUTIVE BOARD
CHAIRMAN (CEO)
Ricardo Miguel dos Santos Pacheco Pires

FULL MEMBER
Vítor Paulo Paranhos Pereira (CFO)

REMUNERATION COMMITTEE
CHAIRMAN
Maria Eduarda Faria e Maia de Oliveira Luna Pais

MEMBERS
João do Passo Vicente Ribeiro
Carlota Infante da Câmara Albergaria Caldeira

GENERAL MEETING
CHAIRMAN
Rui Manuel Pinto Duarte

SECRETARY
Luís Nuno Pessoa Ferreira Gaspar

AUDIT BOARD
CHAIRMAN
José Manuel de Oliveira Vitorino

FULL MEMBERS
Gonçalo Nuno Palha Gaio Picão Caldeira
Maria da Graça Torres Ferreira da Cunha Gonçalves

ALTERNATE MEMBER
Maria da Luz Gonçalves de Andrade Campos

STATUTORY AUDITOR
FULL MEMBER
KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., represented by Paulo Alexandre Martins Quintas Paixão

ALTERNATE MEMBER
Vítor Manuel da Cunha Ribeirinho

COMPANY SECRETARY
FULL MEMBER
Rui Tiago Trindade Ramos Gouveia

ALTERNATE MEMBER
Joana Esperança Fernandes Lopes Luís

7 Board of Directors

José Fay

Ricardo Pires (CEO)

Vítor Paranhos Pereira (CFO)

Filipa Queiroz Pereira

Mafalda Queiroz Pereira

Lua Queiroz Pereira

António Viana-Baptista

Paulo Lameiras Martins

8 Executive Officers Committee

Ricardo Pires (CEO)

Vítor Paranhos Pereira (CFO)

Hugo Pinto (CSO)

Isabel Viegas (CPO)

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3 STRATEGIC FRAMEWORK

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1 Global Framework

The year 2022 was marked by the political and economic environment - war in Ukraine, downturn in economies, high inflation and rising costs of energy, logistics and raw materials - compounded by the disruptions caused by a pandemic that has lasted for almost three years.

In addition to such geopolitical and economic instability, which is expected to continue, in the current global context the planet has reached its limits - with climate change, loss of biodiversity, deforestation, scarcity of resources, among others -, there is an increase in inequality and disruption of social cohesion, and technological transformation continues to accelerate. The aforementioned factors and demographic changes, in particular the growth of the world population - expected to be above 9 billion people in 2050[1] - are the unprecedented challenges that society and the planet face.

Aware of the way in which the global context can impact the Group's ability to generate value in the short, medium and long term - by trying to anticipate risks and opportunities in order to improve its ability to adapt to change and division in an increasingly volatile, complex, interconnected and interdependent world - and also of the transforming role that companies are expected to play in the pursuit of sustainable development, the Semapa Group keeps abreast of these trends. Such trends are addressed in the strategic analysis and the material issues, which are translated into commitments, with objectives and goals set forth in the action plans/roadmaps of the Group's companies.

Alongside (domestic and global) economic changes, climate change, scarce resources and the need to invest in a more circular economy, the future of work and human capital enhancement are some of the global trends which arise as challenges and opportunities to which the Semapa Group is trying to meet.

1 WBCSD - Vision 2050: Time to Transform (https://timetotransform.biz/)

CLIMATE CHANGE

DESCRIPTION

Failure to mitigate and adapt to climate action is still one of the greatest risks identified by the WEF - World Economic Forum, both in the short and long term, which calls for greater commitment and action. Weather events are expected to become more frequent and severe (the "new normal"). Global climate policy action is growing and the regulatory framework in the European Union is more and more demanding. The low-carbon economy is at the heart of post-pandemic recovery plans and the development of new technologies (e.g. carbon capture solutions) will be accelerated. More jobs are to be expected and new energy sources (e.g. hydrogen) and opportunities will be explored.

THE ANSWER OF SEMAPA GROUP

The Semapa Group is aware that the predominantly industrial nature of its business has a negative impact on society and on the future of the planet. Therefore, the Group is focused on minimising the impacts and reducing its greenhouse gas emissions (GHG), by investing in measures to increase the incorporation of energy from renewable sources, to use more alternative fuels and to promote energy and resource efficiency. The pivotal focus on research, development and innovation has fostered the development of new low carbon products and processes.

Semapa has a 50/50 partnership with UTIS for the joint development of a strategic solution aimed at energy efficiency. UTIS is the patent owner of an innovative technology for the optimisation of internal and continuous combustion equipment. This revolutionary technology helps reduce the use of fossil fuels, levels of polluting emissions and energy consumption, contributing to greener and more sustainable mobility and industries that manufacture with the lowest environmental impact.

Examples:

SEMAPA	Consolidating the path to decarbonisation
The Navigator Company	Roadmap to Carbon Neutrality | New Gas and Hydrogen Boiler at Setúbal Industrial Unit | Decarbonisation Targets by 2035 adopted by the Science Based Targets initiative (SBTi) | The From Fossil to Forest Agenda | *Inpactus* Project
SECIL	Roadmap to Carbon Neutrality | Commitment to SBTi by setting science-based targets for 2030 | Clean Cement Line (CCL) research project | Low Carbon Clinker | LowC-Bionic | Launch of Verdi Zero Concrete
ETSA Proteína e Energia	Roadmap to Carbon Neutrality | Rendering process

More information in Chap. 4.1.5, Chap. 4.2.1 and Chap. 4.5.1

RESOURCES AND THE CIRCULAR ECONOMY

DESCRIPTION

Company investment in more circular business models in light of regulatory developments and consumer pressure around sustainable production and consumption, including scarce resources, supply chain volatility and the looming threat of climate change. These circular models create and guarantee business value, and are at the same time beneficial to the planet. There is also a growing need to measure circularity, using new tools, standards and frameworks.

THE ANSWER OF SEMAPA GROUP

The Group focuses its activities on the promotion of the circular economy and responsible use of resources, which deliver efficiency and economic gains, new business models and opportunities, such as products and services. Actions carried out include recycling of by-products and waste, the use of alternative fuels to those of fossil origin and the production of green energy, the development of bioproducts, among others. Investment in research, development and innovation activities is another of the Group's commitments in this area.

Examples:

The Navigator Company	Industrial symbiosis projects and new spaces for experimentation with ash | Biological sludge for energy production | Co-creation Programme on Forest-based Circular and Digital Bioeconomy | Agenda From Fossil to Forest | *Inpactus* Project
SECIL	Incorporation of waste or by-products from other industries | Participation in the c5Lab | Use of alternative fuels as an energy source | Clean Cement Line (CCL) research project | Low Carbon Clinker | Retrofeed Project | Batteries Project 2030 | Launch of the Verdi Zero Concrete
ETSA Proteína e Energia	Process of rendering | Collection of used coffee capsules

More information in Chap. 4.1.5, Chap. 4.2.3 and Chap. 4.5.1

THE FUTURE OF WORK & INVESTMENT IN HUMAN CAPITAL

DESCRIPTION

On-going progress in robotics, artificial intelligence and machine learning is ushering in a new era of automation, as machines match or surpass human performance in various work activities, launching the discussion around adapting people to this new era, the jobs and skills of the future.

The pandemic has accelerated digitalisation and, consequently, the need to re-skill and prepare human capital for new functions and work processes, it reinforced the "S" of ESG, with particular emphasis on the well-being, health and safety of Employees and accelerated new ways of working and engaging with companies and their Employees (e.g. more flexible, remote work, promotion of work-life balance). It has deteriorated mental health, this being one of the risks identified by the WEF in the short term, which impacts the productivity of companies.

To retain and engage Employees, companies will have to tighten the connection between work and purpose, and create new working models, more diverse and inclusive environments, in particular to motivate younger generations. Not only companies, but also investors and financial institutions pay more and more attention to detailed information on human capital.

THE ANSWER OF SEMAPA GROUP

Human Capital is one of the most important assets of the Group's companies, and it is necessary to develop an attractive project to attract new people, particularly younger workers, and to retain them. The Group companies seek to recognise and value merit, encourage internal growth and the development of skills throughout the career. They promote corporate identity, through a culture of engagement and motivation of their Employees. They invest in creating safe working conditions, preventing accidents and promoting the occupational health and well-being of their Employees.

Examples:

SEMAPA	Future Proof Leadership Program | Participation in the SingularityU Portugal Summit | Semapa Mais Próxima | Semapa Talks | Safety Walks
The Navigator Company	N Factor" Trainees Programme | Growing around Purpose | Future Leaders Forum: the voices and ideas that shape the future | Occupational Health Programme | Preventive Medicine Programme in Mozambique
SECIL	Setting core competencies under Ambition 2025 | Group Meetings - Cultural Priorities | ELOs Project
ETSA Proteína e Energia	Several events involving staff | Improvement of conditions for working at height and in confined spaces

More information in Chap. 4.3

2 〉 Our Contribution to the Sustainable Development Goals

Semapa Holding aims to be a benchmark for investment management in key sectors of the Portuguese and international economy, by incorporating sustainable development into its strategy as one of the pillars of its business, so that its decisions can be taken with a profound social and environmental awareness.

Consequently, the Holding is committed to the United Nations Agenda 2030, aligning its strategy, investments and actions with the Sustainable Development Goals (SDGs) and helping to meet the relevant targets.

In order to identify the most relevant SDGs for it, a joint exercise was conducted to outline the outlook of the Holding Company and its subsidiaries, taking into account the material topics, their mission and the way they influence their value chains. As a result of this exercise, two levels of disaggregation were identified:

> **Priority:** objectives which the Group is actively and directly helping to meet;

> **Supporting:** objectives to which the Group contributes in a less direct way, although there is a potential positive contribution, through the companies' commitments and activity plans.

Furthermore, support to the Fundação Nossa Senhora do Bom Sucesso (Chap. 4.4.1) contributes to the achievement of four SDGs, namely: 1- No Poverty; 3- Good Health; 4-Quality Education; and 5-Gender Equality.

MAIN CONTRIBUTORS OF THE SEMAPA GROUP TO THE SDGS

The following are Semapa Group's main contributors to the SDGs according to the priority criteria adopted by the Holding Company.

PRIORITY

SDG 8 - DECENT WORK AND ECONOMIC GROWTH

Chap. 3.5 Business Ethics, Chap. 4.1 Financial Capital, Chap. 4.2 Natural Capital, Chap. 4.3 Human Capital and Chap. 4.5 Intellectual Capital

8 DECENT WORK AND ECONOMIC GROWTH

The Semapa Group, as a major national and international employer, and with international relevance, works continuously to ensure a fairer, healthier and safer workplace for all its Employees, by providing decent employment, investing in efficient use of resources, committing to decoupling economic growth from environmental degradation. In addition, the Group seeks to engage with stakeholders in such a way that may generate value and strengthen local economies.

SDG 9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE

Chap. 4.5 Intellectual Capital

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Group companies operate in value chains with a strong impact on the local economies and in key areas for the society. Accordingly, the Group seeks to respond to current and future challenges by offering innovative solutions and products, as a result of a strong investment in Research and Development (R&D), by improving the technological capabilities of the sectors where it operates and by establishing partnerships.

SDG 12 - SUSTAINABLE PRODUCTION AND CONSUMPTION

Chap. 4.2 Natural Capital

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Given the need to shape the Group's businesses to match its long-term vision and sustainable development strategy, the companies seek to mitigate and control the environmental impacts arising from their production processes through their environmental management policies and systems, while ensuring greater efficiency in the use of resources and the promotion of the circular economy.

SDG 13 - CLIMATE ACTION

Chap. 4.2 Natural Capital and Chap. 4.4 Social Capital

13 CLIMATE ACTION

Semapa Group companies are committed to mitigating climate change by playing an active role in the transition to a low carbon economy. We highlight the investments that the Group has made in recent years, namely in structural, and environmental and decarbonisation projects.

SUPPORTING

SDG 3 - GOOD HEALTH

Chap 4.3 Human Capital and Chap. 4.4 Social Capital

The Semapa Group actively promotes the health and well-being of its Employees, by adopting policies and implementing specific programmes in these areas.

SDG 4 - QUALITY EDUCATION

Chap. 4.3 Human Capital and Chap. 4.4 Social Capital

All of the Group's companies are committed to the promotion of personal and professional development. This is achieved through continuous investment in the training of its Employees and in the development of the technical and professional skills of young talent, contributing to their employability and to the promotion of decent work.

SDG 6 - CLEAN WATER AND SANITATION

Chap. 4.2. Natural Capital

Since some of the industrial processes of our Subsidiaries use water resources, we are committed to efficient use of these resources, by reducing the amount of water drawn and minimising the potential impact of wastewater discharge.

SDG 7 - RENEWABLE AND AFFORDABLE ENERGY

Chap. 4.2. Natural Capital

Under the decarbonisation roadmaps of the Group's companies, the aim is to contribute to the increased use of renewable energies and enhance the energy efficiency of operations.

SDG 11 - SUSTAINABLE CITIES AND COMMUNITIES

Chap. 4.2. Natural Capital and Chap. 4.4 Social Capital

The Semapa Group contributes to the development of more sustainable cities through the cement industry, i.e. by implementing more sustainable manufacturing standards, it will be an integral part of fairer communities and less harmful to the environment. By managing forests sustainably and supporting the local communities, the Pulp and Paper segment promotes the economic, social and environmental development of rural areas.

SDG 15 - LIFE ON LAND

Chap. 4.2. Natural Capital and Chap. 4.4 Social Capital

Biodiversity conservation and the maintenance of ecosystem services are two of the Group's growing concerns. The impact assessments and recovery, action and monitoring plans seek to reduce potential negative impacts of activities here. In the Pulp and Paper segment in particular, a sustainable forest management model is guaranteed, which includes a conservation strategy aimed at balancing production and conservation measures.

SDG 17 - PARTNERSHIPS FOR THE GOALS

Chap. 4.2 Natural Capital and Chap. 4.5 Intellectual Capital

Semapa Group companies interact with many civil society groups, at the national and international level through partnerships that enhance their contributions to the other SDGs and that help them fulfil their sustainability agendas, exploring new opportunities for collaboration and performance enhancement.

3 Our Material Topics

GRI 3-1, 3-2

Semapa Holding 's material topics are the same as those identified in 2020 - when the Holding Company's material topics were aligned with those of the Subsidiaries. Consequently, the topics were divided into two dimensions: (1) **Corporate topics,** which correspond to cross-cutting issues and are of greater relevance to Semapa as the Holding Company; and (2) **Business topics,** which are the subsidiaries' key issues, ultimately influencing the Holding Company 's actions and concerns about these topics.

CORPORATE TOPICS - *CORE*

> Sustainable value creation

> Business ethics

> Risk management

> Human capital and talent

> Group culture and motivation

BUSINESS TOPICS - *BUSINESS*

> Water management

> Climate change and energy

> Circular economy

> Conservation of biodiversity and ecosystem services

> Occupational health, safety and well-being

> Community engagement

> Innovation, research and development

In 2022, Navigator updated the material topics with a view to aligning its performance with the current context, thus reinforcing the topics demanding the Company's greater attention and focus. A **double materiality** exercise was carried out, thus anticipating the transposition into national law of the European Commission's Corporate Sustainability Reporting Directive (CSRD) and covering the requirements of the new universal standards of the GRI - Global Reporting Initiative, in its 2021 version. To this end, two separate analyses were conducted: one focusing on the impacts of Navigator's activities abroad, from the "inside-out" - **impact materiality;** and the other to the risks and opportunities arising from the external context, which affect or may affect Navigator's value creation, from the "outside-in" - **financial materiality.**

Committed to ensuring that the companies' efforts continue to be directed at areas where their impact may be more significant, Secil also began its double materiality process at the end of 2022, and Semapa Holding will be next. It is thus expected that both companies will have completed their analyses by 2023.

2017-2019

1ST. MATERIALITY ANALYSIS SECIL

Based on a stakeholder consultation, the results were incorporated in the 2018-2019 Sustainability Report

2018

1ST. MATERIALITY ANALYSIS SEMAPA

Based on a stakeholder consultation, the results were incorporated in the 2018 Sustainability Report

2019-2020

NEW MATERIALITY ANALYSIS NAVIGATOR

Based on an in-depth stakeholder consultation, the results were incorporated in the 2020 Sustainability Report

2020

ALIGNMENT OF SEMAPA'S MATERIAL TOPICS WITH ITS SUBSIDIARIES

Incorporation in the 2020 Sustainability Report

2022

DUAL MATERIALITY ANALYSIS NAVIGATOR

Conducted in the 4th quarter of 2022, resulted in the review of the company's 2030 Agenda and is part of the 2022 Sustainability Report

2022-2023

DUAL MATERIALITY ANALYSIS SECIL

Starting in late 2022, will run along 2023, for incorporation in the 2023 Sustainability Report

2023

DUAL MATERIALITY ANALYSIS SEMAPA

Starting in 2023 for incorporation in this reporting cycle

4 Our Relationship with Stakeholders

Semapa Holding seeks to invest its resources in developing a sustainable future, with an eye on its activities and of its Subsidiaries and how they may impact present and future generations. By promoting engagement with its stakeholders, Semapa aims to embed best practices, ideas and concerns relating to sustainability in the Group's daily activities and in its decision-making process.

The relationship between the Holding Company and its eight stakeholder groups materialises the long-term vision of the Organisation in the creation of value, by increasing transparency and ensuring the best solutions for the challenges and opportunities.

To forge closer links, the Holding uses various forms of communication and engagement, through different channels and frequencies, according to the stakeholder group and the needs identified. **E-mails and the website are the channels used across the board,** including the **whistleblower reporting channel**[1]**.**

It should be noted that the stakeholder groups and respective communication and engagement channels were identified as part of the process of defining the material topics in 2018, as a result of an internal engagement process that also involved the Executive Committee of the Holding. This map has been revised in order to be updated.

1 https://www.semapa.pt/en/governo/canaldedenuncias

MAIN MECHANISMS FOR STAKEHOLDER ENGAGEMENT

EMPLOYEES

> Annual staff meeting

> Talks with management

> Team meetings

> Internal information
(e.g: Semapa Talks, Semapa News)

> Intranet

> Quarterly and annual reports

> Press releases

FINANCIAL INSTITUTIONS

> Meetings

> Presentation of results

> Quarterly and annual reports

> Press releases

MAJOR PROVIDERS OF SPECIALISED SERVICES

> Regular meetings with key counterparts

COMMUNITY

> Cooperation arrangements

> Membership in associations

SUBSIDIARIES

> Close and regular monitoring by having Holding representatives sit on the companies' governing bodies

> Information, training, and promoting the sharing of best practices

> Annual staff meeting

> Internal information
(e.g: Semapa Talks e Semapa News)

> Quarterly and annual reports

BUSINESS ASSOCIATIONS

> Memberships

> Participation in governing bodies, advisory boards and/or forums

> Participation in public consultations

> Regular meetings with key counterparts

OFFICIAL SUPERVISORY AND REGULATORY BODIES

> Meeting legal requirements

> Regular meetings with key counterparts

INVESTORS AND ANALYSTS

> Presentation of results

> Quarterly and annual reports

> General meetings

> Press releases

> Investor relations officer

> Visits to industrial sites

5 Business Ethics

8 DECENT WORK AND ECONOMIC GROWTH

GRI 2-24, 2-26, 3-3, 205-3, 406-1, 407-1, 408-1, 409-1

OUR IMPACTS

0 CONFIRMED — CASES OF CORRUPTION

0 DISCRIMINATION — EVENTS

MORE THAN **8%** — WOMEN HIRED COMPARED TO 2021

The values of Semapa Group express the importance of integrity, ethics and honesty in the conduct of business and in the operations undertaken, both by the Holding Company and its Subsidiaries. Semapa has a holistic overview of the entire economic group and exercises its shareholder functions in relation to its Subsidiaries, while seeking to share common values and principles.

As stated by the founder of the Group, Pedro Queiroz Pereira, "Values take precedence over results", which points at the direction in which all companies in the different countries are expected to progress:

> Ethics and integrity, as a way of being and of living;

> Respect for people: an attitude of justice and sharing, a collaborative way of working based on trust;

> A consistent public stance that is transparent, but never ostentatious;

> Deep social and environmental awareness, which should guide all our actions;

> Innovation and excellence in creating value and in business ambition;

The companies mirror these values in their daily activities and in the management of their value chain, by complying with legislation and meeting the commitments made to their stakeholders.

Internally, there are several policies, codes, regulations and other structuring documents that guide the companies in their business and which are part of their commitment to sustainable development, such as the Code of Ethics and Conduct, the Human Rights Policy, the Policy for the Prevention of Corruption, the Tax Policy, the Code of Good Conduct for Preventing and Combating Harassment and the Annual Plan for Equality, in addition to the mechanisms and procedures in place for reporting irregularities and preventing conflicts of interest (i.e. the Whistleblower Channel).

The Semapa Group is aware that corruption affects all companies, and that the Subsidiaries and the Holding Company are not immune to this phenomenon. The respect for human rights, including labour rights, compliance with competition rules and an appropriate taxation policy are, under the terms laid down in the respective policies, structuring principles of the Group's activity within the framework of responsible business conduct. The Semapa Group remains committed to ensuring that its business is conducted in accordance with high ethical standards, pursuing sustainable development and complying with the applicable laws and regulations.

Semapa's Code of Ethics and Conduct[1] that the Board of Directors adopted in 2002, revised in 2018 and at the beginning of 2023, lays down the rules and principles that apply to Employees, members of the governing bodies, and the subsidiaries, concerning:

> **Duty of diligence,** translated into specific pledges of professionalism;

> **Duty of zeal and responsibility;**

> **Duty of loyalty,** which, within the scope of the principles of honesty and integrity, is especially aimed at safeguarding against situations of conflict of interest;

> **Duty of confidentiality,** which applies to the processing of inside information.

1 https://www.semapa.pt/sites/default/files/participacoes/Semapa_ Princípios Deontológicos _ Código de Condut_EN.pdf

In addition to complying with the applicable laws and regulations, corporate social responsibility duties are also enshrined, such as those concerning **environmental protection and sustainable development,** which must be respected as essential pillars of the decisions and actions of all Employees.

In their engagement with other entities, they shall act in the best interest of these entities, with **transparency and high ethical values, and shall not tolerate human rights abuses, any kind of harassment, discrimination, coercion, abuse, violence or exploitation, while ensuring equal treatment and non-discrimination in their area of influence, further refusing to participate directly or indirectly in any form of corruption, fraud, money laundering and terrorism financing, bribery or extortion.**

With regard to its shareholder structure, it shall always act in the best interest of all shareholders, **ensuring compliance with the duties of information and equal and fair treatment.**

Semapa's Employees shall further **comply with competition laws,** in accordance with current market rules and criteria, and promote fair competition. Concerning the company's internal relations and with third parties, Semapa staff **shall ensure equal and non-discriminatory treatment namely on the basis of descent, gender, race, language, place of origin, religion, political beliefs or ideology, education, economic situation or social status.**

Furthermore, in 2017 Semapa adopted a **Code of Good Conduct for Preventing and Combating Harassment in the Workplace** (available through Semapa's Intranet), also applicable to all Employees of the Semapa Group companies (unless they have a specific Code on this matter), which prohibits harassment in the workplace and sets out the obligations in this regard, as well as the procedure to be followed in the event of harassment.

In 2022, Semapa proceeded with the approval of a Tax Policy[2], which sets forth several principles and rules governing its actions with tax effects.

At the start of 2023, in addition to the aforementioned review of the Code of Ethics and Conduct, and as part of the commitments to sustainable development and responsible business conduct, the following policies were aproved by the Board of Directors of Semapa: **(i) Human Rights Policy[3]; (ii) Corruption Prevention Policy[4]; and (iii) Policy for the Prevention of Money Laundering and Terrorist Financing[5].**

With regard to the promotion of gender equality, because Semapa Holding and Navigator are listed companies, they are governed by Law no. 62/2017 of 1 August, which provides the framework for balanced representation between women and men on management and supervisory bodies. Likewise, the Group is committed to promoting gender equality across the different companies. The Semapa Group's workforce is composed mainly of male Employees, with women accounting for 16% of all staff in 2022. This is due to historical reasons associated with the industrial sectors and operating structure. Notwithstanding, as a result of recruitment policies implemented with diversity in mind, in 2022 there were 8% more women in relation to the previous year.

With regard to Law no. 4/2019 of 10 January, which establishes the employment quota system for disabled persons with a degree of disability equal to or greater than 60%, and which introduces the obligation for private sector companies to hire disabled persons, the Group companies to which this quota system applies are currently implementing measures to ensure compliance with these provisions.

It should be noted that, in 2022, there were no actual cases of corruption in Semapa Group companies, nor of discrimination or human rights violations.

2 https://www.semapa.pt/sites/default/files/participacoes/TAXPOLICY_0.pdf
3 https://www.semapa.pt/sites/default/files/participacoes/Semapa_Política_Direitos_Humanos_EN.pdf
4 https://www.semapa.pt/sites/default/files/participacoes/Semapa_Política_Prevenção_Corrupção_EN.pdf
5 https://www.semapa.pt/sites/default/files/participacoes/Semapa_Política_Prevenção_BC_FT_EN.pdf

HOLDING SEGMENT

In 2022, Semapa Holding and the Group's main companies strengthened their commitment to promoting compliance and transparency, with special emphasis on identifying irregularities, in accordance with the new legal framework provided by Law no. 93/2021, of 20 December. Whistleblower channels were developed/adapted for Employees and external stakeholders.

The strife for equality was continued, with the ongoing belief that, more than merely fulfilling a legal obligation, the pursuit of measures to ensure equality between women and men is an ethical endeavour, contributing to better organisational performance and to attracting and developing talent. In this context, several measures foreseen in the Plan for Equality[6] 2022 were implemented and the Plan for 2023 was set up. Gender equality has been addressed in some internal forums, namely in team meetings, and in 2023 these topics are expected to evolve and shall be taken up with external partners.

In 2022, Semapa set up a Working Group on culture, which includes Employees from all levels of responsibility and has been making proposals for recognition, with an impact on the whole company, such as the Seniority Award. It is an opportunity for Employees to be heard, particularly in matters of inclusion, and shows Semapa's commitment to listening to its people's opinions. An analysis of the gender pay gap was also carried out, and concluded that Semapa ensures equal pay for equal work. This is an aspect that will be kept under review.

HIGHLIGHT

NEW WHISTLEBLOWER CHANNELS

Semapa Group companies, including the Holding Company, have implemented new whistleblower channels for reporting irregularities. The events reported through this channel involve violation of rules of conduct or ethics, fraud, corruption and related breaches, health and safety issues, among others. The issues covered through this channel involve violation of rules of conduct or ethics, fraud, corruption and related breaches, health and safety issues, among others.

Each whistleblower channel is an independent service for reporting possible irregular practices, and ensures anonymity, confidentiality, protection of whistleblowers against retaliation, as well as compliance with data protection and information security standards. For more on each company's individual whistleblower channel: Semapa Holding[7], Navigator[8], Secil[9] and ETSA[10].

6 https://www.semapa.pt/en/sustentabilidade/planoparaigualdade
7 https://eu.deloitte-halo.com/whistleblower/website/semapa?Pg=1&Lang=en-US
8 https://eu.deloitte-halo.com/whistleblower/website/navigator?Pg=1&Lang=en-US
9 https://www.secil-group.com/pt/a-secil/quem-somos/a-cultura/canal-de-integridade---grupo-secil
10 https://eu.deloitte-halo.com/whistleblower/website/etsa?Pg=1&Lang=en-US

PULP AND PAPER SEGMENT

In 2022, Navigator launched a set of training courses, in e-learning format, on internal policies and competition law and revamped its Whitleblower Reporting Channel[11], implemented more than 10 years ago (see box under Semapa Holding).

On human rights, Navigator is a signatory to the English and Portuguese versions of the "CEO Guide to Human Rights", published by WBCSD and BCSD Portugal, respectively, together with other companies in Portugal and abroad. In 2022, as an integral part of the global business development, and in line with the principles laid down in the Code of Ethics and Conduct and the Code of Good Conduct for the Prevention and Combat of Harassment in the Workplace, the company formalised its commitment to respect human rights and labour rights by approving the Human Rights Policy. In this context, the implementation of a screening tool to identify ESG risks for Navigator's business partners is currently being discussed.

In order to strengthen gender equality in its different aspects and in Navigator's practices, and to continue to develop policies facilitating work-life balance, a number of measures set out in the "Plan for Gender Equality 2021-2022[12]" were implemented and the Plan for 2023 has been drawn up. It is worth mentioning that corporate practices, including those concerning reconciliation of family life with work, were discussed at the meetings held with the Workers' Representative Organisations this year.

The activities undertaken in this part included a webinar in 2022 on gender equity for the reinforcement of the internal culture of equality between women and men - disseminated on the Intranet and in the corporate magazine *My Planet*. This event was held on International Women's Day, and was intended to foster discussions on the roots of gender prejudice and organisational strategies to break barriers and facilitate equity and diversity.

Also worthy of note are the commitments expressed on this subject in the new Human Rights Policy - "Valuing diversity, gender equity and inclusion to ensure equal opportunities in the workplace, with regard to migrant workers and people with disabilities".

11 https://eu.deloitte-halo.com/whistleblower/website/navigator?Pg=1&Lang=en-US
12 http://www.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/757d1863b80bc130e03e3014c0addc21.pdf

HIGHLIGHTS

TRAINING ON INTERNAL POLICIES AND COMPETITION LAW

In 2022 Navigator invested in training actions to strengthen the internal compliance culture. Several e-learning training courses were launched in the year for all Employees, aimed at reinforcing the importance of the internal policies that govern the company's activities based on practical real-life cases as a way of fostering understanding of the principles contained in them. Among the topics addressed, non--discrimination and gender equality are of particular importance. More than 2,000 workers completed the training.

In addition, top management and Employees from commercial areas received training on compliance with legal obligations in competition law through face-to-face lecture and Q&A session.

ADOPTION OF THE HUMAN RIGHTS POLICY

Navigator's Human Rights Policy was adopted by the Board of Directors at the end of 2022. This document includes a commitment to promote respect for human rights and labour rights in operations at all levels of the value chains.

The policy was laid down in accordance with the principles set out in the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labour Organisation's Core Conventions and the United Nations Guiding Principles on Business and Human Rights. It provides for measures to identify the main impacts and potential risks of Navigator's activities for human rights, namely through the appropriate due diligence procedures. The policy also provides for Employee training, resolution measures and remedial action.

It should be noted that the Board of Directors is responsible for monitoring the annual planning of measures to promote and comply with the Policy. In turn, the Executive Board adopts the measures to promote and comply with the Policy and to resolve or remedy any non-conformities that may be identified, and for transparent processing of information, namely through disclosure in the annual management report.

CEMENT SEGMENT

Secil implemented in 2022 its Integrity Channel (see box under Semapa Holding) in seven countries where it operates – Portugal, Brazil, Cape Verde, Spain, the Netherlands, Lebanon and Tunisia – as a way of strengthening its commitment to integrity, underscoring the importance that this issue has for its new business strategy, "Ambition 2025 for Sustainable Growth". This channel allows all Employees and stakeholders to report any irregular situations.

As it has operations in various countries, Secil lends great importance to human rights. Consequently, the company has been signatory to the Portuguese version of the guide "CEO Guide to Human Rights" since 2019, launched by BCSD Portugal. In the Secil Group Code of Conduct, adopted in 2019, which applies to all Employees, respect for human rights is expressed in the principles of action: decency and integrity, non-discrimination, and lawfulness. Stakeholders are expected to commit to sustainability, labour rights and equality, health and safety and the environment. It should be noted that the new Integrity Channel is an important mechanism for detecting human rights violations.

Influencing the value chain to adopt responsible business behaviour is also a concern of Secil, and in 2022 it adopted the code of conduct for suppliers (Chap. 4.1.5. Sustainable value creation).

With regard to the principles of Diversity, Equity and Inclusion (DEI), Secil Group started addressing them more actively in 2021, namely by holding DEI Days, with the aim of drawing the attention of the Company´s Employees to the complexity and importance of this emerging theme, and ensuring management's commitment to work on its agenda in the future. In 2022, in the new strategic cycle, this matter is addressed under the "Social" pillar of the global Sustainability project, with gender equality as the top priority and the goal to increase the presence of women in the Secil Group workforce to 14.5% by 2025.

International Women's Day was celebrated in two ways: the CEO sent an e-mail to all Employees on the challenge of gender equality in the industry; and a webinar was held, to which all women workers of Secil were invited and which was attended by the CEO of Ambev's Future Beverages & Beyond Beer BU, Daniela Cachich, who shared her professional and personal experience and spoke about her purpose of female empowerment in organisations - according to her motto *"one goes up and pulls the next one up"*.

ENVIRONMENT SEGMENT

The year 2022 featured the implementation of the whistleblower channel[13] at ETSA (see box under Semapa Holding). The company was thus endowed with an internal mechanism for reporting irregular behaviour, which results in the detection, investigation and resolution of events through an effective, swift and appropriate system, under the terms of the applicable laws and regulations.

13 https://eu.deloitte-halo.com/whistleblower/website/etsa?Pg=1&Lang=en-US

6 Strategic Risk Management

GRI 3-3

FRAMEWORK

The year 2022, impacted by sudden changes in context and events such as the invasion of Ukraine by Russia, inflation, shortages of resources and raw materials, which combined with continual efforts to improve, proved to be particularly dynamic in terms of risk management at Semapa.

Such dynamics calls for the constant monitoring of the main factors affecting activity of the Group, representing relentless challenges to the fulfilment of its strategic plans and objectives. As an economic agent, Semapa is exposed to risks inherent to its activity, which can have a significant impact on the value of its assets. Semapa's performance as a Holding Company (*SGPS - Sociedade Gestora de Participações Sociais*) is also very much linked to the performance of its subsidiaries.

Semapa promotes an environment of autonomy and liability in its subsidiaries, which is reflected in the exposure to a number of risks that affect not only each of the companies, but can also spread to Semapa and other Group companies.

With regard to the management of strategic risks, Semapa has been consolidating its risk management and control system, whose design follows the best practices and benchmark methods such as COSO and ISO 31000, following the recommendations of the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance (IPCG) and the Portuguese Securities Market Commission (CMVM).

The Group's annual risk monitoring model involves the collection, completion, discussion and approval of individual risk sheets, which identify and track existing mitigation measures. The Group has also developed key risk indicators (KRIs) to enable timely monitoring of such risks and to anticipate events likely to cause significant disruptions.

Accordingly, the risk-taking policy approved by Semapa's Board of Directors defines the risk level Semapa is willing to take in order to achieve its business goals and strategy, and is in line with Semapa's key material topics, ensuring consistency in the risk management and control system.

The governance model established for risk monitoring and management is tailored to Semapa's structure, it defines the areas of intervention, and assigns responsibility to the risk management system's stakeholders. The Board of Directors is responsible for defining the overall risk strategy, which is supervised by the Supervisory Board. The Monitoring and Risk Committee (RMC) is responsible for controlling and monitoring risks through the aforementioned system, making it possible to promote, monitor and assess the risk framework and measures already in place and needed for mitigating such risks.

The quantitative assessment of Strategic Risks is measured according to five dimensions:

> Economic-financial: the impact on Semapa's profit and loss and financial indicators (EBITDA, Net Debt/EBITDA ratio and Net Profit)

> Reputation: the impact on relevant stakeholders perception of Semapa and therefore of its reputation;

> Compliance: the impact of actions that result from the failure to comply with internal standards or policies, or with national or international regulations and laws;

> Human capital: the impact of damages to people or loss of knowledge and skills that are important for Semapa and its Subsidiaries;

> Environment: the internal and external impact of environmental damage.

In order to assess each of the five dimensions described above, metrics and variables were set to analyse them objectively on a qualitative scale.

It is also important to mention that risk assessment scores the probability of occurrence according to the following criteria: Historical – the probability of a risk materialising based on the history of events; Expectation – the qualitative expectation of the risk materialising; and Frequency – approximate time interval in which the risk is expected to materialise.

FINANCIAL YEAR 2022

As mentioned, the year 2022 was undoubtedly marked by the invasion of Ukraine by Russia, against the backdrop of the strategic risk management and monitoring system, such as an External Shock, which brought new challenges to the Group's operations.

In this context, Semapa continued to consolidate and operationalise the risk management and control system and implemented several actions that enhanced the maturity level of the system. In view of developments in the external environment, Semapa deemed important and appropriate to conduct a reassessment of its strategic risk framework, not only in order to identify any emerging risks but also to reassess the risks that are being monitored, in particular with regard to their suitability in the current context of the Group's operations, their level of severity, the suitability of the mitigation measures and their management.

A number of thematic workshops were also held over the course of the year, namely on Cybersecurity, new climate risks and ESG factors, in conjunction with the extended internal risk forum held in 2021, which was attended by stakeholders in the Risk Management System, namely members of Semapa's Control and Risk Committee and risk supervisors at each of its Subsidiaries.

With regard to new climate risks and ESG factors, the actions carried out also involved the Group's teams from the Sustainability and Financial areas. As a result of these discussions and the alignment with the key international benchmarks, three new strategic risks were identified, which will now be monitored autonomously: 1) Adverse weather events; 2) ESG Performance; and 3) Climate transition. In this framework, the Risk of Environmental Disasters was further converted into Risk of Unnatural Environmental Disasters.

In financial year 2022, Semapa also implemented another annual cycle of activities to monitor its strategic risks, seeking to stabilise the model and increase its efficiency in order to facilitate proactive management and reporting of risks by the various parties involved in the process.

STRATEGIC RISKS IDENTIFIED AND MONITORED

The work carried out in 2022 continued to monitor the risks identified previously, and included the three new risks mentioned above. The risks considered strategic for the Group in this financial year were tracked and monitored as follows:

Risk	Description/Impact	Risk Management
Portfolio	Semapa's mission is to be a leading investment company, focused on growth and long-term value creation. Maintaining a diversified portfolio is vital for alleviating the degree of dependence on some sectors or activities, which, in adverse scenarios, may have a negative impact on the Group's operational and financial performance.	Continuously analysing new Investment opportunities. Diversifying investment in venture capital, through Semapa Next. Leveraging and monitoring the diversification of the Subsidiaries' activities. Assessment on an ongoing basis of the weight of each subsidiary in Semapa's revenue and EBITDA.
Business	The Group is exposed to several markets operating in a competitive environment. Maintaining the consumption levels of the Group's products in the markets where it operates and an efficient cost structure necessary for producing them is an ongoing challenge that requires continued monitoring. Changes in these components may lead to a significant reduction in revenue and income generated, and may negatively affect the Group's operational and financial performance.	Implementing measures to make companies more efficient than their competitors. Expanding the business to markets with higher sustainability and growth potential. Diversifying production and trading of products derived from those that already exist in the Group. Diversifying marketing to emerging markets. Enhancing investment in R&D for substitute products and more environmentally sustainable products.
Reputational Capital	Maintaining and strengthening the Group's reputational capital is essential to increasing the overall perception of the market and other stakeholders regarding its reputation, and to mitigating the risk of the impact caused by potential adverse events, both on its operational and financial performance and on the appreciation of its assets.	Strengthening the position and commitment to sustainability and ESG (Environment, Social and Governance). Promoting an organisational climate anchored in strong values and ethical principles. Developing own communication plans and joint communication plans with subsidiaries. Engaging with communities where the subsidiaries are located. Implementing mechanisms for preventing and detecting events that may cause the reputational capital to deteriorate.

Risk	Description/Impact	Risk Management
Investment Decision-Making	The goal of creating value by managing, investing, and divesting in shareholdings in Subsidiaries must be ensured through a robust and efficient investment management process, policy, and governance. A poor investment decision-making structure may result in inability to maximise the value of the existing portfolio and value creation.	Analysing and monitoring major investment decisions of the Group and subsidiaries by a centralised team. Implementing a governance model with delegation of powers and defining the investment decision-making process. Setting general, financial and non-financial criteria for organic and inorganic investment.
Talent	Maintaining and strengthening an effective system for monitoring and managing people is essential to ensuring the proper implementation of the Group's strategy. Limitations to the capacity to hire and retain people and strengthen knowledge skills of professionals in critical business areas may jeopardise differentiation in relation to competitors, and limit the implementation and scope of the strategies laid down for the Group.	Maintaining talent management areas for the Group in conjunction with its subsidiaries. Adopting attractive and competitive remuneration policies for critical functions. Implementing a talent development and management policy. Identifying and outlining the Group's critical human resources. Disseminating the Group's culture and values. Drawing closer to the academic and digital world. Measuring regularly organisational climate and Employee satisfaction.
Legal and Regulatory Framework in Portugal	The Group is exposed to the legal and regulatory framework in force in Portugal (and in Europe), as a significant part of its industrial sites is located in the domestic territory. Possible changes in the legal framework with the implementation of more restricted tax, environmental, labour or economic measures may have a negative impact on the Group's operational and financial performance.	Monitoring of the activity and drawing up a regulatory agenda by the subsidiaries.
External Shock	The Group operates in a global context, with exports weighing significantly on its turnover. Significant or disruptive changes in the external context, with serious adverse effects on markets (demand, prices, logistics), inputs (energy, chemicals, raw materials) or on people may have a negative impact on the Group's operational and financial performance.	Continually analysing and monitoring the global macroeconomic environment and in the countries where the Group operates. Contingency plans. Insurance policy and taking out adequate insurance for the operations of the Subsidiaries. Solid technological and IT infrastructures primed for remote working.

Risk	Description/Impact	Risk Management
Fraud	Due to its size, the Group interacts continuously with a wide range of external and internal entities and people, thus being exposed to situations or events likely to have a negative impact on its reputation and/or result in failure to report or asset loss.	Existence of good corporate governance practices. Existence of a Code of Ethics and Conduct. Existence of internal audit departments in Subsidiaries. Existence of policies and procedure manuals Groupwide. Existence of Whistleblower Reporting Channels.
Access to Raw Materials	The Group operates in sectors where access to raw materials is critical for pursuing its operations. Fewer raw materials available in national and international markets, their unaffordable prices given the existing cost structure, or regulatory or legal restrictions to accessing them may have a negative impact on the Group's operational and financial performance.	Continually prospecting and diversifying countries for the purchase of raw materials. Continually monitoring the Group's own raw material reserves and stock levels. Schemes to encourage good practices and support suppliers.
Cybersecurity	The Group's production processes depend on technological information systems essential for maintaining its operation. Interruptions in information systems, security breaches or events leading to data loss may have a negative impact on the Group's operations, may expose confidential information, and lead to operational, property and reputational damage.	Allocating responsibilities in the security of information management systems. Existence of cybersecurity policies and strategies in the Group. Existence of robust software to support all the information processed at Board level. Training and awareness-raising through regular training for the Group's Employees.
Unnatural Environmental Disasters	The Group, which is essentially industrial in nature, has assets and operations that, in the event of an accident, may cause significant damage to the environment. Events from unnatural causes, whether of internal or external origin, which occur and affect the assets managed by the Subsidiaries may cause serious environmental hazards with financial and reputational repercussions.	Adequate insurance coverage policy. Emergency and protection plans (internal and external) and action in case of accident. Operational environmental control plans of the plants. Maintenance plans for plants and forest areas. Regular auditing of industrial facilities and equipment. Periodic drills for testing internal and external emergency plans. Mandatory training and awareness-raising of Employees on safety and environmental issues. Processes for identifying, monitoring and complying with regulatory and environmental obligations.

Risk	Description/Impact	Risk Management
Adverse Climatic Events	The occurrence of adverse climatic events may jeopardise the Group's operations, assets and people. Such events may be chronic (e.g. extreme precipitation or drought, fires) or acute (e.g. hurricanes, floods) and directly impact the business continuity of the Subsidiaries, both in the short, medium and long term. Events such as seismic waves or severe earthquakes, especially in countries where the Group has its manufacturing facilities, can also impact the continuity of its business, in the short, medium and long term.	Identifying risks and opportunities in accordance with benchmarks that help draw up action and mitigation plans. Managing natural resources appropriately. Optimising energy dependence. Environmental management system. Insurance associated with acute environmental events. Disaster recovery plans.
ESG Performance	Sustainability issues and those linked to ESG (Environment, Social and Governance) factors have been gaining increasing visibility, and their scrutiny by the different stakeholders with whom the Group interacts is growing. Group failure to manage, adapt or mitigate the increasing regulatory and market requirements on ESG may significantly impact relationships with stakeholders, damage the reputational capital, deteriorate conditions of access to capital, reinforce competitive disadvantage or inability to attract/ retain talent.	Disclosure and external review of sustainability information. Alignment of investment decision-making and ESG reporting with global and regulatory frameworks. Debt issuance associated with sustainability criteria. Continuous improvement of the soundness and quality of the systems for collecting and monitoring sustainability and performance data.
Climate Transition	The challenges of climate change are numerous and complex, as they involve significant changes in weather patterns, ecosystems and biodiversity on the planet. Long-term climate change and the transition to a low-carbon economy are further challenges, but also an opportunity for Governments, businesses, organisations and individuals to actively contribute to a more sustainable planet. The Group's inability to adapt to structural and long-term changes in terms of technology, public policies and customer and consumer preferences will result in loss of competitiveness, asset devaluation, deterioration of stakeholder relations and of reputational capital.	Aligning investment decision-making and reporting with global and regulatory frameworks. Debt issuance associated with sustainability factors. Continuous monitoring of climate-related risks and opportunities along value chains. Certifying assets and businesses for energy efficiency and impact on the environment.

FUTURE CHALLENGES

The effects of the invasion of Ukraine by Russia, along with the long-term effects of the Covid-19 pandemic, the growing focus on ESG (Environment, Social and Governance) performance and climate change have resulted in more stakeholder pressure on organisations, increasing their influence on operations and, consequently, on the risk context in which they operate.

Even though it considers that these factors provide for a context of higher risk, the Group believes that they also provide an opportunity for anticipating and adapting to this new global reality. Consequently, it has intensified investment in research, development and innovation of its products and processes, enhancing and training its professionals and systems, and developing initiatives that will allow it to secure and expand its position as a benchmark entity in the sectors in which it operates.

4

PERFORMANCE

Contents

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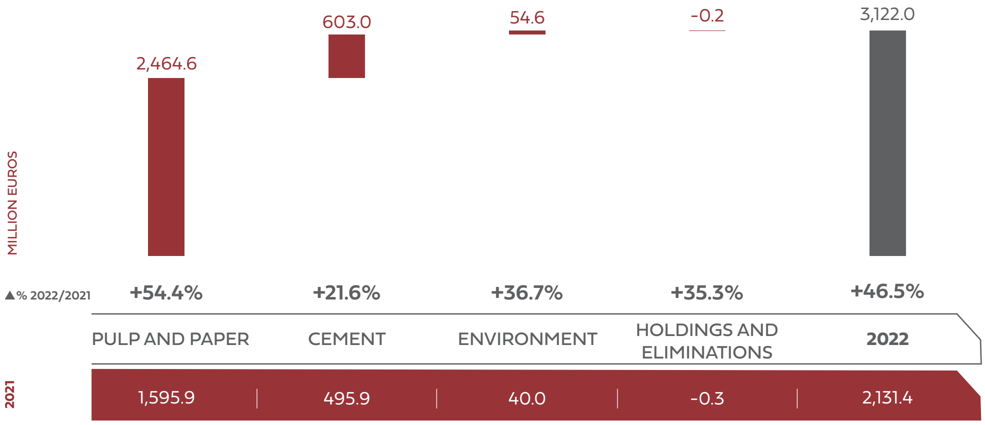
1 Financial Capital

1.1 OVERVIEW OF SEMAPA GROUP OPERATIONS

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2022	2021	Var.
Revenue	**3,122.0**	**2,131.4**	**46.5%**
EBITDA	**894.2**	**508.7**	**75.8%**
EBITDA margin (%)	28.6%	23.9%	4.8 p.p.
Depreciation, amortisation and impairment losses	(248.4)	(193.9)	-28.1%
Provisions	(3.9)	(4.7)	15.8%
EBIT	**641.8**	**310.1**	**107.0%**
EBIT margin (%)	20.6%	14.5%	6.0 p.p.
Income from associates and joint ventures	7.5	2.1	258.2%
Net financial results	(92.7)	(51.5)	-80.2%
Net monetary position	1.0	7.2	-86.4%
Profit before taxes	**557.6**	**267.9**	**108.1%**
Income taxes	(135.6)	(18.0)	-653.6%
Net profit for the period	422.1	250.0	68.9%
Attributable to Semapa shareholders	**307.1**	**198.1**	**55.0%**
Attributable to non-controlling interests (NCI)	115.0	51.8	121.8%
Cash flow	674.4	448.5	50.4%
Free Cash Flow	443.6	295.4	50.2%
	31/12/2022	**31/12/2021**	**Dec22 vs. Dec21**
Equity (before NCI)	1,323.4	1,092.3	21.2%
Interest-bearing net debt	**794.2**	**1,015.6**	**-21.8%**
Lease liabilities (IFRS 16)	101.2	96.7	4.7%
Total	**895.4**	**1,112.3**	**-19.5%**

REVENUE



In 2022 the Semapa Group recorded consolidated revenue of 3,122 million euros (up 46.5% year-on-year). Exports and sales abroad for the same period amounted to 2,360.6 million euros, accounting for 75.6% of revenue.

NAVIGATOR - PULP AND PAPER: 2,464.6 MILLION EUROS ▲ 54.4%

In 2022, Navigator revenue totalled 2,464.6 million euros, breaking the 2-thousand-million-euro barrier, with paper sales accounting for around 74% of revenue (vs 72% in the previous year), pulp sales accounting for 8% (vs 11%), tissue sales accounting for 8% (vs 9%), and energy sales for 10% (vs 8%). The 54.4% year-on-year growth in turnover was driven by favourable price developments on the international markets.

SECIL - CEMENT: 603 MILLION EUROS ▲ 21.6%

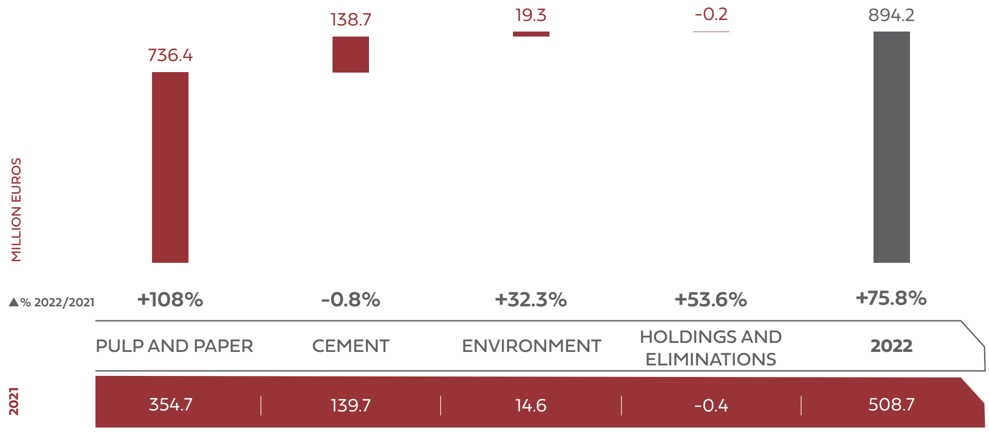
In 2022, Secil's revenue amounted to 603 million euros, up 21.6% year-on-year, corresponding to an increase of 107.1 million euros. This increase is essentially the result of positive developments in the Portuguese and Brazilian markets. The progress in Lebanon is the result of the adjustment made to the existence of hyperinflation in the economy, since the quantities sold decreased in comparison to the same period last year, most notably in Q4. The exchange rate variation of the currencies of the different countries (excluding Lebanon) had a positive effect of about 24.5 million euros on Secil's revenue.

ETSA - ENVIRONMENT: 54.6 MILLION EUROS ▲ 36.7%

ETSA recorded revenue of approximately 54.6 million euros in 2022, up by around 36.7% against the previous year. The sale value of class 3 fat and meal, and used cooking oil, as well as Tribérica sales, a company in which ETSA holds a 70% equity interest since 1 September 2021, contributed significantly to revenue growth.

EBITDA

EBITDA in 2022 amounted to 894.2 million euros (up by 385.5 million euros year-on-year, i.e. 75.8% growth). The consolidated EBITDA margin was 28.6% (vs 23.9% in 2021).



NAVIGATOR - PULP AND PAPER: 736.4 MILLION EUROS ▲ 107.6%

EBITDA totalled 736.4 million euros, compared to 354.7 million euros in the previous year, with the EBITDA margin standing at 29.9% (+ 7.6 p.p. compared to the same period last year), benefiting from the effort to improve efficiency and the very favourable development of sales prices in international markets.

SECIL - CEMENT: 138.7 MILLION EUROS ▼ 0.8%

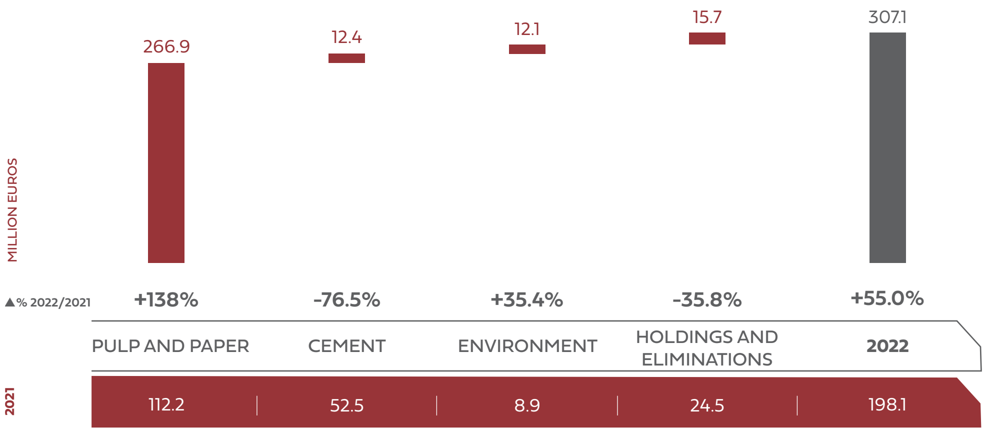
Secil's consolidated EBITDA amounted to 138.7 million euros, 1.1 million euros less (down 0.8%) than in the previous year. This reflects the negative effects of the increase in production costs, especially energy costs, as a result of the sharp rise in fuel prices and the inflationary trend seen in all economies as a result of exit from the global health crisis and continuity of the war in Ukraine. The EBITDA margin stood at 23.0%, an increase of 5.2 p.p. on the margin in 2021.

ETSA - ENVIRONMENT: 19.3 MILLION EUROS ▲ 32.3%

EBITDA totalled approximately 19.3 million euros in 2022, representing a year-on-year growth of around 32.3%, essentially due to increased revenue and management of major costs. The EBITDA margin stood at 35.4%, an increase of 1.2 p.p. on the margin in 2021.

NET PROFIT ATTRIBUTABLE TO SEMAPA SHAREHOLDERS

Net profit attributable to Semapa shareholders amounted to 198.1 million euros, up 85.9% in relation to the previous year.



NAVIGATOR - PULP AND PAPER: 266.9 MILLION EUROS ▲ 137.9%

Net profit attributable to Semapa shareholders in the pulp and paper segment was 266.9 million euros, well above the 112.2 million euros recorded in 2021, corresponding to a year-on-year increase of 137.9% (2021: 112.2 million euros).

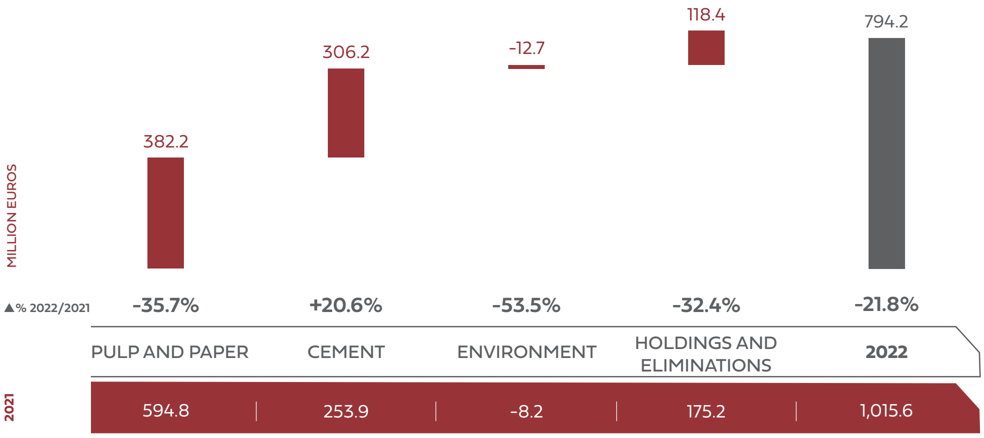
SECIL - CEMENT: 12.4 MILLION EUROS ▼ 76.5%

Net income attributable to Semapa shareholders in the cement and other construction materials segment was 12.4 million euros, 76.5% less than the previous year (2021: 52.5 million euros).

ETSA - ENVIRONMENT: 12.1 MILLION EUROS ▲ 35.4%

Net profit attributable to Semapa shareholders in the environment segment totalled approximately 12.1 million euros in 2022, representing an year-on-year increase of about 35.4% (2021: 8.9 million euros).

NET INTEREST-BEARING DEBT



On 31 December 2022, consolidated net debt amounted to 794.2 million euros, representing a reduction of 221.4 million euros compared to that cleared at the close of FY2021. Including the effect of IFRS 16, net debt would have been 895.4 million euros, 216.9 million euros less than that posted at the end of 2021.

As at 31 December 2022, total consolidated cash and cash equivalents amounted to 593.4 million euros. The Group also has committed and undrawn credit facilities, thus ensuring a strong liquidity position.

BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Pulp and Paper 2022	Pulp and Paper 22/21	Cement 2022	Cement 22/21	Environment 2022	Environment 22/21	Holdings 2022	Holdings 22/21	Consolidated 2022
Revenue – External	**2,464.4**	**54.4%**	**603.0**	**21.6%**	**54.6**	**36.7%**	**-**	**-**	**3,122.0**
Revenue	**2,464.6**	**54.4%**	**603.0**	**21.6%**	**54.6**	**36.7%**	**(0.2)**	**35.3%**	**3,122.0**
EBITDA	**736.4**	**107.6%**	**138.7**	**-0.8%**	**19.3**	**32.3%**	**(0.2)**	**53.6%**	**894.2**
EBITDA margin (%)	29.9%	7.6 p.p.	23.0%	-5.2 p.p.	35.4%	-1.2 p.p.	-	-	28.6%
Depreciation, amortisation and impairment losses	(176.5)	-28.6%	(68.3)	-28.4%	(3.3)	-4.1%	(0.2)	5.7%	(248.4)
Provisions	(1.6)	48.4%	(2.3)	-51.0%	-	-	-	-	(3.9)
EBIT	**558.2**	**160.5%**	**68.1**	**-19.9%**	**16.0**	**40.3%**	**(0.4)**	**34.4%**	**641.8**
EBIT margin (%)	22.6%	9.2 p.p.	11.3%	-5.9 p.p.	29.3%	0.8 p.p.	-	-	20.6%
Income from associates and jv	-	-	(1.2)	-169.4%	-	-	8.8	>1000%	7.5
Net financial results	(57.0)	-220.5%	(32.3)	-13.8%	(0.1)	32.7%	(3.3)	34.9%	(92.7)
Net monetary position	-	-	1.0	-86.4%	-	-	-	-	1.0
Profit before taxes	**501.2**	**155.0%**	**35.6**	**-45.8%**	**15.8**	**41.5%**	**5.0**	**192.4%**	**557.6**
Income taxes	(119.7)	-231.0%	(22.9)	-142.6%	(3.6)	-58.3%	10.7	-64.1%	(135.6)
Net profit for the period	381.5	137.9%	12.6	-77.5%	12.2	37.2%	15.7	-35.8%	422.1
Attributable to Semapa shareholders	**266.9**	**137.9%**	**12.4**	**-76.5%**	**12.1**	**35.4%**	**15.7**	**-35.8%**	**307.1**
Attributable to non-controlling interests (NCI)	114.6	137.9%	0.3	-92.8%	0.2	>1000%	-	-	115.0
Cash flow	559.6	86.1%	83.2	-25.0%	15.6	28.4%	16.0	-35.5%	674.4
Free Cash Flow	462.6	97.0%	(4.1)	-105.9%	5.4	-38.3%	(20.3)	-15.7%	443.6
Interest-bearing net debt	**382.2**		**306.2**		**(12.7)**		**118.4**		**794.2**
Lease liabilities (IFRS 16)	61.6		38.0		1.3		0.3		101.2
Total	**443.9**		**344.2**		**(11.4)**		**118.7**		**895.4**

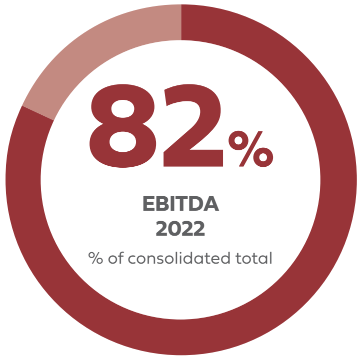
Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

SUMMARY TABLE OF OPERATING INDICATORS

	Unit	2022	2021	Var.
Navigator - Pulp and Paper				
BEKP Sales (pulp)	1,000 t	255	292	-12.6%
UWF Sales (paper)	1,000 t	1,499	1,474	1.7%
Total sales of tissue	1,000 t	101	105	-3.9%
Secil - Cement				
Sales of Grey Cement	1,000 t	4,925	5,062	-2.7%
Sales of Ready-mix	1,000 m^3	1,986	1,960	1.3%
ETSA - Environment				
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1,000 t	130	125	4.0%

1.2 PERFORMANCE OF THE SEMAPA GROUP BUSINESS UNITS

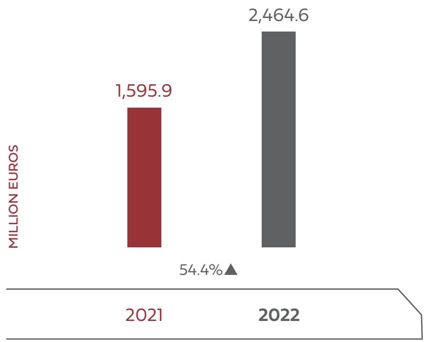
1.2.1 NAVIGATOR - PULP AND PAPER BUSINESS UNIT



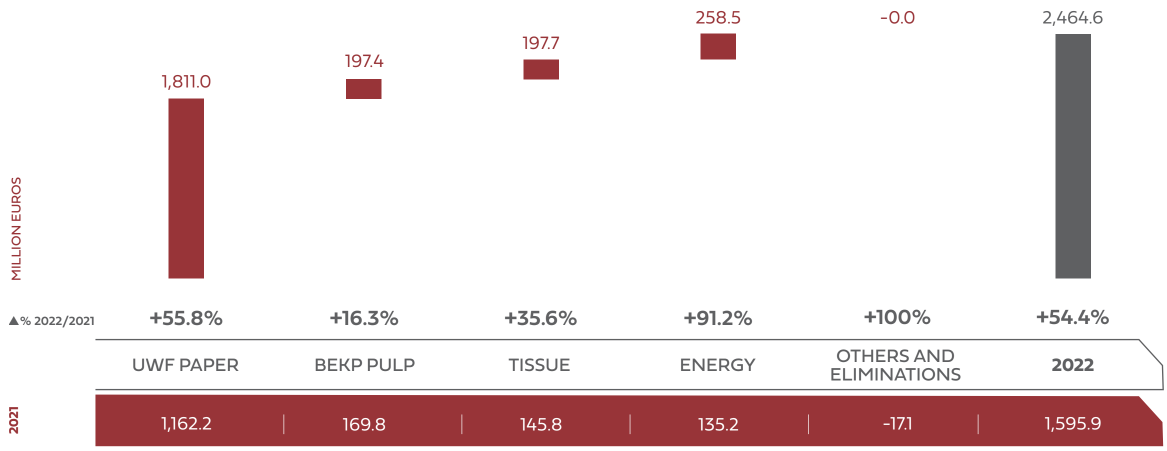
HIGHLIGHTS IN 2022 (VS. 2021)

> Revenue totalled 2,464.6 million euros, representing growth of 54.4% year on year, driven by the favourable evolution of prices in international markets.

REVENUE

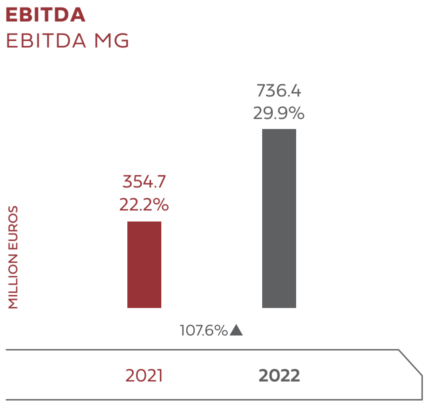


REVENUE BREAKDOWN BY SEGMENT



> EBITDA reached 736.4 million euros, compared to 354.7 million euros YoY, and the EBITDA margin stood at 29.9% (+7.6 p.p. compared to the same period of the previous year), benefiting from the effort to improve efficiency and the very favourable evolution of sales prices in international markets.

> The net positive impact of the EUR-USD exchange rate on EBITDA of about 52 million euros is worth noting, with an average exchange rate in 2022 of 1.05 vs. 1.18 at 2021.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2022	2021	Var.
Revenue	**2,464.6**	**1,595.9**	**54.4%**
EBITDA	**736.4**	**354.7**	**107.6%**
EBITDA margin (%)	29.9%	22.2%	7.6 p.p.
Depreciation, amortisation and impairment losses	(176.5)	(137.3)	-28.6%
Provisions	(1.6)	(3.1)	48.4%
EBIT	**558.2**	**214.3**	**160.5%**
EBIT margin (%)	22.6%	13.4%	9.2 p.p.
Net financial results	(57.0)	(17.8)	-220.5%
Profit before taxes	**501.2**	**196.5**	**155.0%**
Income taxes	(119.7)	(36.2)	-231.0%
Net profit for the period	381.5	160.3	137.9%
Attributable to Navigator shareholders	**381.5**	**160.3**	**137.9%**
Attributable to non-controlling interests (NCI)	0.0	0.0	-73.6%
Cash flow	559.6	300.8	86.1%
Free Cash Flow	462.6	234.8	97.0%
	31/12/2022	**31/12/2021**	
Equity (before NCI)	1,018.0	814.5	
Interest-bearing net debt	**382.2**	**594.8**	
Lease liabilities (IFRS 16)	61.6	53.2	
Total	**443.9**	**648.0**	

Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

OVERVIEW OF PULP AND PAPER

In 2022, Navigator revenue totalled 2,464.6 million euros, breaking through the barrier of 2,000 million euros, with paper sales accounting for around 74% of the revenue (vs. 72% in the previous year), pulp sales 8% (vs. 11%), tissue sales 8% (vs. 9%), and energy sales 10% (vs. 8%).

PULP

in 1,000 t	2022	2021	Var.
BEKP Output	1,508	1,460	3.3%
Aveiro	354	347	
Figueira da Foz	603	583	
Setúbal	551	530	
BEKP Sales	**255**	**292**	**-12.6%**
FOEX – BHKP Usd/t	**1,291**	**1,023**	**26.2%**
FOEX – BHKP Eur/t	**1,232**	**867**	**42.1%**

The short fibre (hardwood) **pulp** benchmark in Europe - PIX BHKP in dollars - reached historically high levels in 2022 (1,380 USD/t), staying at this figure from the beginning of August until the end of the year (21 consecutive weeks), up by 21% in relation to the start of the year. In turn, the average price for 2022 was 26% above the average price in 2021. The benchmark index for hardwood pulp in China recorded a strong increase, peaking in October at 866 USD/t, and subsequently correcting to 828 USD/t at year end, still up by 41% on the start of the year.

Prices were driven up by the significant imbalance between supply and demand. Different factors contributed to this imbalance, in particular: i) the buoyant level of global demand for short fibre eucalyptus pulp, which grew by +7.8% in 2022; ii) delays in the start-up of new investments in pulp in LatAm (which only materialised in December 2022; iii) the strike in Northern Europe in the first four months of the year, which withdrew more than half a million tonnes of pulp from the market; iv) persistent logistical constraints, which hindered pulp market supply.

In addition, 2022 was marked, essentially in the first half by unplanned shutdowns due to environmental issues (drought), fires and logistical problems (road and maritime transport), in Europe, Indonesia and Canada, with a further impact on the availability of pulp.

The pulp demand in 2022 grew 1.3% globally, while long fibre demand decreased 1.8% and short fibre increased 2.7%. It should also be noted, as mentioned above, the good momentum of eucalyptus short fibre, up by 7.8% in 2022.

At the beginning of 2022, Navigator's pulp stocks were relatively low, which combined with significantly higher integration of paper, reduced pulp volumes available for sale in 2022. Sales thus stood at 255,000 tonnes. The increase in pulp prices in the year made it possible to offset the decrease in volumes year on year, with a positive variation in revenue of this business area of 16%. The annual production of the Figueira da Foz pulp mill reached an all-time high (603.3 ktAD).

PAPER

em 1,000 t	2022	2021	Var.
UWF Output	1,518	1,461	3.9%
Figueira da Foz	733	729	
Setúbal	785	732	
UWF Sales	**1,499**	**1,474**	**1.7%**
FOEX – A4- BCopy Eur/t	**1,216**	**844**	**44.0%**

The global printing and writing paper industry experienced a unique moment in 2022, although one can clearly differentiate the first half of the year from the second half.

Fears of a substantial downturn in **UWF** demand in the wake of the pandemic prompted manufacturers in Europe and the US to bring forward capacity closures and reconversions, which in combination with logistical issues and rising energy costs severely curtailed supplies, especially in these regions.

The significant increase in costs – particularly in energy, which reached historically high levels from the start of Russia's invasion of Ukraine – is forcing some companies, non-integrated ones especially, to temporarily close or reduce operations.

Consequently, in the first half of 2022 there was a sharp shortage of paper supply in Europe, which was not exclusive to UWF paper. This imbalance, and the significant increase in production costs (across fibre, chemicals, energy, packaging materials) and logistics (due to higher costs and scarcity of means), contributed to overall and constant increase in the prices of all graphic papers in the year and to historically high levels of order books at producers and historically long delivery times.

The aforementioned acute supply shortage led to an abnormal volume of orders during the first half of the year as customers reacted to a fear of prolonged paper shortages. But fears of an economic slowdown, which mainly took hold from the middle of the year onwards, led to a reduction in demand at a time when stocks were high and there was a relatively rapid normalisation of logistical chains. The reduction of this stock in the pipeline will take more or less time depending on the normalisation of the supply chains and logistics, and on a greater or lesser economic slowdown and also on the developments in demand in Asia for the new graphic paper capacities built in recent years.

Demand for UWF paper grew by 0.3% and coated papers decreased by 2.5%, while mechanical fibre paper fell sharply by 9.9%. Thus, in 2022, global demand for printing and writing papers was down 2.3%, with the UWF continuing to show remarkable resilience.

In Europe, apparent demand for UWF paper during the last quarter had a negative evolution of 12% year on year, bringing accumulated demand 6.7% below that in the same period of the previous year. This drop in apparent demand results from the calculation model (based on deliveries by manufacturers), reflecting unsatisfied latent demand.

Indeed, capacity in Europe decreased significantly (-10% YoY, above all due to the closure of a plant in Scandinavia at the end of Q3 2021 and the conversion to packaging of a plant in France in Q1 2022, with the added effect of the strike in Northern Europe, which lasted for the first 16 weeks of 2022. Furthermore, import volumes remained below the usual levels as a result of the known logistical challenges. So, it is estimated that without the effects of the reduction in capacity and the resulting reduction in production and deliveries, the apparent drop in demand for UWF paper in Europe would have been much lower and in line with lower consumption levels in the past years.

In contrast, in the United States, demand for UWF paper surged in 2022 by 5.3%, whilst in other global regions it rose by 0.7%.

The office paper benchmark index in Europe at the end of December stood at 1,331 €/t compared to 976 €/t at the beginning of the year and the average index price in 2022 grew by 44% compared to the average price in 2021. The evolution of the sales price in 2022 places the average sales price for the year above that in 2021 (+55%). Such developments in the sales price was due to the strong increase in costs, particularly chemicals, energy and logistics.

Navigator's UWF sales totalled 1.5 million tonnes, up by 1.7% over the previous year, reflecting the Company's significant efforts to meet its customers' needs against a backdrop of supply constraints due to cutbacks in capacity and severe logistical constraints, specially in the first half of the year.

Revenue was boosted by the general rise in international prices, which Navigator managed to lead or meet, resulting in growth of around 57% in relation to the same period of the previous year. The positive developments in price were driven by enhanced product mix, achieving record sales levels of premium and own-brand products.

The price increase during the year in markets outside Europe was around two thirds higher than in European markets. On the other hand, in the Iberian Peninsula, prices rose much less than in the rest of Europe, with Portugal now being one of the countries in the world with the lowest paper price.

The development of the new **packaging** segment continues to reveal positive signs, evidenced in Navigator's growing customer base and recognition of the quality of its products, which will strengthen the gKraft brand, serving high exposure brands in sectors as diverse as fashion, retail food, e-commerce, industry and agriculture.

The packaging segment revealed, however, to be more sensitive to the market context, as it was the segment where the sudden and expressive cooling down in demand was most felt, with considerable evidence in the last quarter of 2022.

Despite the unfavourable macroeconomic context, Navigator achieved sales of more than 90 million euros in 2022, doubling the 2021 sales figure for the packaging sector, namely for the manufacturing industries, paper bags, flexible packaging and boxes for use in the food area.

TISSUE

in 1,000 t	2022	2021	Var.
Reels Output	112.2	111.1	1.0%
Output of finished products	83.7	82.0	2.1%
Sales of reels and goods	18.7	24.5	-23.7%
Sales of finished products	82.6	80.9	2.1%
Total sales of tissue	**101.3**	**105.4**	**-3.9%**

The economic recovery after the pandemic of the markets where Navigator operates has resulted in an increase in consumption. It is estimated that by 2022 (YTD October) the global tissue market will have grown by 1.8%. On the other hand, price levels rose significantly, in an environment marked by disruption and turbulence in value chains and, in the case of Europe, by geopolitical tensions, with a particularly significant impact on the evolution of energy costs.

Despite this challenging context, production capabilities, logistical services and consequent customer price increases were managed fluently and consistently.

Navigator achieved tissue sales of 102 thousand tonnes, down by 4% on 2021, although the volume of finished product sold grew by around 2%. The value of sales was driven by price increases, showing a 36% growth compared to 2021 (38% in finished product). Growth in sales was achieved above all in the At Home channel, up by 5%, driven by new customers and consolidation of the existing client base.

The global customer base remained quite diversified - around 600 customers with active purchases in 2022 - which ensures sustainable diversification of commercial activity.

The company was particularly successful in pursuing sales and distribution growth of its own-brand products, with progress in communicating the value proposition in terms of quality, sustainability, and innovation. As a result, sales of Navigator brands grew by almost 9% across the various channels and markets, accounting for almost 28% of Finished Product sales in 2022, as compared to 26% in 2021, higher than the industry average in the most relevant markets (20-25%).

At a structural level, efforts were made to streamline operations, by shortening and simplifying its portfolio of products, which in time will deliver greater production efficiency and higher levels of service provided. In terms of production capacity, the equipment acquired will help speed up and increase production and improve the quality levels of the product delivered to customers, namely in the napkin category.

Concerning innovation, Navigator stepped up its launch of products adapted to market trends and also introduced disruptive products, which include Amoos Air Sense™ toilet paper, the first on the Iberian market with perfume capsules incorporated into the paper for a long-lasting fragrance, and the new Amoos Calorie Control™ kitchen paper towels, with micro-alveolar structure created by special embossing technology for extra absorbency of liquid and fat from freshly fried foods. The five-star award given to Amoos Air Sense™ toilet paper is an indication that the company is responding to consumers' needs. This is the first time the company has taken the lead in this product category in Portugal. Thanks to on-going commitment to innovation, sales of new products almost tripled compared to 2021.

Taken as a whole, the initiatives undertaken in 2022 helped to enhance customers' perception of the quality of Navigator's value proposition and the robustness of its business, with a focus on innovation and differentiation, making it more commercially attractive.

ENERGY

In 2022, power sales totalled 258.5 million euros, of which more than 70% came from renewable sources, thus contributing to the country's decarbonisation goals; revenue increased by approximately 91% compared to the previous year. This result is essentially due to the fact that the renewable cogeneration plants sold all their output to the market. In addition, the natural gas combined cycle plant in Setúbal, which was already selling part of its electrical output, started to sell all the power generated to the market.

In this regulatory context, the increase in power sales benefited from the rise in the sales price of electricity globally, of approximately 50% in 2022 under the MIBEL for the area of Portugal, compared to 2021.

In 2022, Navigator's industrial units will also participate in the Regulated Reserve Band Market, an important service provided by qualified electricity consumers to the operator of the power grid, intended to help safeguard security of energy supply in the National Electricity System.

EBITDA

Production costs increased significantly in 2022, mainly due to the higher cost of wood at the mill gate, the exchange rate and the supply mix, and the increased cost of foreign fibre, energy, and chemicals.

There was also a sharp upturn in logistical costs and a severe shortage of freight availability, compared with the previous year. In the second half of the year, the availability of logistical means improved, although costs remained very high and started to decline towards the end of 2022. The prices started to decline in Asia, and continued on to Europe. Only later did the downward trend of prices expand from Europe to the other markets, albeit to a lesser extent. Freight alternatives between Portugal and the United States remained in short supply, again affecting the level of prices.

Navigator's strong performance over the year, will allow it to increase performance bonus payments, distribute a new productivity bonus to staff, and step up the rejuvenation programme. Total fixed costs were 17% above 2021 fixed costs, mainly due to personnel costs as mentioned above, and higher maintenance costs, impacted by the generalised increase in the costs of materials and services in a context of inflationary pressures, and higher operating costs, namely the increase in costs with projects aimed at supporting and diversifying Navigator's business, the increase in outsourcing costs, mainly as a result of salary increases, and the scaling up of operations in the post-pandemic context.

In this context, positive developments in international prices and efforts to increase productivity and efficiency offset the strong increase in the cost of production inputs and fostered an EBITDA of 736.4 million euros in 2022. EBITDA margin stood at 29.9% (up 7.6 p.p. on 2021). The net positive impact of the exchange rate on EBITDA of about 52 million euros is worth noting, with an average EUR/USD in 2022 of 1.05 vs. 1.18 in 2021.

As a result of the periodic evaluation of tangible fixed assets carried out by an independent entity, and taking into account the use of these assets, technological evolution and investments that Navigator intends to make in the next five years, namely as a result of decarbonisation commitments and the Recovery and Resilience Plan, the lifetime of a number of assets was reviewed, resulting, on average, in a reduction in the lifetime and thus an increase in **depreciation** for the year.

The **financial results** amounted to -57.0 million euros (vs. -17.8 million), deteriorating by about 39.2 million euros, due to non-recurrent impacts (38.0 million euros), mainly resulting from accumulated exchange rate losses, connected with the reimbursement of shareholder loans granted to the subsidiary Portucel Mozambique, recognised in the first quarter, from equity to profit and loss for the year. Without these non-recurring impacts, financial results would have been -19.0 million euros.

There was an improvement in the period in the performance of financing operations (0.5 million euros) as a result of the reduction in the volume of interest-bearing debt compared with the same period of the previous year, and also an improvement in current exchange rate results (2.4 million euros) which, albeit slightly positive in 2022, compare with a significantly negative value in the previous year. On the other hand, there was a very negative variation in other financial costs and revenue (4.6 million euros), mainly due to the absence of compensatory interest this year, which was strongly positive in 2021 thanks to favourable decisions of tax courts that year.

Net profit attributable to Navigator's shareholders in 2022 was 381.5 million euros (vs. 160.3 million euros in the same period of 2021).

The free **cash flow** amounted to 462.6 million eros (vs. 234.8 million in the previous year), reflecting the excellent operational performance, which allowed full advantage to be taken of the favourable circumstances experienced in international markets, particularly with regard to sales volume and prices. The value of the working capital has remained relatively stable. There was a significant increase in the values of inventories (through volume effect and price increases) and customer accounts (in line with rapidly expanding business), but the tendency for growth of the working capital that would result from this was moderated by the simultaneous growth in supplier accounts payable. A special mention should be made of the implementation of a supplier management policy which included maintaining liquidity support measures for Navigator's partners.

In 2022, the total amount of **investments** was 112.5 million euros (vs. 80.1 million euros year on year), of which 39.1 million euros were related to investments classified as Environment, which accounts for 35% of the total investment. This is mainly made up of investments aimed at maintaining production capacity, revamping equipment and achieving efficiency gains. As mentioned, 35% of all investment is environmentally targeted, including structural, environmental and decarbonisation projects, some of them launched in 2020 and in 2021, such as the new wood yard in Figueira da Foz, the new evaporation line in Aveiro and replacement of fuel oil boilers in Setúbal.

In the coming years, Navigator will step up the level of investment, in particular under the Recovery and Resilience Plan (RRP), with a focus on the From Fossil to Forest Agenda - "Sustainable packaging and products to replace fossil plastic", which includes *inter alia*: i) projects to develop high yield chemical pulp and brown paper; ii) projects to develop moulded pulp for rigid packaging; iii) projects to develop paper with greater mechanical strength, and iv) paper with barrier properties. Navigator is further partner to other agendas, including the development of new genetic materials for more productive and resilient forests, circularity of industrial waste, intra-logistical operation automation, digital transformation of forestry value chains and digital and ecological transformation of logistical and transport networks, as part of the Mobilising Agenda for Production Technologies for Reindustrialisation and the Agenda for the digital transformation of forestry value chains into a more resilient and low-carbon Portuguese economy.

Furthermore, Navigator continues to conduct innovation programmes to improve operational efficiency, programmes to develop sustainable packaging solutions and to invest in Decarbonisation and improving environmental impact, which includes, amongst others, a new Recovery Boiler and investment in collecting non-condensable gases in Setúbal.

As part of the strategy defined for the *Packaging* area, Navigator embarked on a project to build a plant to produce moulded pulp components to replace plastic components that protect foodstuffs and are used in packaging at the point of sale or are used in a single-use perspective. The plant will be erected on the Aveiro industrial site and is scheduled to start production in the first quarter of 2024. It will produce 100 million pieces at the start, with plans to increase capacity in subsequent years. The development of biodegradable barrier properties to ensure food protection functions and appropriate isolation from liquid and fatty food components is a major challenge of the project.

In July 2022, Navigator and the German company P2X Europe signed an agreement in principle to set up a joint venture - P2X Portugal - for developing a state-of-the-art industrial unit to produce non-fossil fuels for the aviation sector on a large scale, also known as e-SAFs (e-Sustainable Aviation Fuels) - carbon-neutral synthetic jet-fuel (paraffin) produced from green hydrogen and biogenic CO_2 obtained from the energy recovery of forest waste and surplus and wood by-products, in the operation of Navigator's integrated pulp and paper mills.

It should also be noted that Navigator obtained the **maximum score ("A") in the CDP Climate Change report,** awarded by CDP - Disclosure Insight Action, a non-profit organisation known for running the largest and most comprehensive global independent environmental disclosure system for companies, regions, cities and countries.

Navigator belongs to the select group of 330 companies worldwide that achieved the highest "A" rating, less than 2% out of a universe of over 18 thousand companies. A CDP score assesses the comprehensiveness and detail of information disclosed by companies on their deep understanding of their environmental risks and impacts, strong governance and transition strategies, and also assesses the measures and targets set to reduce impacts in line with science. Navigator has participated in the CDP Climate Change reporting since 2018, keeping up with growing demand for assessing the Company's progress in the field of risk management and climate action.

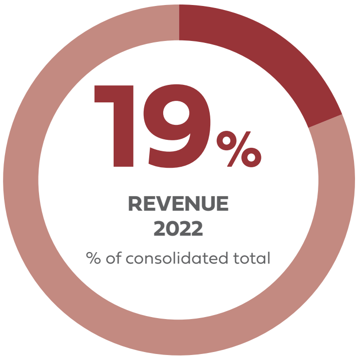
Navigator applied for the first time in 2021 to the **CDP Forest** programme, which focuses on forest management. In the second year its performance was recognised with a "A-" rating and now it occupies a leading position in this area as well. CDP Forest assesses the soundness of the systems that the company uses to trace and monitor the origin of its raw materials, based on the certification of the forest management model of the forests under its responsibility and its demanding wood procurement policies.

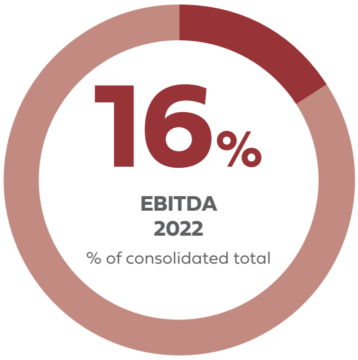
Also worthy of note was the annual assessment by the **rating agency** Sustainalytics, which announced at the end of January that Navigator is a low-risk company for investors and recognized it as an **ESG Industry Top-Rated company.** Navigator's assessment and good ranking are relevant facts that reflect the continuous work carried out by the company to integrate sustainability as a priority in its business model, demonstrating its ability to anticipate and manage ESG risks in conducting its activities.

In addition, the Science Based Targets Initiative (SBTi) approved Navigator’s greenhouse gas (GHG) emissions reduction targets. The endorsement of climate science-based targets was seen by SBTi as a "key" for a net-zero decarbonisation trajectory, as advocated in the Intergovernmental Panel on Climate Change (IPCC) report, with a view to achieving net zero emissions by mid-century.

Taking into account the performance in 2022, Navigator's Board of Directors announced in the results press release that it will submit for approval by the General Shareholders Meeting the distribution of dividends, in relation to the financial year of 2022 in the amount of 0.2812 euros per share, corresponding to a total value of approximately 200 million euros.

1.2.2 SECIL - CEMENT AND OTHER BUILDING MATERIALS BUSINESS UNIT



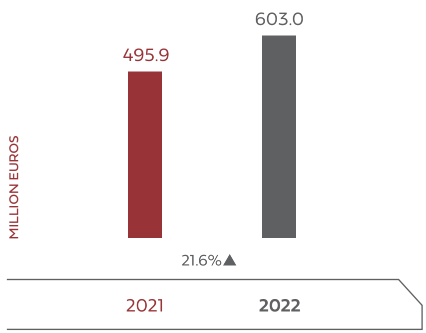


HIGHLIGHTS IN 2022 (VS. 2021)

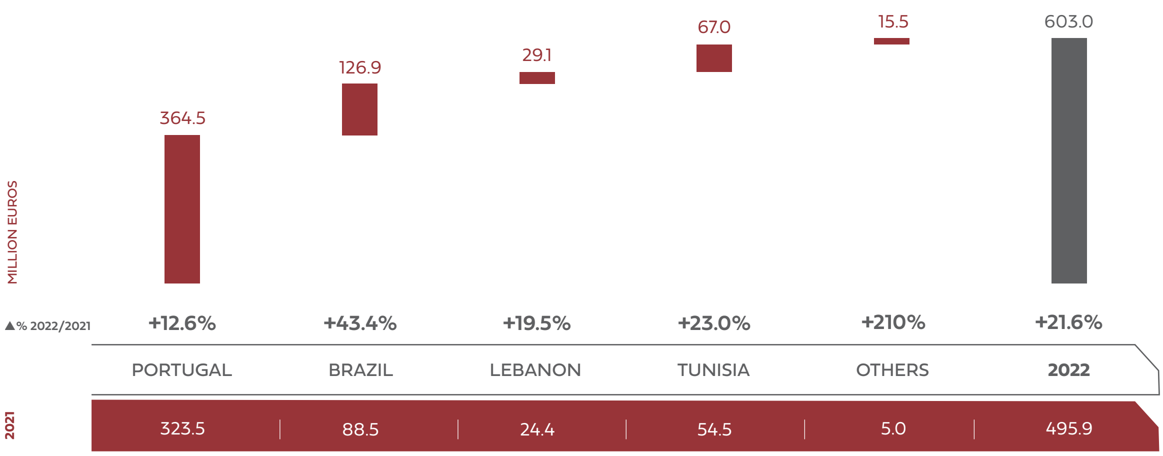
> In 2022, Secil's revenue amounted to 603 million euros, 21.6% over that during the corresponding previous period, which translated into 107.1 million euros increase.

> This rise is essentially the result of positive developments in the Portuguese and Brazilian markets. The progress in Lebanon is the result of the adjustment made due to the hyperinflation situation of the economy, since volumes sold decreased in comparison with the same period of the previous year, especially in Q4. The foreign exchange variation of the currencies of the different countries (excluding Lebanon) had a positive effect of about 24.5 million euros on Secil's revenue.

REVENUE



REVENUE BREAKDOWN BY COUNTRY

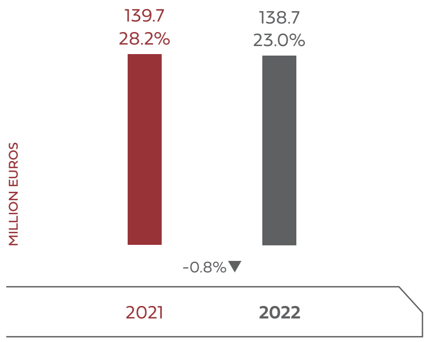


Note:
Other includes Angola, Trading, Other and Eliminations.

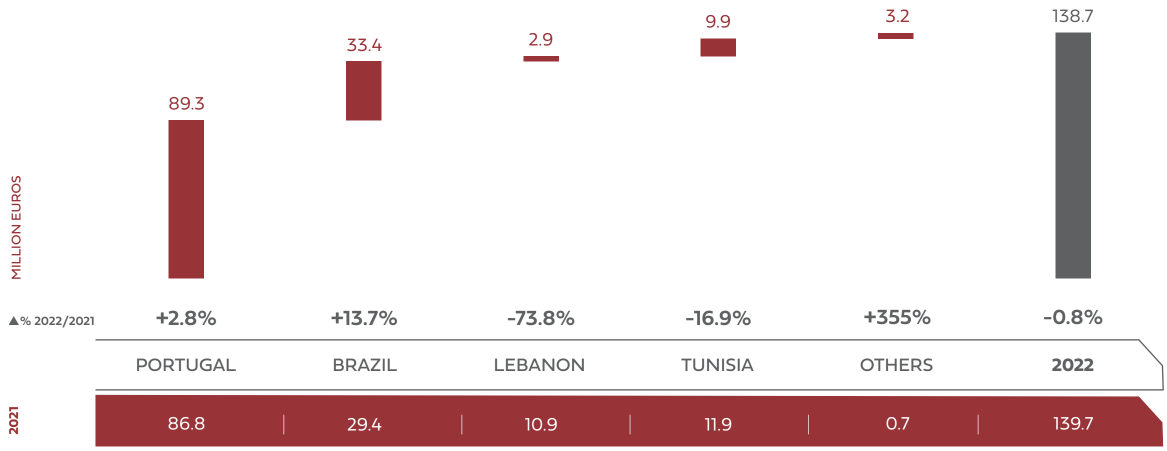
> Consolidated EBITDA amounted to 138.7 million euros, down by 1.1 million euros (-0.8%) compared to the previous year. The decrease in sales of CO_2 emission licences of 5.0 million euros compared to the same period last year is worthy of note.

> This evolution reflects the negative effects caused by the increase in production costs, especially energy, as a result of the sharp rise in fuel prices and the inflationary trend seen generically in all economies following the exit from the global health crisis and the ongoing war in Ukraine, offset by the average increase in sales prices and market growth in several countries.

EBITDA
EBITDA MG



EBITDA BREAKDOWN BY COUNTRY



Note:
Other includes Angola, Trading, Other and Eliminations.

Secil's **net financial results,** including income from associates deteriorated from the same period of the previous year, from -26.6 million euros to -33.5 million euros. The negative variation stemmed mainly from the increased net cost of financing in Brazil and in Tunisia, occasioned by the rise in interest rates in these markets and higher net debt in Tunisia. On the other hand, Lebanon's exchange rate losses were lower than in the same period of the previous year. Additionally, profit of associated companies decreased stemming from the sale of the stake in UTIS to Semapa at the end of 2021.

Net profit attributable to Secil shareholders in 2022 totalled 12.4 million euros vis-à-vis 52.5 million euros in the previous year. Besides the gap in EBITDA and financial results mentioned above, also contributed negatively the recording of an impairment on the Secil Tunisia brand and the recording of impairments on some tangible fixed assets in this geography, in the global amount of 12.4 million euros, the decrease in the net monetary position by 6.2 million euros and the increase in taxes on profit of 13.5 million euros.

In 2022, Secil **invested** 72.4 million euros in fixed assets (vs. 43.4 million euros in the same period of 2021). The investment in the CCL – Clean Cement Line project amounting to 40.5 million euros, is worthy of note, which pioneers a combination of mature and innovative technologies and will allow a 20% reduction in CO_2 emissions, an increase in energy efficiency by 20% and the production of 30% of electricity through a heat recovery of the process itself. The low-carbon clinker that will result from this process will make it possible to respond competitively to green procurement requests in the market.

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2022	2021	Var.
Revenue	**603.0**	**495.9**	**21.6%**
EBITDA	**138.7**	**139.7**	**-0.8%**
EBITDA margin (%)	23.0%	28.2%	-5.2 p.p.
Depreciation, amortisation and impairment losses	(68.3)	(53.2)	-28.4%
Provisions	(2.3)	(1.5)	-51.0%
EBIT	**68.1**	**85.0**	**-19.9%**
EBIT margin (%)	11.3%	17.1%	-5.9 p.p.
Income from associates and joint ventures	(1.2)	1.8	-169.4%
Net financial results	(32.3)	(28.4)	-13.8%
Net monetary position	1.0	7.2	-86.4%
Profit before taxes	**35.6**	**65.6**	**-45.8%**
Income taxes	(22.9)	(9.5)	-142.6%
Net profit for the period	12.6	56.2	-77.5%
Attributable to Secil shareholders	**12.4**	**52.5**	**-76.5%**
Attributable to non-controlling interests (NCI)	0.3	3.7	-92.8%
Cash flow	83.2	110.9	-25.0%
Free Cash Flow	(4.1)	69.3	-105.9%
	31/12/2022	**31/12/2021**	
Equity (before NCI)	398.0	371.4	
Interest-bearing net debt	**306.2**	**253.9**	
Lease liabilities (IFRS 16)	38.0	41.6	
Total	**344.2**	**295.5**	

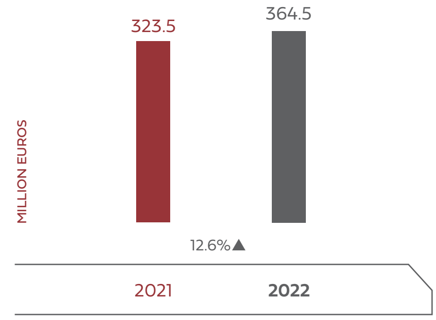
Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

LEADING OPERATING INDICATORS

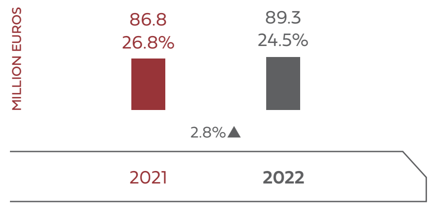
in 1,000 t	2022	2021	Var.
Annual cement production capacity	**9,750**	**9,750**	**0.0%**
Production			
Clinker	3,838	4,279	-10.3%
Cement	4,979	5,189	-4.1%
Sales			
Cement and Clinker			
Grey cement	4,925	5,062	-2.7%
White cement	72	82	-12.1%
Clinker	108	145	-25.4%
Other Building Materials			
Aggregates	4,665	5,083	-8.2%
Mortars	265	258	2.6%
in 1,000 m^3			
Ready-mix	1,986	1,960	1.3%

PORTUGAL

REVENUE



EBITDA
EBITDA MG



KEY OPERATING INDICATORS

	Unit	2022	2021	Var.
Clinker Production	**1,000 t**	**1,628**	**1,787**	**-8.9%**
Cement Production	**1,000 t**	**2,051**	**2,072**	**-1.0%**
Cement and Clinker Sales				
Internal Market	1,000 t	1,606	1,585	1.3%
Exports**	1,000 t	440	487	-9.6%
Total	**1,000 t**	**2,046**	**2,072**	**-1.3%**
Ready-mix Sales*	1,000 m^3	1,585	1,545	2.6%
Aggregates Sales*	1,000 t	4,665	5,083	-8.2%
Mortars Sales*	1,000 t	265	258	2.6%
Precast Sales*	1,000 t	0	103	-100.0%

Note:
* Sales volumes concern total sales of each business unit, do not exclude intragroup values.
** Includes Terminal sales in the Netherlands, Cape Verde, and Spain.

In **Portugal,** the Bank of Portugal (Projections for the Portuguese economy – December 2022) estimates a growth of 6.8% for the Portuguese economy in 2022. On the construction sector, the November 2022 INE's publication *Síntese de Conjuntura* highlights a positive variation year on year of 1.4% in October, following a slowdown in the previous month. The number of dwellings licensed in the last 12 months (Nov 22 - Dec 21) grew 4.6% compared to the previous period (Nov 21 - Dec 20). However, the number of dwellings licensed in November compared to same month of the previous year remained stable.

Cement consumption in Portugal in 2022 is estimated to have decreased slightly by about 0.1% in comparison with the same period of the previous year, greatly impacted by the weak activity in the last quarter.

In 2022, **Revenue** of combined operations in Portugal stood at 364.5 million euros, i.e. 12.6 % more in relation to the same period in 2021.

Revenue in the Cement business unit in Portugal grew 15.4% year on year (+29.4 million euros), due to the combined effect of higher volumes sold in the domestic market, and the increase in average selling prices.

Domestic market revenue was up by 18.0% compared to the same period of the previous year as a result of increased cement sales volumes and higher average selling prices.

Export revenue, including Secil's terminals, improved slightly compared to the same period in the previous year, rising around 0.7% mainly as a result of higher average prices, since volumes sold decreased.

In the other business units with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars and Precast), revenue in 2022 amounted to 173.5 million euros, up by 9.2% year on year, explained primarily by the increase in average sales prices, whereas amounts sold went in the opposite direction.

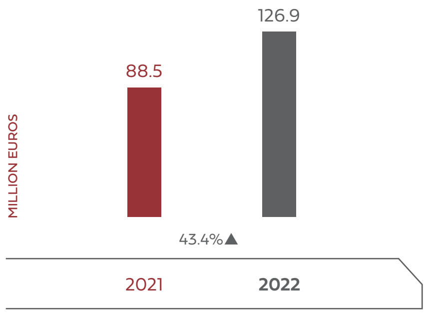
The **EBITDA** of the activities in Portugal amounted to 89.3 million euros, representing a growth of 2.8% compared to 2021.

The Cement business unit had an EBITDA of 92.4 million euros, i.e. 5.4 million euros (+6.2%) more than in 2021, positively impacted by the increase in volumes sold on the domestic market, as well as by the update in average sales prices. This positive effect was offset by the negative effect of CO_2 emission licences that were not sold, which represented a reduction of 5.0 million euros, and the increase in thermal energy costs as a result of the rise in international fuel prices.

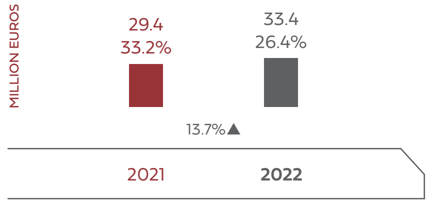
The EBITDA of construction material business units overall was down by 3.3 million euros (-16.7%). Despite the positive evolution in Concrete volumes sold, market pressure on sales prices did not fully offset the increase in variable production costs that contributed to the poorer performance of this segment. On the other hand, the Aggregates segment showed a very positive evolution, with growth of around 7%.

BRAZIL

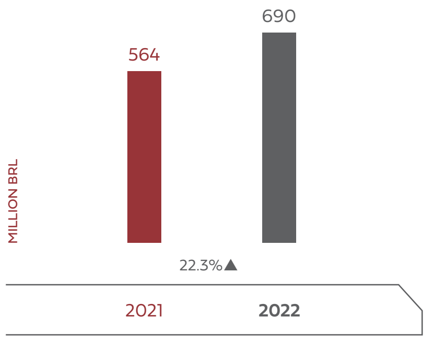
REVENUE (EUR)



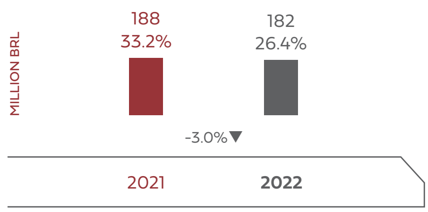
EBITDA (EUR)
EBITDA MG



REVENUE (BRL)



EBITDA (BRL)
EBITDA MG



Note:
Average exchange rate EUR-BRL 2021 = 6.3773 / Average exchange rate EUR-BRL 2022 = 5.4409

KEY OPERATING INDICATORS

	Unit	2022	2021	Var.
Clinker Production	**1,000 t**	**1,112**	**1,100**	**1.1%**
Cement Production	**1,000 t**	**1,568**	**1,510**	**3.9%**
Cement and Clinker Sales				
Internal Market	1,000 t	1,557	1,497	4.0%
Exports	1,000 t	12	14	-10.7%
Total	**1,000 t**	**1,569**	**1,511**	**3.8%**
Ready-mix Sales*	1,000 m^3	212	227	-6.4%

Note:
* Sales volumes concern total sales of each business unit, do not exclude intragroup values.

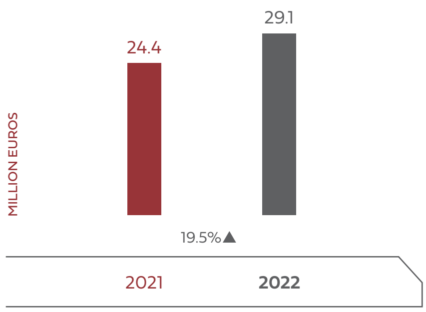
According to the estimates of SNIC (Sector Report - December 2022), cement sales in Brazil by local producers in 2022 were down by 2.7% against the same period in the previous year, after growing for three years in a row. Higher interest rates and inflation, as well as the environment of global geopolitical instability that unfavourably impacted the real estate sector, which continues to be one of the main drivers of cement consumption, contributed negatively to this evolution. Additionally, the heavy rainfall in 2022 above average also had an adverse impact on the construction schedule and consequently on cement sales.

Revenue of combined operations in the country stood at 126.9 million euros in 2022, 43.4% up on revenue recorded in the same period of 2021. Deducting the effect of the exchange rate appreciation of the Real vis-a-vis the Euro, with a positive impact of around 18.6 million euros, revenue would have been higher by +22%. Cement volume sales and average sales prices grew in comparison with the same period of the previous year.

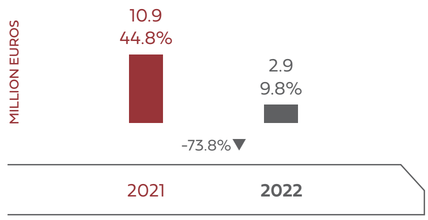
The **EBITDA** of activities in Brazil totalled 33.4 million euros, which compares with 29.4 million euros recorded year on year (i.e. 13.7% increase). Excluding the favourable exchange rate effect (+4.9 million euros), EBITDA would decrease by 3.0%, reflecting the negative impact of higher variable production costs, energy in particular.

LEBANON

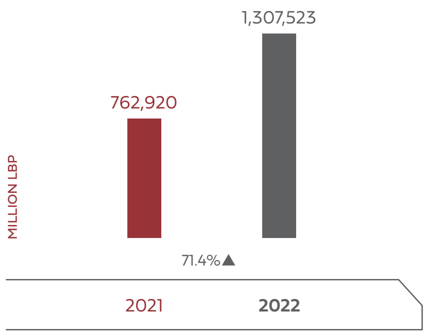
REVENUE (EUR)



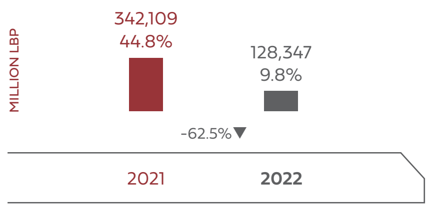
EBITDA (EUR)
EBITDA MG



REVENUE (LBP)



EBITDA (LBP)
EBITDA MG



Note:
Exchange rate EUR-LBP 2021 = 31,316.4 / Exchange rate EUR-LBP 2022 = 44,903.9.

KEY OPERATING INDICATORS

	Unit	2022	2021	Var.
Clinker Production	**1,000 t**	**165**	**561**	**-70.5%**
Cement Production	**1,000 t**	**298**	**677**	**-56.0%**
Cement and Clinker Sales				
Internal Market	1,000 t	370	670	-44.7%
Total	**1,000 t**	**370**	**670**	**-44.7%**
Ready-mix Sales*	1,000 m^3	62	61	1.6%
Precast Sales*	1,000 t	11	22	-48.1%

Note:
* Sales volumes concern total sales of each business unit, do not exclude intragroup values.

Lebanon is plunged in a serious economic-financial and social crisis. Despite the efforts made by political leaders to stabilise the situation, the outbreak of the Covid-19 pandemic and the explosion in Beirut harbour in August 2020 aggravated further an already precarious situation. In addition, the constant power cuts from the last quarter of 2021 onwards negatively impacted Secil's operations in the country.

In spite of the context, **revenue** of combined operations in Lebanon increased 19.5%, compared to the previous year, rising from 24.4 million euros to 29.1 million euros. Revenue would have been 12.6 million euros higher excluding the effect of the exchange rate depreciation. Note that the Lebanese pound ended the year 2022 at 44,903.9 per 1 EUR, which compares with 31,316.4 per 1 EUR at the end of the same period of 2021.

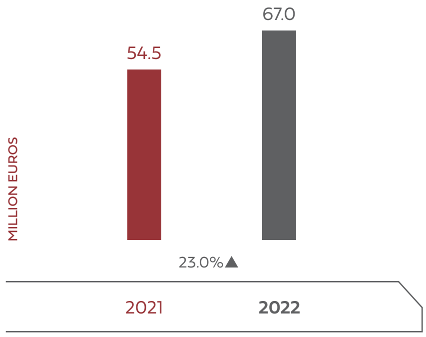
Revenue in the cement segment went up 17.9% which is essentially the result of the adjustment of sales prices in local currency to the hyperinflation situation and the rapid depreciation of the currency, since the quantities of cement and clinker sold to the domestic market decreased 44.7% compared to the same period the previous year, heavily impacted by the drop in electricity supply. On the other hand, estimates are hinting at 1% growth of the Lebanese cement market.

On the other hand, Concrete segment revenue grew in comparison with the same period of the previous year (+97.1%), due to the increase in volumes sold, but above all thanks to higher average sales price, due to hyperinflation.

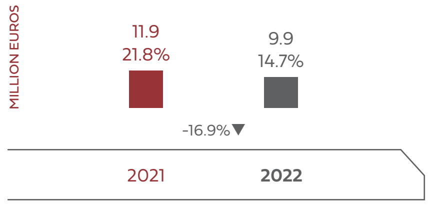
EBITDA generated from operations in Lebanon stood at 2.9 million euros, down by 73.8% in relation to the same period last year. This decrease is due not only to the effect of the depreciation of the Lebanese pound (1.2 million euros), but mainly to the reduction in volumes sold, increased production costs, namely thermal energy, and higher fixed costs (increased inflation in the local economy).

TUNISIA

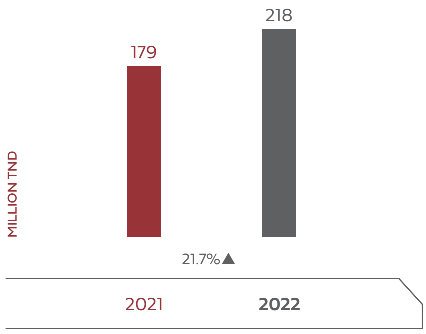
REVENUE (EUR) EBITDA (EUR)



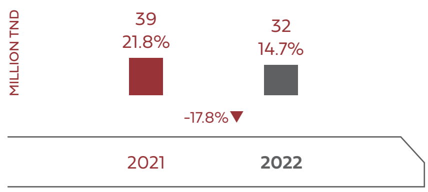
EBITDA (EUR)
EBITDA MG



REVENUE (TND)



EBITDA (TND)
EBITDA MG



Note:
Average exchange rate EUR-TND 2021 = 3.2889 / Average exchange rate EUR-TND 2022 = 3.2535.

KEY OPERATING INDICATORS

	Unit	2022	2021	Var.
Clinker Production	**1,000 t**	**932**	**831**	**12.1%**
Cement and Lime Production	**1,000 t**	**943**	**846**	**11.4%**
Cement and Clinker Sales				
Internal Market	1,000 t	561	578	-3.0%
Exports	1,000 t	474	404	17.5%
Total	**1,000 t**	**1,035**	**981**	**5.4%**
Ready-mix Sales*	1,000 m^3	127	127	0.0%
Precast Sales*	1,000 t	0	0	-62.6%

Note:
* Sales volumes concern total sales of each business unit, do not exclude intragroup values.

Tunisia is still facing significant challenges, including high foreign and fiscal deficits, increasing debt and insufficient growth to reduce unemployment. Some social unrest still persists, which may become worse, along with pressure from trade union demands. Government deficit is reflected in public works and the real estate sector faces challenges due to difficulties in obtaining funding (in connection with the fragility of the banking sector), which impacts construction output. The side effects of the war in Ukraine and political instability have made the situation worse.

In this difficult context, the domestic cement market is expected to have decreased by around 7% in comparison with 2021, and is still subject to strong competition due to excess installed capacity.

Revenue of the operations carried out in Tunisia showed a positive variation of 23% (67.0 million euros in total) compared with the previous year, the exchange rate impact being up by 721 thousand euros.

Revenue of the Cement business increased by about 23.9% to 63.3 million euros, reflecting the increased prices in the domestic and external markets on the one hand, and the growth in volumes sold to the external market (+17.5%) on the other, given that there was a slight decline in sales to the domestic market of 3.0%.

In line with the cement business, Concrete business revenue also showed an increase of 12.5% compared to the previous year, as a result of an increase in the sales price.

EBITDA of the activities in Tunisia amounted to 9.9 million euros, 16.9% below that of 2021 (11.9 million euros), as a result of the reduction in volumes sold in the domestic market, increase in energy costs, only partially compensated by an increase in average selling prices and exports. It should be noted that the EBITDA of 2022 is positively influenced by income of 4.1 million euros related to the insurance compensation for the breakdown of the mill, compared to 1.3 million euros in 2021.

OTHERS

ANGOLA'S KEY OPERATING INDICATORS

	Unit	2022	2021	Var.
Cement Production	1,000 t	119	84	42.2%
Cement and Clinker Sales	1,000 t	119	85	39.9%

Note:
* Sales volumes concern total sales of each business unit, do not exclude intragroup values.

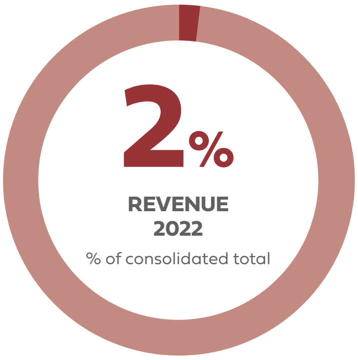
It is estimated that, according to the latest figures available, the Angolan cement market was up by 30% year on year.

Cement volumes sold by Secil grew by 39.9%. Secil Lobito has been implementing a strict price policy that can help it tackle significant increase in costs expressed in the local currency.

Consequently, **revenue** totalled 14.5 million euros, i.e. 131.6% above that of the previous year, and was positively affected by the average appreciation of the Kwanza, with an effect of 5.1 million euros. Excluding the exchange rate effect, revenue would have been 50% higher.

EBITDA in 2022 amounted to a positive figure of 3.4 million euros, which in contrast with the 681 thousand euros recorded over the previous year is a very significant improvement.

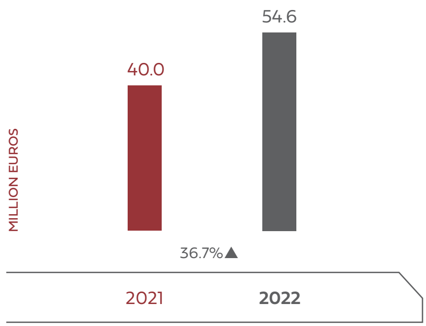
1.2.3 ETSA - ENVIRONMENT BUSINESS UNIT



HIGHLIGHTS IN 2022 (VS. 2021)

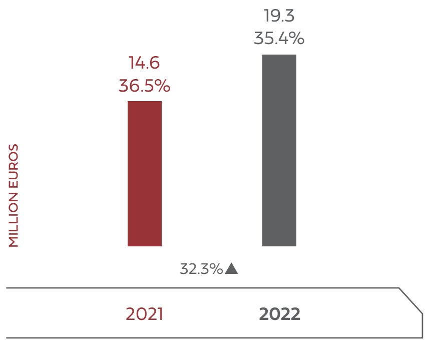
> ETSA recorded revenue of approximately 54.6 million euros in 2022, up by around 36.7% against the previous year.

REVENUE



> EBITDA totalled approximately 19.3 million euros in 2022, representing a growth of about 32.3% in comparison with the previous year, essentially due to higher revenue.

EBITDA
EBITDA MG



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2022	2021	Var.
Revenue	**54.6**	**40.0**	**36.7%**
EBITDA	**19.3**	**14.6**	**32.3%**
EBITDA margin (%)	35.4%	36.5%	-1.2 p.p.
Depreciation, amortisation and impairment losses	(3.3)	(3.2)	-4.1%
Provisions	-	-	-
EBIT	**16.0**	**11.4**	**40.3%**
EBIT margin (%)	29.3%	28.5%	0.8 p.p.
Net financial results	(0.1)	(0.2)	32.7%
Profit before taxes	**15.8**	**11.2**	**41.5%**
Income taxes	(3.6)	(2.3)	-58.3%
Net profit for the period	12.2	8.9	37.2%
Attributable to ETSA shareholders	**12.1**	**8.9**	**35.4%**
Attributable to non-controlling interests (NCI)	0.2	(0.0)	>1000%
Cash flow	15.6	12.1	28.4%
Free Cash Flow	5.4	8.8	-38.3%
	31/12/2022	**31/12/2021**	
Equity (before NCI)	97.7	86.6	
Interest-bearing net debt	**(12.7)**	**(8.2)**	
Lease liabilities (IFRS 16)	1.3	1.6	
Total	**(11.4)**	**(6.6)**	

Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

KEY OPERATING INDICATORS

	Unit	2022	2021	Var.
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1,000 t	130.2	125.1	4.0%
Sales - Animal fats and used cooking oil	1,000 t	16.7	15.3	9.1%
Sales - Meal (categories 1, 2 and 3)	1,000 t	23.4	22.9	2.1%

ENVIRONMENT - ACTIVITY OVERVIEW

ETSA recorded **revenue** of approximately 54.6 million euros in 2022, up by around 36.7% against the previous year.

This variation results from an increase in sales, stemming essentially from the increase in the sale of class 3 fat and meal, but also from the increase in sales of used cooking oils and sales at Tribérica, held 70% since 1 September 2021. Services rendered grew as a result of a mix of variations in the different types of services provided by ETSA.

EBITDA totalled approximately 19.3 million euros in 2022, representing a growth of about 32.3% in comparison with the previous year, essentially due to higher revenue. EBITDA margin stood at 35.4%, a drop of around 1.2 p.p. from the margin in the previous year, stemming mostly from higher energy costs.

Financial results improved by about 32.7% in relation to the previous year, mostly due to the reduction in average debt.

The combined impact of these factors resulted in a **Net Profit attributable to ETSA shareholders** in 2022 of approximately 12.1 million euros, an increase of around 35.4% compared to the previous year.

ETSA **invested** 7.8 million euros in fixed assets in 2022, highlighting the start of construction of a new manufacturing unit in Coruche, called ETSA ProHy, as a result of the strong investment in innovation, with start-up expected at the beginning of 2024.

1.2.4 SEMAPA NEXT - VENTURE CAPITAL BUSINESS UNIT

The value of **investments** in financial assets made during 2022 by Semapa Next totaled 24.5 million euros, divided into three Series A&B investments, three follow-ons, three Discovery Checks and also six funds (one of which was the first call of capital).

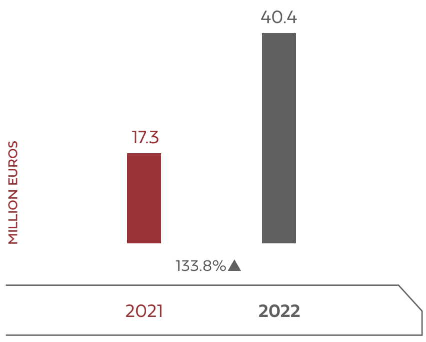
In detail, during 2022 investments were made in the following nine companies, namely: Series A&B: (1) Kencko, a company dedicated to the production and sale of nutritious, high-quality smoothies, gums and bowls with less food waste; (2) Probely, which developed a solution aimed at programmers and companies' cybersecurity teams for the automatic detection of vulnerabilities in websites, web applications and APIs, and (3) RealFevr, a company specialized in the commercialization and gamification of sports NFT. Discovery Checks: (1) Airly, a company that offers a platform to monitor air quality; (2) Flecto, which developed a platform for rental companies to digitize their operations and (3) EMOTAI, a company that created a device that helps professionals increase productivity and reduce the level of burnout. Follow-ons: (1) Defined.AI, which operates a high-quality data marketplace for training artificial intelligence models; (2) Overstory, which developed a platform for planning and risk management of vegetation surrounding power lines; and (3) Circuit, which provides a route planning application for drivers to save time and fuel.

In addition to direct investments, Semapa Next also made capital calls in six funds in which it participates, notably the first capital call for the new Lakestar fund, a venture capital company based in Switzerland with a global presence.

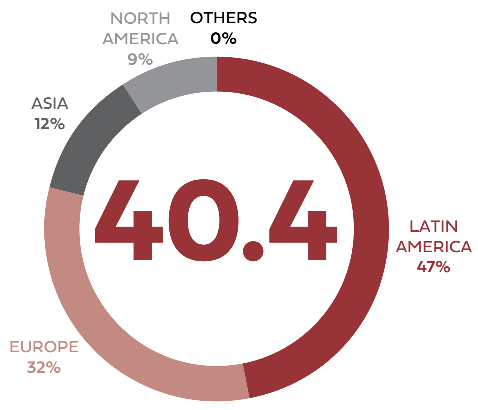
Semapa Next participated in European technology conferences, such as the Web Summit and Slush on the trail of new market trends.

1.2.5 UTIS - HYDROGEN FOR ENERGY EFFICIENCY AND DECARBONIZATION BUSINESS UNIT[1]

REVENUE



REVENUE BY GEOGRAPHY



UTIS - Ultimate Technology to Industrial Savings is a Portuguese company founded in 2018, a 50/50 joint venture between Semapa and Ultimate Cell, in a combined effort to create a strategic solution aimed at energy efficiency. UTIS is the patent owner of an innovative technology for the optimisation of internal and continuous combustion equipment. To respond to market demands in 2020, as a result of the know-how acquired through the equipment for the combustion areas, it has added hydrogen production units - UCHP® (Ultimate Cell® Hydrogen Production) to its portfolio. This revolutionary technology helps reduce the use of fossil fuels, levels of polluting emissions and energy consumption, contributing to greener and more sustainable mobility and industries that manufacture with a lower environmental impact.

From 2018 to 2022 UTIS's revenue and results grew strongly. During this time, **revenue** recorded an increase from 1.9 million euros to 40.4 million euros, and in 2022, it grew 23.1 million euros (+134%) compared to 2021. This evolution resulted from the increase both in the number of equipment sold (mainly UC3 systems) and in the average unit price (increase in the weight of higher value products). Around 2/3 of revenue was done outside Europe.

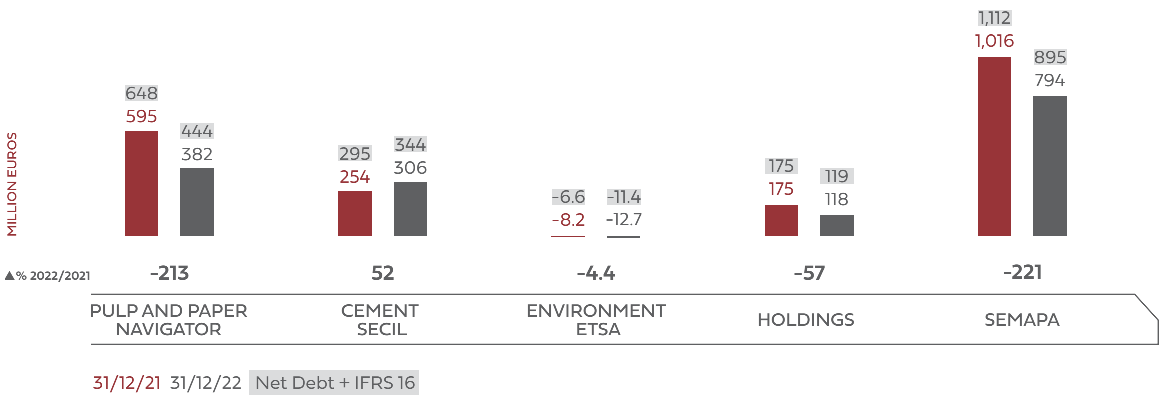
In the overall European macroeconomic and geopolitical scenario featuring a high degree of uncertainty, volatility and insecurity, enormous difficulties in obtaining components for the UTIS systems portfolio in a timely manner, and the recruitment and selection process of new employees in the increasingly competitive market, it should be noted that the substantial growth in activity and financial indicators are the result of strategic and operational improvements implemented, in particular: i) replacement of the three old facilities (plants and institutional headquarters with administrative/back-office services) by a single, modern facility that is much larger, accommodating manufacturing and administrative services, with better conditions and enhanced installed capacity for the production area; ii) continuous technical improvement of the systems resulting from a strong R&D component; iii) adoption of an aggressive and comprehensive commercial policy in several countries and global agreements with some of the largest companies in the world; iv) substantial increase in the number of employees from 20 in 2021 to 73 at the end of 2022, linked with a remuneration policy, the granting of bonuses based on performance and continuous professional training; and v) significant improvement in the cooperation/interaction of UTIS with its partners.

1 As it is a "Joint Venture" under the IFRS (interests split 50/50), it is accounted for in the financial statements of Semapa (consolidated and separate) using the equity method (not incorporated "line by line") in Semapa's consolidated accounts. Thus, 50% of the results of this JV is entered in Semapa's profit and loss as "Income from associates and joint ventures", and the value of the investment is shown on the balance sheet under "Investment in associates and joint ventures".

1.3 SEMAPA GROUP – FINANCIAL AREA

1.3.1 INDEBTEDNESS

NET DEBT



On 31 December 2022, **consolidated net debt** stood at 794.2 million euros, representing a reduction of around 221.4 million euros over the figure ascertained at the close of 2021. Including the effect of IFRS 16, net debt would have been 895.4 million euros, 216.9 million euros below the figure at the end of 2021. Besides the operating cash flow generated, these variations are explained by:

> Navigator: -212.6 million euros, including investments in fixed assets of about 112.5 million euros and distribution of 250 million euros in dividends, of which 150 million euros in December 2022;

> Secil: +52.4 million euros, including investments in fixed assets of about 72.4 million euros, reimbursement of 40.5 million euros in supplementary payments to Semapa and the impact of the appreciation of the Brazilian Real on net debt of Brazil (8.1 million euros);

> ETSA: -4.4 million euros, in spite of the difficulty in collecting the amounts billed to the Government; and,

> Holdings: -56.8 million, resulting from the investment of 24.5 million euros made by Semapa Next, dividends received (Navigator: 175 million euros, UTIS: 1.6 million euros, ETSA: 1 million euros), supplementary payments received from Secil (40.5 million euros), and the payment of dividends (140.9 million euros), of which 100 million in December 2022.

As at 31 December 2022, total consolidated cash and equivalents amounted to 593.4 million euros, in addition to committed and undrawn credit lines for the Group, thus ensuring a strong liquidity position.

It should be noted that in June 2022 Navigator issued a bond loan of 150 million euros maturing in 2028 under the Sustainability-Linked Bonds Framework. The terms of the loan are indexed to three ESG indicators envisaged in Navigator's Sustainability Agenda which, in turn, are aligned with the United Nations Sustainable Development Goals. With this financing operation, Navigator ended the year with close to 40% of total debt tied to sustainability.

In early 2023, Secil signed two bond loans called "Secil Green Bonds 2030 - fixed rate" and "Secil Green Bonds 2030 - variable rate", totalling 75 million euros, aimed at (re)financing the CCL Project at the Outão plant in Setúbal, under the *Green Bond Framework*.

1.3.2 NET FINANCIAL RESULTS

In 2022 net **financial results** amounted to a loss of 92.7 million euros, up 80.2% year-on-year.

The following factors contributed to the variation in the financial results:

> Increase in the net financing costs of Secil Brasil due mainly to higher interest rates in that market;

> Non-recurrent impacts on Navigator, namely 30.4 million euros related to unfavourable accumulated exchange differences directly associated with the repayment of long-term loans (shareholder loans) granted to subsidiary Portucel Moçambique.

1.3.3 NET PROFIT

Net profit attributable to Semapa shareholders was 307.1 million euros, which represents an increase of 109.0 million euros against the same period of the previous year, due essentially to the combined effect of the following factors:

> 385.5 million euros increase in EBITDA, mainly due to the increase of 381.6 million euros in the Pulp and Paper segment;

> And an additional 53.7 million euros in depreciation, amortisation and impairment losses and provisions. Such change resulted namely from: (i) the reduction in the lifetime of a set of Navigator assets and (ii) the recording of impairment losses of the Secil Tunisia brand and impairment losses in some tangible fixed assets in Tunisia;

> Income appropriation in associated companies was 7.5 million euros, UTIS accounting for 8.8 million euros;

> A weakening of the net financial results by about 41.3 million euros, which is, on the one hand, a reflection of the increase in the net cost of financing of Secil in Brazil, principally due to higher interest rates in that market and, on the other hand, non-recurring impacts of Navigator;

> The increase in income taxes of approximately 117.6 million euros resulted fundamentally from higher profit.

1.3.4 DIVIDENDS

On 9 June 2022, Semapa distributed **dividends** in the amount of 40.9 million euros, corresponding to 0.512 euros per share. At the end of the year, the Extraordinary General Meeting resolved to distribute reserves. This amount totalled 100 million euros, equivalent to 1.252 euros per share, and was paid on 13 December.

On 7 June, Navigator distributed dividends in the amount of 100 million euros, corresponding to a gross amount of 0.1406 euros per share. At the end of the year, the Company's Extraordinary General Meeting resolved to distribute free reserves and reserves recognised in retained earnings. The amount totalled around 150 million euros, equivalent to 0.21091 euros per share, and was paid on 12 December.

In June 2022, ETSA paid dividends in the amount of 1 million euros.

The dividends paid by UTIS to Semapa during 2022 amounted to approximately 1.6 million euros.

1.4 SEMAPA SHARE PERFORMANCE

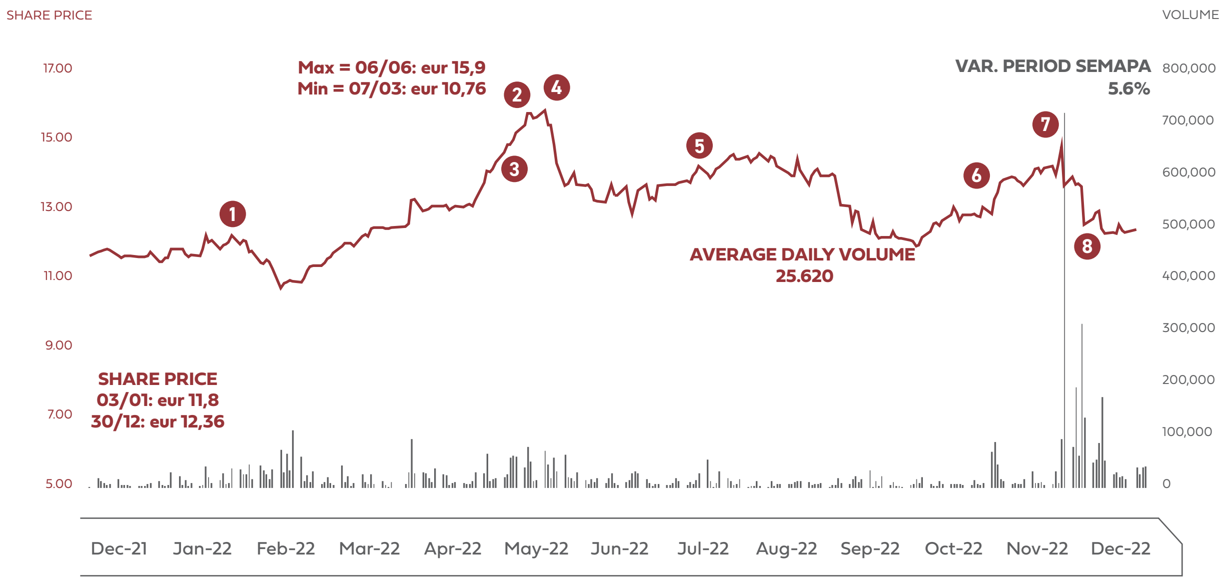
After a generally positive year for the stock markets in 2021, the major global stock market indices closed 2022 with significant losses, following the return of high levels of uncertainty and volatility.

In the aftermath of the pandemic, the situation was compounded by the conflict in Ukraine and the consequent escalation of geopolitical tensions, with associated and persistent supply and demand shocks, and, of course, the energy crisis, which affected Europe in particular. Inflation, which was initially believed to be temporary, took hold, leading to the adoption of restrictive monetary policies. The main central banks initiated cycles of interest rate hikes, the likes of which had not been seen for several decades.

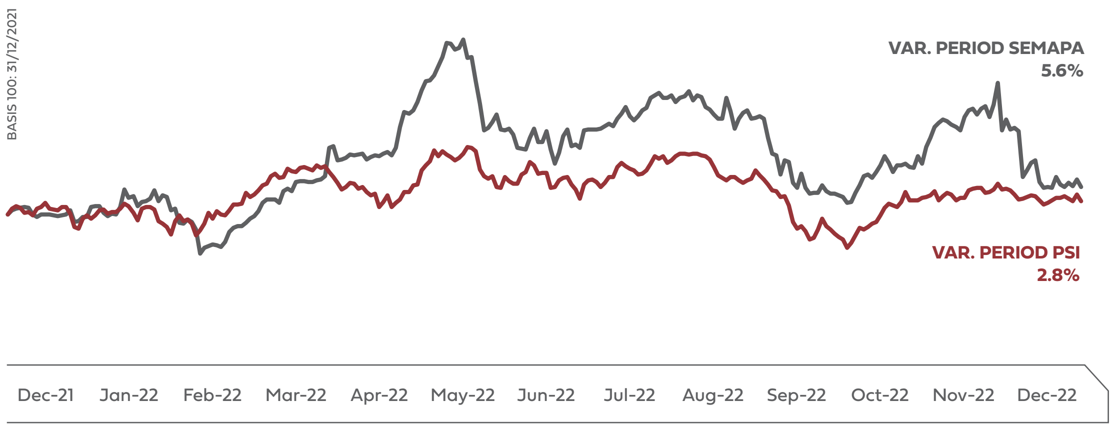
In advanced economies, the main European markets posted losses of around 10%. In the US, the situation was even worse, with the technological index Nasdaq losing more than 30% of its value. In the emerging economies, stock market performance was equally poor, with China stocks falling around 20%. Contrary to the negative trend in most of the main stock markets, Portugal's PSI increased 2.8%.

Against this background, Semapa's shares increased 5.6% in value during the period under review, in line with the equally positive performance of the PSI index (2.8%). Semapa's share price fell to a minimum 10.76 euros on 7 March, peaking at 15.90 euros on 6 June.

Semapa shares traded at an average daily volume of 25,620, jumping to an average daily volume of 63,059 shares traded in the last two months of 2022.

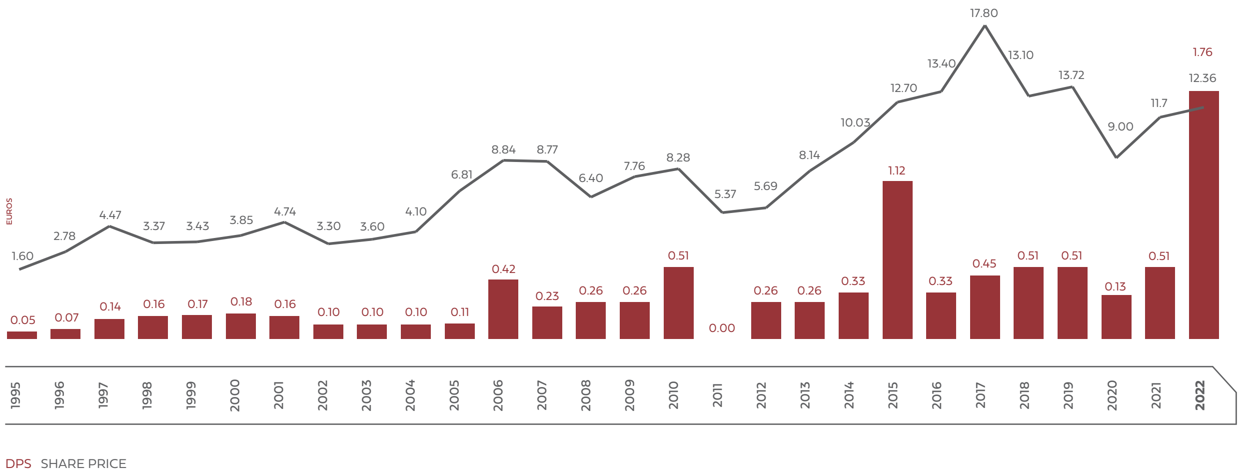


1. Disclosure of 2021 results
2. Disclosure of Q1 2022 results
3. Announcement of 2021 dividend payment
4. Ex-dividend date
5. Disclosure of 2022 half-yearly results
6. Disclosure of results for the first 9 months of 2022
7. Announcement of reserves payment
8. Ex-dividend date



Note:
Closing prices

ANNUAL SHAREHOLDER RETURN = 18.5%



1.5 SUSTAINABLE VALUE CREATION

8 DECENT WORK AND ECONOMIC GROWTH

GRI 3-3, 201-1, 204-1

OUR IMPACT

DIRECT ECONOMIC VALUE GENERATED

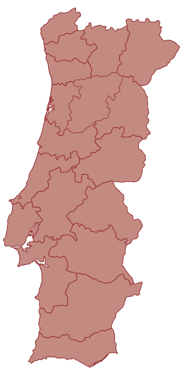
3,287.3 MILLION EUROS

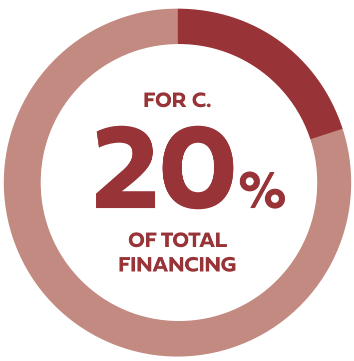
DIRECT ECONOMIC VALUE DISTRIBUTED

2,541.4 MILLION EUROS

2,471 MILLION EUROS IN PURCHASES

SUSTAINABLE FINANCING ACCOUNTED FOR **C.20% OF TOTAL FINANCING**





The holding company is responsible for investment in key sectors of the national and international economy, seeking to balance the demands of creating value for shareholders with the principles of sustainable development and, in this way, generating value for its various stakeholders. Sustainable value creation is a material topic which is reflected across the different activities undertaken both by Semapa Holding and by its subsidiaries.

The way the Group creates and distributes economic value along the value chain reflects the significant impacts it has on society and the way it impacts the lives of thousands of people, illustrated through the monetary value added to local economies through the generation of products and services, payment of capital services, salaries, taxes, community investment, among others.

3,287.3 M €
Direct economic value generated (revenue)
(+47.5% vs. 2021)

2,541.4 M €
Direct economic value distributed
(+41.8% vs. 2021)

745.9 M €
Economic value retained
(+71.3% vs. 2021)

Employee wages and benefits
281.8 M €
(+13.5% vs. 2021)

Payments to providers of capital
274.8 M €
(+119.8% vs. 2021)

Operating costs
1,930.1 M €
(+38.9% vs. 2021)

Payments to government
52.3 M €
(+86.7% vs. 2021)

Community investments
2.4 M €
(+6.6% vs. 2021)

GRI 201-1

FINANCING FOR SUSTAINABLE DEVELOPMENT

The Group's companies have taken important steps in sustainable finance, by seeking financing options directly linked to compliance with sustainable development objectives or ESG – Environmental, Social and Governance – performance indicators. This allows the Group companies to make an appropriate, informed and responsible choice of financing terms, such as, for example, the selection of maturities, risk conditions and financing cost, while using this mechanism to leverage relevant investments that contribute to their sustainability commitments. In 2022, around 20% of the total financing issued by the Group was sustainable.

The Group, through its subsidiaries, has also been promoting partnership working and the submission of applications to financing funds (Cap. 4.5.1), to leverage the transition to a circular and low-carbon bioeconomy, thus enhancing its contribution to sustainability.

PULP AND PAPER SEGMENT

At the end of 2022, close to 40% of the total debt issued was sustainable, including a new loan under the Sustainability-Linked Bonds Framework. Navigator also reworked its Pension Fund Responsible Investment Policy, which now also includes ESG criteria in the investments made, in addition to traditional financial criteria.

FEATURED INITIATIVES

NEW LOAN ISSUE – SUSTAINABILITY-LINKED BOND

Following the bond loan issued in 2021, Navigator has once again issued a new bond loan under the Sustainability-Linked Bonds Framework in the amount of 150 million euros. This loan has an interest rate linked to three ESG indicators, which are part of the company's 2030 Roadmap and aligned with the United Nations Sustainable Development Goals: (1) reduce CO_2 emissions; (2) increase the percentage of certified wood purchased on the Portuguese market; (3) increase energy from renewable sources.

NAVIGATOR'S PENSION FUND RESPONSIBLE INVESTMENT POLICY

Navigator revised its Pension Fund Responsible Investment Policy by introducing changes to the management contract in 2022. The Fund now follows a responsible investment policy that seeks to contribute to the long-term sustainability of the market by encouraging the inclusion of ESG criteria in investment decisions. The Fund pursues a responsible investment policy so as to ensure that environmental, social and corporate governance (ESG) issues, in addition to traditional financial criteria, are considered in investments made, and will endeavour to contribute to the long-term sustainability of the market as a whole.

CEMENT SEGMENT

In the cement segment, the first sustainable financing contract was signed in early 2023. Secil issued two bond loans called "Secil Green Bonds 2030 – fixed rate" and "Secil Green Bonds 2030 – variable rate", in the total amount of 75 million euros, for the (re)financing of the Clean Cement Line (CCL) Project at the Outão plant in Setúbal, under the Green Bond Framework[2].

The CCL project (Cap. 4.2.1) at the Outão plant is aimed at eliminating dependence on fossil fuels, increasing energy efficiency, producing own energy, integrating the digitalisation process, and reducing CO_2 emissions.

2 https://www.secil-group.com/en/sustainability/sustainability-at-secil/green-bond

EXTERNAL RECOGNITION OF THE GROUP'S COMMITMENT TO SUSTAINABILITY

Our commitment to sustainability is clear, demonstrated by the constant search for improvement in ESG performance by the Group's companies and the results of the external evaluations carried out.

PULP AND PAPER SEGMENT

In the pulp and paper segment, Navigator was once again acknowledged for its ESG performance. In January 2023 rating agency Sustainalytics published its annual assessment, again classifying Navigator as a low-risk company for investors and recognising it as an ESG Industry Top-Rated Company.

Navigator's assessment and position in the ranking are relevant facts that reflect the continuous work carried out by the company to include sustainability as a priority in its business model, demonstrating its ability to anticipate and manage ESG risks in conducting its activities.

At the same time, Navigator was recognised as a leading company in climate action, having been awarded the top score ('A') in the CDP Climate questionnaire and climbed to 'A-' in the CDP Forest questionnaire, and is now also a leader in this area. The CDP Forest questionnaire assesses the soundness of the systems that the company uses to trace and monitor the origin of its raw materials, based on the certification of the forest management model of the forests it is responsible for and its demanding wood sourcing policies.

FEATURED INITIATIVE

NAVIGATOR RECOGNISED AS GLOBAL LEADER IN CLIMATE ACTION BY CDP

Based on a global survey to assess corporate action on climate change, Navigator was among a select group of 330 companies worldwide – less than 2% out of more than 18,000 – to achieve the highest score ('A') in the CDP Climate questionnaire.

The CPD - Disclosure Insight Action scoring methodology assesses the comprehensiveness and detail of information disclosed by companies on their deep understanding of their environmental risks and impacts, coupled with strong governance and transition strategies, and also assesses the science-based measures and targets set to reduce impacts.

The 'Leadership' level score ('A') is an important recognition of Navigator's performance when it comes to reducing emissions, reducing climate risks, and contributing to the development of a low-carbon economy (the company scored 'A-' in 2021).

RESPONSIBILITY ALONG THE VALUE CHAIN

Through ethical and transparent action, marked by deep social and environmental awareness – in line with the United Nations Sustainable Development Goals (SDGs)(Chap. 3.2.) – and close relationships with the different stakeholder groups (Chap. 3.4.), the Group is committed to generating and sharing value along the value chain, beyond the economic dimension, impacting its stakeholders in different ways in the social and environmental dimensions. The table below highlights some of the main ways in which the Group creates sustainable value, explained in more detail in the chapters on natural, human, social and intellectual capital (Chap. 4.2, 4.3, 4.4, 4.5), and in the sustainability reports of the Navigator and Secil subsidiaries.

LONG-TERM VALUE CREATION FOR OUR KEY STAKEHOLDERS

INVESTORS AND ANALYSTS

> Risk reduction

> Adoption of best corporate governance practices

> Transparent and regular reporting

> Operational optimisation

> Asset optimisation

> Value-creating acquisitions

> Increased revenue, share price appreciation and regular distribution of dividends

SUBSIDIARIES

> Creation of more resilient and sustainable business models

> Investment in R&D

> Sharing values and good practices

EMPLOYEES

> Job stability

> Payment of wages and salaries, performance bonuses

> Benefits and family support

> Training and professional development

> Creating safe and well-being-promoting working conditions

> Raising awareness of healthcare and preventive medicine

> Sharing values and promoting a sense of purpose

MAJOR PROVIDERS OF SPECIALISED SERVICES

> Supply and services agreements with payments made per agreed terms

> Job creation and stimulation of the national businesses

> Sharing values and good practices

FINANCIAL INSTITUTIONS

> Consistent credit risk profile

> Transparent and regular reporting

> Payments made per agreed terms

OFFICIAL SUPERVISORY AND REGU-LATORY BODIES

> Responsible fiscal policy, with an impact on the countries' tax revenues

> Boost the national entrepreneurial ecosystem and promote exports

> Contribute towards achieving the country's carbon neutrality targets with concrete proposals/action plans

COMMUNITY

> Contribute to climate change risk mitigation

> Job creation

> Knowledge generation and sharing

> Train young talent

> Community investment

> Reduce the impacts of atmospheric emissions, noise and odours, and waste generation

> Reduce the impacts of water withdrawal and net emissions on water availability

BUSINESS ASSOCIATIONS

> Contribute to the design of shared solutions to tackle economic, environmental and social challenges in the sector, regions and country

> Actively participate in development and support projects

Below are our main contributions to value creation for suppliers and customers.

SUPPLIERS

In 2022 and in respect of the Semapa Group[3] as a whole, 2,471 million euros were spent on supplies and services, corresponding to a 26% increase year-on-year, mostly from domestic suppliers (72% in purchasing volume).

The magnitude of this figure reflects the relevance of the economic, as well as social and environmental impacts of the Group's procurement policies and decisions. Aware of the Group's ability to influence others in this regard and as part of its responsible business conduct, the subsidiaries are increasingly focused on minimising ESG risks and encouraging the adoption of good practices.

The practices of our subsidiaries include a suppliers code of conduct and the establishment of qualification criteria, among other practices. The companies are committed to exercising their influence in accordance with the certifications they have, increasingly involving and raising the awareness of the different suppliers (including service providers and subcontractors) to critical aspects linked to safety, the environment, business integrity, quality, among others.

PULP AND PAPER SEGMENT

The macroeconomic context, in particular the war in Ukraine, with disruptions in gas supplies to Europe from Russia, and extreme weather led to a sharp rise in energy, natural gas, transport and oil prices in Europe, circumstances which impacted not only Navigator's business but also that of its suppliers. The company's partnership approach to suppliers has proved to be a very resilient strategy, especially in periods of disruption such as those experienced in recent years. Thus, various support measures have been implemented for its partners in the timber and biomass markets, for land owners and managers, and for road hauliers.

Navigator implements projects with forest owners in Portugal to develop eucalyptus forests, as a complement to leasing. These projects help improve the productivity of its plantations, by providing technical assistance for the recovery of burnt, abandoned and low productivity areas, and for reforestation. Navigator also discloses the company's good forestry practices at producers' meetings, sharing its vision for forests and the collaborative model it advocates for forest production and manufacturing.

The GHG emissions reduction targets approved in 2022 by the Science Based Targets Initiative also involve the goal to decrease emissions in the value chain (Cap. 4.2.1). To this end, Navigator has established partnerships with suppliers to increase energy and resource efficiency, seeking alternatives to fossil-based energy.

With regard to materials management, and as part of a long-term strategy, the first steps were taken this year to conduct a feasibility study for the construction of a chemical island in Portugal, involving Navigator suppliers and internal stakeholders. Should it come to fruition, this project could bolster the market and reduce the level of dependence on external suppliers. A procurement project was also implemented with a Portuguese lime supplier, with Navigator as its sponsor, encouraging and supporting investment in biomass energy production as a way to offset rising gas costs.

As regards inbound wood flows, partnership-based cost optimisation measures were implemented in 2022, aimed at contributing to reducing the carbon footprint. The company also invests in alternatives to road transport, in particular by using the railway.

3 These are not consolidated figures, but rather the sum of the different companies.

In respect of outbound flows (shipping of products), the company developed partnerships for maritime transport with smaller shipowners to provide services in nearby ports and consolidated the plant-to-port container transport model, seeking to optimise volumes per load.

Given the importance of ensuring proper management of ESG risks associated with the value chain, Navigator has been working on a project that will enable the company to implement an ESG rating tool. Also worthy of note is the approval, in late 2022, of its Human Rights Policy (Chap 3.5).

FEATURED INITIATIVE

SUPPORT FOR SUPPLIERS IN THE TIMBER AND BIOMASS MARKET

During 2022, Navigator implemented and consolidated measures to support its partners in the timber and biomass market. The measures implemented include:

> financial support for the purchase of machinery;

> pricing policy to improve business management;

> support to offset the increase in fuel prices;

> extension of the confirming policy to provide greater treasury flexibility to partners;

> implementation/review of the supplier qualification system, which enables segmentation based on quantitative and qualitative variables and the supplier’s relationship with Navigator; under this system, each supplier knows their position and the challenges/opportunities for growth within the Company.

These support measures were particularly relevant for small-scale suppliers, who find it more difficult to cope with soaring energy prices.

CEMENT SEGMENT

In terms of procurement, 2022 saw investment at a structural and operational level, with the definition of three major priorities to ensure the success of the new business strategy, “2025 Ambition for Sustainable Growth”: (1) global category management – centralise procurement operations; (2) digitalisation, to make the decision-making process more efficient and secure; and (3) collaboration with operations.

In 2022, in order to work in a more structured, efficient and sustainable manner, various documents guiding the work and conduct of Secil's Procurement Department were drawn up, including the Global Procurement Handbook, the Procurement Policy for Portugal and the Supplier Code of Conduct.

Together with the creation of the code of conduct, and with a view to mapping suppliers and defining sustainability criteria, the first steps were taken to create a platform for classifying suppliers according to their financial and environmental risk profile. The Handbook was presented at the Global Procurement Meeting, which, in its 2022 edition and with the motto #oneteam, focused on fostering cooperation and the alignment of working methods between the departments of Secil's various geographies.

The Procurement Department, internally and together with students from NOVA University Lisbon's consulting lab, also designed a governance strategy for reviewing categories, which resulted in different useful templates for monitoring the department's initiatives and categories. This topic was presented and discussed at an international forum – Purchasing Performance –, a meeting place for category managers and leaders from all the countries in which Secil has cement plants. During the forum, other topics relevant to the department were also discussed, such as financial strategies and the sustainability of categories and market values, providing an integrated view and enabling the sharing of solutions.

Secil continued work on its Smart Procurement project to solve the various challenges faced. The centralisation of some of the processes that have a greater impact on Secil's costs has given the department more leverage in negotiations and opportunities for improvement. At a more operational level, a Sourcing Committee was created to assess and approve proposals for purchases valued at more than 50,000 euros. This mechanism will help improve efficiency in the processing of procurement requests and provide better visibility and understanding among all parties involved.

FEATURED INITIATIVES

STRUCTURING DOCUMENTS FOR PROCUREMENT PROCESSES

In 2022, Secil implemented the Global Procurement Handbook, a corporate document covering all of the company geographies and containing information on the dynamics, structure and way of working in this regard. Besides guiding the dealings with external suppliers, the Handbook also establishes the way of working with internal customers.

As a complement to the Handbook, Secil also implemented the Procurement Policy for Portugal, a document that serves as a manual that sets out all procurement processes, procurement rules, the various Service Level Agreements (SLA), and supplier assessment.

Also of note is the creation of the Code of Conduct for Suppliers[4]. This document aims at ensuring that all of Secil's suppliers work in accordance with the standards defined by the company, thus ensuring a good relationship between all stakeholders. The Code of Conduct covers various ESG issues – occupational health and safety, working conditions, freedom of association and non-retaliation, slavery, forced labour and child labour, non-discrimination, environmental impacts, bribery and corruption, transparency and integrity.

SMART PROCUREMENT

Started in 2021, Smart Procurement made great strides in the year in review. Through this project, it was possible to identify the biggest challenges faced by the Procurement Department – which place significant stress and a heavier burden on the team, without bringing added value to the organisation – and the respective solutions and implementation thereof. These challenges were managed from an individual project perspective, with dedicated leaders and initiatives. In 2022, Smart Procurement helped to achieve the following targets:

> reduction in transactional work, due to regularisations, from 13 hours to 20 minutes;

> centralisation of 45 ongoing initiatives, representing a cost of around 12 million euros, with the aim of achieving an 80% centralisation rate;

> reduction in the procurement requests backlog, from 400 to 160;

> implementation of the PDCA methodology for emergency situations;

> increase in the use of codes in Robotic Process Automation (RPA) – reaching the target of 1,000 codes – and SAP contracts.

4 https://www.secil-group.com/en/sustainability/social

CUSTOMERS

Semapa Group companies are committed to developing innovative solutions and producers (Cap. 4.5.1) to address the many challenges society faces – in particular climate change, biodiversity loss, resource scarcity –, and meeting the needs and expectations of its customers (and consumers), thus helping to promote and encourage the transition to a circular and low-carbon bioeconomy.

The Semapa Group also carries out initiatives that enable its companies to be closer to their customers, foster loyalty, and make their shopping experience more enriching and satisfying. These practices include market research, focus groups, interviews, webinars, and other initiatives.

PULP AND PAPER SEGMENT

Navigator invests in building proximity relationships and in meeting customer needs. Strong brands and sustainable products continue to be key factors, combined with a strong commitment to innovation (Cap. 4.5-1).

In addition to the quality, innovation and sustainability of its products, the company offers additional assurance to customers and consumers, by placing the certified forest label and/or EU Ecolabel on its products.

In its range of products, of note are those under the gKRAFT[5] brand (launched in 2021), which embody a new generation of packaging paper, characterised by excellent performance levels, printing quality and functionality, complying with the highest safety and hygiene standards. This packaging paper offers greater recyclability and, at the same time, enables the use of less wood per tonne of paper produced, due to the incorporation of *Eucalyptus globulus* fibre, which reduces the wood used per packaging volume (tonnes) by 50% – compared to *Pinus Taeda, Pinus sylvestris* –, while ensuring the production of a safe, hygienic packaging that composts faster (up to 20% faster compared to that produced by competitors using pine).

In the field of innovative tissue paper, of note was the market launch of the Amoos Calorie Control kitchen paper and the Amoos Air Sense™ toilet paper being named a 2023 Five Star product, in the toilet paper category. The Amoos Air Sense™ technology was developed under the *Inpactus* project (Cap. 4.5.1), integrating scented micro--pearls that are activated when the paper comes into contact with the skin.

FEATURED INITIATIVE

INNOVATIVE TISSUE PRODUCT WITH GREATER CAPACITY TO ABSORB COOKING OILS AND FATS

Amoos Calorie Control™ was launched on the market just before Christmas season to address the need for healthier meals. This product was created using an innovative technology – Calorie Control™ – which introduces structured air pockets that increase its ability to absorb fats, while giving it the strength it needs to stay in one piece when in use. This technology, together with the introduction of an additional layer in comparison with other products, allows the paper to absorb up to 25% of the calories in freshly fried foods, as well as liquids, giving it multi-purpose features. This paper is produced in accordance with the highest safety and hygiene standards and is safe and suitable for food contact.

5 https://gkraft-paper.com/en

CEMENT SEGMENT

The "Customer" is the first pillar of the 2025 Ambition strategic cycle, the goal of which is to ensure that Secil is the preferred cement solutions provider in the markets in which it operates by 2025.

In 2022, Secil carried out various initiatives to promote proximity to its customers. Worthy of note is the consolidation of the digital business transformation strategy, with the launch of a business website[6] to improve the digital experience of customers, enabling interaction with all business areas in Portugal, housed in a single online location (as opposed to the four previous websites). This website is the anchor for the Customer Portal and the customer loyalty programme, with desktop and mobile access.

The Secil Elevate loyalty programme was also implemented, NPS *(Net Promoter Score)* objectives defined, and customer satisfaction levels established for the entire Group, and customer satisfaction questionnaires harmonised. The "Secil" rebranding helped consolidate brand positioning in Portugal.

Also of note in 2022 was the launch of a new product on the market – Verdi Zero Concrete – and the continued development of various R&D&I projects, demonstrating the company's commitment to innovation (Chap. 4.5.1) as a core part of its strategy and response to future challenges and the needs of its customers, society and the planet.

FEATURED INITIATIVES

SECIL'S ALL DIGITAL CUSTOMER LOYALTY PROGRAMME

In 2022, Secil implemented a fully digital customer loyalty programme called Secil Elevate[7]. The objective of this programme is to increase the level of satisfaction, loyalty and knowledge of direct customers across the four business areas: cement, concrete, mortars and aggregates.

The programme comprises three levels – Elevate Plus, Elevate Premium and Elevate Elite –, assigned based on the volume of purchases with the Secil Group, each offering different types of benefits. The benefits range from special financing conditions and discounts on purchases to technical training and other benefits.

Secil expects to launch this programme progressively: in January 2023 for cement and mortar customers, and throughout 2024 for concrete and aggregates customers.

VERDI ZERO CEMENT

In 2022, Secil Portugal launched Verdi Zero Concrete[8], the first concrete with zero CO_2 emissions in Portugal, aimed at promoting carbon neutrality in the cement industry by 2050 and the decarbonisation of the construction sector. This concrete contributes towards the circular economy by incorporating recycled waste and reducing the need to use virgin raw materials.

The cement used in Verdi Zero Concrete is a CarbonNeutral® certified product in accordance with the CarbonNeutral Protocol, a world's leading framework for carbon neutrality. Carbon neutrality is achieved by offsetting the remaining emissions.

With this new product, Secil is responding to new market demands for increasingly sustainable solutions consistent with the current trend in constructing sustainable buildings and respective environmental certification, such as BREEAM and LEED.

6 https://www.secil.pt/en/home
7 https://www.secil.pt/pt/clientes/programa-de-fidelizacao-secil-elevate
8 https://www.secil.pt/en/products/concrete/carbon-neutral-concrete/verdi-zero

ENVIRONMENT SEGMENT

ETSA offers its customers a range of products and solutions[9] that meet the most demanding health and environmental standards, investing in quality control and innovation as part of its identity. Its products and solutions contribute to reducing the consumption of natural resources and are based on the concept of a circular economy, enabling the company to position itself as a benchmark operator in sectors as varied as livestock farming, modern distribution, animal feed, fuels, fertilisers and aquaculture.

In 2022, ETSA consolidated its position in the domestic market, in the collection and processing of animal by-products, and as an innovative company in the creation of new food and feed products. To this end, of note is the significant investment in research, development and innovation, through participation in various funded projects, the start of construction of a new industrial unit, funded under Portugal 2020, and the approval of an ambitious project funded through the Recovery and Resilience Plan (RRP). For more information, see chapter 4.5.1.

9 https://www.int.etsa.pt/solutions

2 Natural Capital

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

GRI 3-3, 301-1, 302-1, 303-1/2/3/5, 304-2, 305-1/2, 306-1/2/3/4/5

OUR IMPACTS

4,109 $ktCO_2e$ DIRECT GHG EMISSIONS (SCOPE 1 + 2)

1,316 tCO_2e PER €M OF REVENUE

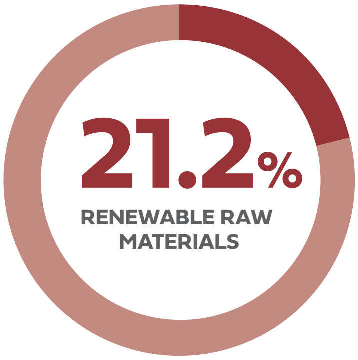
58,204 TJ ENERGY CONSUMED

20.4 TJ PER €M OF REVENUE

11,306 ML WATER CONSUMED

22,704 kt

RAW MATERIALS CONSUMED



454 kt

WASTE GENERATED

Aware of the challenges the planet faces and the impact these have had on world politics – increasingly so on the governance strategies of large companies and global economic groups – the Semapa Group is committed to reducing its environmental footprint by acting responsibly, promoting the efficient use of resources, minimising the pollution it generates, protecting biodiversity and ecosystems, and fostering the development of new products and solutions.

This commitment underpins key business issues, namely climate change and energy, water management, circular economy, and biodiversity conservation and ecosystem services.

2.1 CLIMATE CHANGE AND ENERGY

Climate change is currently one of the major concerns for society, in which industry plays a decisive role given that it is one of the main contributors to greenhouse gas emissions (GHG), after the energy and logistics sectors.

As a Group with a strong industrial component, Semapa is aware of the impacts associated with the GHG emissions generated by its activities. As such, a Decarbonisation Working Group (WG) was formed and which has helped to develop a roadmap to carbon neutrality for Semapa, thereby formalising its path to reducing emissions, and consolidate approaches, ensuring the cohesion of the sustainability of its climate change mitigation policy.

The decarbonisation of the Semapa Group's industrial processes is underpinned by the implementation of measures to increase the incorporation of energy from renewable sources and alternative fuels, and promoting energy and resource efficiency. In many cases it also involves the implementation of R&D projects for the development of new low-carbon products and processes. For non-avoidable emissions, that is, those that are impossible to reduce using technology or traditional processes, measures will be implemented to offset emissions through the purchase of emission rights (CO_2 certificates) or through carbon capture or use and storage to achieve carbon neutrality by 2050.

It is also worth noting that the business activities of its subsidiaries make a positive contribution to mitigating climate change.

Carbon capture and storage has a positive impact on the forests and forestry products managed by the subsidiary Navigator, with potential for carbon capture in production processes and for fostering the growth of a circular, low-carbon and forestry-based bioeconomy (Chap. 4.2.3 and 4.5.1).

At Secil, there are also several opportunities to contribute to the future of the construction sector linked to decarbonisation and the circular economy. This impact is reflected, for example, in the reduction of the carbon intensity of clinker (low carbon clinker) and concrete with less cement.

ETSA's business, in turn, which is aligned with the principles of a circular economy, also makes a positive contribution to avoiding GHG emissions by recycling food by-products *(rendering)*. If these by-products weren't used, they would be disposed of and decompose in landfills, releasing methane gas, a greenhouse gas that is more harmful than CO_2. Moreover, rendered products are used, directly and indirectly, to produce green energy (biodiesel) and to produce animal feed for livestock and pets, and also organic fertilisers. The rendering process can prevent about 90% of potential greenhouse gas emissions compared to the natural composting of these by-products, capturing around five times more carbon[1].

1 Source: North American Renderers Association (NARA) – "Rendering: the greenest option" (https://nara.org/wp-content/uploads/2019/12/Rendering-The-Greenest-Option-Update.pdf) and "What if there was no rendering" (https://nara.org/wp-content/uploads/2020/09/What-If-There-Was-No-Rendering-ACTUAL-FINAL.pdf).

FEATURED INITIATIVE

CONSOLIDATION OF THE SEMAPA GROUP'S PATH TOWARDS DECARBONISATION

In 2022 the Semapa Group consolidated the Group's Roadmap to Carbon Neutrality, which was approved in 2023. The Roadmap takes into consideration the approach of each of its subsidiaries and is the result of the collaboration and work of alignment by the Decarbonisation WG, which included not only representatives from each of the companies, but also contributions from external experts.

Based on carbon footprint calculations (scopes 1 and 2), several scenarios were built for each of the companies, setting emission reduction targets and actions to be taken to reach carbon neutrality by 2050. The impact of the Roadmap on emission rights (ETS - European Emissions Trading Scheme) was also assessed. The economic effort required to achieve the projected technological changes is also included in the Roadmap.

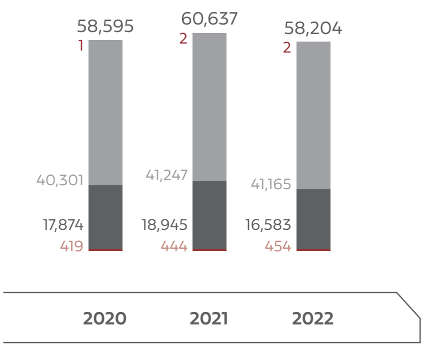
A dashboard with the most relevant GHG emission indicators was also designed to regularly monitor performance in this area, facilitating the assessment of progress made throughout the year and of the individual performance of each company and that of the Group as a whole. The indicators defined are related to energy consumption and direct (scope 1) and indirect (scope 2) emissions.

Based on the Group's carbon footprint in 2020, the Semapa Group has set itself the goal of achieving carbon neutrality by 2050, setting a target of a 54% reduction in scope 1 and 2 CO_2 emissions by 2035 in all the countries in which it operates, and of 71% in Portugal. This reduction will be achieved with the implementation of a raft of already identified investment projects and operational measures to offset emissions through the purchase of emission rights (CO_2 certificates) or through carbon capture or use and storage.

In 2022, the Semapa Group as a whole consumed 58,204 TJ of energy, 57.3% of which from renewable energy sources. With regard to GHG emissions, 4,109 ktCO_2e of scope 1 and 2 emissions were released into the atmosphere, the pulp and paper segment accounting for 22.0%, the cement segment for 77,7%, and the environment segment and holding company for remaining 0.3%.

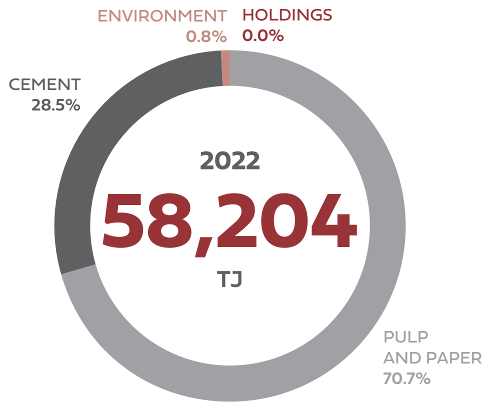
Despite the efforts made in recent years, in 2022 Navigator recorded a 2.2% increase in its scope 1 emissions compared to 2021. It should be noted that, despite the efforts made to over the last few years, in 2022 Navigator recorded a 2.2% increase in its scope 1 emissions vs. 2021. The disruption of logistics chains on a global scale and the outbreak of war in Europe have aggravated and introduced new pressure factors in our activity, namely high energy costs, logistics and raw materials. In order to guarantee the continuity of the business, there was a need to resort to the use of fuel oil as an alternative to natural gas, which had a visible growth impact on scope 1 emissions. Additionally, operational problems verified in the biomass boiler of the Setúbal industrial complex, led to an unforeseen increase in the use of fossil fuels for steam generation.

ENERGY CONSUMPTION (TJ)

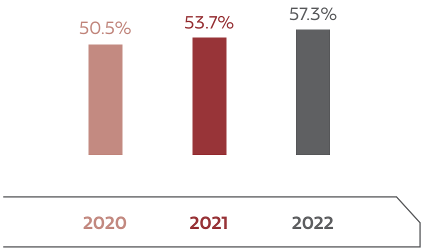


GRI 302-1

Environment Cement Pulp and Paper Holdings

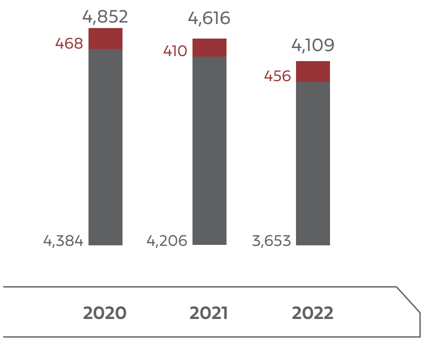


ENERGY CONSUMPTION (%)



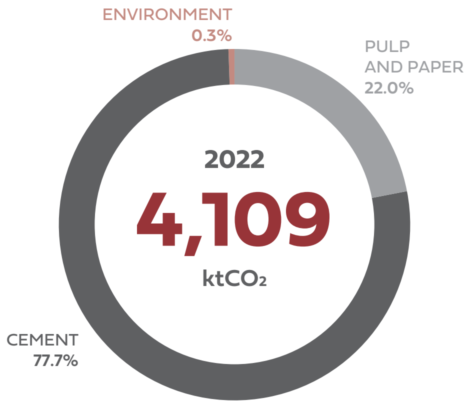
GRI 302-1

DIRECT AND INDIRECT EMISSIONS ($ktCO_2$)



GRI 305-1 GRI 305-2

Direct emissions Indirect emissions



PULP AND PAPER SEGMENT

In its Roadmap to Carbon Neutrality, Navigator's main ambition is to decarbonise its industrial complexes by 2035. This goal involves reducing direct CO_2 emissions (emissions covered by the EU ETS) by approximately 86%, compared to 2018, and also increasing the use of renewable energy in Navigator's energy mix, so that renewable energy accounts for 80% of the company's total primary energy consumption by 2030.

By joining the Science Based Targets initiative (SBTi) and approving the targets submitted in 2022, the company has strengthened its commitment to reduce its emissions, which now also includes scopes 2 and 3 of Navigator's emissions inventory (see feature box).

In addition to helping to mitigate climate change, Navigator's decarbonisation plan also has a positive impact by using biomass for energy production – adding value to the resource and protecting forests against fires –, and by generating energy from renewable sources. Investment in solar energy is an important source in the company's decarbonisation strategy, enabling the production of energy for self-consumption and consequent reduction in energy costs.

Over the past three years, implementation of the measures set out in the Roadmap has helped reduce GHG emissions at Navigator's production units. Among the measures implemented, of note is the installation of a new biomass boiler at the Figueira da Foz Industrial Complex, the new natural gas and hydrogen boiler at the Setúbal Industrial Complex (see feature box below) and the new self-consumption photovoltaic plants at the Figueira and Setúbal Industrial Complexes.

The notice of call for industrial decarbonisation under the Recovery and Resilience Plan (RRP) has also saw the development of new initiatives for such purpose. In 2022, Navigator submitted five applications to the

RRP aimed at accelerating the reduction of CO_2 emissions in the coming years. These initiatives will enable a 283,000-tonne reduction in direct and indirect CO_2 emissions at all Navigator industrial complexes by 2026, bringing forward the target set for 2029 in the company's Roadmap to Carbon Neutrality.

The year 2022 was also marked by the signing of an agreement in principle, in partnership with German company P2X Europe, for the production of green aviation fuel. This trailblazing alliance – which will see the incorporation of P2X Portugal – aims to become an international benchmark in the development and large--scale marketing of innovative synthetic fuel products for the aviation sector.

In recognition of its efforts to reduce emissions, in 2022 the company obtained a 'Leadership' level score ('A') in the CDP Climate questionnaire ('A-' in 2021). The fact that Navigator was invited to take part in the panel on "Fostering Sustainable Ecosystems" at the Vision 2045 Summit, held in parallel to the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), is also international recognition of the company's efforts to create value and sustainable growth. In this regard, also worthy of note is the fact that Navigator, as a member of BCSD Portugal, signed the manifesto "Towards COP27". This manifesto expresses the position of Portuguese companies on climate issues, reinforcing the importance of the COP's practical and effective contribution to the fulfilment of the Paris Agreement..

FEATURED INITIATIVES

NEW GAS AND HYDROGEN BOILER AT THE SETÚBAL INDUSTRIAL COMPLEX

In the fourth quarter of the year a new boiler was put into operation at the Setúbal Industrial Complex. In an investment of 5.5 million euros, this equipment – which for now will run on natural gas, but in the future may run on green hydrogen – will allow the combustion of gas mixtures incorporating up to 20% hydrogen.

This boiler makes generating thermal energy more flexible in the complex and contributes to the progressive elimination of the use of fuel oil. The project, besides enabling the reduction of CO_2 emissions, will use Best Available Technologies to increase efficiency and reduce environmental risks associated with the use and transport of fuel oil, avoiding consumption thereof, in addition to other environmental benefits, such as the reduction of odour pollution and atmospheric emissions.

2035 DECARBONISATION TARGETS ENDORSED BY THE SCIENCE BASED TARGETS INITIATIVE (SBTI)

Following membership of the Science Based Targets initiative (SBTi) – a global organisation internationally recognised for assessing the initiatives of companies towards a low-carbon economy – Navigator's science-based climate targets were considered by SBTi to be a "key element" in the company's journey towards net-zero decarbonisation.

The company has committed to reducing its scope 1 and 2 greenhouse gas emissions – emissions released into the atmosphere as a direct result of its operations, as well as indirect emissions from energy purchased for company use – by 63% by 2035, compared to the base year of 2020. With regard to scope 3 emissions, which occur in the value chain, the commitment is to achieve a reduction of 37.5%. The targets set for scope 1 and 2 emissions seek to respond to the plan set out in the Paris Agreement to limit the temperature increase to 1.5°C and, in the case of scope 3 emissions, to stay well below 2°C above pre-industrial levels.

Bringing forward the two-year deadline set for the submission of greenhouse gas emission reduction limits, based on the most up-to-date climate science, reinforces Navigator's commitment to contributing to a low-carbon society as a bioindustry company on the right side of the future.

CEMENT SEGMENT

In the climate change and energy pillar, Secil has made global commitments with the 2050 Roadmap to Carbon Neutrality defined by the Global Cement and Concrete Association (GCCA) – a roadmap in which the world's leading cement and concrete producers (accounting for 80% of total production outside China) have jointly pledged to: (1) achieve concrete carbon neutrality by 2050; (2) achieve an interim target to avoid five billion[2] tonnes of CO_2 emissions by 2030. The company has also aligned its strategy with the roadmap of the European Cement Association for the European cement sector – CEMBUREAU 2050 Carbon Neutrality Roadmap – and, at national level, with the roadmap of the Cement Industry Technical Association (ATIC) for carbon neutrality by 2050.

Internally, Secil has developed its roadmap to carbon neutrality, the "SECIL Way to Decarbonisation", covering the various geographies, as part of its 2025 Ambition strategy. This roadmap sets CO_2 reduction targets for 2030 and 2050 and was based on the CEMBUREAU "5Cs" method - Clinker, Cement, Concrete, (re)Carbonation and Construction (although potential CO_2 reductions in the Construction element have not been considered in this calculation).

Encompassing the manufacturing units in all the countries where Secil operates, the roadmap sets a target for a reduction in CO_2 emissions, by 2030 and compared to 2020 as the base year, of around 36% (456KgCO_2/t cement)[3] across the entire value chain and around 22% (553 KgCO_2/t cement)[4] in the chain up to cement.

Secil's roadmap to carbon neutrality focuses on the following vectors:

1. implementation of more efficient technologies to reduce thermal energy consumption and increase the use of alternative fuels with a higher biomass content, associated with clinker production; introduction of innovative technologies resulting from internal research projects for the total elimination of the use of conventional fossil fuels and activation of existing hydropower in alternative raw materials; increased use of alternative decarbonated raw materials;

2. development of low carbon cements resulting from the incorporation of less clinker and of alternative raw materials with hydraulic reactivity potential in a first phase, followed by the use of calcined clays with a lower carbon footprint; reduction of the carbon content of electricity as expected in each country.

An estimated 106.8 million euros will be invested until 2030 to implement these actions, plus an additional 86 million euros in the Clean Cement Line project currently being implemented in one of the plants, corresponding to a total investment of approximately 192.8 million euros.

Secil has facilities in and outside the European Union, with very different climate change policies. This affects the timing of decarbonisation developments, given the difficulty of justifying the high investments in plants outside the European Union due to the lack of aid and of the support of a CO_2 market. The lack of regulation allowing the use of low carbon cements in concrete and the use of alternative fuels also pose an additional challenge. Support for investment in these external units and cooperation from the EU and third country authorities could help create the conditions to facilitate the necessary changes that will reduce the timing for the possible and necessary decarbonisation of these facilities.

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2 https://gccassociation.org/wp-content/uploads/2023/01/GCCA-Roadmap-One-Year-On-Action-and-Progress.pdf
3 Target included in the 2050 Roadmap to Carbon Neutrality defined by the GCCA (https://gccassociation.org/wp-content/uploads/2023/01/GCCA-Roadmap-One-Year-On-Action-and-Progress.pdf).
4 Gross scope 1 and 2 emissions. Note: the emissions indicated in the technical screening criteria of the EU Taxonomy for activity 3.7 Cement Production (469 kgCO_2e/t cement) are gross scope 1 emissions, calculated using the clinker benchmark value of 722 KgCO_2/t ck and the incorporation of 65% of clinker in cement.

In addition to the targets set for 2030, Secil is also committed to carbon neutrality in 2050. With a finalised and clearer legislative framework, a better understanding of the reduction potential of possible carbon capture, use and storage (CCUS) technologies, better visibility of the availability of supporting CCUS infrastructure, and policy advances in countries outside the European Union, Secil will complement the current roadmap with the most appropriate measures towards neutrality in 2050.

In line with its strategy, Secil has carried out various initiatives to decrease the footprint of its value chain, such as the production of low carbon clinker and concrete with less cement content. Since 2021, the company has undertaken a major investment in the modernisation of the Secil-Outão plant – the aforementioned Clean Cement Line (CCL) project. Moreover, several other ambitious projects are currently being considered to meet the targets set.

Also of note is the fact that Secil has pledged to set science-based targets for 2030 with the SBTi. With the start of the inventory study of scope 3 emissions, the targets and respective roadmap are expected to be published in 2023.

FEATURED INITIATIVE

CLEAN CEMENT LINE

Clean Cement Line[5] (CCL) is a research, development and innovation project that will transform the Secil-Outão plant into one of the most advanced cement plants in Europe and the world. With a total investment of 86 million euros, the plant will achieve a lower carbon footprint and be considered a benchmark.

The result of complex engineering work, the project aims at developing and demonstrating, on an industrial scale, a new cement production technology to reduce the plant's CO_2 emissions by at least 20%, increase energy efficiency by 20%, and generate 30% of electricity through an innovative hybrid generation system, through process heat recovery and concentrated solar thermal energy.

CCL, simultaneously a Project of National Interest (PIN), an R&D&T project and the largest project under the Portugal2020 programme, is divided into four sub-projects which aim to eliminate dependence on fossil fuels, increase energy efficiency and own electricity production, integrate the digitalisation process, and reduce CO_2 emissions. These four innovations will promote the development of low carbon clinker production and consequently the creation of a range of low carbon footprint cements.

The CCL project is already at an advanced stage of implementation, with engineering and metalworking assembly operations underway. This phase of development and demonstration of results is expected to continue until August 2023.

5 https://www.secil-group.com/pt/inovacao/clean-cement-line

ENVIRONMENT SEGMENT

ETSA's Roadmap to Carbon Neutrality focuses on three vectors: (1) process energy efficiency through the optimisation of electricity and fuel consumption; (2) replacement of the energy mix to reduce direct emissions from industrial processes through the use of greener fuels and solar energy (electrical and thermal); and (3) transition from the use of fossil fuels to low carbon fuels in the heavy and light vehicle fleet.

ETSA is strongly committed to the decarbonisation of its industrial units, investing heavily in the reduction of fossil energy consumption. A biomass boiler at the Loures plant and a biomass energy recovery facility (BERF) at the Coruche manufacturing plant has already seen ETSA reduce fossil-based emissions by over 80%.

At the same time, ETSA has implemented several projects to make its facilities more efficient, including the use of hydrogen to increase the efficiency of biomass boilers, and the replacement of lighting with LEDs, among others.

In 2022, ETSA implemented an energy monitoring system at its two industrial sites which allow it to monitor energy consumption in real time. A project is underway at the Coruche plant to recover thermal energy through the compression and pumping of high-pressure steam condensates, and consequently save energy and water.

ETSA LOG, the group company that provides the logistics of raw material collection for the process, acquired its first heavy vehicle powered by compressed natural gas (CNG). This fuel is less polluting compared to other fossil fuels and can be obtained from renewable sources (landfills, livestock farms, and other sources).

With regard to logistics, which accounts for a significant portion of the company's total energy consumption, initiatives to reduce fuel consumption were also carried out, in particular "eco-driving" training.

FEATURED INITIATIVE

IMPLEMENTATION OF AN ENERGY MANAGEMENT SYSTEM

ETSA has implemented an energy management system based on Industry 4.0 technology at its two industrial sites. The system allows relevant data to be continuously collected online, at various points of the production process, and stored and processed on a remote server.

This monitoring system enables real-time analysis of the consumption of the various forms of energy (electrical and thermal energy) in the various stages of production. It is a very useful tool for detecting possible deviations or anomalies so that prompt local action can be taken to correct the situation identified, thus optimising energy consumption.

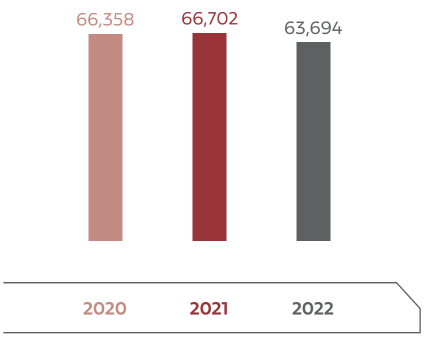
2.2 WATER MANAGEMENT

Water is an essential resource in several stages of the industrial processes of the Semapa Group's subsidiaries. Given the volumes of water used and potential water shortages in the natural environment, both in terms of quantity and quality, the Group is committed to reducing water use and to ensuring that its activities are not an additional risk factor per se for the environment and surrounding communities. Given the significant impact on this resource, water withdrawal and the discharge of industrial effluents by subsidiaries are covered by the necessary licences. Consequently, the subsidiaries take measures to reduce their water consumption and increase the quality of treated effluents, thereby helping to optimise water circularity.

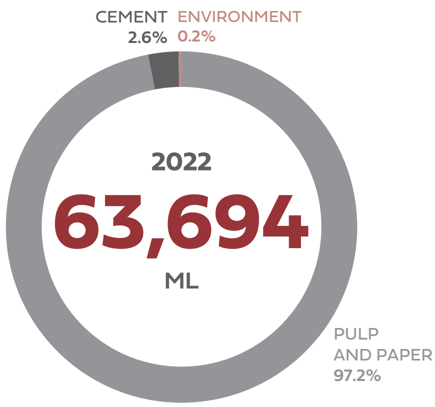
Reflecting its importance, Semapa monitors water use through the Sustainable Use of Resources Working Group (WG). This WG promotes the sharing of best practices among the subsidiaries, creating a common alignment between the companies, to encourage the adoption of methodologies and practices that reduce the Group's environmental footprint. In 2022, the WG prepared a chart of net emissions (and atmospheric emissions) for the Semapa Group, for periodic reporting by the companies, in order to ensure regular monitoring and assessment of their performance. Throughout the year and through bi-monthly meetings, the WG monitored the main projects underway by the companies.

In 2022, 11,306 ML of water was consumed by all the Group's companies, of which 85.8% in the pulp and paper segment, 13.3% in the cement segment, and the remaining 0.9% in the environment segment and by the holding company. Of the total water withdrawal, 0.4% was acquired from third parties (municipal supply), 42.3% was groundwater and 57.3% was surface water.

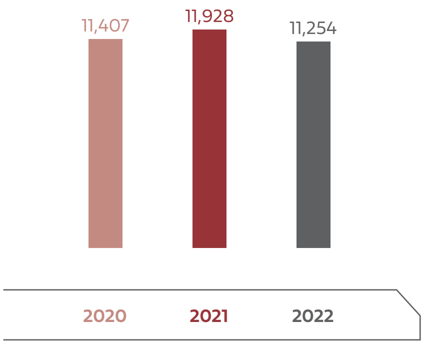
WATER WITHDRAWAL (ML)



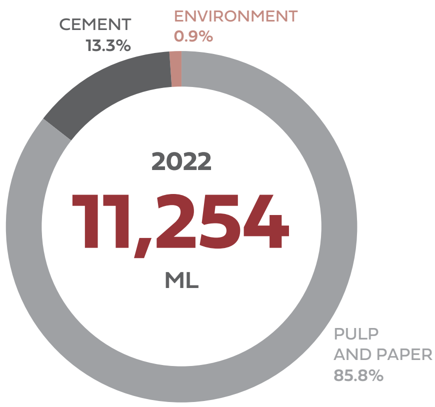
GRI 303-3



WATER CONSUMPTION (ML)



GRI 303-5



PULP AND PAPER SEGMENT

Navigator uses water resources at different stages in its industrial processes, including steam production, materials transport, cooling systems, and other stages. The water used is predominantly surface and groundwater, with only the occasional use of water from the municipal supply network.

The commitment to the responsible use of this resource is expressed in Navigator's 2030 Roadmap, which sets the target of reducing specific water use (m^3/t product) by 33% compared to the base year of 2019, and proposes solutions to improve efficiency in water use.

To this end, the company has implemented the Water Use Reduction Programme (WURP), comprising a raft of management measures and new technological and next-generation investments that enable greater process optimisation, that is, greater recovery of process water, with a view to minimising the volume of water withdrawn and the discharge of effluents.

As regards the discharge of industrial effluents, these are routed for primary, secondary and sludge treatment at Industrial Wastewater Treatment Plants (IWWTP) in order to minimise potential impacts of effluent discharge on the receiving environment. Worthy of note is the comprehensive in-lab effluent monitoring programme in place, at inflow and outflow. The company holds licences that require the continuous monitoring and reporting of data collected, via a data logger connection to the Portuguese Environment Agency (APA). Additionally, environmental monitoring studies are also carried out to assess the potential impact of effluent discharge on the ecological state of the receiving environment.

As part of the projects pursued in 2022, implementation of the WURP continued, with 16 projects implemented - seven already in operation, representing a CapEx of more than 2.1 million euros, most noteworthy of which is the new evaporation line at the Aveiro Pulp Mill.

FEATURED INITIATIVE

NEW EVAPORATION LINE AT THE AVEIRO INDUSTRIAL COMPLEX

The project to install the new evaporation line at the Aveiro Industrial Complex represents an investment of 14 million euros and introduces significant improvements in this sub-process in pulp production.

Evaporation allows the concentration of black liquor, a by-product of the kraft pulp production process, enabling recovery, in the boiler, of the chemicals used to cook pulp and generation of the thermal energy needed for the process.

This project has several environmental benefits as it maximises the circularity of condensate use in the production process. It will also help reduce water consumption by 21% (from 33.5 to 26.6 m^3/tAD[6]) as well as the use of chemicals in the process, and allow biosludge – waste product from the treatment of effluents – to be mixed in with the black liquor, to be used as an energy source in the recovery boiler.

6 Tonne of air-dried pulp.

CEMENT SEGMENT

Water is a key resource for Secil's activity. It is used to produce cement – as it is the first component of cement, making up around 25% of the mixture –, aggregates and concrete mixtures, for washing gravel and sands, making sludge, conditioning kiln gases, cleaning vehicles, cooling machinery and equipment, among other uses. Water is also used for washing and wetting roads, for reducing diffuse particulate emissions, irrigating green areas, and landscape recovery of quarries.

In its "2025 Ambition for Sustainable Growth", Secil makes a commitment to the efficient use of resources, in particular water, and sets targets for reducing water consumption.

To ensure more efficiently water management, internal guidelines were developed at corporate level for the cement plants, specifying the requirements for monitoring and measuring water consumption, as well as the most relevant performance indicators for the business.

The cooling systems of machinery and equipment operate in a closed loop so that industrial water can be used and reused, significantly reducing process water consumption and minimising the production of liquid effluents.

The concern about the best management of this resource also extends to the way water is returned to the environment, minimising the impacts of our activities on water quality. All Semapa Group companies ensure the proper treatment of wastewater, meeting all requirements for the discharge of treated effluent in the receiving environment.

Under the GCCA sustainability charter, which Secil endorses, an annual validation is carried out by an independent third party, for each manufacturing plant, of water used for cement production – including water withdrawal and discharge – in the entire production process, including the manufacture and extraction of raw materials, in accordance with the GCCA Guidelines for water monitoring and reporting in cement production.

In 2022, several in-house webinars were held to share the work carried out under the GCCA and help improve Secil's sustainability performance. One of the webinars was dedicated to one of the five pillars of the GCCA "Environment and Nature – Water", focusing on the GCCA guidelines for water monitoring and reporting in cement production, in particular sources and bodies of water relevant for quantification, and water reporting. The following topics were also covered: water stress areas and water as a core element of sustainable development, vital for socio-economic development, energy and food production, healthy ecosystems, and for human survival itself.

ENVIRONMENT SEGMENT

ETSA uses water primarily for its manufacturing processes to produce steam and for washing and disinfecting facilities, equipment and raw material collection vehicles. The water is sourced from the public supply network and from catchment boreholes and consumption is monitored in all units by means of a KPI analysis, enabling the prompt and timely detection and correction of any anomalies.

Steam consumption installations are equipped with automated condensate recovery systems (ACRSs), avoiding the loss of flash[7] steam by recovering high-pressure condensates.

In order to improve the monitoring of water consumption, and using Industry 4.0 technology, ETSA is investing in a project for the remote management of water consumption. The goal is to implement an online system that enables real-time metering, indicating where and how much water is being used, and helping to identify the largest water consumers, in order to implement measures to optimise water use.

After use, water is routed to the wastewater treatment plants (WWTP) of the respective operating sites. ETSA is in the process of finalising a cycle of heavy investment in its WWTPs to ensure compliance with environmental standards.

FEATURED INITIATIVE

REVAMPING OF CORUCHE AND LOURES WWTPS

In 2022 several investments were made to improve the quality of treated effluent at the Loures and Coruche facilities.

In Coruche, the WWTP improvement works were concluded in 2022. An investment of nearly 500 thousand euros was made to increase effluent treatment capacity to comply with discharge Emission Limit Values (ELVs).

In Loures, an investment of around 150 thousand euros was made in the first phase of refurbishment of the WWTP. This included the implementation of physical-chemical treatment and sludge dewatering treatment. The second phase of the project is being prepared for 2023, to substantially increase biological treatment capacity. The aim is to ensure the quality of the final effluent that is routed to the municipal collector and that it is of sufficient quality to implement a tertiary treatment system, which will allow water to be reused at the plant – for example, for washing and/or watering green areas.

7 Steam formed from hot condensate when the pressure is reduced.

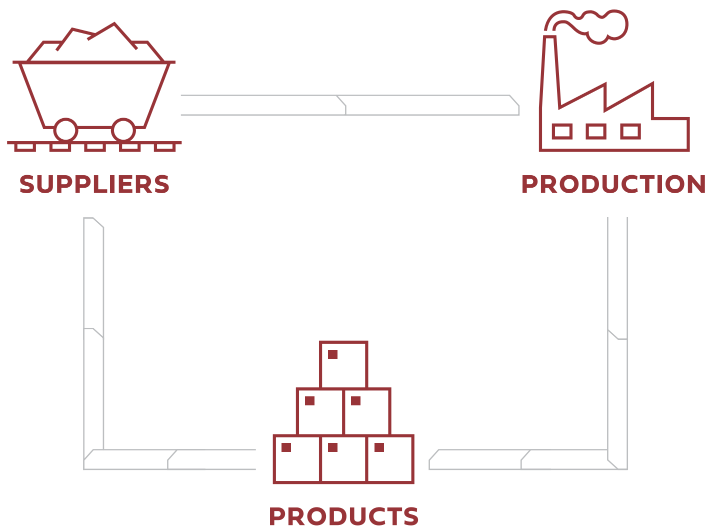
2.3 CIRCULAR ECONOMY

The relevance of the circular economy on the Semapa Group's agenda is clear in the diversity of projects that its subsidiaries have undertaken, and in the investment made in research, development and innovation (Chap. 4.5.1). As it is mostly an industrial Group, its subsidiaries seek to promote circularity in order to obtain gains in terms of efficient resource use and in leveraging new products and services, which lead to economic gains. Semapa's Circular Economy Working Group (WG) has fostered the sharing of best practices among its companies.

ETSA is one of the best examples of a circular economy, with a business model based on the principles of circularity between industries, through the rendering of by-products from the food chain for the production of green energy, and also for the manufacture of feed, fertilisers, and other uses.

Navigator's production model in the pulp and paper segment makes good use of its by-products, from the recovery of chemicals used for pulp and paper production to the use of biomass, resulting from the preparation of wood, to produce its own energy. It has also invested in the development of bioproducts.

Finally, Secil has a value chain that presents several opportunities in terms of circularity, with the incorporation of recycled raw materials, the development of new products, and the use of alternative fuels to replace fossil fuels.



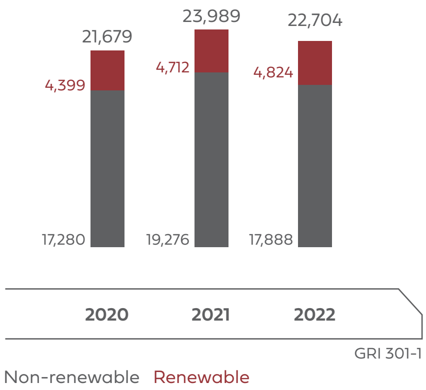
THE USE OF SECONDARY RAW MATERIALS
The by-products of other industries enter our production cycles as raw materials

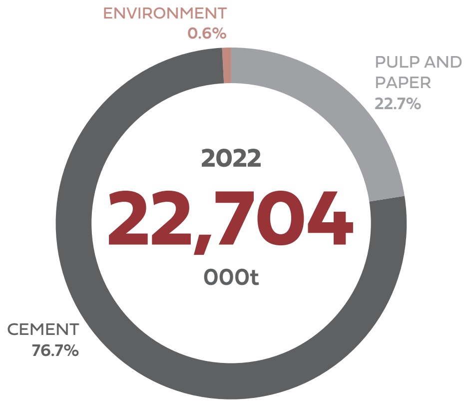
THE USE OF RAW MATERIALS FROM RENEWABLE SOURCES
Some of our production processes use raw materials from renewable sources

HIGHLY RECYCLABLE PRODUCTS
Some of our products are recyclable at the end of their life cycle – e.g. paper, cement and concrete

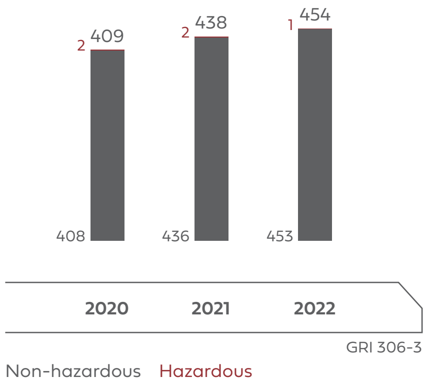
THE USE OF ALTERNATIVE FUELS
We produce energy through alternative fuels in the place of fossil fuels, which may be renewable, such as biomass, or through refuse derived fuels (RDF)

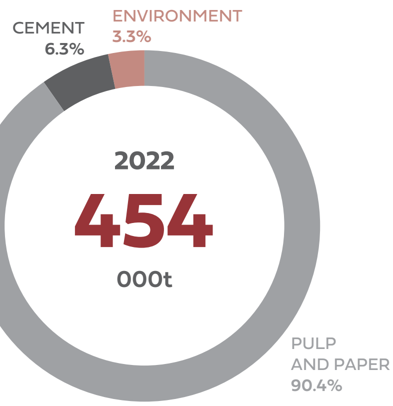
MATERIALS USED (1,000 T)



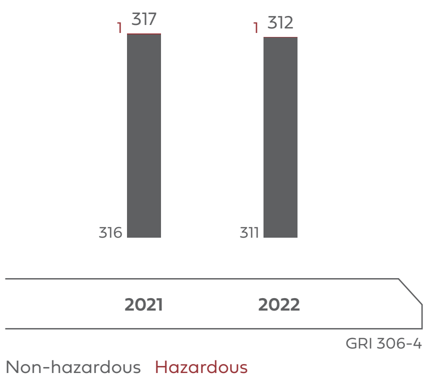


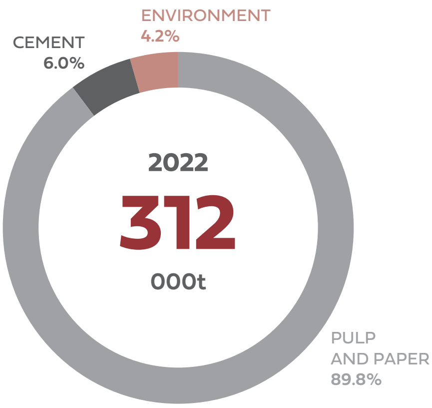
WASTE GENERATED (1,000 t)



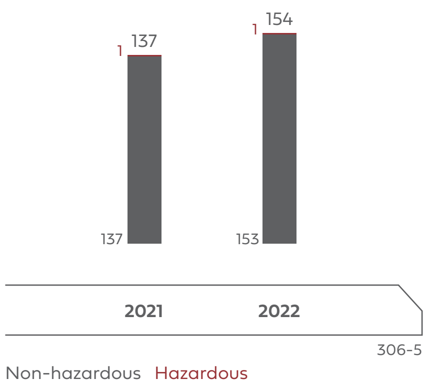


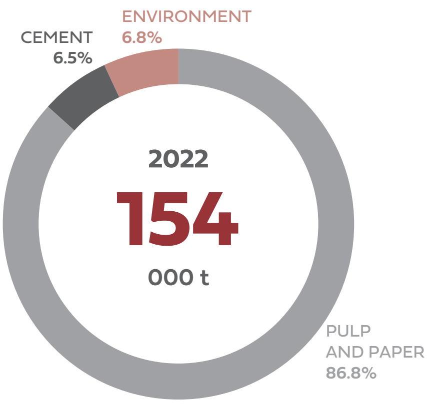
WASTE DIVERTED FROM DISPOSAL (1,000 t)





WASTE DIRECTED TO DISPOSAL (1,000 t)





PULP AND PAPER SEGMENT

Navigator has strategically positioned itself as a player capable of contributing to a circular, low-carbon bioeconomy, both by optimising the efficient use of resources and by investing in innovative products and solutions developed in partnership with different entities.

Planted forests are key to the transition from a linear, fossil-based economy to a sustainable circular bioeconomy, based on renewable, recyclable and biodegradable products that are eco-friendly and climate neutral. This natural raw material allows Navigator to lead the "From Fossil to Forest" agenda (Chap. 4.5.1), seeking, through technology and knowledge, to lay the foundations for a truly forest-based circular economy and providing an important opportunity for innovation and business competitiveness. This is the background against which forest-based bioproducts are created, seeking more sustainable alternatives to fossil-based materials, as part of the strategy for responsible value creation.

Sustainable resource management is another pillar of the company's strategy, as a result of the impacts associated with the consumption of raw materials, energy and water use, and waste generation. Harnessing the potential for circularity within the pulp and paper production process, Navigator is increasingly investing in a more sustainable, closed loop manufacturing model.

The company invests in projects aimed at minimising losses and consequently increasing the yield of its main raw material, wood. Worthy of note is the installation of more efficient equipment for wood preparation and in the fibre lines and paper machines. Also of note is the project for a new debarking line at the wood yard at the Figueira da Foz Industrial Complex, which is expected to enter into operation in 2023 and which help reduce fibre loss (and also noise at the complex).

Navigator also prioritises reducing waste production and reincorporating waste into production processes or reusing it internally, in particular in energy production processes and to create alternative fuels, thereby reducing the use of virgin raw materials, waste generation and effluent discharge. As the vast majority of waste is generated in pulp production operations, the company has invested in improving the efficiency of processes and treatment systems, thereby reducing waste production.

Promoting a circular economy is underpinned by the Corporate Upcycling Project, investments in research, development and innovation (R&D&I) projects, and in establishing partnerships with other organisations, which has enabled the implementation of various technological solutions, such as solutions for turning waste into new materials. Worthy of note this year is the new evaporation plant installed at the Aveiro Industrial Complex (Cap. 4.2.2), which will enable biosludge to be used as an energy source in the recovery boiler.

The sands from biomass boilers (by-product) in the cement industry are also used as a replacement for the natural sand used in construction materials – an example of industrial symbiosis, in partnership with the subsidiary Secil and other businesses in the sector. In 2022 Navigator saw three applications for ash testing facilities approved by the Portuguese Environment Agency (APA). Taken together, these partnerships enabled the recovery, in 2022, of around 28,400 tonnes of boiler sands for incorporation in the construction industry (32% more than in 2021).

From a perspective of enhancing scientific and technological knowledge (Chap. 4.5.1), it is also worth highlighting the launch of a co-creation programme in forest-based circular and digital bioeconomy, which aims to respond to the major challenges currently facing Portuguese forests.

FEATURED INITIATIVES

ASH EXPERIMENTATION AREAS

As a result of consistent work between Navigator and various industrial partners – recipients, intermediaries and Technology Interface Centres – three applications for experimental areas were submitted and approved by APA in 2022, in partnership with two market leaders in the construction sector – Weber St. Gobain and Secil Unibetão.

With a more simplified licensing process, the experimental areas will allow companies that receive waste to test, on an industrial scale, the incorporation of by-products into their production processes. Once the industrial tests have been concluded and their technical feasibility approved, Navigator, as a Biomass Power Plant (BPP) ash producer, will submit a by-product self-declaration to APA.

Besides reducing the costs associated with final ash disposal, the incorporation of BPP ashes into construction materials will help reduce the use of virgin raw materials in a sector with increasing challenges in the decarbonisation process.

In 2022, tests were carried out during the study phase that allowed the use of around 13 tonnes of ash. This project has the potential to recover around 7,500 tonnes per year by 2027.

CO-CREATION PROGRAMME IN FOREST-BASED CIRCULAR AND DIGITAL BIOECONOMY

In 2022, Navigator launched the 1st edition of the Co-creation Programme for the Enhancement of Scientific and Technological Knowledge in Forest-based Circular and Digital Bioeconomy.

The Programme, carried out through RAIZ - Forest and Paper Research Institute, is aimed at national startups or SMEs that have innovative technologies, new processes or bioproducts that address the company's challenges.

The value co-creation model aims to harness synergies in technology, forest and industrial innovation and research. The goal is to generate economic value with social and environmental impact, and the outcomes are expected to include the registration of new patents, third-party licensing, and the establishment of new joint business and/or industrial ventures. Among the topics focused on in this edition were forest-based biorefineries, the circular bioeconomy, efficient resource use and environmental compliance, among others.

A total of eight projects were selected and are already underway, seven of which focused on the direct or indirect recovery of by-products from forest exploitation and the industrial process.

CEMENT SEGMENT

The cement industry uses secondary raw materials in its production systems, recovering them from key processes of its value chain, in particular in the production of clinker, cement and concrete.

With regard to raw materials, Secil has implemented measures to incorporate, where possible, waste or by--products from other industries into its manufacturing process, in the crushing, firing or cement grinding stage, promoting the replacement of natural raw materials with secondary raw materials rich in the oxides required for its process. Most noteworthy in this regard is the:

> regular use of various by-products such as different types of gypsum, blast furnace slag, synthetic plaster and blasting grit from the shipping industry (replacing iron oxide);

> incorporation of sands from the fluidised beds of Navigator's biomass boilers, used as a secondary raw material in the production of concrete and some light mortars;

> incorporation of fly ash from coal combustion for electricity generation and from the ceramic industry in Brazil, as a secondary raw material for cement production;

> incorporation of blast furnace slag, from the metal industry in Brazil, as a secondary raw material for cement production; and

> reuse of excavated soils from construction sites.

Cement and concrete have a long life cycle and, unlike the wide range of building materials, can be fully recycled at the end of their useful life. By processing waste and through construction, once separated and crushed, they can be reintroduced into the cement and concrete production chain.

Despite the high potential of recycling and incorporating raw materials recovered from demolition waste from buildings and infrastructures – which reduces the use of virgin materials and environmental costs arising from the exploitation and transport of waste to landfill – the current legal framework is not yet sufficient to prevent disposal of this waste in landfills, in contradiction with the principles of a circular economy. As a result, the incorporation of this recycled material in the cement-concrete value chain is still practically non-existent.

As part of its investment in research, development and innovation (Cap. 4.5.1), Secil participates in the c5Lab[8] – Clinker x Cement x Concrete x Construction x Climate Lab. The c5Lab is a collaborative laboratory created by Secil and four other national entities - Cimpor, Associação Técnica da Indústria de Cimento (ATIC, a Portuguese cement association), Laboratório Nacional de Engenharia Civil (LNEC, the national laboratory for civil engineering) and Instituto Superior Técnico (IST - Lisbon University's School of Engineering and Technology) – to develop solutions to decarbonise the Portuguese cement sector. Secil's involvement centres around the development of innovative technologies for the sustainable production of cement, mortars and concrete with a smaller carbon footprint, while also encouraging research in new raw materials, alternative fuels, and new types of cement. In 2022, and through its participation in the c5Lab, Secil was able to create conditions to recover and use ash disposed of in landfills.

The waste generated by the company's activities is collected and stored separately, in specific flows and in appropriate locations around the facilities. Priority is given to waste recovery solutions, in compliance with the waste hierarchy principle. In the main cement manufacturing process, input materials are integrated into the molecular structure of the clinker during the baking phase, thus avoiding the formation of ash or waste.

Regarding energy, Secil has always sought to use alternative fuels (Cap. 4.2.1) to replace fossil fuels, by using tyres and refuse derived fuel (RDF) in Portugal. In Tunisia, olive pomace residue is used as an alternative fuel, while in Brazil RDF has been increasingly introduced.

Circularity can also be promoted in water use, for example through the water used to cool equipment in the manufacturing process, which is in a closed loop, with water lost only through evaporation.

8 https://c5lab.pt/

In 2022, the company continued to develop new technologies and projects, such as Low Carbon Clinker[9] (LCC) and the Clean Cement Line[10]. With regard to the latter, fuels will gradually be replaced to eliminate the use of primary fossil fuels and use a new alternative fuel – Energreen – resulting from biomass biorefining to optimise fuel use in cement ovens.

As part of Secil's commitment to promoting the principles of a circular economy in the value chain, it launched an innovative product in 2022 called Verdi Zero Concrete, the first carbon neutral concrete in Portugal (Cap. 4.5.1 - Research, Development and Innovation).

ENVIRONMENT SEGMENT

In the rendering process, one of ETSA's business sectors, by-products are processed and transformed into high added value products for the manufacture of compound feeds (pet food and livestock feed) and fertilisers, the production of green energy (biodiesel) and other uses, thus avoiding the use of other resources with a larger carbon footprint, closing the nutrient loop and minimising the loss of natural materials.

In 2022, ETSA, as an economic operator integrated in a circular economy business model, began implementing its used coffee pod collection project. Investments were also made the year in ongoing research, development and innovation processes (Chap. 4.5.1 - Research, Development and Innovation).

FEATURED INITIATIVE

COLLECTION OF USED COFFEE PODS

ETSA accepted the challenge of collecting used coffee pods from all the stores of one of the largest food distribution and specialised retail groups in the country. Started in February 2022, collection took place in 308 stores, resulting in the recycling of around 400 tonnes of coffee pods.

To do so, the company had to invest and reorganise some processes. In terms of logistics, a specific transport vehicle was acquired for collection operations in central Portugal. With regard to infrastructure, a specific sorting line was created and licensed to remove the lids and separate them from the pods, and subsequently deposit them in specific containers. As part of this process, this waste was forwarded to another operator, responsible for separating the coffee grounds from the aluminium/plastic of the pods.

This project demonstrates ETSA's capacity to incorporate new lines into the services it already provides. It consolidates the competitive advantage associated with the capillary collection network it has built, which currently comprises more than 20,000 collection points nationwide. Finally, it reinforces its positioning as a circular economy operator, in this case promoting the reuse of plastic, aluminium and coffee grounds, the latter becoming a new by-product used as organic compost, thus avoiding the disposal of used coffee pods in landfills (Chap. 4.5.1 - Research, Development and Innovation).

9 https://www.secil-group.com/en/inovacao/low-carbon-clinker
10 https://www.secil-group.com/en/inovacao/clean-cement-line

2.4 CONSERVATION OF BIODIVERSITY AND ECOSYSTEM SERVICES

The genetic diversity of species of fauna and flora, and the relationships between them, are basic elements for the balance of nature and ecosystems. Healthy ecosystems produce a wide range of services that provide the raw materials and services essential to human life and activities, improving the well-being, health and wealth creation of communities. Furthermore, biodiversity conservation activities are an important ally in mitigating and adapting to the effects of climate change, a concern of the Group companies.

To design a common strategy to protect and enhance biodiversity, ecosystems and the services they provide, Semapa created the Biodiversity Working Group (WG), putting this issue on its agenda for development with each of the subsidiaries.

The Group companies already incorporate commitments and activities for the conservation of biodiversity and ecosystem services into their corporate strategies. The greatest responsibility in this regard falls on Navigator and Secil, since their activities, particularly when it comes to producing/obtaining raw materials, directly impact high-value biodiversity areas. In Navigator's case, its activities directly linked to forestry have an undeniable impact on these ecosystems, while Secil's mining activities have a significant impact on the landscape and biodiversity.

In 2022, nature conservation remained at the heart of the Semapa Group's concerns and, within the scope of the Biodiversity WG, the companies continued to monitor developments in international agendas and share their projects, challenges and achievements. COP15, which was held in Montreal, emphasised collective awareness for action fostering biodiversity with the adoption of the "Kunming-Montreal Global Biodiversity Framework". With the United Nations Decade of Ecosystem Restoration (2021-2030) in full swing, and with the European Green Deal underway, this COP reinforced the importance of biodiversity and ecosystem conservation and restoration, and their relationship with climate and people.

PULP AND PAPER SEGMENT

Navigator's assets under management include Conservation Interest Areas, which serve as important habitats for a variety of flora and fauna, including species with different conservation and protection statuses.

To integrate biodiversity conservation into its sustainable forest management model, the company has developed a strategy aimed at maintaining ("no net loss") or improving ("net positive gain") the biodiversity on its properties and its conservation status. To this end, Navigator continuously invests in monitoring and assessment, protection and active conservation initiatives, such as the regeneration and restoration of natural habitats and ecosystems, helping the species that use them to carry out their ecological functions of feeding, refuge or reproduction.

In 2022, several biodiversity monitoring, promotion and ecological restoration actions were carried out. Around 71 hectares were restored or rehabilitated to maintain or improve the conservation status of natural and semi-natural habitats. The year was also marked by the start of new projects:

> "Zambujo reCover" (see feature box);

> *transForm PRR – Genetic ecosystem conservation and restoration* – namely of some of the most threatened trees in Portugal, such as several native oaks (e.g. *Quercus canariensis*) and associated tree species, such as strawberry trees, boxwoods and riparian galleries that are dominated by dogwoods, enabling these woods to be improved in the future.

As part of its sustainable forest management, Navigator also invests, in Portugal and Mozambique, in preventing forest fires and supporting firefighting, helping to make forest stands more resilient to fires and to mitigate this scourge in the company and local communities, as well as in restoring burnt areas. Among the initiatives undertaken in 2022, RAIZ - Forest and Paper Research Institute initiated a study to update the mapping of AFOCELCA[11] intervention areas, with the aim of improving the response capacity of ground resources and thus contributing to reducing burnt areas.

A visible aspect of Navigator's active natural asset conservation policy is the importance given to information sharing and awareness-raising activities, which led to the launch in 2022 of the new Biodiversity by The Navigator Company website.

Finally, in 2022 Navigator signed the BCSD Portugal manifesto "For an Agreement for Nature at COP15". The main objective of the COP15 on Biodiversity was the adoption of the Post-2020 Global Strategy for Biodiversity, aimed at halting global biodiversity loss by 2030 and promoting the recovery of natural ecosystems. The manifesto thus called for the COP15 on Biodiversity to be a watershed moment for the recognition of the importance of nature to our lives and economies, and for urgent collective action to protect and enhance biodiversity and natural capital.

FEATURED INITIATIVE

ZAMBUJO RECOVER PROJECT: FOREST REHABILITATION AND SOIL CONSERVATION

The Zambujo reCover Project[12], which kicked off in December, is an initiative aimed at forest intervention for environmental development.

Actions under the project will be carried out at the Zambujo Management Unit managed by Navigator, a property spanning approximately 397 hectares, located in the municipality of Idanha-a-Nova, and entirely inserted in a classified area of the Natura 2000 Network (PTZPE0042), partially inserted in a protected area (International Tagus Natural Park - PNTI), and encompassing significant areas at risk of erosion, according to the National Ecological Reserve (REN).

With an intervention area of 153 hectares, the project focuses on:

> conversion of poor production forests and reforestation with native species (holm oak);

> protection of agroforestry habitats;

> ecological restoration and soil conservation.

Promoted by Navigator in partnership with RAIZ, this initiative has a total budget of 225,775 euros and is funded by the COMPETE 2020 Programme under the measure “Support for climate transition/territorial resilience: combating desertification through reforestation and actions promoting increased soil carbon and nutrient sequestration" (REACT-EU/ERDF).

11 https://afocelca.com/
12 https://biodiversity.com.pt/biohistories/zambujo-recover-ecological-restoration-in-the-international-tagus-natural-park/

FEATURED INITIATIVE

LAUNCH OF THE NEW BIODIVERSITY BY THE NAVIGATOR COMPANY WEBSITE

In March 2022, Navigator launched a unique project dedicated to sharing knowledge about biodiversity in forest ecosystems, called "Biodiversity by The Navigator Company". The new platform, www.biodiversity.com.pt[13], aims at raising awareness and informing society about the importance of biodiversity in forests with accessible, educational and inspiring content. It is structured in three sections that allow a deeper understanding of various topics:

1. Biohistories: includes articles, reports, news and indicators on biodiversity in general, as well as on initiatives and projects to increase knowledge and help prevent biodiversity loss, and to protect and restore it;

2. Biogallery: invites visitors to discover the various habitats that coexist in forest areas and the species they are home to, from plants to mammals, reptiles, birds and fungi;

3. Bioresources: is a space to explore a (Bio)library with the main organisations, reports, legislation and commitments related to biodiversity, endangered species and protected areas.

This content is intended to encourage people and businesses to protect and restore biological diversity.

CEMENT SEGMENT

Mining activities have a profound impact on landscape and biodiversity. As the spontaneous recovery of these areas and processes in ecosystems can take hundreds of years, it is vital that we minimise these impacts and step up the restoration process. This can be achieved through programmes to restore the structure and functioning of original plant and animal communities and ecosystems that are not solely focused on the aesthetic aspect of landscape restoration. Based on these objectives and with a view to minimising the impacts resulting from its activity, Secil has developed several strategies through the implementation of Recovery Plans for the company's quarries, to restore quarried areas, and the Biodiversity Management Plans in high-value biodiversity areas, as is the case of Secil-Outão.

To this end, Secil maintains long-term partnerships with two universities, the University of Lisbon (through the Faculty of Science - FCUL) and the University of Évora (UE), with two major lines of research. One focuses primarily on the restoration of quarries, particularly plant life (FCUL), and the other on animal life (UE), both applicable to the Outão plant, which is located in the Arrábida Natural Park.

Ecological indicators have been identified to assess the resilience of ecological restoration areas in Outão, under the partnership with FCUL for "adaptive ecosystem management based on the 30-year+ assessment of the resilience of ecological restoration at Secil-Outão (2019-2022)". Since 1998, a large team of FCUL researchers have been scientifically monitoring the recovered areas of the Outão quarries through various projects, based on continuous evaluation, research and implementation.

13 https://biodiversity.com.pt/

With regard to the partnership with the University of Évora, established in 2007, continuity was given to the 6th phase of the existing protocol - "Study and Development of Biodiversity, Animal Life on the Secil Property - Outão (2021-2023)". Faunae play an important role in the restoration of quarries, acting, among other functions, as seed dispersers and assisting in the pollination of various plant species, promoting the regeneration and spontaneous proliferation of vegetation. The team from the University of Évora is assessing the evolution of fauna communities in recovered and natural areas and monitoring the wildlife action plan, which includes the following objectives: (1) create medium and long-term conditions to promote the natural (re) colonisation of fauna; and (2) investigate, in particular case studies, how the restoration process impacts animal communities and the ecological processes of which they are part. The work focused mainly on the monitoring of management actions – nest boxes and shelters – for birds and bats, resulting in the publication of a scientific paper.

Particularly of note in 2022 is Secil's active participation in shaping the first CEMBUREAU Biodiversity Roadmap.

Finally, also of note is the aid granted by Secil to support the Sado marine prairies study and the Biomares project, as part of its local community engagement initiatives (Chap. 4.4. Share capital and 4.4.1 Local community engagement).

FEATURED INITIATIVE

CEMBUREAU 2030 BIODIVERSITY ROADMAP

In 2022, CEMBUREAU launched its Biodiversity Roadmap[14] with the aim of defining a vision for biodiversity in quarries and their surroundings in the coming decades. With this roadmap, the European Cement Association and its members will contribute to the global "Nature Positive" goal by enhancing the ecological value of the quarried areas, protecting and restoring ecosystems to deliver sustainable growth, in harmony with the natural world. The aim is to help, guide and influence companies in managing biodiversity and inspire collaboration between the cement sector and other stakeholders.

The roadmap outlines actions and objectives for the industry until 2030, which are grouped into four focus areas: (1) ecosystem rehabilitation and services; (2) the EU Pollinators initiative; (3) invasive species; and (4) protected species.

The Roadmap was prepared by the CEMBUREAU Biodiversity Task Force (TF), of which Secil is an active member. The company is a member of CEMBUREAU through Portuguese cement association ATIC. The Roadmap was launched in an online event[15] held during European Green Week, which was attended by over 100 participants from 26 countries and presented by Secil, through TF chair Alexandra Silva. A panel discussion was also held with speakers from CEMBUREAU, the European Commission, Birdlife, Society for Ecological Restoration (SER Europe) and, representing the cement industry, the Director of Secil, Carlos Medeiros Abreu.

14 https://cembureau.eu/media/ck5he3ww/cembureau-biodiversity-roadmap-web.pdf
15 https://youtu.be/g5UIRhWD06s

3 Human Capital

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH

GRI 2-7, 3-3, 403-9, 404-1, 404-3

OUR IMPACTS

5,834[1]
DIRECT JOBS IN THE SEMAPA GROUP

EMPLOYEE SALARIES AND BENEFITS
281.8
MILLION EUROS

5,404
EMPLOYEES WITH OPEN-ENDED CONTRACTS

84% OF EMPLOYEES WITH PERFORMANCE EVALUATION

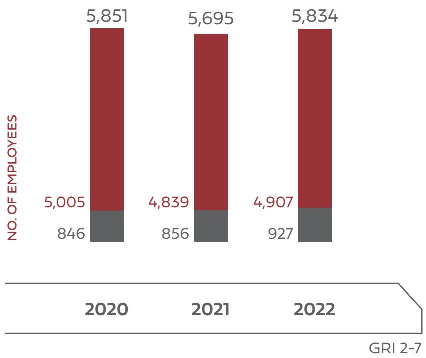
NO. HOURS TRAINING PER EMPLOYEE
29
HOURS

1 Corresponds to the total number of Employees of the Holding and Affiliates on 31 December 2022. In the case of Navigator, data from Portucel Moçambique (131 in 2022) is excluded. Secil's 2022 data does not include Secil Angola (3) and Trancim Lebanon (18).

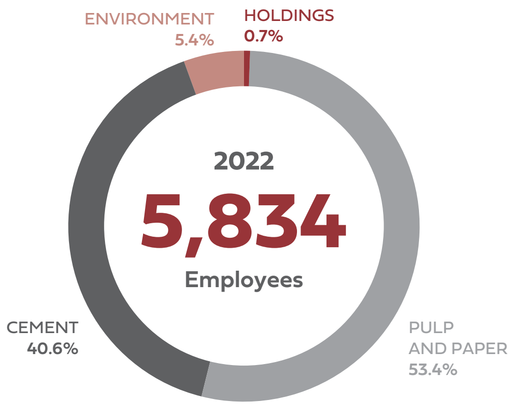
The Semapa Group has around 5,834 employees, distributed between the Holding and its Subsidiaries in over 9 countries. Essential for the pursuit of the Group's mission, vision and strategy, human capital is a key asset, resulting in the investment in developing an attractive project for employees and providing them with an experience of permanent career opportunities and enhancement in line with their aspirations and proven skills.

There is a positive economic and social impact on the local communities resulting from the number and stability of the jobs created (92.6% of the employees work under an open-ended contract) and the working conditions offered.

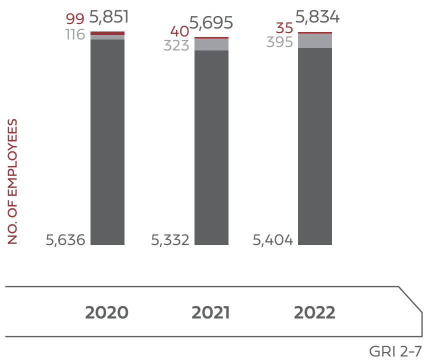
EMPLOYEES



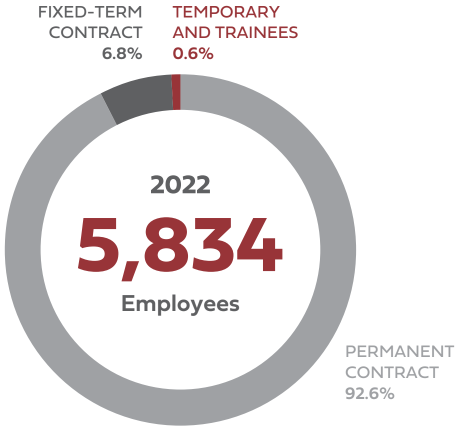
Women Men



TYPE OF CONTRACT



Permanent contract Fixed-term contract
Temporary and Trainees

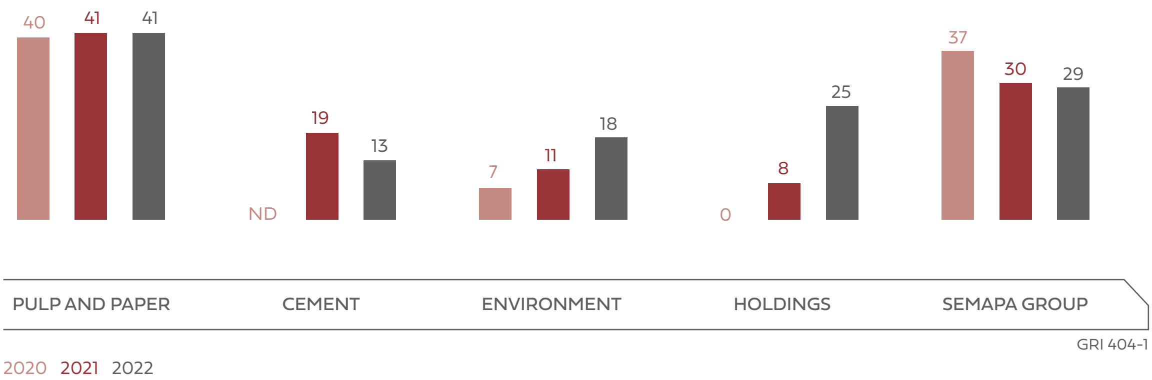


3.1 HUMAN CAPITAL AND TALENT

The ability to attract and retain qualified and motivated people is a determinant factor in the success of companies, which are competing for talent in a market that is increasingly global. The Group companies seek to recognise and value merit, encourage internal growth and the development of skills throughout the career, as well as to boost employee engagement and motivation. The attraction of young talent in the renewal of its staff is one of the bets of the Group. The various benefits available to full-time employees – offered by the Group companies and which may include life insurance, health insurance, pension funds or allowances for studies – are an important measure in the promotion of their well-being.

Employee training is of strategic importance to the Group, which invests in training plans for the development of employees' technical and personal skills. Of particular importance is the bet on the leaders as a determining factor in enabling a culture of development and proximity and the establishment of partnerships with key entities, which strengthens the Group's actions in the domain of qualification of talent.

AVERAGE TRAINING HOURS PER EMPLOYEE



In order to prepare employees for the current and future business needs of the Group, investment is being made in the design and planning of their careers, the definition of short- and medium-term objectives, and performance evaluations as the way to manage the progress of the employees, depending on their aspirations.

It should be pointed out here that the management of talent is carried out under the purview of the Talent Committee, which is the competent body for monitoring and issuing recommendations on internal policies and procedures relating to the Group's talent management and for periodically assessing the need and availability of talent in the Group and recommending appropriate actions to ensure the Group's ability to meet the rising challenges.

HOLDINGS SEGMENT

There was a heavy investment in People in 2022, with the creation and resumption of initiatives that are aimed to value the role of the employees.

Considering the number of employees of the Semapa Group, there is a need to bet on their growth within the companies and thereby form robust leaders to deal with the current and future challenges. To leverage the leadership skills of the staff of the Group, and in partnership with the Nova School of Business and Economics, the initiative *Future Proof Leadership Program* was held, along with participation in SingularityU.

FEATURED INITIATIVES

FUTURE PROOF LEADERSHIP PROGRAM

In 2022, Semapa Holding defined the *Future Proof Leadership Program* – a programme for the development of leadership skills targeting the top lines of the Group. This programme is designed to encompass around 90 employees in a series of four editions.

The first edition was launched in early 2022, and a new edition began in the third quarter. The initiative received a very positive review from the participants of the first edition, with an overall rating of 8.9 (on a scale of 1 to 10), with a special note for the innovative methodologies used (score 9.4) and the potential for transferring the learning acquired (score 8.7).

PARTICIPATION IN THE SINGULARITYU PORTUGAL SUMMIT

In 2022, Semapa Holding sent 50 employees to participate in the SingularityU event. At this event, the Group's staff members had the opportunity to rethink the world and develop new and disruptive skills, based on presentations by national and international speakers, covering subjects such as Innovation and Disruption; Impactful Leadership; the Future of Mobility; Sustainability and Digital Transformation; and Performance and Organisational Culture.

In terms of the next steps and based on the work carried out in 2022, two events are being prepared by Semapa Holding:

> The event "Talent Summit: talent agenda for 2023" – for the strategic reflection on this subject, which will involve the Executive Committees and Human Resource directorates of the Group companies, with the support of the faculty of the Nova School of Business and Economics, to set the framework for the topic and the new trends.

> In the first quarter of 2023, the Corporate Programme for Young Talent will be launched, designed to help the Group companies reinforce the development of their employees, contributing to the retaining of the youth in the staff of the companies.

In order to learn about, manage and anticipate the potential needs of its top executives, the Semapa Group carried out a mapping of directors and drew up succession plans in initiatives across the Holding and the subsidiaries.

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FEATURED INITIATIVES

TALENT REVIEW: MAPPING OF DIRECTORS

The Talent Review is a process that allows the Executive Committees to reflect on the progress of their directors, making it possible to optimise their performance – the technical domain of the matters in their sphere of activity – their attitudes and growth potential.

This initiative was operationalised by fostering the holding of meetings with the various CEOs. The 9 Box methodology was used to map the positioning of the top Management, which made it possible to gain a better visibility of the available internal talent; execute succession plans and a recruiting strategy; execute medium and long-term development plans for the potential successors identified.

SUCCESSION PLANS

During the third quarter of 2022, the talent department of the Holding, the Executive Committees of the subsidiaries, and the Semapa Talent Committee met to carry out the mapping of the potential successors of the Group's top executives.

This initiative ensured the availability of information on the potential succession of its executives, providing support for decision-making regarding current or future terms of office, when necessary. Additionally, this enables the preparation of paths for the development of the potential successors identified that will prepare them to be members of future executive directorates.

PULP AND PAPER SEGMENT

In 2022 Navigator approved new regulations for the co-payment of academic training, which is for all employees who want to invest in their training in fields that are of interest for their functions in the company or for the furtherance of their career.

The training offer of the *Learning Centre* – Navigator's digital training platform – saw a significant increase in specialised courses in 2022, in line with the skill programmes of the career plans. The platform for language learning, Gofluent, was launched across the company, which is available to all employees and their direct family members (spouses and children).

In terms of managing the professional paths, in 2022 the Navigator's career model began to be adapted to the Job Family Model, which means valuing the technical career along with the management career. This initiative is intended to leverage internal growth, development and mobility, enabling employees to build their own path, whilst simultaneously promoting transparency and flexibility on that path.

The strategy for integrating and developing youth continued in place. Among the initiatives during the year, the Trainee Programme and the new courses for industrial production technicians are highlighted, which also are aimed at fostering employment in the local communities where the company operates.

FEATURED INITIATIVES

FACTOR N: INTEGRATION OF TRAINEES

Navigator's Trainee Programme – Factor N – was participated in by 110 young people, who had the opportunity to enrich their professional experience and prepare to enter the labour market. Depending on the academic training of the candidates, they have various possibilities for learning – Industrial, Commercial, Technological, Corporate and Forestry. Based on a methodology of learning-by-doing, the programme allows young people who are entering the labour market to develop projects in different departments of the company.

With this initiative, Navigator intends to strengthen its relationship with the Academy and show that there are N reasons for its trainees to join the company.

NEW COURSES FOR INDUSTRIAL PRODUCTION TECHNICIANS

With the goal of creating a course for the development of knowledge and skills in the areas of pulp production, Navigator strengthened its partnerships with various vocational training institutions and with the Employment and Vocational Training Institute (IEFP) of Setubal, Aveiro and Figueira da Foz. The course laid out – "Industrial Production Technicians" – is 600 hours of training and includes a practical on-the-job component through a professional traineeship at the company, with the possibility of being integrated in the company.

The course was well attended in 2022, culminating in 55 traineeships, which represented a rate of integration in the traineeship programme of over 90%, and a subsequent effective integration in the company of over 70%, giving a boost to the application of the company's Rejuvenation Programme.

CEMENT SEGMENT

In line with the new business strategy, "Ambition 2025 for Sustainable Growth", Secil has four structuring programmes for people management, which were carried out during 2022: Talent, Performance, Remunerations, and Organisational Culture & Climate (see the following point).

In terms of talent management, Secil's annual calendar of talent follow-up was implemented, which takes place on two major occasions: (1) the People Day sessions held at the beginning of the year, when the leaders have the opportunity to present to their peers the performance of their people, as well as receive the corresponding feedback; the Talent Review (see the highlighted initiative of the Holding), through the holding of sessions in the middle of the year, when the leaders analyse the talent of their teams, and potential successors are proposed for the leadership positions and critical functions. The succession plans derive from the Talent Review, focusing on the valuing of the talent, the promotion of internal mobility, and the definition of individual development programmes that allow professional progress.

In regard to performance management and to ensure that the strategic objectives cascade adequately through all the levels of the structure, a pilot project was carried out with the teams of the CFO - Chief Financial Officer, using the framework "Stract to Action" of the Hoshin methodology to define the objectives, as well as the monthly follow-up of the KPIs, initiatives and established measures of success. The intention is that, in 2023, all the top leaders will have their objectives defined by using this methodology, and thus guarantee the execution and follow-up of the strategy through the yearly individual and team objectives.

The job grading that began the year before with the top leadership was continued and expanded to all positions. The aim of this initiative is to ensure that there is internal equity and external competitiveness in the decisions on remunerations and that, in this way, the conditions are created to increase the satisfaction and motivation of the employees working at Secil.

ENVIRONMENT SEGMENT

In 2022 at ETSA, in order to further develop the talent in the operational areas, the mapping of all the employees working in the manufacturing plants and logistical operations continued to be carried out. The 9 Box methodology was used for this purpose, which made it possible to carry out concrete and effective actions for organisational and individual development. A single performance evaluation model was set up across the entire company, with the goal of aligning the individual, strategic and business objectives, boosting feedback and continuous development.

ETSA initiated the development of a training plan in 2022. Called *Reskilling* and *Upskilling*, it is scheduled to be implemented in 2023-2024. Its main objective is to develop the skills its employees need so they can optimise their performance and that of the processes and the organisation, thus improving the alignment with the needs of the company. The company promotes the development of relational skills that have an impact on team management, specifically through training actions in leadership and styles of communication, an investment that will continue with in 2023. To strengthen the leadership skills of the main management staff of the ETSA Group, participation in the corporate leadership programme created by the Holding was initiated.

3.2 CULTURE AND MOTIVATION IN THE GROUP

The Group directs efforts towards engagement mechanisms and internal communication as fundamental tools for establishing an open dialogue and a close relationship with employees, with a view to transmitting internal values and culture, fostering team spirit and corporate identity. These are relevant aspects that also impact the motivation of the employees and their performance.

HOLDINGS SEGMENT

The Holding began 2022 with its entire team reflecting on and defining its Purpose – *Making It Better* – and the new traits of its Culture: Simplicity, Proximity and Responsibility. It should be noted that this was a bottom-up process, in which everyone was involved in its construction.

In the follow-up to this process, "Semapa Mais Próxima" was created, a line of communication with the employees that is aimed at increasing the communication between the team members and that embodies one of the company's cultural traits. During the course of the year, this initiative enabled the creation of a channel for transparent communication that energised the life of the Holding.

Work on the new Culture was also carried out through skill-building actions in Project Management and Design Thinking, giving the entire team of the Holding tools to evolve culturally towards working more with a project-oriented philosophy.

In 2022, the Semapa *Talks* initiative was revived in an edition dedicated to the subject of cybersecurity and directed to the staff members of the Group, who had the opportunity for sharing with and learning from outside specialists on this subject.

The 2022 Semapa Meeting was held in June, where the Purpose and new image of Semapa were presented. This initiative served to further strengthen the ties between the Staff members and to present the projects that are coming up and cement the feeling of belonging.

A significant part of the process of continual improvement and the fostering of a growing involvement with the employees was the preparation of the first engagement survey of the Semapa Group. This survey will make benchmarking with other international companies possible, and at the same time ascertain the views of our employees on structuring issues such as involvement, the vision, teamwork, growth and development, diversity, equality and inclusion, performance and well-being. With its launch scheduled for the first quarter of 2023, this survey will be led by the Holding with the participation of the subsidiary companies.

PULP AND PAPER SEGMENT

In its continuing policy of employee appreciation, involvement and proximity, Navigator carried out various projects and initiatives in 2022, including projects such as "Crescer", which was centred around the company's purpose.

The entrepreneurial spirit of the employees is encouraged by the *Future Leaders Forum*, for example, and the programme for operating efficiency, *Straight to the Top*. This latter programme was expanded in 2022 to include the various structures of the four manufacturing plants, as well as the areas related to the Supply Chain, Timber Supply and Forestry Management to stir up new ideas on how to deal with the increases in the variable costs of energy, timber and chemicals.

The celebration of the ties of employees to Navigator – an action that gives visibility and marks the stories and paths taken by employees who complete 15 and 30 years of ties to the company – is an important means of fostering the proximity and involvement of the people. The company's open-door policy was reinstated in 2022, through the "Navigator Tours" visits and the "Family Day" celebration, which bring the employees' families and the communities into a closer contact with the company.

FEATURED INITIATIVES

GROWTH AROUND THE PURPOSE

In 2022, the project "Crescer" was launched, which makes Navigator's Purpose the focus of the organisation, in line with the commitments assumed by the company, laid out in its Agenda 2030 – A Responsible Business.

This project sets out to create an atmosphere that stimulates and develops everyone, keeping the focus on the achievement of excellence, seeking to incentivise learning in a climate of cooperation, participation, equilibrium and well-being, with the conviction that everyone, without exception, is important in building the present and the future of the company. As an output of the project, attention is called to the filming of interviews with various employees[2], who share their "mark" on Navigator.

FUTURE LEADERS FORUM: THE VOICES AND IDEAS THAT SHAPE THE FUTURE

As a means of supporting the young members of the staff in the early years of their careers, the *Future Leaders Forum* was launched in 2022. This forum chooses eight members representing different departments, whose responsibility in the following six months is to work on a challenge presented them by the Executive Committee. This project also involves the mid-level supervisors, who serve as mentors, and contributes to a closer and more participatory corporate culture, fostering involvement with the company's Purpose.

In its 1st edition, strategies for the development of new business segments in the area of packaging were drawn up. The theme of the 2nd edition was the energy crisis and the challenges of the transition in energy, with the corresponding impacts on Navigator.

CEMENT SEGMENT

In regard to the project on the management of the organisational culture and climate and in line with the strategy "Ambition 2025", Secil set as a priority its contribution to the development, empowerment and recognition of its people, acting in a more collaborative way for the results of the Group and the teams and focusing on the well-being of its personnel and the satisfaction of its customers.

In order to ensure the focus on the behaviours looked for in this cultural change, a series of workshops were held with the leaders in 2022, to define the core skills of Ambition 2025. Recognising that leaders are one of the

2 https://youtube.com/playlist?list=PLxJhqwPW9M-WAd0ASQf0JMcMfolTqV2NP

main drivers of change – along with strategic guidance, organisational skills, and performance management – "Group Meetings - Cultural Priorities" were held.

FEATURED INITIATIVES

DEFINITION OF THE CORE SKILLS OF AMBITION 2025

The main axis for action of the project for cultural change at Secil is to work on behaviours as a way of fostering the change. To define the behaviours to be changed, the core skills of Ambition 2025 were identified. The exercise to define the skills was carried out in two distinct stages. Firstly, in the strategic cycle of the past, but in a top-down manner, in 2022, and in a second stage, involving about 50 employees from various geographical regions, in a bottom-up process. In this way, it was possible to include various levels of employees in the process and thereby guarantee a greater involvement of people from the organisation on this path to cultural change. The meetings were conducted virtually, which made it possible to include the participation of people from the other regions where Secil is located: Tunisia, Lebanon and Brazil.

At the close of the exercise, six core skills were identified for promotion, which will be integrated in the performance management of the employees: (1) develop people; (2) promote teamwork; (3) promote change; (4) promote focus on the customer; (5) lead the performance; and (6) foster the ability to adapt and learn.

GROUP MEETINGS – CULTURAL PRIORITIES

Recognising that cultural change must begin at the leadership level – an aspect that is fundamental to the successful involvement of the entire organisation – Secil held Group Meetings dedicated to the cultural priorities. Two meetings were held in 2022, participated in by the 45 main leaders of the Secil Group.

During the Secil Meeting, the yearly gathering of the staff members, work was done on the priority "Collaboration" to leverage synergies and agility. For two days, the leaders went through a set of team challenges, in which success in these challenges could only be achieved through the combined efforts of everyone.

At the Group Meeting in October, the work concentrated on the dimension of empowerment of the cultural priority "People". Here, the leaders attended an inspirational talk by one of the crew members of the submarine that served as the basis for the book "Turn the Ship Around – A True Story of Turning Followers into Leaders", which set the theme for the discussion on how the leaders at Secil can empower their own teams more. This discussion was facilitated with the help of a deck of cards developed internally with questions on the cultural priorities.

ENVIRONMENT SEGMENT

ETSA held various events in 2022 to disseminate the company values and increase the motivation of its employees. Among these was the ETSA Staff Encounter, attended by around 80 people, where the results of the previous year were presented along with the outlook for the current year. At this meeting, the participants were challenged to share their opinion and contribute to the topics they considered relevant. Some other special occasions were also commemorated, such as the International Women's Day, when all the women employed by ETSA received a gift, and other social gatherings (ex: "magusto" and Christmas Dinner).

In May, ETSA organised the International Congress of EFPRA – European Fat Processors and Renderers Association, which its principal staff members were invited to attend.

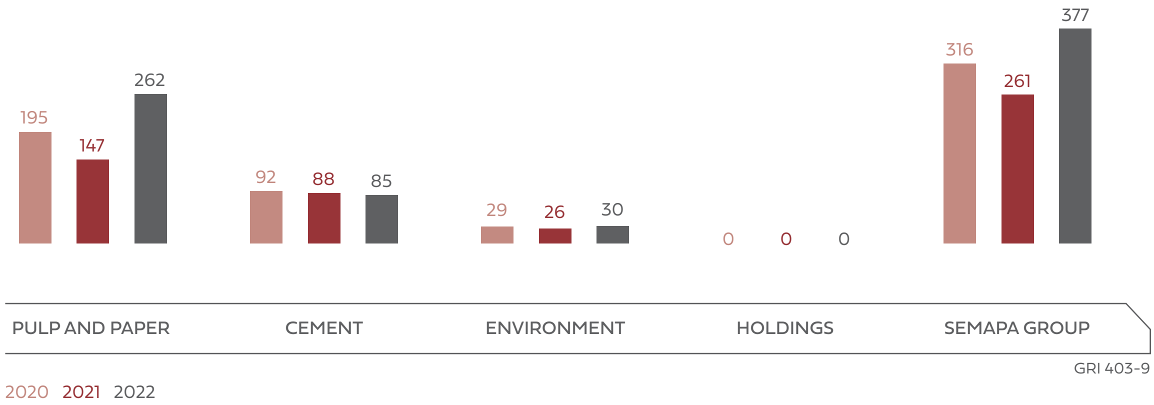
3.3 OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

The industrial nature of most of the Group companies' business entails potentially significant risks to the health and safety of its employees, which may lead to work accidents and the development of occupational diseases. It is also true that shift work, the lack of balance between the professional and personal life, among other factors, may contribute to tension and a deterioration of mental health, risks that were aggravated by the pandemic.

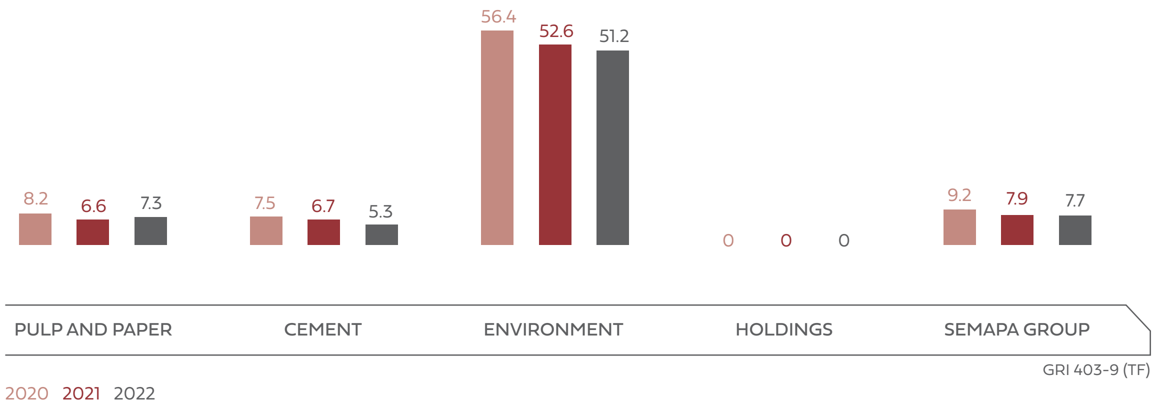
Aware of this reality, the Group seeks to create safe working conditions, with an eye on prevention and training, as part of the development of a culture of health and safety at work. The implementation and certification of their Health and Safety at the Workplace Management Systems, in accordance with ISO 45001, is one of the bets made by the subsidiaries Navigator and Secil. The area of workplace health and the adoption of practices that promote well-being have also been developed.

Because of its impact on people's lives and the loss of productivity and other costs that it entails, "Health, Safety and Welfare at Work" is a matter that the Semapa Group holds in very high regard. It is worth pointing out that the Semapa Group has created a Work Group dedicated to this topic within the scope of its Sustainability Commission to holistically accompany the trends in the various sectors, define priorities, and promote common initiatives, and thereby promote a greater alignment between the different companies of the Group.

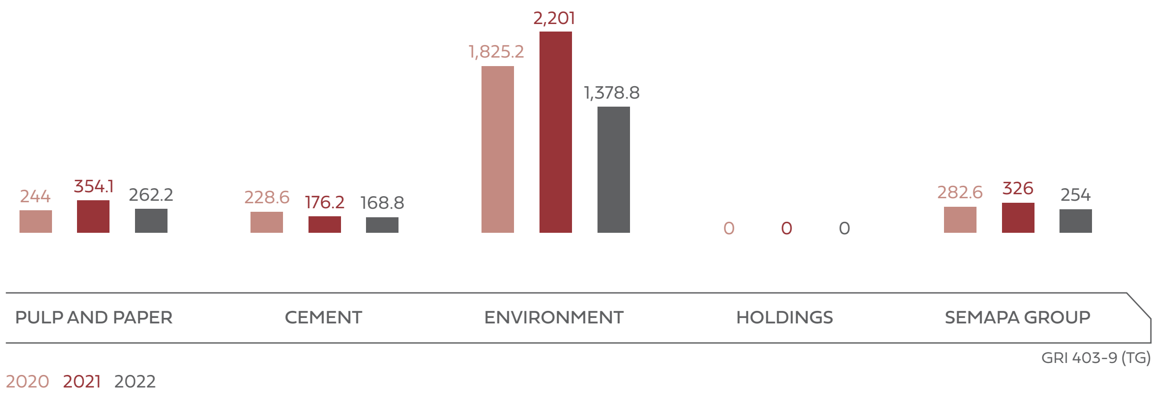
NUMBER OF RECORDABLE WORK-RELATED INJURIES



LOST TIME INJURY FREQUENCY RATE



INJURY SEVERITY RATE



HOLDINGS SEGMENT

FEATURED INITIATIVE

SHARING OF GOOD PRACTICES AND INITIATIVES FOR OCCUPATIONAL HEALTH AND SAFETY

In 2022, the Work Group met every month to create times for discussion and analysis between the subsidiary companies. Taking advantage of the experiences and knowledge of each company, the sharing of good practices and initiatives was promoted with goal of creating economies of scale in the field of occupational health and safety. The sharing carried out included the proactive and reactive indicators, the safety and health roadmaps established, the *safety walks* that were done and "mission zero".

On this point, there were three Safety Walks conducted by the Work Group – one unit at each of the Group's industrial companies (Secil - Outão, ETSA - Coruche and Navigator - Setúbal). On these visits, direct contact was made with employees with a diversity of functions and responsibilities, dealing with various topics of safety, which projects had the greatest impact, and the practices most valued by the employees.

PULP AND PAPER SEGMENT

In 2022, Navigator, in line with the Strategy for Health and Safety – Mission Zero, invested in: (1) the definition of the interaction and decision-making processes – governance model (see highlight); (2) the continuity of the Occupational Health Programme, which has a multidisciplinary team for prevention and support for the adoption of behaviours and techniques that enable them to support employees in their professional or personal difficulties; (3) the improvement of work stations with an impact on health and productivity; and (4) the reinforcement of skills, sense of commitment and involvement of the employees in the adoption of safe practices, through training and awareness actions, especially through the gaming component – the "Safety Olympics", webinars and in-person meetings held on the topic "Shall we talk about health?"

Among the various initiatives carried out in 2022 and in line with the main causes of work accidents (significant accidents), there was the continuation of the project for ergonomics, which assesses the locations where there is a greater prevalence of work-related musculoskeletal disorders (WMSDs) and ergonomic improvements are made in the work stations and tasks performed. In the work stations where changes have been made, there is a high level of satisfaction, greater than 90%, and a reduction in the potential for musculoskeletal disorders.

FEATURED INITIATIVES

CREATION OF A NEW GOVERNANCE MODEL FOR HEALTH AND SAFETY

In 2022, a new governance model for Health and Safety was implemented at Navigator. Committees were installed at the local, corporate and administrative levels to analyse the various topics related to Safety, including good practices, benchmarking, accidents, incident investigation, new projects, resources, and investments, among others.

This model establishes an important channel for analysis and discussion, placing the performance of this area on the agenda and enabling a more participatory, streamlined, and effective decision-making process. It provides for periodically holding meetings, guaranteeing opportunities for participation aligned with the strategy of Health and Safety that give a boost to a growing dynamic in new programmes and initiatives or those already underway.

PROGRAMME OF PREVENTIVE MEDICINE IN MOZAMBIQUE

A programme of preventive medicine is being developed to promote the health and well-being of the employees of Portucel Moçambique. This programme was launched in October and is designed to promote health from the viewpoint of the prevention and early detection of illnesses or injuries in the three provinces of Mozambique where the company is working – Maputo, Manica and Zambézia.

Representing an investment of around 25,000 USD, the programme consists of a competent medical corps that provides a quality service that is reliable and technically competent. By travelling to the work location, the medical team was able to conduct a series of screenings with assessments (clinical analyses) and medical counselling to promote health (medical consultations). Voluntary participation in the programme was 91%, covering all the employees and service providers and involving a total of 175 people.

CEMENT SEGMENT

With the new strategic cycle at Secil, the Health and Safety area accompanied the Ambition and defined new objectives for 2025 and a Roadmap for Health and Safety, a global and cross-sectional tool that unifies Secil strategy for occupational health and safety. Each country has its own Roadmap, which encompasses the corporate actions, plus others adapted to the reality of each location. The accompaniment of these roadmaps in each geographic location/business is conducted quarterly, as well as the sharing and dissemination of good practices and initiatives.

On the path to the construction of a more robust and consolidated culture of health and safety, a survey of all the employees was carried out in May 2022. From this, it was possible to assess the last five years and identify strong points and aspects that need improvement. This study concluded that there was a positive change and that there is an alignment between the geographic locations and the hierarchical positions. Among the initiatives that made the greatest contributions, we highlight: Daily Safety Dialogues, Safety Walks, Links for Operational Safety (ELOS), Safety ambassadors, Safety Moments, STOP/GO Card. The dimension of training was identified as an aspect needing improvement, an issue which Secil has been working on, and it is noted that in 2022, **training in the preliminary analysis of risk** was given to all the Group employees and included as a global objective of Health and Safety in the various countries. This result reinforces the need to bet even more on this issue and associate it with the performance of Health and Safety.

FEATURED INITIATIVE

PROJECT ELOS: LINKS FOR OPERATIONAL SAFETY

The ELOS Initiative was created under the programme for the change of culture, attitudes and behaviours in the area of Safety and Health. By this initiative active safety agents are created in the various areas and installations, who, in the performance of their daily tasks, promote safe individual behaviour and the sense of responsibility for each person's own safety and that of the fellow workers.

Launched in 2015 at the Cement Unit in Portugal, in 2021 it was expanded to cover the entire Group, and currently the ELOS initiative is implemented in all the Group's cement plants in the various locations around the world. Using the viewpoint "I am concerned about my safety and that of the others", the programme has already enlisted the cooperation of over 200 ELOS, who assumed the responsibility of playing an active role in maintaining a rigorous safety culture. The intention is to form a chain of ELOS and "bind" the culture of Health and Safety in the care for others.

ENVIRONMENT SEGMENT

In 2022, ETSA pursued the "path to safety", focusing on two fundamental aspects: the ability to work safely and knowing how to work safely. As a result, the work focused on: (1) an exhaustive analysis of the causes for the workplace incidents/accidents suffered by the employees, with lower indices of frequency and severity of work accidents compared to 2021; (2) improving the conditions for working at a height and in confined spaces; (3) the management and control of biological risks that arise from working with different types of animal by-products that are collected, transported, and transformed; (4) and training, information and consultation with employees in matters of occupational safety and health.

FEATURED INITIATIVE

IMPROVED CONDITIONS FOR WORKING AT A HEIGHT AND IN CONFINED SPACES

Considering the special nature of the activities carried out at the ETSA plants, the work done at a height and in confined spaces represents one of the riskiest tasks for its employees. It therefore becomes necessary to invest in a proper monitoring of these jobs and in acquiring and placing in service various pieces of equipment and personal protective equipment (PPE) to minimise those risks.

On this point, during 2022, the monitoring of the work was carried out by a specialised company, which was followed by practical training sessions, in which a broad representation of the company employees had the opportunity to learn about and become familiar with the use of the equipment and PPE, allowing them to safely carry out their jobs. These experiences were held in the training centres of specialised companies, as well as in the company's units. In this way the items to be acquired were identified for use in the immediate future.

4 Share Capital

1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION | 15 LIFE ON LAND

GRI 201-1, 413-1

4.1 COMMUNITY ENGAGEMENT

OUR IMPACTS

INVESTMENTS IN THE COMMUNITY

2.4
MILLION EUROS

Helping to develop its local communities is a guiding principle of the Semapa Group's activities. Based on a profound social and environmental conscience, the Group's actions are materialised through initiatives:

> Of the companies, in line with the scope of their respective activities and adapted to the local needs, which include donations, in kind or financial, actions of solidarity, the development of environmental literacy projects and qualification actions, among others.

> Of the Fundação Nossa Senhora do Bom Sucesso, a private institution of charity created in 1951 by the Queiroz Pereira family, which promotes health and human development, focusing specially on children's and women's health.

> From Associação Salvador, which works in the field of motor disabilities, promoting the inclusion of people with this type of disability and developing projects that respond to the needs in this field.

These initiatives result from the awareness of the impacts the activities of the Group companies may have on the communities where they operate. As they are the first link in the value chain to receive the impacts associated with the various industrial or forestry operations, among others, the communities play a decisive role in the acceptance of the companies.

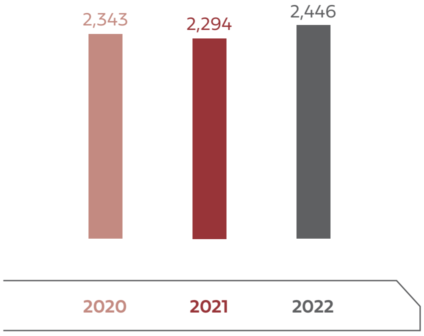
To minimise the negative impacts – atmospheric emissions, odours, noise, effluents or others – the Group companies have implemented a set of controls, good practices, and certifications; they are also bound to comply with strict legal requirements. In regard to the positive impacts, note that through the corresponding value chains, jobs and various benefits are generated directly and indirectly, arising from the development of the sectors of activity where they are located, due to own operations, purchases, activities of research, development and innovation, work in partnership with the various stakeholders, and so forth (Chap. 3.4).

It is worth noting that the involvement with the communities is also based on a proximity approach, strengthening a relationship of trust and reinforcing the different subsidiaries' social licence to operate. Among the different mechanisms for dialogue that exist, the following stand out: the Community Accompaniment Committees at Navigator's industrial complexes and its Sustainability Forum, and Secil's Environmental Accompaniment Committees in Portugal, Tunisia, and Brazil.

Furthermore, and as heir to the long entrepreneurial tradition of philanthropy and patronage of the Queiroz Pereira family, its key shareholder, the Semapa Group undertakes and supports projects of social responsibility, both through the Fundação Nossa Senhora do Bom Sucesso, and through its companies, aligned with the Sustainable Development Goals (SDGs) of the United Nations. These actions are ultimately aimed at improving the quality of life of communities and environmental preservation.

As an expression of the Group's activities in this context, the volume of investments in communities for the period of this report is presented here.

COMMUNITY INVESTMENTS (K€)



GRI 201-1

In order to create a greater alignment between the actions of social responsibility carried out by the Semapa Group, there is a cross-sectional Work Group dedicated to this task.

HOLDINGS SEGMENT

In 2022 the Holding gave financial donations to the Fundação Nossa Senhora do Bom Sucesso (see highlight) and to the Associação Salvador, which is dedicated to promoting the social integration of people with a motor disability.

FEATURED INITIATIVE

FUNDAÇÃO NOSSA SENHORA DO BOM SUCESSO

The Fundação Nossa Senhora do Bom Sucesso[1], aware of the strategic importance of the first years of life, prioritises health education, detection and early intervention – materialised in a model for child health that seeks to inspire all of society – thus contributing to the construction of a healthier and more sustainable society.

The Foundation provides a model of health vigilance based on the best practices of preventive medicine and nursing, acting early to prevent and manage disease. In 2022, the health interventions of the Foundation impacted over 8 thousand people. Around 17 thousand consultations were given, 86% of which were for young people.

In 2022, the Foundation continued the European campaign "First Years. First Priority", launched in December 2020 and for which it assumes the leadership in Portugal. A vast coalition of partners– public, solidarity and private entities – designed and undertook a joint programme of training actions and the dissemination of information that seek to alert and raise the awareness of the Portuguese society to the importance of the first years of life, especially the first 1000 days of life. In this context, 34 events were held in Portugal, and under the heading "Did you know...?" 15 messages were sent out through social networks alerting to the good practices to be adopted.

The performance of the Foundation in 2022 directly contributed to the fulfilling of four SDGs: 1- No Poverty; 3- Good Health; 4-Quality Education; and 5-Gender Equality.

PULP AND PAPER SEGMENT

Navigator materialises its relationship with the communities through a diversified set of initiatives that include projects for forestry literacy, the transfer of knowledge on forestry management and the qualification of timber producers, the Social Development Programme in Mozambique, and the granting of various forms of direct aid, through donations of money, paper and trees.

The community action projects "My Planet"[2] and "Give the Forest a Hand"[3] were resumed. The former consists of tree-planting promoted in conjunction with local entities, and the latter by recreational/pedagogical activities to raise the awareness of the younger members of the community to the need to protect and value the national forests. On this point, the initiative "Floresta em família" at the Jamor Sports Centre stands out.

This was the year the project "Floresta do Saber"[4] took off, held at RAIZ - Instituto de Investigação da Floresta e do Papel (the Forestry and Paper Research Institute), with various in-person activities being carried out, specifically practical sessions in forest and laboratory settings, organised in partnership with schools such as the Vocational School of Aveiro and various local groupings of schools.

The community of Forest Producers also resumed its activities, such as the participation in trade fairs of the sector and holding the Annual Meeting of Forest Producers, as well as the launching of the Practical Guide of the Forestry Sector, booklets through which Navigator seeks to stimulate the sharing of knowledge and the qualification of the stakeholders with ties to the forest. Navigator's participation in the Woodfiber Conference 2022, one of the most well-known international conferences of the sector, is also worthy of note. At this event,

1 https://fnsbs.pt/index-en.html
2 https://myplanet.pt/
3 https://www.daamaoafloresta.pt/pt
4 https://florestadosaber.pt/wp/

visits to RAIZ, to the Setúbal Industrial Complex, and to the nurseries of Herdade de Espirra provided the participants with a differentiating experience.

Navigator also created the website biodiversity.com.pt[5], which offers a distinct collection of knowledge and information on conservation and sustainable forest management, in conjunction with Florestas.pt[6]. One example is the contribution of the summer trainees of the Higher Institute of Agronomy of Lisbon, who developed content for Florestas.pt, boosting their involvement in an issue that is so globally relevant.

Navigator's cross-sectional contribution to the fight against climate change and its positioning as a bioindustry on the right side of the future was present in the entire strategy of the contents on the support platforms mentioned above and in the strategy in relation to the media. Through its dealings with the media, Navigator used various models (press releases, interviews, articles) to highlight subjects like planted forests and sustainable forestry management, biodiversity, the demystification of people's views on eucalyptus, Navigator's Agenda 2030, the research and development on new bioproducts, within the framework of a forestry-based bio-economy, along with decarbonisation, among others.

The lifting of the restrictions imposed during the pandemic allowed Navigator to resume Tours, with visits to the production units and to RAIZ, which promoted the approximation of entities, such as schools, universities and other community institutions.

Within the scope of the Social Development Programme in Mozambique, Navigator consolidated and reinforced its activities in relation to the 7,000 families covered by the project.

The donations of paper are one of the most direct forms of support to the community, making a substantial contribution to the regular administrative functioning of the institutions aided in the locations where Navigator operates. The case of the schools and parish boards is an example, in which the paper donated in 2022 totalled 120 tonnes, representing an investment of over 170,000 euro. The cultural and social inclusion aspects continued to assume a special importance in this support, one highlight being the continuing contribution to the braille edition of the magazine Visão, through the donation of paper for the production and printing of this magazine for the blind.

Plants coming from the Viveiros Aliança nurseries are another important form of community support, one of the important examples being the support given in 2022 for the inauguration of the Navigator Park (Chap. 4.2.4).

FEATURED INITIATIVE

"FLORESTA EM FAMÍLIA" AT THE JAMOR SPORTS CENTRE

Seeking to bring Navigator and its community projects in general closer to the public, the company, in partnership with the Portuguese Sports and Youth Institute (IPDJ) and the Jamor Urban Park, participated in two initiatives – "Floresta em Família" and the commemoration of the European Sports Week.

At these events, the programmes "Dá a Mão à Floresta" (Give the Forest a Hand) and "My Planet" were inaugurated through the raising of awareness to themes linked to environmental literacy, the importance of outdoor sports, and social inclusion. In addition, 250 trees were planted to reforest an area of the Jamor Urban Park, a sensory activity in which participants could "feel" the forest. The initiatives were participated in by 859 children and 1,998 adults, including youth and adults with cognitive and motor disabilities.

5 https://biodiversity.com.pt/
6 https://florestas.pt/

FEATURED INITIATIVES

ANNUAL MEETING OF FOREST PRODUCERS

Held in October with the theme "Greater profitability and better management in a smallholding", the Annual Meeting of Forest Producers, organised by Navigator, brought together the agents of the sector to present good examples of sustainability and profitability, which was attended by 112 people, in addition to 679 viewings of the streaming of the event.

The objective of the event was to ensure a growing presence of the company in the community and among the forestry agents and to encourage the debate of matters relevant to the sector, in a context where the prevalence of small private properties is important for the promotion of sustainable forest management in Portugal. The subjects dealt with included groupings of forested areas, integrated areas of landscape management, plant quality as a guarantee of profitability, and the valuation of biomass. This initiative boosted the exchange of ideas and experiences between producers and owners, public institutions, service companies, local governments, associations and industry.

SOCIAL DEVELOPMENT PROGRAMME IN MOZAMBIQUE

The Social Development Programme in Mozambique is structured on three fronts – increase income, improve the well-being, and ensure the food safety of the local communities – and represents an investment of over 7 million euros (carried out since 2015).

In 2022, the programme consolidated and strengthened its activities in relation to the 7,000 families it covers. The various activities carried out include: reinforcing the actions in the area of the well-being of the communities, especially in terms of health and education, access to drinking water, and environmental awareness, which involved 3,625 people in 2022, 43% of whom were women; continuing the project for the construction of the operating theatre of the district hospital of Ile, in the province of Zambézia, which is scheduled for conclusion in 2023; the acquisition of building materials to support the construction of four classrooms at the Munhinga Secondary School; and the creation of a Biodiversity Conservation Room to raise the awareness of the younger students to the importance of preserving biological values, in conjunction with the Chimanimani National Park, which is located in the surroundings.

INAUGURATION OF THE NAVIGATOR PARK PROMOTES BIODIVERSITY IN AN URBAN SETTING

The Navigator Park was inaugurated in February. This wooded park was planted by Navigator, in partnership with the Nova School of Business & Economics (Nova SBE) and the Alfredo de Sousa Foundation.

Located on the campus of Nova SBE, in Carcavelos, the Navigator Park occupies an area of 3,000 m^2. The objectives of this initiative were to create a space for leisure and recreation for the school and municipal community, and at the same time, stimulate local biodiversity through the planting of large, medium and small trees and bushes, along with herbaceous species. Participating in this action were the members of the school community and citizens of the municipality of Cascais. 7,900 trees, bushes and herbaceous plants of 20 different species were donated by Navigator for the project from its nurseries of Viveiros Aliança, and the technical consultancy needed for the success of the afforestation of the park was also provided.

As part of its strategy of raising awareness to the protection of nature, the conservation of biodiversity in the Navigator Park mirrors the company's forestry management, based on conservation practices that enable the protection of important habitats.

CEMENT SEGMENT

In 2022, Secil continued to support the revitalisation of the communities, developing a close relationship with its neighbours and stakeholders. This support encompassed environmental, sports, cultural and social aspects, with special focus on donations to associations and the sponsorship of various events.

Support to the environmental dimension included the following initiatives: support for the study of the sea-grass beds of the Sado, which was the first mapping survey of an estuary in Portugal; the continuation of the protocol with the Institute for Nature Conservation and Forests (ICNF) under the Biomares Project, which is designed to study and restore the sea-grass beds of the Luiz Saldanha Marine Park, next to the Arrábida Nature Park.

The aid given to associations was varied and included, among others: the donation to the Maceira Volunteer Firefighters for the acquisition of a new support vehicle; the 19th edition of protocol support to the "Movimento Associativo Setubalense", which was commemorated at an event where representatives of over 80 sports, cultural and local social solidarity associations were present, who renewed the protocol signed with Secil.

Culturally speaking, sponsorship was granted to various cultural events – Leiria Musical Festival, Cistermúsica, FESTASSO Festival in Setúbal, Bocage Literary Prize – and to the Maceira Casa de Cultura. It should also be pointed out that, in 2022, the Museum of Cement – a historic testament to cement production at the Secil Maceira-Liz plant – opened its doors again, after an interruption of its activities due to the pandemic, receiving 541 visitors, surpassing the numbers recorded in 2018.

Social aid by Secil was given to: victims of the war in Ukraine; and the Hospital of Outão, in Setúbal, through donations in kind and monthly financial gifts, which helped cover the costs of water and construction for the improvement of its installations.

FEATURED INITIATIVE

SOLIDARITY WITH THE VICTIMS OF THE WAR IN UKRAINE

In a year marked by the conflict in Ukraine, Secil undertook a series of initiatives, its own and in partnership with others, to contribute to the extent possible to the mitigation of the collateral effects of the war in Ukraine.

In the neighbourhood of the Maceira-Lizplant, Ukrainian families displaced by the war were given temporary housing. Financial aid was given to the initiative of the Setúbal Rugby Club to send a van with food stuffs to the Ukrainian border. As part of the Christmas campaign and in partnership with the other companies of the Semapa Group and the UAPT - Ukrainian Association in Portugal, toys were collected for Ukrainian children.

ENVIRONMENT SEGMENT

In 2022, ETSA continued providing financial support to private organisations of social solidarity and agents of the public administration in the areas surrounding its various business units. Throughout the year, ETSA supported initiatives in the local communities of Coruche, Pedroso, and Seixezelo, through the Town Hall and Parish Board respectively, the volunteer firefighters of Fanhões and Coruche, and private charities located in Santo Antão do Tojal that operate a home for children and young people. It also gave financial support to environmental non-profit associations.

5 Intellectual Capital

8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 17 PARTNERSHIPS FOR THE GOALS

GRI 3-3

5.1 RESEARCH, DEVELOPMENT AND INNOVATION

OUR IMPACTS

INVESTMENT IN RESEARCH, DEVELOPMENT AND INNOVATION **36.3M€**[1]

The Semapa Group invests in Research, Development and Innovation activities for opening up new frontiers of business profitability, increasing process efficiency and creating innovative products. (Chap. 4.1.5). This alignment is shared by all of the Group's business segments, which have their own RD&I departments, to guarantee scientific and technological knowledge production while maintaining competitiveness in the various sectors.

In order to leverage their Research, Development and Innovation activities, the Group companies participate in work networks and consortia for applying for funds and external funding programmes (national and international), in addition to their own investment in this area.

Navigator and Secil are two examples of how innovation can produce products that are more sustainable from the environmental point of view, contributing to the path that is being made for the transition to a low-carbon and circular economy. In regard to ETSA, the continual investments made in the innovation of its industrial processes has reduced its environmental impact as a result of the decarbonisation of the process. The latest company of the Group, Semapa Next, seeks to promote innovation within and outside the markets where Semapa is working, through investment in innovative start-ups.

The knowledge resulting from these initiatives therefore has a real economic impact, which is materialised in the creation of innovative and differentiating products, in addition to new technology and services that are reflected in the corresponding value chains. It should also be pointed out that the support for the research work carried out by the teams of researchers, technicians and fellows helps promote post-graduate training in Portugal and generate scientific employment. The creation of intellectual property is stimulated by the registration of patents, for example, and by scientific publications.

1 2021 expenditure on research, development and innovation applied for SIFIDE (R&D Tax Incentive System).

PULP AND PAPER SEGMENT

Aware of the importance of scientific and technological knowledge to its activities, Navigator created a pioneer initiative in Portugal in 1996, its own Research and Development (R&D) centre, in partnership with three Portuguese universities – RAIZ[2] – Instituto de Investigação da Floresta e do Papel (the Forestry and Paper Research Institute) . Today, RAIZ is a non-profit, private entity, recognised by the National Scientific and Technological System and as an Interface Centre – Technology and Innovation Centre – that contributes to the company's competitiveness and that of the sector in general, with positive impacts on the entire value chain. It is the largest European private institute, and one of the largest in the world, dedicated to R&D of the eucalyptus forest and its products.

At Navigator, the year was marked by the conclusion of the project Inpactus – Products and Innovative Technologies from Eucalyptus[3], which surpassed by far all the performance indicators that had been established.

In 2022, the dynamics of co-creation were reinforced through the launching by RAIZ of the 1st edition of the Co--creation Programme for the Valorisation of Scientific and Technological Knowledge in Forestry-based Circular and Digital Bio-economy. The programme targets national startups or SMEs that have innovative technologies, new processes or bioproducts that can respond to Navigator's challenges.

In regard to outside sources of financing, applications for the Recovery and Resilience Plan (PRR) were presented and integrated, representing a total investment effort of 254 million euro. Of the financing attributed under the PRR in 2022, two projects were started in the component Mobilising Agendas for Entrepreneurial Innovation and one in the Bio-economy component:

> *transForm* – Digital transformation of the forestry sector towards a resilient and low-carbon economy. This agenda, lead by Altri Florestal, is a national initiative, the main purpose of which is to trigger the structural transformation of Portugal's forestry sector. With the technical and scientific coordination of ForestWISE - Collaborative Laboratory for the Integrated Management of the Forest and Fires, Navigator and RAIZ participate in this project to contribute towards a more productive and resilient eucalyptus forest through the development of new genetic materials, and good forestry practices and management.

> From Fossil to Forest is an agenda led by Navigator with the goal of diversifying its business through the development of sustainable bioproducts – packaging and products based on cellulose. This type of solution reduces the use of fossil-based materials like plastic, replacing them with sustainable forestry-based renewable materials.

> Navigator and RAIZ collaborate in the *Be@T - Bioeconomia Têxtil* initiative, which is aimed at developing cellulose biocompounds with thermoplastic matrices for textile applications.

The Industrial/Technological area of RAIZ is dedicated to producing knowledge to strengthen the competitiveness and sustainability of the business. A significant event in 2022 was the entry into operation of the Bioproduct Pilot Laboratory, with two pilot scale-up processes for bioactive composts from foliage (essential oils) and biocompounds, with bioplastics that will lead to the development of products and market tests.

In terms of forestry management and protection, important advances were made in genetic improvements to produce eucalyptus trees that are more resistant to disease and climate change, which will have a positive impact on the potential for increased productivity of the forestry sector. Progress was also made in the fight against the plagues that affect eucalyptus production, as the studies were successfully completed that were the basis for the request for approval to release into nature an agent that combats one of the main plagues affecting the eucalyptus.

2 http://raiz-iifp.pt/en/
3 https://youtu.be/Ph6NPRtlEOg

FEATURED INITIATIVES

INPACTUS RESULTS IN 37 NEW PATENTS

The Inpactus project[4] ended in 2022 after nearly five years of work in research, development and innovation. Navigator took the lead in this initiative, which was the largest domestic R&D programme for a forestry-based bio-economy. Under this project, a university/industry platform of excellency was created, which resulted in the implementation of a unique collaborative model based on the co-creation concept. The Impactus model for the valorisation of knowledge led to the European certification of the RAIZ Institute as a Business Innovation Center in a forestry-based circular bio-economy.

Having as its goal to contribute to decarbonisation and a more sustainable, circular, and competitive economy, the project came into being as a co-promotion between Navigator, RAIZ, the University of Coimbra and the University of Aveiro and involved partner institutions: the universities of Beira Interior and Minho, the Higher Technical Institute, the Nova University of Lisbon, the Iberian Institute of Nanotechnology, and the R&D Centres RISE Bio-economy (Sweden) and Fraunhofer (Germany), the spin-off Satisfibre.

This project resulted in 37 new patents, four new industrialised products, eight technical-economic feasibility studies for potential new bioproduct businesses, 66 prototypes, 114 concept tests and 147 scientific publications. With the involvement of 200 professionals, the programme also provided training for highly specialised staff in forestry-based bio-economy: 24 doctorates, 45 masters degrees, and two International Guest Professors. The results of this project include: new paper products on the market – gKRAFT (packaging), Amoos Aquactive (tissue), Amoos Naturally Soft (tissue), Amoos Air sense (tissue); technical-economic feasibility studies for new processes and bioproducts.

This innovative and structuring project affirmed Portugal's place in the new forestry-based global, sustainable and competitive bio-economy, established on eucalyptus and the pulp and paper industry.

NAVIGATOR LEADS THE AGENDA *FROM FOSSIL TO FOREST*

The Agenda "From Fossil to Forest – Sustainable Packaging Products to Replace Fossil Plastic" is one of the five initiatives submitted to the Recovery and Resilience Plan (PRR) in which Navigator was involved in 2022. Navigator leads this consortium of 27 domestic partners, which includes companies, universities and research centres, which is working to develop, patent, produce and market packaging solutions using renewable and biodegradable materials from the forest.

Navigator and RAIZ have invested 81.7 million euros in the project, the total budget of which is 103.3 million euro. The project is expected to create 102 new jobs and develop 17 new products.

Work is being done on six lines of action: 1) pulp and brown wrapping paper that reduces the consumption of timber by 20%; 2) the optimisation of the mechanical resistance properties of paper; 3) papers with sustainable barrier properties (against water and grease); 4) the development of smart papers by incorporating sensors; 5) moulded cellulose for single-use packaging; and 6) biocompounds for use in packaging produced by injection, among other applications.

4 https://youtu.be/Ph6NPRtlEOg

CEMENT SEGMENT

Secil recognises the cement industry's importance to the future of construction and considers the sustainability of its products to be one of the strategic elements of the company, in line with the decarbonisation goals of the sector by 2050. For this purpose, the company has an ambitious innovation concept and has been working on the development of various products, focusing on the circular economy and solutions that advance sustainable construction.

In 2022, it continued its work on various research and innovation projects, the most significant ones being mentioned below. It is important to point out that, as a result of the innovation process, in 2022 Secil launched the first carbon-neutral concrete in Portugal – Betão Verdi Zero (Chap. 4.1.5).

FEATURED INITIATIVES

LOWC-BIONIC – ORGANICALLY BOUND STRUCTURES IN LOW-CARBON CONCRETE, PRODUCED USING 3-D PRINTERS

The objective of the LowC-Bionic[5] project (2021-2023), led by Secil in partnership with the Higher Technical Institute and the Polytechnic Institute of Leiria, is to develop an emerging technology to create organically bound structures in low-carbon concrete, produced using 3-D printers. This challenge entails the development of an advanced cement-based material that can be used in 3-D printing equipment. This project seeks to optimise the following aspects:

> Rheology (the study of the deformation and flow of materials) and the properties of cement-based materials that are coloured, multifunctional and sustainable, with a low-carbon content;

> Typology, using computerised processes for the design of three-dimensional organically bound structures inspired by Nature;

> The obtaining of bionic structures printed in cements or microcements with a low-carbon footprint, capable of reacting to the humidity of the surroundings through reversible chromatic changes.

These structures are expected to allow interactivity through embedded sensors that communicate with centralised systems and generate data that can be monitored and registered in the form of Big Data, which is a truly distinctive innovation in the construction sector, as it is disruptive for the state of the art and techniques on the international scene.

In regard to the results achieved, commercial cement-based mortars were developed for printing structural and architectural elements on 3-D cement printers, and development began on a new product that is an innovation on the market and makes it possible to produce this type of printed element, incorporating the ability to adjust the colour and incorporate technology and new materials (thermochromic mortars).

A NEW CEMENT WITH LOWER CARBON CONTENT AND GREATER CIRCULARITY

In conformity with the guidelines drawn up for the cement industry and the commitment to reduce carbon emissions throughout the value chain, a new cement was developed using stored materials, making it possible to recycle them. Laboratory tests were conducted on various types of cement, followed by industrial trials, and finally, tests on concrete.

The project resulted in the certification and marketing of a new product, CEM II/B – M 42.5 R, for use in producing concrete at Secil Concrete. The new cement has a smaller carbon footprint and greater circularity, incorporating recycled wastes and reducing the need for virgin raw materials.

5 https://www.secil-group.com/en/inovacao/lowc-bionic

FEATURED INITIATIVES

BATTERIES 2030 – BATTERIES AS A CENTRAL ELEMENT FOR URBAN SUSTAINABILITY

The Batteries 2030[6] project (2020-2023), financed by the Portugal 2020 programme and involving 14 companies and nine domestic scientific institutions, is set up to contribute to the development of technologies applied to batteries of the future and their transfer to the urban environment. It is grounded in the creation of solutions that are disruptive, reliable, sustainable, easily scalable, capable of being integrated in the entire value chain, and accessible to consumers. In this way it seeks to tackle the challenges related to decarbonisation and the dissemination of sustainable energy communities, with a view to shaping the cities of the future.

The project made advances in assessing the most suitable technologies for integration in concrete and prototypes of integrators were produced for technologies of thermal energy capture and concrete. The technology has demonstrated high levels of synergy and made it possible to integrate various areas of knowledge, taking into account the complementarity between the different partners. The interaction between the teams responsible for the development of the different materials, simulations, sensors and know-how specific to each field has produced the intended results.

RETROFEED PROJECT – SMART RETROFITTING IN PROCESS INDUSTRY

The main objective of the Retrofeed Project[7] (2019-2023) is to use biological raw materials and fuels in industrial processes in a circular economy logic, through the modernisation of the main equipment, the implementation of an advance system of monitoring and control, and placing a Decision Support System (DSS) throughout the entire production chain. This approach will be implemented and demonstrated in industrial installations that represent five sectors with a high consumption of resources and energy – cement, steel, aluminium, ceramics and agrochemicals.

Retrofeed is a Horizon 2020 project, made up of a consortium of 18 partners from 10 different countries. Secil is the sole representative of the cement sector, betting on an increase in energy efficiency, the use of alternative fuels and the reduction of CO_2. The project is being carried out in the Maceira plant, encompassing the design of a digital model for a clinker furnace, the integration of new sensors for the control of the production process and a more efficient combustion process.

ENVIRONMENT SEGMENT

The year was marked by the reinforced bet on Research and Development by ETSA, and the subsequent industrialisation focused on growth and constant result-oriented improvement, committed to sustainability, a circular economy and the optimisation of natural resources, which are the daily components of the company's activity and part of its identity.

In 2022, and as part of the development of new products and technologies, ETSA worked further on the three projects financed by the Portugal 2020 programme to diversify its range of products, strengthening its partner relationships with various entities of the National Scientific and Technological System in the fields of Biotechnology, Chemical Technology and Agri-foods. The start of construction on the ETSA ProHy industrial unit, a project of Production Innovation financed by the Portugal 2020 programme, and its integration and the leadership for application for admission to the Recovery and Resilience Plan (PRR) is also worth mentioning.

6 https://www.secil-group.com/en/inovacao/baterias-2030
7 https://www.secil-group.com/en/inovacao/retrofeed

The development of the Co-Promotion projects of Portugal 2020 led by ETSA was promising, leading the company to consider new industrial investments. These represent some of the innovative lines at ETSA, under the names HealthyPetFood, FishColBooster and Bugs@Pets, which focus on the development of new products for pets, new fish-based products for the food and nutraceutical markets, and new protein alternatives for human and animal food markets, respectively. The objective is to consolidate in the short term ETSA's position as a leading company in the market of the collection and processing of animal by-products, and as an innovative company in the creation of new products to feed humans and animals. In the medium term, the objective will be to project ETSA with a view to a more solid and ambitious internationalisation, with an expanded portfolio of products and services. As a sign of recognition for the work carried out in this area, ITS, a company of the ETSA Group, was a finalist among the more than two hundred domestic companies competing for the COTEC-BPI 2022 SME Innovation Prize.

ETSA acquired the company Tribérica in 2022, consolidating the new lines of development in the area of human food and pharmaceuticals, in line with the commercial trends and the most recent European legislation on by--products and sustainable food products.

FEATURED INITIATIVES

CONSTRUCTION OF THE NEW INDUSTRIAL UNIT: ETSA PROHY

The contract for the construction of the new industrial unit ETSA ProHy was signed in Coruche in July, with start of operations scheduled for 2024. The project was developed in the ETSA laboratory and a small-scale pilot test was run in the company itself, and at a pre-industrial scale in Denmark in collaboration with the equipment suppliers. The industrial unit will be equipped with innovative technology fully developed at ETSA to obtain three new products with high added value in the animal feed market – hydrolysed protein, in particular – whilst at the same time working to upgrade the product for human consumption.

This project aims to boost the value scale of the products, differentiating ETSA's activity and offering specialised products for both markets, food for animals and for human consumption. With this project, ETSA affirms its leadership in rendering in Portugal, creating products with greater added value that can be commercialised in new markets.

INTEGRATION IN THE APPLICATION FOR THE BLUEBIO PRR AND LEADERSHIP IN INOVAMAR

To incentivise growth at ETSA, in 2022, the company joined a consortium made up of 83 entities to apply for an Agenda of the Recovery and Resilience plan, related to the sea. An entrepreneurial entity called INOVAMAR was created to ensure that the project is adequately managed, being the largest domestic entity of sea biotechnology, participated in by ETSA and other project leaders.

As leader of one of the axes of the work of this nationwide project, ETSA formalises its strong bet on Research and Development and on Investment in Production, in collaboration with various companies and entities of the National Scientific and Technological System. ETSA's participation in this area gives it access to a variety of funds to develop its R&D and especially its innovation in production, with the study and construction of a new industrial unit focused on new animal by-products. As a result of this integration, a 16.5 million euros investment project was approved with 5.3 million euros of approved incentives. The investment will be carried out in Loures and Coruche, the major part of this amount being destined for investment in production with a smaller portion being spent on R&D.

6 European Taxonomy

EUROPEAN TAXONOMY FRAMEWORK

Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020 introduced a new concept, Taxonomy, establishing a framework for the concept of sustainable investment. The taxonomy provides a standardised and compulsory classification system to qualify 'environmentally sustainable' economic activities in the European Union.

According to the Taxonomy Regulation, an environmentally sustainable economic activity shall:

Contribute to at least one of the six environmental objectives identified in the Regulation:

> Climate change mitigation;
> Climate change adaptation;
> The sustainable use and protection of water and marine resources;
> The transition to a circular economy;
> Pollution prevention and control; the protection and restoration of biodiversity and ecosystems

+

Do no significant harm to any of the other five objectives

An eligible activity is considered sustainable and therefore aligned with the taxonomy when it meets the substantial contribution criteria to at least one objective, while not significantly harming the remaining objectives

+

Comply with the Minimum Safeguards

In addition, the organization must comply with a set of minimum safeguards requirements related to Human Rights, Corruption, Taxation and Fair Competition

Activity aligned with the taxonomy

So far only the climate delegated act - concerning the objectives of "climate change mitigation" and "climate change adaptation" - has been adopted, later complemented by the Complementary climate delegated act, which has extended its scope to some activities related to nuclear energy and fossil gas. Thus, only the criteria for contributing to the first two objectives (climate change mitigation and climate change adaptation) had been set by 31 December 2022.

In 2021, non-financial companies reported their Taxonomy-eligible activities in relation to the activities listed in the climate delegated act (contribution to climate change mitigation and adaptation objectives). The eligibility of economic activities, in terms of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) was reported on such activities. In addition to eligible activities, non-financial companies must assess and report on the alignment of these activities with the application of technical criteria and minimum safeguards for the financial year 2022.

ELIGIBILITY ANALYSIS

According to the analysis of the Semapa Group's activities, the following eligible economic activities have been identified in accordance with the climate delegated act and the complementary delegated act:

Activity	Description	Segment	NACE Codes
1.3. - Forest management	Navigator conducts vertically integrated forestry operations, promoting efficient and responsible management of 105,733 ha of forest in Portugal. This area is 100% certified by the FSC and PEFC systems. Forestry in Mozambique is not included in EU Taxonomy reporting	Pulp and Paper	A21.00
4.8. - Electricity generation from bioenergy	Navigator owns two biomass power stations which feed electricity into the Portuguese electrical power grid	Pulp and Paper	D35.11
4.20. - Co-generation of heat/cool and power from bioenergy	Navigator owns three biomass co-generation plants that produce electricity and thermal energy, the latter used entirely in the pulp and paper manufacturing processes	Pulp and Paper	D35.11 & D35.30
4.30. - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels*	Navigator owns two natural gas combined cycle co-generation plants (Figueira da Foz and Setúbal)	Pulp and Paper	D35.11
3.7. - Manufacture of cement	Secil owns seven grey cement plants: two in Portugal, one in Lebanon, one in Tunisia, two in Brazil and one in Angola. Of these seven grey cement plants two do not produce clinker (one in Brazil and one in Angola)	Cement	C.23.51

* Activity included in the complementary delegated act (Delegated Regulation 2022/1214)

At this stage the taxonomy focuses mostly on carbon intensive industries and on green energy, which is why a significant part of the Group's activities are not yet provided for in Annexes I and II of the Delegated Regulation, and therefore cannot be encompassed in the Semapa Group's eligible activities. As such, the following activities have been excluded from the eligible activities, as they are not listed in the aforementioned Annexes I and II:

> Navigator's pulp and paper manufacturing activities (Pulp and Paper segment);

> The production and sale of white cement, ready-mix concrete, aggregates, mortar, concrete precasts and hydraulic lime from Secil (Cement segment); and

> The activities concerning the collection and recovery of animal by-products and used cooking oils from ETSA (Environment segment).

The Taxonomy Regulation is still being developed and will be expanded to the remaining four environmental objectives in 2023 after the next delegated act is published.

ALIGNMENT ANALYSIS

The assessment of alignment with Taxonomy was conducted by Semapa's subsidiaries based on the best interpretation of the Taxonomy Regulation and delegated acts, as well as the guidelines provided by the European Commission.

For each economic activity, each company assessed the criteria 'Substantial contribution to environmental objectives' and 'Do no significant harm' to assay the proportion of alignment of their activities and of compliance with the technical evaluation criteria. The compliance with minimum safeguards was performed at Group level.

The Minimum Safeguards must be met for the eligible activities to qualify as taxonomy-aligned. The Taxonomy defines Minimum Safeguards as "the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights".

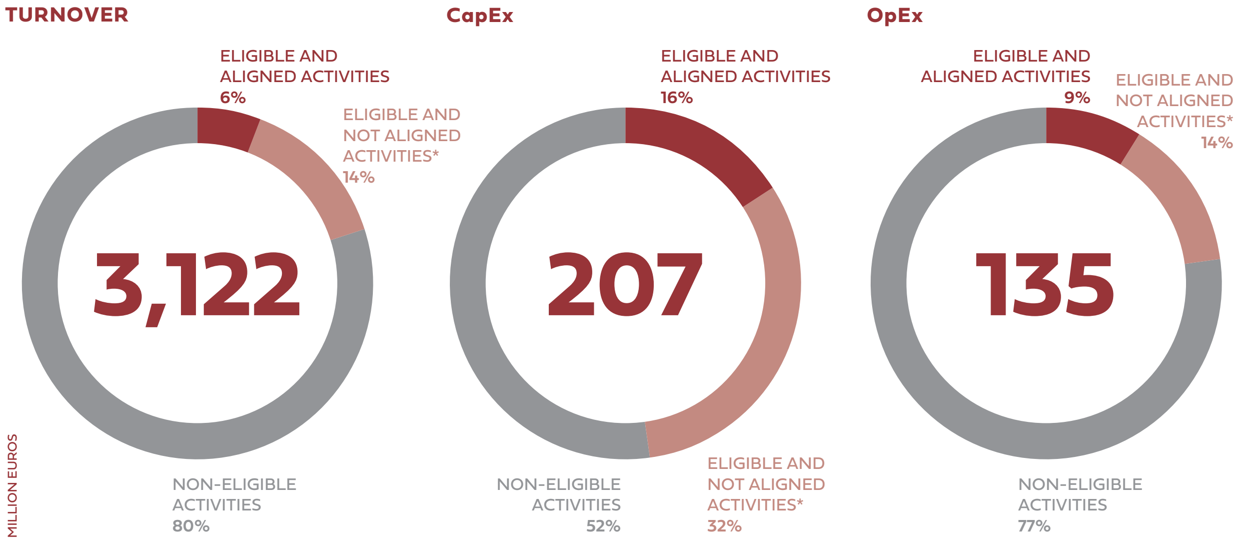
In October 2022, the European Commission's Platform on Sustainable Finance published the Final Report on Minimum Safeguards, which highlights the four areas that companies should address to ensure compliance with the Minimum Safeguards: Human Rights, Corruption, Taxation and Fair Competition.

Semapa has assessed compliance with the Minimum Safeguards, by analysing the Group's human rights, corruption, taxation and fair competition policies and processes in place, and did not find any cases of violations within the Group, nor has it identified, in the course of its taxonomy eligible activities in 2022 any relevant condemnation of acts of Human Rights violation, Corruption, Taxation or Fair Competition.

Although Semapa recognises the importance of continuous improvement of current and applicable processes in these areas, it considers that its policies and processes are sound enough to comply with the minimum safeguards.

Without prejudice to the above, only the anti-dumping proceedings brought by the Department of Commerce of the United States of America, in the context of an investigation into alleged dumping practices on imports of paper in various formats from five countries (Australia, Brazil, China, Indonesia and Portugal) is worthy of note. Currently, as a result of these proceedings, an anti-dumping duty is applied to exports of certain types of paper marketed by Navigator from Portugal to the United States. It should be noted that these exports concern an activity that is not eligible.

The following is a set of key performance indicators (KPIs) associated with environmentally sustainable economic activities that non-financial companies are required to publish in accordance with the Taxonomy Regulation (Article 8) and delegated acts: the proportion of their turnover (Turnover), the proportion of their capital expenditure (CapEx) and the proportion of their operating expenditure (OpEx). For each of these indicators the resulting proportions of activities that are eligible and aligned, eligible and not aligned, and not eligible are indicated:



* Includes activity 4.30. - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (Delegated Regulation 2022/1214).

As part of the Semapa Group's strategy and its sustainability goals, steps are being taken to implement the European taxonomy on an ongoing basis, namely by developing the following activities:

> Strengthening the implementation of the climate risk analysis (Appendix A of Annex I of the climate delegated act), namely in line with the activities being carried out by Navigator under the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD);

> Monitoring the criteria concerning the other environmental objectives of the Taxonomy published, namely the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and recovery of biodiversity and ecosystems.

ACCOUNTING POLICIES AND DISCLOSURE OF INDICATORS

As defined by the Taxonomy, the amounts reported were calculated in accordance with Semapa's Consolidated Financial Statements for the year ended 31 December 2022, which were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. As this is the first year the values concerning the Taxonomy are published, there are no comparative figures.

The EU Taxonomy requires companies to disclose how they have avoided duplication in the consideration of eligible economic activities (numerator), i.e. in determining turnover, capital expenditure, and operating expenses. The Semapa Group determined eligible expenses on the basis of its financial and cost accounting, and ensured that expenses were considered only once when calculating the indicators.

PROPORTION OF TURNOVER ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Substantial contribution criteria: Climate change adaptation (6)
		Million Euros	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
4.8. - Electricity generation from bioenergy	35.11	22.1	1%	100%	0%
4.20. - Cogeneration of heat/cool and power from bioenergy	35.11	155.7	5%	100%	0%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		177.8	6%	100%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)					
3.7. - Manufacture of cement	23.51	370.7	12%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		370.7	12%		
Total (A.1 + A.2)		548.6	18%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
Turnover of Taxonomy-non-eligible activities (B)		2,573.5	82%		
Total (A + B)		**3,122.0**	**100%**		

Turnover followed the same accounting policies applicable to revenue in accordance with International Financial Reporting Standards (IFRS), i.e., considering sales and services rendered as part of the Semapa Group's standard business activities. The total turnover (denominator of the calculation of the ratio of eligible activities) thus corresponds to the revenue reported in the Consolidated Financial Statements (Note 2.1).

The analysis carried out concluded that activities 4.8. (Production of electricity from bioenergy) and 4.20. (Co--generation of heat/cold and power from bioenergy) are aligned with the Taxonomy. Production from Forest management activities (1.3.) is used mainly in the Group's internal operations and as such is not considered for the purposes of this indicator.

Concerning 4.30. - High efficiency co-generation of heat/cold and power from fossil gaseous fuels, included in the complementary delegated act (Delegated Regulation 2022/1214), to date, due to the criteria that qualifies it as a transitional activity, namely at the level of maximum emissions (gCO_2/kWh), it is qualified as not Taxonomy-aligned. Nevertheless, it should be noted that:

DNSH criteria («Does Not Significantly Harm»)										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
N/A	Y	Y	N/A	Y	Y	Y	1%	N/A		
N/A	Y	Y	N/A	Y	Y	Y	5%	N/A		
							6%	N/A		

> By 2035, Navigator intends to stop natural gas co-generation in Setúbal, and the heat currently produced by this asset will be generated using biomass in High Efficiency Renewable Co-generation, as set out in the company's Carbon Neutrality Roadmap. It should also be noted that the current Natural Gas Co-generation plant in Setúbal is highly efficient that allows for primary energy savings of over 10% and its direct GHG emissions are under 270 gCO_2/kWh of energy produced, in line with the criteria for this activity;

> The natural gas co-generation plant in Figueira da Foz is currently used as backup, and only operated for 114 hours in 2022. Since the end of 2020, after the new biomass boiler was built, the steam requirements of the Figueira da Foz industrial complex in standard operation are generated from renewable energy sources, namely biomass.

The Cement Production activity (3.7.) is not aligned with the Taxonomy. However, Secil has programmed a number of investments, in particular the CCL, initiated in 2021, aimed at enhancing environmental sustainability and achieving in the future greater alignment with the requirements laid down in the Taxonomy Regulation.

PROPORTION OF CAPEX ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Substantial contribution criteria: Climate change adaptation (6)
		Million Euros	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
1.3. - Forest management	21.00	11.7	6%	100%	0%
4.8. - Electricity generation from bioenergy	35.11	2.3	1%	100%	0%
4.20. - Cogeneration of heat/cool and power from bioenergy	35.11	19.2	9%	100%	0%
7.3. - Installation, maintenance and repair of energy efficiency equipment	–	0.9	0%	100%	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		34.1	16%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)					
3.7. - Manufacture of cement	23.51	60.8	29%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		60.8	29%		
Total (A.1 + A.2)		94.8	46%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
CapEx of Taxonomy-non-eligible activities (B)		111.8	54%		
Total (A + B)		**206.7**	**100%**		

The amount shown as total CapEx in the denominator of the calculation of the ratio of eligible activities correspond to the sum of acquisitions of assets of property, plant and equipment, intangible assets excluding CO_2 licenses and right-of-use assets in 2022, disclosed in notes 3.2, 3.3 and 3.5 to Semapa's consolidated financial statements. For the purposes of calculating this ratio, additions of intangible assets related to the acquisition of CO_2 licenses were excluded, since the licenses were not actually acquired, but rather awarded to the Group, and their classification as intangible assets results from the accounting policy adopted by the Group. In 2022, no additions to the Group's investment properties were recorded.

Eligible CapEx, either Taxonomy-aligned or not aligned, corresponds to investments in assets or processes associated with the respective activities, namely:

DNSH criteria («Does Not Significantly Harm»)										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
N/A	Y	Y	Y	Y	Y	Y	6%	N/A		
N/A	Y	Y	N/A	Y	Y	Y	1%	N/A		
N/A	Y	Y	N/A	Y	Y	Y	9%	N/A		
N/A				Y			0%	N/A	C	
							16%	N/A		

> Pulp and Paper: Investments in forest management, namely the acquisition of forest land, investments in the biomass power stations in Aveiro and Setúbal, investments related to biomass co-generation plants, the new biomass boiler at the Figueira da Foz industrial complex and investments under Navigator's environmental and decarbonisation plan.

> Cement: The Clean Cement Line Project, which aims to develop and demonstrate new cement production technology on an industrial scale. This project includes four R&D sub-projects aimed at reducing dependence on fossil fuels, increasing energy efficiency, producing own energy, integrating the digitalisation process, and reducing CO_2 emissions. These innovations will promote the development of low carbon clinker production and consequently the creation of a range of low carbon footprint cements.

> Environment: Investment in new production equipment with lower energy consumption or with lower CO_2 emission levels.

PROPORTION OF OPEX ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria Climate change mitigation (5)	Climate change adaptation (6)
		Million Euros	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
1.3. - Forest management	21.00	6,3	5%	100%	0%
4.8. - Electricity generation from bioenergy	35.11	2,4	2%	100%	0%
4.20. - Cogeneration of heat/cool and power from bioenergy	35.11	2,8	2%	100%	0%
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		11,5	8%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)					
3.7. - Manufacture of cement	23.51	19,1	14%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19,1	14%		
Total (A.1 + A.2)		30,5	23%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
OpEx of Taxonomy-non-eligible activities (B)		104,6	77%		
Total (A + B)		**135,1**	**100%**		

Total OpEx shown in the denominator of the calculation of the ratio of eligible activities corresponds to the following expenses determined on the basis of the Consolidated Financial Statements as at 31 December 2022, which are included in Note 2.3 - Operating Expenses and Losses:

> Non capitalized research and development expenditure;

> Non capitalized forestry expenditure;

> Industrial cleaning and waste treatment expenditure;

> Maintenance and repair expenditure;

> Non capitalized short-term lease expenditure; and

> Other expenditure directly related to the maintenance of property, plant and equipment or investment properties.

DNSH criteria («Does Not Significantly Harm»)										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
N/A	Y	Y	Y	Y	Y	Y	5%	N/A		
N/A	Y	Y	N/A	Y	Y	Y	2%	N/A		
N/A	Y	Y	N/A	Y	Y	Y	2%	N/A		
							8%	N/A		

OpEX values in the previous table (numerator of the eligible activities ratio) amount to OpEx allocated to the activities qualified as eligible (taxonomy-aligned or not aligned). These figures include OpEx such as:

> Pulp and Paper: Non capitalized forestry expenditure, expenditure on research and development of new products and applications associated with forestry, non capitalized expenditure needed to operate biomass cogeneration and thermoelectric plants and other expenditure associated with technologies and products for the reduction of GHG emissions;

> Cement: Expenditure relating to the Secil Cement Application Development Centre (CDAC), for the research and development of new cement products and applications, and innovative industrial processes for cement production, with a view to developing and adopting new technologies in the Group in the area of sustainable production processes and products, aimed at reducing the incorporated carbon content of the Secil Group's solutions.

STANDARD TEMPLATES FOR DISSEMINATION IN ACCORDANCE WITH DELEGATED REGULATION 2022/1214

Row	Fossil gas related activities	
1.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
2.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
3.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES, BUT NOT TAXONOMY-ALIGNED – TURNOVER

		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic Activities	Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the Turnover denominator	75.9 MEuros; 2%		75.9 MEuros; 2%		0 MEuros; 0%	
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in the row above in the Turnover denominator	370.7 MEuros; 12%		370.7 MEuros; 12%		0 MEuros; 0%	
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the Turnover denominator**	**446.6 MEuros; 14%**		**446.6 MEuros; 14%**		**0 MEuros; 0%**	

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES, BUT NOT TAXONOMY-ALIGNED - CAPEX

		Proportion (the information is to be presented in monetary amounts and as percentages)		
		(CCM+CCA)	Climate change mitigation (CCM)	Climate change adaptation (CCA)
Row	Economic activities	Amount %	Amount %	Amount %
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the CapEx denominator	4.7 MEuros; 2%	4.7 MEuros; 2%	0 MEuros; 0%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in the row above in the CapEx denominator	60.8 MEuros 29%	60.8 MEuros; 29%	0 MEuros; 0%
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the CapEx denominator**	**65.5 MEuros; 32%**	**65.5 MEuros; 32%**	**0 MEuros; 0%**

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES, BUT NOT TAXONOMY-ALIGNED - OPEX

		Proportion (the information is to be presented in monetary amounts and as percentages)		
		(CCM+CCA)	Climate change mitigation (CCM)	Climate change adaptation (CCA)
Row	Economic activities	Amount %	Amount %	Amount %
5.	Amount and proportion of taxonomy--eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the OpEx denominator	0.2 MEuros; 0%	0.2 MEuros; 0%	0 MEuros; 0%
7.	Amount and proportion of other taxonomy--eligible but not taxonomy-aligned economic activities not referred to in the row above in the OpEx denominator	19.1 MEuros; 14%	19.1 MEuros; 14%	0 MEuros; 0%
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the OpEx denominator**	**19.3 MEuros; 14%**	**19.3 MEuros; 14%**	**0 MEuros; 0%**

The remaining models were considered not applicable to the Group.

7 Outlook

The year 2022 was definitely marked by the Russian invasion of Ukraine and consecutive related shocks, at a time when the world economy was recovering from the effects of the severe pandemic crisis. The year was especially characterised by economic and financial uncertainty and volatility. However, the most pessimistic scenarios outlined by various entities at the end of the summer, which pointed to the main world economies entering into recession, did not materialise, despite the slowdown in activity. Positive developments in global value chain bottlenecks since the summer and more favourable developments in energy prices, notably gas and oil, have eased the supply constraints which were in the international economy in the last two years.

The short-term global macroeconomic outlook is quite complex and highly uncertain, with several downward risk factors for activity and upward for inflation, including the response of the Chinese economy to various underlying tensions (e.g. end of the zero Covid policy, worsening of the crisis in the real estate market), the unfolding of the conflict in Ukraine (Europe and the poorer countries are especially vulnerable), risk of debt distress in several economies, persistent inflation and geopolitical fragmentation. It should also be noted that one of the main sources of uncertainty stems from the evolution of the energy crisis in Europe, namely possible gas shortages requiring a period of rationing and production cuts, resulting in new increases in the international prices of goods and services.

After several years in a framework of low inflation and real interest rates, the sudden and persistent rise in inflation seen since the second half of 2021 resulted in worse monetary and financial conditions, with most central banks raising interest rates from the minimum levels recorded in recent years. In 2023, economic policies will continue to face challenges raised by weak growth and persistent inflationary pressures, and further interest rate increases are anticipated.

The Semapa Group is monitoring this situation in order to mitigate the potential impacts, and is implementing several measures, including measures to manage supplies and its production costs.

In the latest World Economic Outlook Update (WEO) released in January 2022, the IMF forecasts a real increase in global GDP of 3.4% in 2022 and 2.9% in 2023, revised upwards by 0.2 p.p. for 2023 compared to forecasts published in October 2022. The IMF estimates that GDP in the Euro Zone will increase 3.5% in 2022 and 0.7% in 2023 (an upward revision of 0.2 p.p. in relation to the October 2022 projections).

The Bank of Portugal (Economic Bulletin of December 2022) forecasts real GDP growth for Portugal of 6.8% in 2022 and 1.5% in 2023 (down revision by 1.1 p.p.). Projected levels of inflation are 8.1% in 2022 and 5.8% in 2023.

NAVIGATOR – PULP AND PAPER

In this context in Europe there may be scope for further temporary or definitive capacity reductions in line with strategy decisions or due to profitability issues caused by the continued high level of variable costs, and energy costs in particular.

Despite the persistent energy shock and inflationary pressures, the economic slowdown and consequent slowing of demand, combined with the reduction of logistical constraints and the increase in imports from Asian or American players could lead to negative pressure on prices in Europe. In fact, there is already a gradual resumption of activity by Asian players in the markets where Navigator operates, namely in the Middle East, Africa and certain regions of Southern Europe (Greece/Balkans).

Weaker demand in the second half of 2022, mainly due to the effects of high stock levels across the distribution chain, resulting from the strong increase in demand from the summer of 2021 and throughout the first half of 2022 - is still being felt at the start of 2023. No significant improvement in demand conditions is anticipated in the first quarter of 2023, as the destocking movement is still expected to continue. Consequently, Navigator will continue to focus on reducing variable costs, controlling fixed costs and maximising operating efficiencies.

Navigator maintains its ambitious plan to develop new products and diversify the range, particularly in the Tissue and Packaging segments.

The current challenging context offers little predictability on geopolitical and macroeconomic developments, which will require constant adaptation to reality. The Company's swift action, with careful management and production planning for all products, successfully implemented marketing strategies and focus on production efficiency programmes will continue to demonstrate the resilience of Navigator's business model.

SECIL - CEMENT AND OTHER BUILDING MATERIALS

Higher prices of several production factors, especially energy, and the disruption in the supply of raw materials or logistic chains at an international level will impact the economy and may weaken its pace. Secil is currently implementing supply management and production cost measures to reduce potential impacts.

Secil is assessing potential investment opportunities, with emphasis on the decarbonisation of its industrial processes and R&D in products and solutions in the sectors in which it operates, against the backdrop of the Recovery and Resilience Plan. The implementation of the Recovery and Resilience Plan is expected to help with the recovery of Portugal’s economy.

In the first half of 2023, Secil will conclude the Clean Cement Line investment project (CCL) in Outão, which aims at being a pioneer in combining mature technologies with innovative ones that will enable a 20% reduction in CO_2 emissions, a 20% improvement in energy efficiency and the production of 30% of electricity through heat recovery from the process itself. The low carbon clinker resulting from this process will enable the company to respond competitively to requests for green procurement on the market.

In July 2022, Secil launched Verdi Zero Concrete, the first carbon-neutral concrete in Portugal, a product based on SECIL innovation in product development that guarantees a significant reduction in CO_2 emissions from the outset. Verdi Zero Concrete is therefore a less carbon-intensive concrete that promotes the circular economy as it incorporates recycled waste and uses less virgin raw materials. The remaining emissions will be offset through a carbon offset programme that is certified by Climate Impact Partners with the CarbonNeutral® Product label. This is yet another important step on the path to decarbonisation at Secil, in line with the commitments made to reduce CO_2 emissions from its operations.

In Brazil, the IMF World Economic Outlook Update (WEO Update) released in January 2023 forecasts a recovery of the economy of 3.1% in 2022 and 1.2% in 2023 (+0.2 p.p. compared to the forecasts in the October WEO). Projected levels of inflation are 9.4% in 2022 and 4.7% in 2023. Higher inflation and, particularly, rising interest rates may affect the course of real estate financing and the respective investments, which may be offset by planned public investment in infrastructure.

In Lebanon, the political and economic environment has faced much uncertainty since the last quarter of 2019, leaving the country plunged in a serious economic and social crisis. The measures implemented to contain the pandemic, which brought the country to almost a complete halt, and the explosion in the Beirut port only made matters worse.

Displaying one of the World's highest foreign debts, the country announced in March 2020 its first default after several months of declining foreign currency reserves and a strong depreciation of the Lebanese Pound in the parallel market. In the World Economic Outlook (WEO) published in October 2022, the IMF continues to not provide any estimates due to the high level of uncertainty.

To cope with the cut in the supply of electricity, Secil is evaluating other alternatives in order to restore normal operations.

The IMF World Economic Outlook (WEO) released in October 2022 expects the GDP of Tunisia to grow 2.2% in 2022 (unchanged from the forecasts in the April WEO) and 1.6% in 2023. Projected levels of inflation are 8.1% in 2022 and 8.5% in 2023.

Tunisia already found itself in financial hardship and social instability due to the pandemic, and political instability since the second half of 2021, made worse after the government resigned, increased uncertainty as to the country's progress. The after-effects of the war in Ukraine and the recent dissolution of parliament by the president heightened uncertainty.

Meanwhile, faced with the risk of default, the country resumed negotiations with the International Monetary Fund, which laid down a set of measures and reforms needed to restore macroeconomic stability, and to improve the efficiency of state-owned enterprises and strengthen the competitiveness of the Tunisian economy.

The outlook for Angola (World Economic Outlook, IMF, October 2022) hints at a 2.9% recovery in 2022, followed by 3.4% growth in 2023. Inflation expectations for 2022 and 2023 are 21.7% and 11.8%, respectively.

ETSA - ENVIRONMENT

ETSA is not immune to all the risks inherent to the current macroeconomic environment and the input costs remain on the high end, especially those related to energy, namely electricity and thermal fuel costs.

Despite the risks, ETSA looks to the future with confidence due to its continued commitment for high added-value products to be placed on the international market. Consequently, exports accounted for about 52.7% of the overall value of accumulated sales on 31 December 2022. Furthermore, as a result of the strong investment in innovation, construction began on a new production plant in Coruche called ETSA ProHy, which is expected to open in early 2024.

SEMAPA NEXT - VENTURE CAPITAL

In 2023, Semapa Next will continue its investment strategy and activity, focusing on investment opportunities in series A/B. In addition, Semapa Next will continue to monitor its portfolio to find ways to add value to its subsidiaries through their expansions and to participate in national and international technology events with a view to strengthen the Semapa Next brand.

UTIS - HYDROGEN FOR ENERGY EFFICIENCY AND DECARBONIZATION BUSINESS UNIT

For 2023, UTIS is extending its UC3 technology to other sectors of activity/business, namely, biomass, power plants, chemical industries, incineration, among others, as well as hydrogen production for HRS - Hydrogen Refuelling Stations. Concerning internal combustion, taking into account the technological developments of UCLE - Ultimate Cell Large Engines lately, their nearly exponential expansion in the short/medium term will be a very important goal in the context of revenue growth and results that it hopes to achieve.

Identifying priority geographies, commercial and marketing enhancement, new patent development with increased and diversified links to Universities, continuous training for all employees, with a focus on reinforcing procurement and maintaining exports of its production at the 95% target are key for its long-term sustainability.

8 Events After the Balance Sheet Date

In February 2023, Navigator agreed to acquire from the Gomà-Camps Group in Spain the consumer tissue business. The acquisition of GC Consumer, which in 2022 had total sales of 115.6 million euros, is part of Navigator's ambitious growth and diversification plan. The integration of this new mill will allow Navigator to position itself as the second largest Iberian Tissue producer, adding 35,000 tonnes of Tissue paper production capacity, for a total of 165,000 tonnes, and increasing its converting capacity by 60,000 tonnes to 180,000 tonnes. The Enterprise Value of this acquisition amounts to 85 million euros.

The contract is subject to the suspensive conditions which concern, namely, the payment of liabilities and the release of guarantees which are currently imposed on GC Consumer's shares.

9 Acknowledgements

We would like to express our thanks to all those who contributed to the results obtained, namely:

> Our Shareholders, who have accompanied our progress and whose trust we believe we continue to deserve;

> Our Employees, whose efforts and dedication have made possible the Group's dynamism and development;

> The support and understanding of our Customers and Suppliers, who have acted as partners in our project;

> The cooperation of the Financial Institutions, and the Regulatory and Supervisory Authorities;

> The collaboration of the Audit Board, the General Meeting, and the governing Committees that exist within the Company.

10 Proposed Allocation of Profits

Considering that the Company needs to maintain a financial structure compatible with the sustained growth of the Group it manages in the various Business Units in which it operates, and

Considering that the Company's independence from the financial sector involves preserving consolidated levels of short, medium, and long-term debt which allow it to maintain a strong financial position,

It is proposed that:

1. The Net Profit for the period in the individual accounts, determined under the IFRS rules, in the amount of 307,089,834.22 euros (three hundred and seven million, eighty-nine thousand, eight hundred and thirty-four euros and twenty-two cents) be allocated as follows:

Dividends on shares in circulation	75,875,904.35 euros* (0.95 euros per share)
Free reserves	228,913,929.87 euros
Participation of Employees and Directors in the annual profits up to	2,300,000.00 euros

* Excluding own treasury shares held; 1,400,627 own shares were considered; on the payment date, if this amount is changed, the total dividends payable may be adjusted, while the amount payable per share will remain unchanged.

2. That the individual distribution of the share in profits be made by the Executive Board in the part which relates to the Employees and by the Remuneration Committee in the part which relates to the Directors and that, if this amount is not totally distributed, the remaining shall be allocated to Free reserves.

3. That the amount regarding the participation of Employees and Directors in the annual profits which, in accordance with applicable accounting standards, has been accrued in personnel costs is reversed by crediting the respective amount in Free reserves.

Lisbon, 23 March 2023

BOARD OF DIRECTORS

CHAIRMAN

José Antônio do Prado Fay

MEMBERS

Ricardo Miguel dos Santos Pacheco Pires

Vítor Paulo Paranhos Pereira

Filipa Mendes de Almeida de Queiroz Pereira

Mafalda Mendes de Almeida de Queiroz Pereira

Lua Mónica Mendes de Almeida de Queiroz Pereira

António Pedro de Carvalho Viana-Baptista

Paulo José Lameiras Martins

DEFINITIONS

EBITDA = EBIT + Depreciation, amortisation and impairment losses + Provisions

EBIT = Operating profit

Operating profit = Earnings before taxes, financial results and results of associates and joint ventures as presented in the Income Statement in IFRS format

Cash flow = Net profit for the period + Depreciation, amortisation and impairment losses + Provisions

Free Cash Flow = Variation in interest-bearing net debt + Variation in foreign exchange denominated debt + Dividends (paid-received) + Purchase of own shares

Interest-bearing net debt = Non-current interest-bearing debt (net of loan issue charges) + Current interest-bearing debt (including debts to shareholders) - Cash and cash equivalents

DISCLAIMER

This document contains statements that relate to the future and are subject to risks and uncertainties that can lead to actual results differing from those provided in these statements. Such risks and uncertainties are due to factors beyond Semapa's control and predictability, such as macroeconomic conditions, credit markets, currency fluctuations and legislative and regulatory changes. Statements about the future made in this document concern only the document and on the date of its publication, therefore Semapa does not assume any obligation to update them. This document is a translation of a text originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

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5

CORPORATE GOVERNANCE REPORT

Contents

Part I
Information on Capital Structure, Organization and Corporate Governance

A. CAPITAL STRUCTURE

I. CAPITAL STRUCTURE

1. Capital structure (share capital, number of shares, distribution of capital between shareholders, etc.), including indication of shares not admitted to trading, different classes of shares, the rights and obligations attaching to these and the percentage of share capital that they represent (Article 245-A.1.a[1])).

Semapa has a share capital of € 81,270,000, represented by a total of 81,270,000 shares without nominal value. All shares are ordinary, have the same rights and obligations attached to them and are admitted for trading.

A breakdown of the capital structure, indicating shareholders with qualifying holdings, is provided in the table under item 7 below.

2. Any restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A.1.b[2])).

Semapa has no restrictions of any kind on the transferability or ownership of its shares.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares (Article 245-A.1.a[3])).

On 31 December 2022, Semapa held 1,400,627 own shares, corresponding to 1.723% of its share capital. If the voting rights were not suspended, the percentage of voting rights would be the same as the percentage of the total capital.

4. Significant agreements to which the company is party and which take effect, are amended or terminate in the event of a change in the control of the company as a result of a takeover bid, together with the respective effects, unless, due to its nature, disclosure of such agreements would be seriously detrimental to the company, except if the company is specifically required to disclose such information by other mandatory provision of law (Article 245-A.1.j[4])).

Semapa is not a party to any important loan agreement, debt instruments or other to which the company is a party and which take effect, alter or terminate upon a change of control of the company as a result of a takeover bid.

Semapa has not adopted any mechanisms that imply payments or assumption of fees in the case of change of control or in the composition of the managing body, and which are likely to harm the free transferability of shares and shareholders' assessment of the performance of the members of the managing body.

1 Corresponds to current Article 29-H.1. a) of the Securities Code.
2 Corresponds to current Article 29-H.1. b) of the Securities Code.
3 Corresponds to current Article 29-H.1. a) of the Securities Code.
4 Corresponds to current Article 29-H.1. j) of the Securities Code.

5. Rules applicable to the renewal or revocation of defensive measures, in particular those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

There are no defensive measures in place in the company, namely any limiting shareholder's exercisable voting rights.

6. Shareholders' Agreements known to the company or which might lead to restrictions on the transfer of securities or voting rights (Article 245-A.1.g[5])).

On 31 December 2022, there are no Shareholders' Agreements known to the company which could lead to restrictions on the transfer of securities or voting rights.

II. HOLDINGS OF SHARES AND BONDS

7. Identification of persons and organizations who, directly or indirectly, own qualifying holdings (Article 245-A.1.c) and d)[6] and Article 16), detailing the percentage of the share capital and votes imputable and the respective grounds.

The owners of qualifying holdings in Semapa on 31 December 2022, as provided for in the legislation in force at the time, are identified in the following table:

Entity	Number of Shares	% share capital and voting rights	% non-suspended voting rights
Sodim, SGPS, S.A.	27,508,892	33.849%	34.442%
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.938%	48.779%
Total:	**66,468,323**	**81.787%**	**83.221%**

The voting rights relating to Sodim and Cimo are allocated on the basis of direct ownership of the shares and a controlling relationship of Sodim over Cimo.

8. Indication of the number of shares and bonds held by members of the management and supervisory bodies.

This information is provided in Annex I to this Report.

9. Special powers of the management board, in particular concerning resolutions to increase capital (Article 245-A.1.i[7]), indicating, with regard to these, the date on which they were granted, the period during which such powers may be exercised, the upper limit for the increase in share capital, shares already issued under the powers granted and the form taken by these powers.

In the terms of the Articles of Association, the Board of Directors has no powers to resolve on increases to the share capital.

10. Information on the existence of significant dealings of a commercial nature between qualifying shareholders and the company.

All transactions that took place in 2022 between the company and qualifying shareholders are described in Note 10.4 of the Annex to the consolidated accounts and Note 10.2 of the Annex to the Separate financial statements. In 2022, pursuant to the Regulation on Conflict of Interests and Transactions with Related Parties and under the terms and conditions set out therein at each moment, as described in paragraphs 89 and following of this report, there were no significant dealings of a commercial nature between qualifying shareholders and the company.

5 Corresponds to current Article 29-H.1. g) of the Securities Code.
6 Corresponds to current Article 29 -H.1.c) and d) of the Securities Code.
7 Corresponds to current Article 29-H.1. i) of the Securities Code.

B. CORPORATE BODIES AND COMMITTEES

I. GENERAL MEETING

A) COMPOSITION OF THE GENERAL MEETING

11. Officers of the General Meeting and their term of office (starting and ending dates).

The officers of the General Meeting are:

CHAIRMAN:

Rui Manuel Pinto Duarte (term of office from 27/05/2022 to 31/12/2024). The position of Chairman of the General Meeting was vacant from 10 June 2021 to 27 May 2022 due to the passing of the former Chairman of the General Meeting.

SECRETARY:

Luís Nuno Pessoa Ferreira Gaspar (term of office from 27/05/2022 to 31/12/2024).

B) EXERCISE OF VOTING RIGHTS

12. Any restrictions on voting rights, such as limitations on the exercise of voting rights based on the ownership of a given number or percentage of shares, time limits for exercising voting rights or systems for detaching voting rights from ownership rights (Article 245-A.1.f[8]));

According to Semapa's Articles of Association, each share in the Company carries one vote.

With regard to shareholder participation in the General Meeting, the company's articles of association were revised in 2022, and changes were made to ensure better alignment of the provisions of the articles of association with the applicable law, on the one hand, and the strengthening of good corporate governance practices, on the other.

Consequently, the statutory rules on voting rights are now as follows:

i. Shareholders with voting rights may participate in the General Meetings, and the participation in the General Meetings and the exercise of the voting rights depend on the proof of the status of shareholder with the right to vote at 00:00 (GMT) on the 5th trading day prior to the General Meeting;

ii. Voting rights may be exercised by postal vote or electronically, and it is the responsibility of the Chairman of the General Meeting to verify its authenticity and orderliness and ensure its confidentiality until the moment of voting, observing the following:

    a) Voting declarations must be addressed to the Chairman of the General Meeting, and received at the registered office by the day prior to the General Meeting;

    b) In the case of exercise of the voting right electronically, the email message addressed to the Chairman of the General Meeting must contain, as an attachment, a document in PDF format, signed in accordance with the signature on a valid identification document of the respective holder, containing the declarations of vote relating to each of the items on the agenda as well as a copy of the holder's identification document. The Chairman of the General Meeting may establish, in the convening notice of the meeting in question, a regime different from that established in this paragraph, which ensures equivalent security and reliability;

8 Corresponds to current Article 29-H.1. f) of the Securities Code.

c) In the case of exercise of the voting right by postal mail, the envelope must contain a letter addressed to the Chairman of the General Meeting, duly signed in accordance with the signature on a valid identification document of the respective holder and containing the declarations of vote relating to each of the items on the agenda, as well as a copy of the holder's identification document;

d) The votes cast by these means will be computed together with the votes that may be expressed at the General Meeting, being considered as votes against motions submitted subsequent to their being cast.

iii. The General Meeting may be held by telematic means, whenever this proves to be appropriate and convenient, provided that the Chairman of the General Meeting confirms that, for the purposes of holding the General Meeting, the respective means, the authenticity of the declarations and the security of communications are ensured, with the Company proceeding with the registration of its content and the respective participants.

At the Company's Annual General Meeting held on 27 May 2022, when the new bylaws identified above were adopted, the bylaws previously in force were applied, which - *although they did not specifically regulate voting by electronic means* - authorised the regulation of other ways of exercising voting rights other than a paper format, provided they also ensured the authenticity and confidentiality of the votes up to voting time, having some shareholders exercised their voting rights by electronic means under that authorisation.

Whereas until now no shareholders requested or showed interest in participating in the General Meetings by telematic means and also considering the costs and administrative burden involved in the preparation of a remote meeting and installation of a system enabling remote attendance of the meetings, the company's General Meetings in 2022 was held in person, benefiting from extended disclosure deadlines and flexible participation requirements.

There are no systems for detaching voting rights from ownership rights.

13. Indication of the maximum percentage of the voting rights which can be exercised by a single shareholder or by shareholders connected in any of the forms envisaged in Article 20.1

There are no rules in the Articles of Association which lay down that voting rights are not counted if in excess of a given number, when cast by a single shareholder or shareholders related to him.

14. Identification of shareholder resolutions which, under the Articles of Association, can only be adopted with a qualified majority, in addition to those provided for in law, and details of the majorities required.

The Company has established no quorums for constituting meetings or adopting resolutions different from those provided for on a supplementary basis in law.

II. MANAGEMENT AND SUPERVISION

GRI 2-9/10/11/12/13/14/15/17/23/24

A) COMPOSITION

15. Identification of the governance model adopted.

The company has adopted the governance model provided in Article 278.1.a (Board of Directors and Audit Board) and in Article 413.1.b (Audit Board and Statutory Auditor), both from the Companies Code.

16. Rules in the Articles of Association on procedural and material requirements applicable to the appointment and substitution of members, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board (Article 245-A.1.h[9])). Policy of diversity.

Currently, Semapa's Articles of Association set no special rules on the appointment and replacement of directors, therefore the general supplementary rules set by the Companies Code apply here, *i.e.* shareholders have the power to appoint the directors (and the supervisory body). However, the company does disclose on the company's website[10] its Principles of Diversity, which lay down the profile requirements and criteria for new members of the governing bodies.

These Principles of Diversity are a formal recognition by the company of the benefits of diversity in its governing bodies, particularly for ensuring greater balance in its composition, boosting the performance of each member and, together, of each body, improving the quality of decision-making processes and contributing to its sustainable development.

Accordingly, and to promote corporate diversity, in addition to the individual features, such as competence, independence, integrity, availability and expertise, the company also acknowledged the importance of other requirements and criteria of diversity, such as diversity in gender, qualifications and professional expertise, inclusion of members of different ages and life experiences or geographical origins.

The following analysis highlights a fairly reasonable level of diversity:

Diversity factor	Parameter	%
Age	< 50	50.00%
	50-65	37.50%
	>65	12.50%
Gender	Female	37.50%
	Male	62.50%
Education	Econ./Manag.	37.50%
	Engineering	25.00%
	Applied Mathematics	12.50%
	Non graduate	25.00%
Professional background	Professional experience abroad	37.50%
	Different sectors of the group	100%

The Talent Committee is endowed with consultative powers in matters of appointment of the corporate bodies, with competencies to support the identification of potential future members of the governing bodies and to assess the appropriate profile, knowledge and their curricula, and should foster transparent selection methods and ensure that the applications chosen present the highest degree of merit, are best suited to the demands of the functions to be carried out, and will best promote suitable diversity in the company, including gender diversity.

The company thus finds that all objectives arising from the adoption of the diversity policy have been met, as can be verified in practice.

Finally, to reinforce the gender diversity promotion measures, the Company adopted in 2022 the 2023 Plan for Equality, reflecting changes to the 2022 Plan for Equality adopted in 2021. Semapa communicated the Plan to the CMVM, and also published it on its website[11].

9 Corresponds to current Article 29-H.1. h) of the Securities Code.
10 https://www.semapa.pt/en/governo/principiosdiversidade
11 https://www.semapa.pt/en/sustentabilidade/planoparaigualdade

17. Composition, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board, detailing the provisions of the Articles of Association concerning the minimum and maximum number of directors, duration of term of office, number of full members, the date when first appointed and the end of their terms of office for each member.

The Company's Articles of Association (Article 11.1) stipulate that the Board of Directors comprises of three to fifteen directors appointed each for a three-year term as set forth in the bylaws amended in 2022.

We indicate below the date of first appointment of each member, together with the date on which their term of office expires:

Members of the Board of Directors	Date of first appointment and end date of term of office
José Antônio do Prado Fay	2018-2024
Ricardo Miguel dos Santos Pacheco Pires	2014-2024
Vítor Paulo Paranhos Pereira	2014-2024
António Pedro de Carvalho Viana-Baptista	2010-2024
Carlos Eduardo Coelho Alves	2015-2021
Filipa Mendes de Almeida de Queiroz Pereira	2018-2024
Francisco José Melo e Castro Guedes	2001-2021
Lua Mónica Mendes de Almeida de Queiroz Pereira	2018-2024
Mafalda Mendes de Almeida de Queiroz Pereira	2018-2024
Paulo José Lameiras Martins	2022-2024
Vítor Manuel Galvão Rocha Novais Gonçalves	2010-2021

On 3 November 2021,the Board of Directors of Semapa appointed Director Ricardo Miguel dos Santos Pacheco Pires as CEO of Semapa, with effect from 1 January 2022.

At the Annual General Meeting held on 27 May 2022, José Paulo Lameiras Martins was appointed for the first time as a director for the term of office 2022/2024, where all members of the Board were reconducted, excluding Carlos Eduardo Coelho Alves, Francisco José Melo e Castro Guedes and Vítor Manuel Galvão Rocha Novais Gonçalves, who resigned on that date.

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non--executive directors, identification of those who can be regarded as independent or, if applicable, identification of the independent members of the General and Supervisory Board.

The executive members of the Board of Directors are those who belong to the Executive Board, as per paragraph 28 below, the others being non-executive.

In fiscal year 2022, the company's Board of Directors had ten members, until May 27, and eight members, from that date until December 31, and two thereof were members of the Executive Board in the year. Since the number of non-executive directors in 2022 accounted for 80% to 75% of the members of the Board of Directors, we consider this proportion to be appropriate considering the size of the company and the complexity of the risks inherent to its activity, and sufficient to undertake efficiently the duties to which they are assigned. This judgment on the suitability of the proportion took into account, in particular, the size of the Executive Board and the powers assigned to it by the Board of Directors, the company's activities and its nature as a holding company, the stability of the shareholder structure, as well as the diversity of skills and the availability of the non-executive members for the performance of their duties, which through close cooperation with the Chairman of the Board of Directors, guarantee the capacity to monitor, supervise and assess the activity of the executive members of the Board of Directors.

Of the non-executive members who held office in 2022 financial year, the following may be regarded as independent, in light of the criteria set out in the corporate governance code adopted: Carlos Eduardo Coelho Alves and Paulo José Lameiras Martins, despite the commercial relationship between Semapa and Haitong Bank, entity in which the latter performs non-executive management duties in Haitong Bank, which is not considered to be significant, as they are not related to any specific group with interest in the company, nor are they under any circumstance likely to affect an exempt analysis or decision.

On the other hand, Director Francisco José Melo e Castro Guedes was not classified as independent as he is a member of the Board of Directors since 2001. Directors José Antônio do Prado Fay, Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira were not qualified as independent in light of the mentioned criteria, since they were also members of the Board of Directors of companies owning qualified holdings in Semapa in 2022. Director Vitor Manuel Galvão Rocha Novais Gonçalves has not been classified as independent in light of the above-mentioned applicable criteria, since he was director of a company controlling Semapa, and received remuneration for his office. Finally, António Pedro de Carvalho Viana-Baptista is not an independent director by virtue of the commercial ties existing between the company and the entity in which he holds management functions.

Thus, in the course of the 2022 financial year, the Board included, at any given time, only one non-executive director who fulfilled the independence requirements laid down by the Corporate Governance Code adopted, which the company finds adequate and consistent with a fully independent performance of the Board of Directors and sufficient to guarantee the effective capacity to supervise, assess and monitor the activity of the other members of the Board of Directors.

In effect, considering the profile, age, background and professional experience and, above all, the independent judgement and integrity demonstrated by the members of the Board of Directors, the company finds that the current proportion between non independent and independent non-executive directors, established through formal criteria of assessment of independence, is perfectly adjusted to the nature and size of the company, considering, in particular, that it is a family-owned company, with a stable capital structure, and taking into account the complex inherent risks of its business.

19. Professional qualifications and other relevant biographical details of each of the members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors.

JOSÉ ANTÔNIO DO PRADO FAY

José Fay has a degree in Mechanical Engineering from the Rio de Janeiro Federal University and he attended a specific post-graduate course in Equipment Engineering at Coppe\Petrobras (Coordination of Graduate Studies and Engineering Research). He initiated his professional activity at Copesul in 1978, where he was manager of the engineering sector until 1986. From 1986 to 1988 he was Head of the Engineering and Maintenance Division at Petroquímica Triunfo, S.A. From 1988 to 2000 he held several management functions at Bounge Group, in the areas of Engineering and Consumption Goods Business. He was in charge of the Commercial and Marketing Department at Electrolux from 2000 to 2003 and from 2003 to 2007 he served as Chairman of Batavo, S.A., which was incorporated in Perdigão, S.A. in 2006, acting as Chairman of that company in 2008. He was Chairman of Brasil Foods S.A. from 2007 to 2013. He is a member of the Board of Directors of Camil, S.A. since 2013. He is Senior Advisor at the Warburg Pincus Fund and was a Senior Advisor at Mckinsey & Co. until 2020. Since 2020 he holds office as Chairman of the Board of Directors of Semapa, Sodim and other related companies in the group. He is also member of the Boards of Directors of São Salvador Alimentos, S.A. and of Superbac Biotechnology Solutions.

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

Ricardo Pires holds a degree in Business Administration and Management from Universidade Católica Portuguesa, and is specialised in Corporate Finance from ISCTE. He also has an MBA in Corporate Management from Universidade Nova de Lisboa. He began his career in the field of management consulting, from 1999 to 2002 for BDO Binder and later for GTE Consultores. From 2002 to 2008 he held several positions in the *Corporate Finance* Board at ES Investment, where he developed several M&A and capital market projects in the Energy, Paper and Pulp and Food & Beverages sectors. He works for Semapa since 2008, first as Director of Strategic Planning and New Business and afterwards, from 2011, as Chief of Staff of the Chairman of the Board of Directors. In 2014 he was appointed Executive Director of Semapa, and CEO of the company since 2022, also holding positions in other related companies. Since 2015, he has been non-Executive Director of The Navigator Company and Secil, and in 2022 was appointed Chairman of the Board of Directors of both companies. He was appointed CEO of Semapa Next in 2017, and in 2022 he took duties as Chairman of the Board of Directors of that company. He is also Chairman of the Board of Directors in the ETSA Group since 2020. From 2020 to 2022 he lectured in the Master in Finance of Universidade Católica de Lisboa.

VÍTOR PAULO PARANHOS PEREIRA

Vitor Paranhos Pereira holds a degree in Economics by Universidade Católica Portuguesa and attended AESE (Universidade de Navarra). He began his professional activity in 1982 at the company Gaspar Marques Campos Correia & Cª. Lda. as Financial Director until 1987. From 1987 to 1989 he was Deputy Financial Director of the Instituto do Comércio Externo de Portugal (ICEP). Vítor Pereira joined the group in 1989 as Financial Director of Sodim, and in 2009 he became member of the Board of Directors of that company until May 2018, and afterwards from March 2020 to the present date. He also holds directorships in several companies related to Sodim, namely Hotel Ritz since 1998. From 2001 to 2016, he was Director of the Hotel Villa Magna. He is director of Sonagi since 1995, where he has served as Chairman of the Board of Directors since June 2020. He was appointed director of Refundos in 2005, where he has served as Chairman of the Board of Directors from 2018 to May 2020. From 2006 to 2015 he was Chairman of the Audit Board of the Associação da Hotelaria de Portugal (AHP) and in April 2019 he was appointed as Chairman of the General Meeting of this organisation. From 2007 to 2016 he was Chairman of the General Meeting of the *Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios* (APPFIPP). He has served as member of the Audit Board of Eurovida – Companhia de Seguros, S.A. and Popular Seguros – Companhia de Seguros, S.A. from 2009 to 2018. In 2014 he was appointed member of the Board of Directors of Semapa. He has held office as Executive Director of Semapa and other related companies since March 2020, and since February and March 2020 he has also held management positions at Secil and The Navigator Company, respectively.

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

António Viana Baptista has a degree in Economics, a post-graduate degree in European Economy and holds an MBA (INSEAD). From 1984 to 1991, he was Principal Partner at Mckinsey & Co. and, between 1991 and 1998, Director of Banco Português de Investimento. Between 1998 and 2008, he held positions at Telefonica S.A., as Chairman of Telefonica Internacional from 1998 to 2002, Chairman of Telefonica Moviles S.A. from 2002 to 2006, and Chairman of Telefonica España from 2006 to 2008, and he was also Director of Telefonica S.A. and Portugal Telecom, representing Telefonica. From 2011 to 2016 he was CEO of Crédit Suisse AG for Spain and Portugal. He held the office of Non-Executive Director of Jasper Inc, California until 2016, of Abertis, S.A. from 2017 to 2018 and of Atento, S.A. from 2018 to 2021. He is currently Executive Director of Alter Venture Partners G.P., SARL, and also Non-Executive Director of Jerónimo Martins, S.A. and Azora Capital S.L. He has been Non-Executive Director of Semapa since 2010.

CARLOS EDUARDO COELHO ALVES

Carlos Alves has a degree in Mechanical Engineering from Instituto Superior Técnico and is an Expert Industrial Manager by the Portuguese Association of Engineers. He began working as lecturer of Machine Components I and II at Instituto Superior Técnico and he was a Trainee Expert of the Works Monitoring Division at Laboratório Nacional de Engenharia Civil in Lisbon. He was an Engineer of technical services at Cometna – Companhia Metalúrgica Nacional, SARL, and later, Director in charge of Manufacturing and Managing Director of Cobrascom S.A. (In Rio de Janeiro, Brazil). Between 1989 and 2009, he held directorship positions in Semapa, Sodim and other related companies. He was also CEO of Secil and CMP between 1994 and 2009, holding management positions at Portucel (currently The Navigator Company), Soporcel, and Enersis, where he was Chairman of the Board of Directors. He was Chairman of ATIC - Associação Técnica da Indústria do Cimento between 2004 and 2009 and member of the Cembureau Steering Committee between 2004 and 2009. He was Non-Executive Director of Semapa from November 2015 to May 2022. He has been Non-Executive Director of Secil since October 2020.

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Filipa Queiroz Pereira has a degree in Applied Mathematics from Universidade Lusíada and a post-graduate degree in Information Systems from Harvard Extension School. She completed executive programmes at Insead, London Business School, Harvard Business School and at Singularity University and has been involved in IT consultancy and Real Estate activities. She has been Director of Sodim (the controlling company of Semapa) since 2014, also integrating the Board of Directors of Semapa and Hotel Ritz, since 2018.

FRANCISCO JOSÉ MELO E CASTRO GUEDES

Francisco Guedes has a degree in Economic and Financial Sciences and holds an MBA from INSEAD. He initiated his professional career in 1971 at Companhia União Fabril. He performed military service from 1972 to 1975. In the following years, in 1976 he was Financial Director of Companhia Rio Moju and from 1977 to 1987 at the Anglo-American Corporation (in Brazil), holding office as Executive Director, the Holding's Financial Director, Director in charge of all (non-gold) mining and industrial companies in Brazil and Financial Director of Mineração Morro Velho. Between 1988 and 1989 Francisco Guedes was in charge of the Ricardo Schedel Brokerage. In 1990, he was Manager of the Aroeira project at Formentur, and in the following years he was Director and Manager at Anglo American Corporation Portugal, Nacional – C.I.T.C., Nutrinveste and Sociedade Ponto Verde. Between 2009 and 2015 he was Director of The Navigator Company and,from 2001 to June 2020, he was a Board member at Secil. From 2001 to June 2022 he occupied Management positions at Semapa, having carried out Eexecutive positions from 2001 to 2014 at Semapa and other related companies.

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

After completing her Secondary Education, Lua Queiroz Pereira attended several international schools of management, namely Insead, where she obtained a certificate in Global Management, London Business School, Singularity University and Harvard Business School, where she completed courses for executives. In the past she was a business manager linked to equestrianism. She has been Director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Semapa Next, a venture capital company of the group.

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Mafalda Queiroz Pereira completed her Secondary Education, together with technical courses in Wood Carving and Carpentry by Fundação Ricardo Espírito Santo and in Interior Architecture by SENAI (Brazil). She completed executive programmes at Insead, London Business School and Harvard Business School and has been involved in the development of projects in Real Estate. She has been Director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Sonagi, company dedicated to the real estate management and operation.

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

Vítor Novais Gonçalves has a Business and Administration Degree by ISC-HEC, in Brussels, and more than 30 years of professional experience with senior positions in Consumer Goods, Telecom and Financial sectors. He began his professional activity in 1984 at Unilever as Management Trainee and later as Product Manager and Market Manager. Between 1989 and 1992, he was Business Manager in the Venture Capital Area at Citibank Portugal and later he was Head of Corporate Finance and member of the Management Committee. Between 1992 and 2000, in the financial area of Group José de Mello, he held board positions in several companies and, among others, was General Manager of Companhia de Seguros Império. Between 2001 and 2009, he was Director of SGC Comunicações at the SGC Group, in charge of International Business Development. He is currently Director of Zoom Investment and The Navigator Company, among others. He was a director of Semapa from 2010 to 2022.

PAULO JOSÉ LAMEIRAS MARTINS

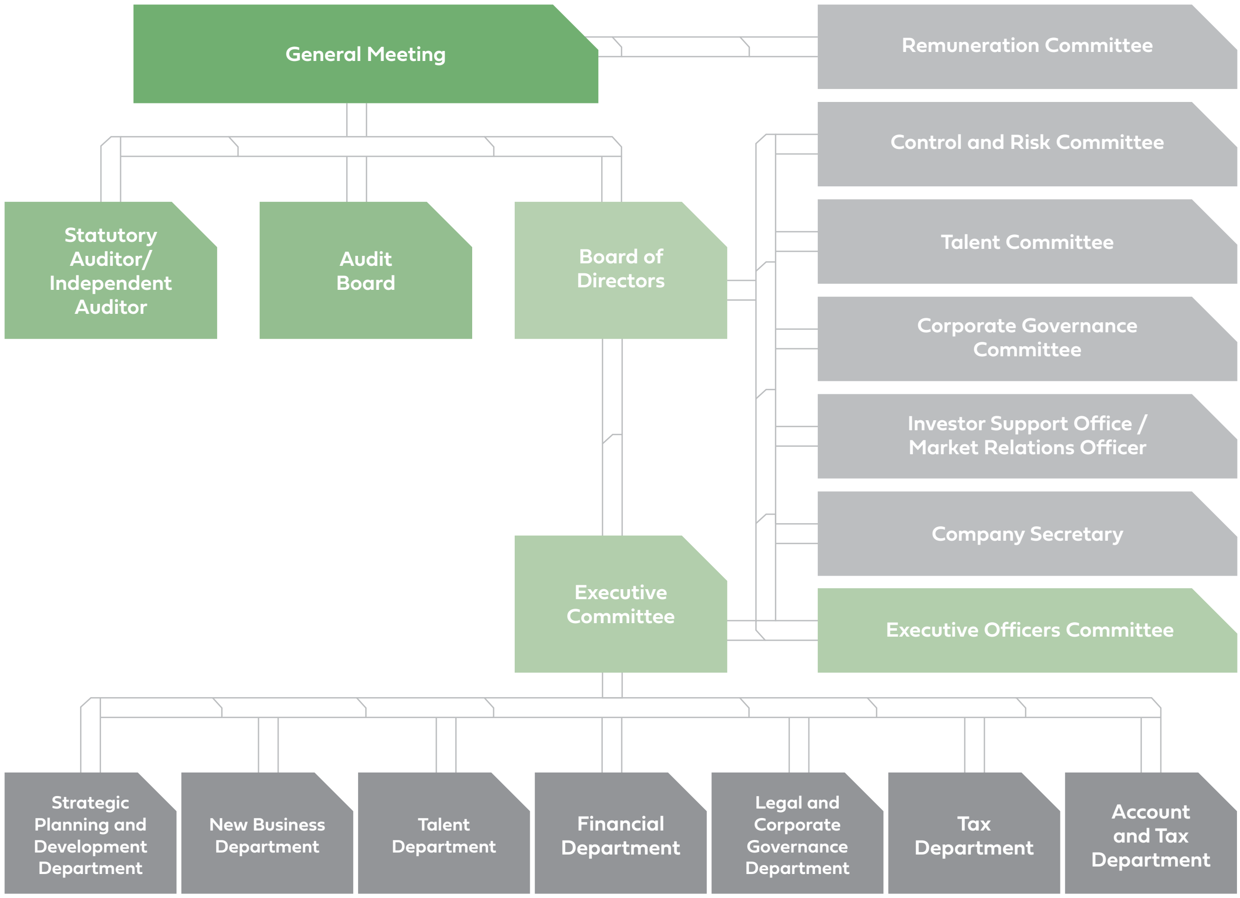
Paulo Lameiras Martins has a degree in Industrial Production Engineering from Universidade Nova, a post-graduate degree in Management and attended the International Directors Program (INSEAD). He has a long career in Investment Banking. He has been member of the Board of Directors of several banks and companies since 2005. He has worked in Portuguese, American, German and Chinese companies, which has earned him much multicultural experience. An engineer by training, with initial experience in the automotive components industry, he became a senior executive with extensive experience in various companies. He was also a Member of the Board of Directors of more than twenty companies, either as Executive or Non-Executive Director in various sectors and in several countries, i.e. Brazil, Portugal and Poland. He has been invited to speak at several forums, conferences and workshops (in Europe, Latin America and China) on subjects related to Banking and Economics. He was appointed Member of the Board of Directors of Semapa in 2022.

20. Habitual and significant family, professional or business ties between members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors with shareholders to whom a qualifying holding greater than 2% of the voting rights may be allocated.

Besides the directorships held by several Directors in Sodim and Cimo, as companies which own qualifying holdings in Semapa, as described in paragraph 26 below, and the direct and indirect shareholdings of Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira, directly and indirectly through companies controlled by them, and as heirs to the undivided estate of Pedro Mendonça Queiroz Pereira in Sodim, there are no habitual or significant family, professional or business ties between members of the Board of Directors and shareholders in Semapa which own qualifying holdings.

21. Organizational or functional charts showing the division of powers between the different corporate boards, committees and/or company departments, including information on delegated powers, in particular with regard to delegation of the day-to-day management of the company.

The following simplified chart shows the organization of Semapa's different bodies, committees and departments as at 31 December 2022:



The management of the company is centred on the relationship between the Board of Directors and the Executive Board, the latter being assisted by the Executive Officers Committee.

Tight coordination and contact were guaranteed through close cooperation between the Chairman and the members of the Executive Board, in particular the CEO Ricardo Pires, through the availability of the members of the Executive Board to convey all relevant, urgent or requested information on the day-to-day management of the Company, to the non-executive Directors, in order to keep them abreast of the Company's life at all times. In addition, meetings of the Board of Directors are convened for all strategic decisions regarded as especially important, even if they fall within the scope of the general powers delegated.

Information requested by the members of other corporate boards is also provided in good time and in an appropriate form by the members of the Executive Board.

An Executive Officers Committee was set up with effect from 1 January 2022, to assist the Executive Board within the scope of the respective delegated powers and, in particular, with the competences referred to in paragraph 29. of this report.

In order to assure that information is communicated on a regular basis, the Executive Board also sends to the Audit Board the notices and minutes of the meetings of the former. The remaining committees and corporate governing bodies also ensure information flows in a timely and appropriate manner and in accordance with their respective operating regulations, by disclosing notices and minutes in the necessary and appropriate terms for the other bodies and committees to exercise their legal and statutory powers.

Until 31 December 2022, although duties and responsibilities were not rigidly compartmentalised within the Executive Board, the distribution of functions was as follows:

1st Strategic development and planning and investment policy, management control, information technologies, legal, corporate governance, human resources and talent management, which are the responsibility of the CEO Ricardo Miguel dos Santos Pacheco Pires.

2nd Financial, accounting and audit, taxation and sustainability, which are the responsibility of the Director Vítor Paulo Paranhos Pereira

Regarding strategic planning, and without prejudice to the mentioned office, this is an area that naturally entails more intervention on behalf of the non-executive members and that counts on the substantial involvement of the Chairman of the Board. Non-executive Directors participate in the definition, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

Within the scope of strategic planning and main policies, the company sought to incorporate and put into practice its Strategic Principles, which are as follows:

i. Grow, creating value for the shareholder with a view to sustainable development and a high level of social awareness;

ii. Promote the development of surrounding communities;

iii. To develop its Human Resources, providing them with attractive career opportunities in accordance with the ambition and skills demonstrated; and

iv. Be on the lookout for business opportunities, undertaking acquisitions that generate value.

The Semapa Group has a management approach based on the principles of ethics, integrity and honesty in internal and external relationships and in the performance of activities that integrate all stages of the value chain. Its activities are governed by internal policies such as the Code of Ethics and Conduct, the Human Rights Policy, the Corruption Prevention Policy, the Policy on the Prevention of Money Laundering and Terrorist Financing, the Tax Policy, the Code of Good Conduct for Preventing and Combating Harassment and the Annual Plan for Equality, as well as established mechanisms and procedures for reporting irregularities and preventing conflicts of interest.

In the scope of sustainability, an ad hoc committee has been set up, with various working groups to address specific matters, which has developed its activity under the supervision of the Executive Board and transversally involving all the group's companies, and under the logic of value creation seeking to act positively on the environment, society and governance in general.

The society has established the following five drivers for action or Capitals:

1st. Financial capital (Chapter 4.1 of the Annual Report):

Semapa is responsible for investment in key sectors of the national and international economy, seeking to balance the demands of creating value for shareholders with the principles of sustainable development and, in this way, generating value for its different *stakeholders*. Sustainable value creation is a material topic which is reflected across the different activities undertaken both by Semapa *Holding* and its subsidiaries.

The way the Group creates and distributes economic value along the value chain reflects its meaningful impacts on society and the way it impacts the lives of thousands of people, illustrated through the monetary value added to local economies through the generation of products and services, payment for capital services, salaries, taxes, community investment, among others.

The Group's companies have taken important steps in sustainable finance, by seeking financing options directly linked to compliance with sustainable development objectives or ESG – Environmental, Social and Governance-performance indicators.

Semapa's duty is to manage the risks inherent to its business and also to monitor the context and manage the risks to which its Subsidiaries are exposed. Semapa has an agile and robust risk control and management system in place to respond to the different businesses, geographies, and risk situations to which the Group is exposed.

2nd. Natural capital (Chapter 4.2 of the Annual Report):

The Semapa Group is committed to reducing its environmental footprint by acting responsibly, promoting the efficient use of resources, reducing pollution to a minimum, protecting biodiversity and ecosystems, and fostering the development of new products and solutions. This commitment underpins key business issues, namely climate change and energy, water management, circular economy, biodiversity conservation and ecosystem services.

Climate change is currently one of the most important matters in society, in which the industry sector, as one of the main contributors to greenhouse gas emissions (GHG), is pivotal, after the energy and logistics sectors. The decarbonisation of the Semapa Group's industrial processes is founded on the implementation of measures concerning the incorporation of energy from renewable sources and alternative fuels, promoting energy and resource efficiency. In many cases it also involves the implementation of R&D projects for the development of new low carbon products and processes.

Water is an essential resource for several stages in the industrial processes of the Semapa Group's subsidiaries. Given the volumes of water used and the prospects of water shortage in the natural environment, both in terms of quantity and quality, the Group is committed to reducing water usage and ensuring that its activities do not constitute an additional risk factor *per se* for the environment and surrounding communities. Considering the significant impact on this resource, water abstraction and the discharge of industrial effluents by subsidiaries are covered by licences in this area. Consequently, the subsidiaries take measures to reduce their intake of water and increase the quality of treated effluents, hereby helping to optimise the circularity of this natural resource.

As this is mostly an industrial Group, its subsidiaries seek to promote circularity in order to obtain efficiency gains in the consumption of resources and in leveraging new products and services, which lead to economic gains.

The genetic diversity of species of fauna and flora and the relationships between them are basic elements for the balance of nature and ecosystems. Healthy ecosystems produce a wide range of services that support the raw material and services essential to human life and activities, positively influencing the well-being, health and wealth creation of communities. Furthermore, biodiversity conservation activities are an important ally in mitigating and adapting to the effects of climate change – relevant to the Group companies.

3rd. Human capital (Chapter 4.3 of the Annual Report):

Essential for the pursuit of the Group's mission, vision and strategy, human capital is a key asset, resulting in the investment in developing an attractive project for Employees and providing them with an experience of permanent career opportunities and enhancement in line with their aspirations and proven skills.

The Group companies seek to recognise and value merit, encourage internal growth and the development of skills throughout the career, as well as to boost employee engagement and motivation. Employee training is of strategic importance to the Group, which invests in training plans for the development of 'Employees' technical and personal skills.

The Group directs efforts towards engagement mechanisms and internal communication as fundamental tools for establishing an open dialogue and a close relationship with Employees, with a view to convey internal values and culture, fostering team spirit and corporate identity.

The industrial nature of most of the Group companies' business entails potentially significant risks to the health and safety of its Employees, which may lead to work accidents and the development of occupational diseases. Because of this reality, the Group seeks to create safe working conditions, with an eye on prevention and training, as part of the development of a culture of health and safety at work. Due to its impact on people's lives and the loss of productivity and other costs that it entails, "Health, Safety and Welfare at Work" is a matter that Semapa Group takes very seriously.

4th. Social capital (Chapter 4.4 of the Annual Report):

Helping to develop its local communities is a guiding principle of the Semapa Group's activities. It is worth noting that the involvement with the communities is also based on a proximity approach, strengthening a relationship of trust and reinforcing the social licence to operate in the different subsidiaries.

On the other hand, and as heir to the long business tradition of philanthropy and patronage of the Queiroz Pereira Family – *its major shareholder* – the Semapa Group develops and supports projects under its social corporate responsibility, either through the Nossa Senhora do Bom Sucesso Foundation and through its companies, in alignment with the United Nations' Sustainable Development Goals (SDGs). These actions are ultimately aimed at improving the quality of life of communities and environmental preservation.

5th. Intellectual capital (Chapter 4.5 of the Annual Report):

The Semapa Group invests in Research, Development and Innovation activities as a way to ensure new frontiers of business profitability, increasing process efficiency and creating innovative products. All of the Group's business segments with own RD&I are aligned, in view of guaranteeing scientific and technological knowledge production while maintaining competitiveness in various sectors.

In order to leverage their Research, Development and Innovation activities, the Group companies participate in work networks and consortia for applying for funds and external funding programmes (national and international), in addition to their own investment in this area.

Regarding the powers of the Executive Board, broad management powers are delegated to the Executive Board, which are largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in Article 407.4 of the Companies Code. Powers are specifically delegated for the following:

a) Without prejudice to the limits provided in sub-paragraphs d) to f) below, to negotiate and resolve to enter into any commercial or civil contract, by public or private act, on the terms and conditions it deems most appropriate, and to take all decisions it sees fit in the performance of these contracts;

b) To resolve to issue, sign, draw, accept, endorse, guarantee, protest or carry out any other act in connection with the use of bills or credit instruments;

c) To resolve on all routine banking operations, with Portuguese or foreign financial institutions, namely opening, consulting and establishing the form of effecting transactions in bank accounts, in all the legally admissible forms;

d) To negotiate and resolve to enter into and amend loan agreements, with financial institutions or other entities, including the provision of the respective guarantees in cases where the law permits such delegation, all on the terms it sees fit, up to an accumulated amount of € 50,000.000.00 (fifty million euros), per year, and provided that the ratio "Net Debt (excluding the effect of IFRS 16) / EBITDA", calculated through the consolidated accounts of the previous year, does not exceed 2.5 (two and a half) times the limits set out in the final part of this sub-paragraph are not applicable to the renewal of bank overdraft and current account credit facility agreements up to an accumulated amount of € 10,000,000.00 (ten million euros) per year;

e) To resolve on the acquisition, sale and encumbrance of assets of all kinds, up to the amount of € 5,000,000.00 (five million euros) per operation, on the terms and conditions it sees fit, negotiating and resolving on the conclusion for such purposes, by public or private document, of any contract, and carrying out any accessory or complementary acts which may be necessary for the performance of these contracts;

f) To resolve to acquire, dispose of and encumber interests in other companies up to € 10,000,000.00 (ten million euros) per year, in the terms and conditions it sees fit, negotiating and resolving on the conclusion for such purposes, by public or private document, of any contractual instrument, and carrying out any accessory or complementary acts which may be necessary for the performance of these contracts;

g) To take all decisions and carry out all acts in connection with the exercise by the company of its position as shareholder, namely by appointing its representatives at the General Meetings of companies in which it has holdings and adopting unanimous resolutions in writing;

h) To draft the company reports, balance sheets, financial statements and proposals for allocation of profits;

i) To take all steps necessary or appropriate in connection with the company's labour relations with its employees, namely hiring, dismissing, transferring, defining terms of employment and wage, and revising and amending the same;

j) To resolve on the representation of the company before any court, mediation or arbitration body, taking all decisions as may be necessary or appropriate in connection with any proceedings pending or upcoming, namely to withdraw, confess or settle;

k) To appoint attorneys for the company within the powers delegated to it;

l) To take all steps necessary or appropriate in connection with existing or planned issues of bonds and commercial paper, including the actual decision to issue; and

m) In general, to carry out all acts of day-to-day management in the company, except for those which cannot be delegated under Article 407.4 of the Companies Code.

The Executive Board is barred from resolving on the following:

a) Selection of the Chairman of the Board of Directors;

b) Co-option of iDrectors;

c) Requests for the call of a General Meeting;

d) Annual reports and accounts;

e) Provision of warranties and personal or real security by the company;

f) Change in registered offices and increases in share capital; and

g) Plans for merger, spin-off or transformation of the company.

Some of the company's regular procedures that have always been the practice in the company were standardised, in order to guarantee intervention by the Board of Directors in strategic decisions according to its amounts, high risk or special characteristics.

In the case of the **Audit Board,** which has the powers established in law and which are further described in paragraph 38 of this report, there are no delegated powers or special areas of responsibility for individual members.

Among other duties, one of the main purposes of the **Control and Risk Committee** is to detect and control all relevant risks in the Company's affairs, and the Committee enjoys full powers to pursue this aim, as set out in paragraph 29 of this report.

The **Corporate Governance Committee** exists to monitor, on a permanent basis, compliance by the company with corporate governance requirements established in law, regulation and the Articles of Association, and to exercise the other powers detailed in paragraph 29 of this report.

The **Talent Committee** makes recommendations and is heard in matters of appointments and evaluations, as described in paragraph 29 of this report.

The functions of the **Investor Support Office** are detailed in paragraph 56 of this report.

The **Company Secretary** is appointed by the Board of Directors and has the powers defined by law.

The **Remuneration Committee** draws up the remuneration policy for the members of the Board of Directors and Audit Board, conducts analyses and determines the remuneration of Directors, in close collaboration with the Talent Committee.

The **Strategic Planning and Development Department** is responsible for the group's planning, budgeting, and business control processes, and must also look into new investments and the Group's strategic planning and development.

As for the **New Business Department,** it is responsible for identifying and researching new business opportunities towards their implementation.

The **Talent Department,** whose Director is part of Semapa's Executive Officers Committee, is primarily responsible for submitting the Talent Management Policies for Semapa and ensuring their implementation, guaranteeing that Semapa has a solid value proposition as an employer, in order to ensure the attraction and retention of the best talents, offering an experience with positive effects for the Employee.

In this context, it covers all processes in an Employee's life cycle (attraction, integration, development, mobility, evaluation and monitoring of *alumni*), supporting management at each of these moments.

It is also in charge of promoting Semapa's Culture in all of its dimensions, ensuring close internal communication and holding events that reinforce the desire to be Simple, Close and Empowered.

At a corporate level, the Talent Department advises on processes concerning:

> The appointment of executive directors and members of other bodies and committees;

> The succession plans for executive directors, and

> The design of Evaluation and Compensation Policies and their enforcement in relation to executive directors.

Furthermore, it designs and implements development programmes for certain segments, namely front-line Managers and young talents.

The **Financial Department** is primarily engaged in financial management and planning.

The **Legal and Corporate Governance Department** provides the company with legal advice and is in charge of legal compliance and corporate governance related matters in order to assure that procedures and proceedings comply with the relevant legislation.

The **Tax Department,** provides tax advice, ensuring compliance with the applicable legislation and preventing unlawful fiscal planning.

Finally, the **Accounting and Tax Department** is mainly responsible for rendering the Company's accounts and complying with its tax obligations.

The governing bodies and internal committees mentioned above are required to exchange between them, in accordance with the legal statutory requirements, all necessary information and documents for the exercise of legal and statutory duties of such bodies and committees,with the help of the respective departments and services helping drawing up, processing and disclosing such information in an appropriate, strict and timely manner. According to these regulations and other applicable rules, these governing bodies and committees draw up complete minutes of their meetings.

The regulations of the Board of Directors and the Audit Board also establishes, in particular, mechanisms that ensure, within the limits of the legislation and applicable regulations, access of its members to Employees of the company and to all information required for assessing the Company's performance, status and development prospects, including, and without limitation, minutes, documentation supporting the decisions taken, notices and files of the meetings of the Board of Directors and its Executive Board, without prejudice to having access to other documents or persons to request clarifications.

The activities conducted by Semapa are aligned with responsible business practices, guided by the values of Entrepreneurship, Innovation and Social and Environmental Awareness, which form the basis of the various policies, codes and regulations that ensure high standards of behaviour, of which we highlight the following:

> Code of Ethics and Conduct;

> Human Rights Policy;

> Code of Good Conduct for Preventing and Combating Harassment at Work;

> Corruption Prevention Policy;

> Policy for the Prevention of Money Laundering and Terrorist Financing, and

> Fiscal Policy.

Sound policies and regulations, and monitoring of the areas that pose the greatest risk, have supported the prevention and combat of any type of corruption, and other illegal behaviour, also reinforcing the company's commitment to human rights and the other principles and rules contained in these policies and regulations, which provide the benchmark for its actions and include its commitment to sustainable development and responsible business conduct.

B) FUNCTIONING

GRI 2-18

22. Existence of the rules of procedure of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where these may be consulted.

The Board of Directors has rules of procedure which are published on the company's website[12] where they may be found.

23. Number of meetings held and attendance record of each member of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be.

The Board of Directors met 13 times in 2022, and attendance by each member (either physical or through telematic means) was as follows:

Members of the Board of Directors	Members present (%)	Members present and represented (%)
José Antônio do Prado Fay	100%	100%
Ricardo Miguel dos Santos Pacheco Pires	100%	100%
Vítor Paulo Paranhos Pereira	100%	100%
António Pedro de Carvalho Viana-Baptista	92%	92%
Carlos Eduardo Coelho Alves	100%	100%
Filipa Mendes de Almeida de Queiroz Pereira	100%	100%
Francisco José Melo e Castro Guedes	100%	100%
Lua Mónica Mendes de Almeida de Queiroz Pereira	100%	100%
Mafalda Mendes de Almeida de Queiroz Pereira	100%	100%
Paulo José Lameiras Martins	100%	100%
Vítor Manuel Galvão Rocha Novais Gonçalves	100%	100%

The table above specifies the proportion of meetings attended by the Directors in the period during which they performed their duties.

24. Indication of the company bodies empowered to assess the performance of executive directors.

The Remuneration Committee is the entity in charge of preparing the framework for the evaluation of the executive directors under the Remuneration Policy. Performance evaluation of each executive director follows an internal process structured under the responsibility/leadership of the respective person in charge (*i.e.* under the responsibility of the person who manages the team, in the case of the members of the Executive Board, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chief Executive Officer) and with the involvement of the non-executive directors named by the person in charge.

The Talent Committee is also involved in this process. It is composed by 6 non-executive members of the Board of Directors, 4 of whom are non-executive directors, who oversee the executive's board performance evaluation system and the distribution of the company's remuneration and deliver an opinion on the assessment of the performance of the executive directors, which means that the Board of Directors does not need to be involved in the assessment of the executive directors.

12 https://www.semapa.pt/sites/default/files/participacoes/Regulamento_CA EN.pdf

Finally, the Remuneration Committee must confirm that the factors have been met for the performance evaluation and ensure the overall consistency of the process by setting the variable remuneration.

Consequently, in 2022 and in relation to the 2021 financial year, the Talent Committee convened and gave its opinion on the individual performance assessment proposals for the members of the Executive Board, Ricardo Pires and Vítor Paranhos Pereira issued by the respective CEO, and the performance proposals of the Chairman of the Board of Directors for the CEO, João Castello Branco, communicating his opinion to the Remuneration Committee. Such assessment proposals are based on executive director performance assessment criteria applied by Semapa, as described in detail in paragraph 25.

In accordance with the Regulations of the Board of Directors and the Regulations of the Talent Committee, the Board of Directors, for its part, assisted by the Talent Committee, shall annually evaluate its performance as well as the performance of its committees, including the Executive Board, taking into account the implementation of the company’s strategic and budget plans, risk management, the internal functioning and the contribution of each member to these objectives, as well as the relationship with the company’s other bodies and committees. The Talent Committee monitors the overall assessment of the Board of Directors’ performance, as provided by its regulation.

The assessment of the performance of the executive directors and the self-assessment of the performance of the Board of Directors and its committees in 2021 were conducted in 2022, and the relevant performances in the 2022 financial year will be assessed in 2023, as described above.

25. Predetermined criteria for assessing the performance of executive directors.

The criteria for assessing the performance of executive directors in force from 2021 to 2024 is the criteria defined in paragraph 7 of chapter IV of the Remuneration Policy Statement for setting the variable remuneration component. Such criteria is met through a system of quantitative and qualitative KPIs of the company's performance (general business indicators weighing 65%) and of the relevant director (specific objectives weighing 20% and behavioural indicators, accounting for 15% of the total score). The general business indicators include, in particular, EBITDA, net profit, cash flow, and Total Shareholder Return vs. Peers, while the behavioural skills include the alignment of each director with the long-term interests and the sustainability of the company.

26. Availability of each of the members of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period.

The members of the Board of Directors have the appropriate time available to perform the duties entrusted to them, and the other activities carried out by the executive members during the period, outside the business group to which Semapa belongs, are negligible when compared to performance of their duties in the companies and other companies in the same business group.

Besides the activities mentioned under paragraph 19, the members of the Board of Directors occupy the positions detailed below:

JOSÉ ANTÔNIO DO PRADO FAY

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

CAMIL ALIMENTOS, S.A.	Director
CIMO - Gestão de Participações, SGPS S.A.	Chairman of the Board of Directors
SÃO SALVADOR ALIMENTOS S. A.	Director
SODIM, SGPS, S.A.	Chairman of the Board of Directors
SUPERBAC Biotechnology Solutions	Director

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

Office held in other companies belonging to the same group as Semapa:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Chairman of the Board of Directors[13]
APHELION, S.A.	Chairman of the Board of Directors
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Manager[14]
ETSA LOG, S.A.	Chairman of the Board of Directors[15]
ETSA - Investimentos, SGPS, S.A.	Chairman of the Board of Directors
I.T.S. - Indústria Transformadora de Subprodutos, S.A.	Chairman of the Board of Directors[16]
SEBOL - Comércio e Indústria de Sebo, S.A.	Chairman of the Board of Directors[17]
SEMAPA Inversiones, S.L.	Director
SEMAPA NEXT, S.A.	Chairman of the Board of Directors[18]

Office held in other companies:

CIMO - Gestão de Participações, SGPS S.A.	Director
PYRUS AGRICULTURAL LLC	Director
PYRUS INVESTMENTS LLC	Director
PYRUS REAL ESTATE LLC	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Chairman of the Board of Directors[19]
SODIM, SGPS, S.A.	Director
THE NAVIGATOR COMPANY, S.A.	Chairman of the Board of Directors[20]
UPSIS, S.A.	Director

VÍTOR PAULO PARANHOS PEREIRA

Office held in other companies belonging to the same group as Semapa:

APHELION, S.A.	Director
SEMAPA Inversiones, S.L.	Chairman of the Board of Directors
SEMAPA NEXT, S.A.	Director[21]

Office held in other companies:

ANTASOBRAL - Sociedade Agropecuária, S.A.	Director
CAPITAL HOTELS - Sociedade de Investimentos e Gestão, S.A.	Director
CIMO – Gestão de Participações, SGPS S.A.	Director
GALERIAS RITZ, S.A.	Chairman of the Board of Directors
HOTEL RITZ, S.A.	Director
PARQUE RITZ, S.A.	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
SOCIEDADE AGRÍCOLA da HERDADE dos FIDALGOS, Unip., Lda	Manager
SONAGI, SGPS, S.A.	Chairman of the Board of Directors
SONAGI – Imobiliária, S.A.	Chairman of the Board of Directors
THE NAVIGATOR COMPANY, S.A.	Director
ASSOCIAÇÃO DA HOTELARIA DE PORTUGAL	Chairman of the General Meeting

13 In office until 27 May 2022.
14 In office until 27 May 2022.
15 In office until 27 May 2022.
16 In office until 27 May 2022.
17 In office until 27 May 2022.
18 Appointed Chairman of the Board of Directors on 1 January 2022.
19 Appointed Chairman of the Board of Directors on 1 January 2022.
20 Appointed Chairman of the Board of Directors on 1 January 2022.
21 Appointed Member of the Board of Directors on 1 December 2022.

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

ALTER VENTURE PARTNERS G.P., SARL	Director
ATENTO, S.A.	Director[22]
AZORA CAPITAL S.L.	Director
JERÓNIMO MARTINS SGPS, S.A.	Director

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

ABSTRACTREASON, LDA.	Manager
BESTWEB, Prestação de Serviços e Consultoria Informática, Lda	Manager
CAPITAL HOTELS – Sociedade de Investimento e Gestão S.A.	Chairman of the Board of Directors
CIMO – Gestão de Participações, SGPS S.A.	Director
FUNDAÇÃO NOSSA SENHORA DO BOM SUCESSO	President of the General Council
HOTEL RITZ, S.A.	Director
LAGUM - Sociedade Imobiliária, Lda.	Manager
TARGET ONE CAPITAL, S.A.	Sole Director[23]
SODIM, SGPS, S.A.	Director
ABELAR CAPITAL, Lda.[24]	Manager
PREMIUM PECULI, S.A.[25]	Director[26]

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Office held in other companies belonging to the same group as Semapa:

SEMAPA NEXT, S.A.	Director

Office held in other companies:

CIMO – Gestão de Participações, SGPS S.A.	Director
ECO MALHADA, Lda.	Manager
SODIM, SGPS, S.A.	Director
PREMIUM CAELI, S.A.	Sole Director[27]
PREMIUM PECULI, S.A.[28]	Chairman of the Board of Directors[29]

22 Ceased functions on 30 June 2022.
23 Start of the term of office on 17 May 2022.
24 Previously called Realtraje, Lda.
25 Formerly known as Representações Carvalhal, S.A.
26 Ceased functions on 17 May 2022.
27 Start of the term of office on 17 May 2022.
28 Formerly known as Representações Carvalhal, S.A.
29 Until 17 May 2022 she held the position of Member of the Board of Directors, having been appointed Chairman of the Board of Directors thereafter.

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

CIMO – Gestão de Participações, SGPS S.A.	Director
KEYTARGET INVESTMENTS - Consultoria e Investimentos, S.A.	Sole Director[30]
MONTE DA PRAIA RECURSOS NATURAIS, S.A.	Director
SOCIEDADE AGRÍCOLA da HERDADE dos FIDALGOS, Unip., Lda	Manager
SODIM, SGPS, S.A.	Director
SONAGI, SGPS, S.A.	Director
PREMIUM PECULI, S.A.[31]	Chairman of the Board of Directors[32]

PAULO JOSÉ LAMEIRAS MARTINS

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

HAITONG BANK, S.A.	Director
PARAMA UNIPESSOAL, Lda.	Director

According to the regulation of the Board of Directors, the directors of the Executive Board may not perform executive functions in entities outside of the Company's group, unless the activity of such entities is found to be ancillary or complementary to the group's activity or is not very time-consuming, thus the executive directors do not perform duties in other companies that do not fulfil the aforementioned criteria.

The same regulation provides that the directors who are not part of the Executive Board may perform management functions (either executive or not) in entities outside of the company's group, where such companies do not carry out activities that compete with that of the company or of directly or indirectly subsidiary companies, and the Chairman of the Board of Directors must be notified before the start of such functions. The non-executive directors of the company do not perform duties in other companies which do not meet the requirements mentioned above.

C) COMMITTEES BELONGING TO THE MANAGEMENT OR SUPERVISORY BODIES AND MANAGING DIRECTORS

27. Identification of committees set up by the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where the rules of procedure may be consulted

The following committees exist in the company within the Board of Directors: Executive Committee, Executive Officers Committee, Control and Risk Committee, Corporate Governance Committee and Talent Committee.

Executive Officers Committee, the Control and Risk Committee, the Corporate Governance Committee and the Talent Committee have rules of procedure, which are published on the company website[33] , where they may be looked up.

30 Start of the term of office on 17 May 2022.
31 Formerly known as Representações Carvalhal, S.A.
32 Ceased functions on 17 May 2022.
33 https://www.semapa.pt/en/governo/estatutos

Given its nature, composition and origin from the Board of Directors, which has its own regulation on autonomous functioning and specific rules on the organisation and functioning of its Executive Board, the CGC does not have an autonomous regulation. Consequently, the following operating rules provided by said regulation and the act delegating power shall apply:

a) The Executive Board shall meet when convened by the Chairman or any other two members;

b) The members of the Executive Board may be represented by another member, and each person may not represent more than one member;

c) The Chief Executive Officer has a casting vote;

d) Absent members may cast written votes, and

e) The Chief Executive Officer is particularly responsible for reporting and communicating with the Board of Directors.

28. Composition, if applicable, of the executive board and/or identification of the managing director(s).

The following were the members of the Executive Board in 2022:

a) Ricardo Miguel dos Santos Pacheco Pires, the CEO, and

b) Vítor Paulo Paranhos Pereira.

Ricardo Pires was appointed member of the Executive Board by resolution of the Board of Directors of 5 June 2018 and became CEO on 1 January 2022 by resolution of the Board of Directors of 3 November 2021, and Vítor Paranhos Pereira was appointed Executive Director by resolution of the Board of Directors of 31 January 2020, with effect from 01 March 2020.

29. Indication of the powers of each of the committees created and summary of the activities carried on the exercise of these responsibilities.

EXECUTIVE BOARD:

The powers of the Executive Board are described in paragraph 21 of this report.

The Executive Board is the company's executive body, which has performed its duties in the scope of the powers entrusted to it by the Board of Directors. The Board meets on a regular basis and whenever necessary in light of ongoing business and monitoring of the company's activity. In 2022 it held 41 meetings. These meetings are attended by the members of the Executive Board, as well as the Company Secretary, Rui Gouveia. When the matters to be discussed so require, non-executive directors, directors of the Group's companies and some of the Company's managers may also take part in the meetings.

EXECUTIVE OFFICERS COMMITTEE:

The Executive Officers Committee assists the Executive Board in the functions delegated to it by the Board of Directors of the Company and, at the request of the Executive Board, is also responsible for issuing non-binding opinions on the following matters:

a) Implement the strategies and policies defined and the annual budget;

b) Carry out the financial, accounting and tax control;

c) Conduct the HR management policy;

d) Make investments or disinvestments, including the negotiation and execution thereof;

e) Conduct reorganisation operations;

f) Monitor subsidiaries, including the provision of technical, financial and governance support;

g) Conduct financial operations, including the issuing of debt;

h) Bring judicial action, renounce or negotiate agreements in the framework of judicial proceedings or of similar nature;

i) Award sponsorships, grants or donations of a similar nature,

j) Prepare proposals to be presented to the Board of Directors by the Executive Board, including strategic guidelines or medium and long-term plans, budgets for the following financial year, management reports and profit and loss accounts, sustainability, risk and corporate governance reports, and proposals for the appropriation of profits.

The Executive Officers Committee met 41 times in financial year 2022 and is comprised of Ricardo Pires, Chairman, and Vítor Paranhos Pereira, Isabel Viegas and Hugo Pinto as members, whereas Ricardo Pires and Vítor Paranhos Pereira are also Directors of the company.

The Executive Officers Committee has performed its role of monitoring and supporting the Executive Board, collaborating actively, namely through regular meetings, with all of Semapa's departments, on the different matters allocated to it, and in particular on strategy, with a view to assuring its implementation by the Group's different business units and by Semapa as an individual holding company, within the scope of the aforementioned powers.

CONTROL AND RISK COMMITTEE:

In view of implementing its purpose to detect and control all relevant risks in the company's affairs, in particular financial risks, the Control and Risk Committee has the following responsibilities and powers:

a) To monitor the Company's business affairs, with integrated and permanent analysis of the risks associated with these affairs;

b) To propose and follow through the implementation of specific measures and procedures relating to the control and reduction of the Company's business risks, with a view to perfecting the internal control system, including in particular the risk management function;

c) To check implementation of the adjustments to the internal control management system, and in particular to the risk management function, proposed by the Audit Board; and

d) To propose the discussion, alteration and introduction of new procedures to improve the detection, control and management of risks inherent to the company.

The Control and Risk Committee shall prepare for approval by the Board of Directors the company's risk policy for each fiscal year, which shall identify, without limiting:

a) The main risks to which the company is subject in the development of its activities and limits on risk-taking for the company;

b) The likelihood of such relevant risks and their impact on the company's operations; and

c) The necessary tools and measures for the mitigation of the risks identified as relevant for the company's activities.

The Control and Risk Committee met four times in 2022 and on 31 December 2022 it included Paulo Lameiras Martins, Chairman, and Vítor Paranhos Pereira and Margarida Rebocho, as members. Paulo Lameiras Martins and Vítor Paranhos Pereira were also Directors of the company.

This committee conducted the activities, ensured the monitoring and made all the verifications corresponding to its duties, and held joint meetings with the members of the Audit Board, with the support of the Financial Department and the Accounts and Tax Department.

CORPORATE GOVERNANCE COMMITTEE:

The Corporate Governance Committee monitors on a continuous basis the Company's compliance with the provisions of the law, regulations and articles of association applicable to corporate governance and it is responsible for critical analysis of the company's practices and procedures in the field of corporate governance and for proposing for debate, altering and introducing new procedures designed to improve the structure and governance of the Company. The Corporate Governance Committee is also required to assess annually corporate governance and submit to the Board of Directors any proposals as it sees fit.

The Corporate Governance Committee met twice in the financial year 2022. On 31 December2022 it consisted of José Fay, Chairman, and Ricardo Pires and Rui Gouveia, Members and, respectively, Chairman of the Board of Directors, Chief Executive Officer and Company Secretary.

The Corporate Governance Committee conducted its oversight and corporate governance assessment activities throughout the financial year. It also participated actively in the drafting of the Annual Report on Corporate Governance, for which it obtained the necessary information from Rui Gouveia, who is also the Legal Director of the company, and ongoing contact and attendance of meetings by another member of the Legal Department.

TALENT COMMITTEE:

The Talent Committee functions in compliance with the provisions of its regulations and is expected to perform the following duties in relation to the governing bodies:

a) Concerning appointments:

i. Assisting the Board of Directors in identifying and assessing the suitability of the profile, knowledge and curriculum vitae of nominees for the governing bodies to be appointed, namely the appointment by co-option to perform the duties of member of the Board of Directors of the Company, and the nomination of directors who will perform executive duties;

ii. Provide the terms of reference available and foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity; and

iii. Whenever deemed appropriate, to know and monitor the processes of selection of nominees for the performance of executive management duties in subsidiaries of the Group, in cases where the Company intends to present the respective elective proposal.

b) Concerning evaluation:

i. Monitor the management performance assessment system and the allocation of the company's remuneration;

ii. To issue an opinion on the proposals for the annual individual assessment of the performance of the members of the Executive Board, issued by the respective Chairman and on the assessment of the later issued by the Chairman of the Board of Directors; and

iii. Monitor the overall assessment of the performance of the Board of Directors as a body, taking into account compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to this end.

The Commission is also responsible for talent management: (i) monitor and issue recommendations on internal policies and procedures relating to the group's talent management; and (ii) periodically assess the need and availability of talent in the group and recommend appropriate actions to ensure the group's ability to meet the rising challenges.

The Talent Committee met 4 times in the financial year 2022. At 31 December 2022, the members of the Talent Committee were José Fay, Chairman, Ricardo Pires, Filipa Queiroz Pereira, Mafalda Queiroz Pereira, Lua Queiroz Pereira, and Isabel Viegas, Members, being the first five company Directors.

The remuneration setting process, which is overseen by the Talent Committee, is the duty of the company’s Remuneration Committee, set up under Article 399 of the Commercial Companies Code, with powers, namely, to prepare the remuneration policy and to analyse and set the remuneration of the Directors.

III. AUDITING

A) COMPOSITION

30. Identification of the supervisory body corresponding to the model adopted.

The company's affairs are supervised by the Audit Board and the Statutory Auditor, in accordance with Article 413.1.b) of the Companies Code.

31. Composition, as applicable, of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum numbers of members and duration of their term of office, as established in the Articles of Association, number of full members, date of first appointment and end date of the term of office of each member; reference may be made to the item in the report where this information is contained in accordance with paragraph 17.

As established in the Articles of Association, the Audit Board consists of three to five full members, one of whom serves as Chairman with a casting vote, and one or two alternate members, depending on whether there are three or more full members, all holding office for three-year terms.

Members of the Audit Board	Date of first appointment and end date of term of office
José Manuel Oliveira Vitorino (Chairman)	2014-2024
Gonçalo Nuno Palha Gaio Picão Caldeira (Full member)	2006-2024
Maria da Graça Torres Ferreira da Cunha Gonçalves (Full member)	2018-2024
Ana Isabel Moraes Nobre de Amaral Marques (Alternate member)	2016-2021
Maria da Luz Gonçalves de Andrade Campos (Alternate member)	2022-2024

Ana Isabel Moraes Nobre de Amaral Marques was not re-elected as alternate member of the Audit Board for the new term of office 2022/2024, and Maria da Luz Gonçalves de Andrade Campos was appointed to exercise these functions, for said term of office, at the General Meeting held on 27 May 2022.

The company considers that it has a sufficient number of members of the Audit Board for its size and the complexity of the risks inherent in its activity, thus ensuring the efficient performance of its duties. This judgment on the suitability of the proportion took into account, in particular, the company's activities and its nature as a holding company, the stability of the shareholder structure, the diversity of skills and the availability of the members of the Audit Board for the performance of their duties, namely, through close collaboration with the other bodies and committees of the company and the External Auditor and the Statutory Auditor.

32. Identification, as applicable, of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs who are deemed independent, in accordance with Article 414.5 of the Companies Code; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 18.

The members of the audit board, José Manuel Oliveira Vitorino (Chairman) and Maria da Graça Torres Ferreira da Cunha Gonçalves, are deemed independent by Semapa, in accordance with criteria laid down in Article 414.5 of the Companies Code. The former is currently in his third term and the latter in her second term of office.

Gonçalo Nuno Palha Gaio Picão Caldeira cannot be considered an independent member as he is serving his fifth term of office as a member of the Audit Board, as provided for in article 414.5.b) of the Portuguese Companies' Code.

33. Professional qualifications, as applicable, of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs and other relevant biographical details; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 21.

JOSÉ MANUEL OLIVEIRA VITORINO

José Manuel Vitorino has a degree in Corporate Organisation and Management by Instituto Superior de Economia of Lisbon University. He is a qualified Statutory Auditor and certified by the executive training programme of Universidade Nova de Lisboa. He was an Assistant Professor at the School of Economics of Coimbra University until 1980, after which he joined PricewaterhouseCoopers and performed functions in auditing and financial consultancy, in national and foreign companies and groups, and in projects by taking part in international teams. He had performed Partner duties for several years when he left PricewaterhouseCoopers in 2013, after reaching the default retirement age. He was the Chairman of the Audit Board of Novo Banco, S.A. until 2017 and currently is member of the Audit Board of ANA – Aeroportos de Portugal, S.A. He is a member of the Audit Board of The Navigator Company since 2015, and of Semapa and Secil since 2016, and became Chairman of these supervisory bodies in 2018. He has also been a Member of the Internal Control Committee of Jerónimo Martins, S.A. since 2022.

GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

Gonçalo Picão Caldeira has a degree in Law and joined the Portuguese Bar Association in 1991, after completing a legal internship. He holds an MBA on Management from Universidade Nova de Lisboa and attended a course in real estate management and evaluation from ISEG. Gonçalo Picão Caldeira has performed management and property development duties in family-owned companies since 2004. He collaborated previously with BCP Group (1992-1998) and Sorel Group (October 1998 to March 2002). He also worked for Semapa from April 2002 to February 2004. He has been a member of the Audit Board of Semapa since 2006, and of The Navigator Company and Secil since 2007 and 2013, respectively.

MARIA DA GRAÇA TORRES FERREIRA DA CUNHA GONÇALVES

Maria da Graça da Cunha Gonçalves holds a Degree in Business Organisation and Management from Instituto de Ciências do Trabalho e da Empresa (ISCTE), obtained in 1978. She is a qualified Statutory Auditor. She performed duties in General and Cost Accounting and Planning and Financial Analysis at Magnetic Peripherals Inc. Portugal (Control Data Corporation) until 1985, and Financial Analyst at Shell Portuguesa, S.A. from 1985 to 1989. She served as CFO, from 1989 to 1995 at United Distillers Comp. Velha, Lda. and at ITT Automotive Europe GmbH. She was Back Office Director at Pernod Ricard Portugal from 1995 to 2015. She is a member of the Audit Board of Semapa, The Navigator Company and Secil since 2018.

B) FUNCTIONING

34. Existence and place where the rules of procedure may be consulted for the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 22.

The Audit Board has rules of procedure which are published on the company website[34], where they may be found.

35. Number of meetings held and rate of attendance at meetings of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 23.

In financial year 2022, the Audit Board met 34 times, with members present at all meetings (physical presence or through telematic means).

36. Availability of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 26.

The members of the Audit Board have the appropriate time available to perform the duties entrusted to them.

Besides the activities mentioned in paragraph 33, the members of the Audit Board perform the duties detailed below:

JOSÉ MANUEL OLIVEIRA VITORINO

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

ANA Aeroportos de Portugal, S.A.	Member of the Audit Board
SECIL – Companhia Geral de Cal e Cimento, S.A.	Chairman of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Chairman of the Audit Board
JERÓNIMO MARTINS, S.A.	Member of Internal Control Committee[35]

34 https://www.semapa.pt/sites/default/files/participacoes/Regulamento_CF_EN.pdf
35 Start of the term of office on 02 May 2022.

GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

LINHA DO HORIZONTE – Investimentos Imobiliários, Lda.	Manager
LOFTMANIA – Gestão Imobiliária, Lda.	Manager
SECIL – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Member of the Audit Board

MARIA DA GRAÇA TORRES FERREIRA DA CUNHA GONÇALVES

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa.

Office held in other companies:

SECIL – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Member of the Audit Board

C) POWERS AND RESPONSIBILITIES

37. Description of the procedures and criteria applicable to the work of the supervisory body for the purposes of contracting additional services from the External Auditor.

The Audit Board analyses the non-audit services and the proposals submitted by the External Auditor and the Statutory Auditor for provision of the same as supplied to them by the directors, seeking to safeguard, essentially, that the independence and impartiality of the External Auditor and the Statutory Auditor, needed for the provision of audit services is not undermined and that the additional services are provided to a high standard of quality and independence.

Note that such analysis is conducted by the Audit Board following the rules laid down in the Statute of the Portuguese Association of Statutory Auditors, as adopted by Law no. 140/2015 of 7 September, and the internal procedures established to guarantee that new legal provisions are fulfilled.

38. Other duties of the supervisory bodies and, if applicable, of the Committee for Financial Affairs.

As stated above, the Audit Board has the duties established in law, in particular those stated in Article 420 of the Companies Code, as well as those indicated in the Rules of Procedure of the Audit Board, which include:

a) To supervise the management of the company, including, in this regard, an annual assessment of the budget, the internal operation of the Board of Directors and its committees, and the relation between the different corporate bodies and committees of the company;

b) To ensure compliance with the law and the articles of association;

c) To check that books, accounting records and the respective supporting documents are in order;

d) To verify, when it deems to be appropriate and as it sees fit, the state of cash and inventories of any type of goods or assets belonging to the company or received by the same as security, deposit or on another basis;

e) To verify the accuracy of financial reporting;

f) To verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of the company's assets and results;

g) To draw up an annual report on its audit activities and to issue its opinion on the report, accounts and motions submitted by the Directors;

h) To convene the General Meeting when the Chairman of the Meeting fails to do so;

i) To evaluate and issue its opinion on the strategic lines and the risk policy prior to their final approval by the Board of Directors;

j) To supervise and assess the effectiveness of the internal control system, understanding the risk management, compliance and internal audit functions, if any, proposing the adjustments deemed to be necessary;

k) To issue its opinion on the work plans and resources allocated to the internal control system, including the risk management, compliance and internal audit functions, if any, proposing the adjustments deemed to be necessary;

l) To receive reports of irregularities (whistleblowing) submitted by shareholders, Employees or others;

m) To contract the provision of services by experts who assist one or more of its members in the exercise of their functions, which experts shall be contracted and remunerated in line with the importance of the matters entrusted to them and the economic situation of the company;

n) To supervise the appropriateness of the procedure for preparation and disclosure of financial information by the Board of Directors, including the adequacy of the accounting policies, estimates, evaluations, relevant disclosures and a consistent implementation thereof in each year, that shall be fully documented and communicated;

o) To select the statutory audit firms to be proposed to the General Meeting and justifiably recommend its preference for such firm and propose the respective fees; the selection process shall begin with invitations addressed by the company to audit firms identified as reference in the provisioning of statutory audit services, which, in turn, submit their bids for the internal analysis of the company, in accordance with the following selection criteria:

    i. Quality of the bidsreceived;

    ii. Knowledge of the sectors in which the Semapa Group operates;

    iii. Technical quality and seniority of the experts that make up the proposed teams; and

    iv. Financial conditions presented by each entity.

p) To propose to the General Meeting the dismissal of the Statutory Auditor or the termination of the services provision agreement whenever there are justifiable grounds for that purpose;

q) To supervise the auditing of the company's financial statements and reports;

r) To confirm if the disclosed report on the corporate governance structure and practices includes the information listed in Article 29-H of the Portuguese Securities Code;

s) To supervise the independence of the statutory auditor, namely with regard to the provision of additional services, and assess yearly the work carried out by the statutory auditor and its suitability for the performance of the tasks assigned to it;

t) To issue a previous and binding opinion on the Regulation on Conflicts of Interests and Related Party Transactions to be drawn up and approved by the Board of Directors or, in the absence of such Regulation, on the definition by the Board as to whether the transactions the company carries out with related parties are conducted within the scope of the company's current activity and under market conditions;

u) To issue, within a reasonable time, a prior opinion on any business with related parties that is not carried out within the scope of the company's current activity and under market conditions;

v) To check that related party transactions carried out by the company are conducted within the scope of the company's current activity and under market conditions;

w) To monitor the process for preparation and disclosure of the financial information and submit recommendations or proposals to ensure their integrity;

x) To supervise the effectiveness of the internal quality control and risk management systems and, if applicable, of the internal audit, with regard to the procedure for preparing and disclosing financial information, while preserving its independence;

y) To monitor the statutory audit of annual individual and consolidated accounts, namely the execution thereof;

z) To check and monitor the audit firm's independence in the exercise of its statutory audit activity or in the provision of other legally permitted services, as defined in the applicable law and regulations, by means of **(i)** the statement, during the audit firm's selection process, ensuring that the company has an internal mechanism guaranteeing independence and prevention of conflicts of interest, which it implements, **(ii)** the proof provided regularly by the audit firm that such internal mechanisms are adequate and comply with the applicable laws and regulations; **(iii)** by obtaining an annual declaration of its independence; **(iv)** the annual reporting on the separate audit services that have been provided; **(v)** the reasoned proposal on the possible extension of the statutory audit firm's functions beyond the maximum legal period, with consideration of the respective conditions of independence and the advantages and costs associated with its replacement, **(vi)** the communication by the audit firm regarding the exceeding of the fees threshold, and **(vii)** the joint analysis of possible threats to its independence, and on the application of mitigation safeguards;

aa) To check that the proposals for the provision of non-audit services submitted by the audit firm do not fall within the scope of the non-audit services that are not permitted and ensure that the requirements for their delivery are met, including the assessment with regard to the maintenance of independence and the prevention of conflicts of interest and the adequacy of the services to be provided; under the terms and for the purposes of this sub-paragraph, non-audit services which as such are not allowed under the applicable laws and regulations in this area, in particular Article 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council) and

bb) Perform any other duties proposed in law or the articles of association.

The Audit Board is also the main point of contact with the External Auditor and the Statutory Auditor, with direct access to and knowledge of his work. The company believes that this direct supervision by the Audit Board is possible, without interference from the Board of Directors, in relation to the work carried on by the External Auditor and the Statutory Auditor, provided that it does not undermine a prompt and adequate information of the management body, which has ultimate responsibility for the company's affairs and financial statements. Complying with this principle, the External Auditor and Statutory Auditor's reports are addressed to the Audit Board and discussed at joint meetings of this board with a member of the Board of Directors, which include the findings of the accounts audit, and the Audit Board ensures that the necessary conditions are in place in the Company for the provision of audit services. The Audit Board is further in charge of suggesting and monitoring, with the support of the Company's internal services, the External Auditor and Statutory Auditor's pay.

The Statutory Auditor also cooperates with the Audit Board to provide, immediately and in accordance with applicable legal and regulatory terms, information on irregularities relevant to the performance of the Audit Board's duties that it has detected, as well as any difficulties arising from the performance of his duties.

Pursuant to the rules of procedure of the Audit Board, the Statutory Auditor and the company shall maintain permanent and adequate channels of communication, namely through regular meetings with the management, the Audit Board and the services and departments with responsibilities in the areas concerned and with the consequent discussion and analysis of all information that may be pertinent in the exercise of the corresponding activity.

IV. STATUTORY AUDITOR

39. Identification of the Statutory Auditor and shareholder representing the Statutory Auditor.

STATUTORY AUDITOR

Member: KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. represented by Paulo Alexandre Martins Quintas Paixão (ROC)

Alternate: Vitor Manuel da Cunha Ribeirinho (ROC)

40. Indication of the consecutive number of years for which the statutory audit firm has held office in the company and/or group.

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. has held office with the company since 2018.

41. Description of other services provided by the statutory auditor to the company.

In addition to legal auditing services, KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. has provided the Company with other authorised services.

V. EXTERNAL AUDITOR

42. Identification of the External Auditor appointed for the purposes of Article 8 and the Partner and Statutory Auditor representing such firm in the discharge of these duties, together with their respective registration number with the Securities Market Commission.

The company's External Auditor and its representative are indicated in paragraph 39, and KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. is registered with the Securities Market Commission under number 20161489.

43. Indication of the consecutive number of years for which the external auditor and the respective partner and statutory auditor representing the same in the discharge of these duties has held office in the company and/or group.

The external auditor is the statutory auditor KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., represented by partner Paulo Alexandre Martins Quintas Paixão (ROC), both having held office with the Company since 2018.

44. Policy on rotation of the External Auditor and the respective partner and Statutory Auditor representing the same in the carrying out of these duties, and the respective frequency of rotation.

The policy and frequency of rotation of the External Auditor and Statutory Auditor and its representative is determined by Article 54 of Law 140/2015, of 7 September (Statute of the Portuguese Association of Statutory Auditors), which came into force on 1 January 2016 and enshrined a new legal regime applicable to the mandatory rotation of Statutory Auditors in public interest companies, such as Semapa.

In 2022, at the proposal of the Audit Board, which considered that the applicable legal conditions had been met, KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. was reappointed for the new three-year period 2022-2024 as the Company's Statutory Auditor, under the terms of the Statute of the Portuguese Association of Statutory Auditors and the maximum time limits for carrying out statutory audits foreseen therein.

45. Indication of the body responsible for assessing the External Auditor and the intervals at which this assessment is conducted.

As part of its supervisory work and auditing of the Company's accounts, the Audit Board assesses the External Auditor and the Statutory Auditor on an ongoing basis, particularly under the preparation of its Report and Opinion on the annual accounts.

46. Identification of work, other than audit work, carried out by the External Auditor for the company and/or companies in a controlling relationship with it, and indication of the internal procedures for approval of the contracting of these services and indication of the reasons for contracting them.

The services delivered by the External Auditor and the Statutory Auditor other than audit work have always been approved by the Audit Board, in compliance with the applicable laws and internal procedures set up for this purpose.

These services consist essentially of support services to safeguard compliance with legal or contractual obligations laid down in the legal framework provided by the Statute of the Portuguese Association of Statutory Auditors Association in force in Portugal and abroad, and are approved by the Audit Board. The Board of Directors and the Audit Board consider that the occasional contracting of these services is justified by the External Auditor and Statutory Auditor's accrued experience in the sectors in which the company operates and by the quality of their work, in addition to the careful definition of the scope of services required at the contracting stage, and to the fact that the Audit Board is supported by the analysis and internal opinions of the services.

In the framework of the provision of tax consultancy services and services other than auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the Company, in particular by the Audit Board and the Control and Risk Committee.

47. Indication of the annual remuneration paid by the company and/or controlled, controlling or group entities to the auditor and other individuals or organizations belonging to the same network, specifying the percentage relating to the following services:

Services	Company		Group entities (including the company)	
	Amount	Percentage	Amount	Percentage
Value of auditing services	35,549.00	68%	896,702.00	73%
Value of reliability assurance services	16,500.00	32%	208,700.00	17%
Value of tax consultancy services	-	-	-	-
Value of other services other than auditing services	-	-	125,750.00	10%
Total:	**52,049.00**	**100%**	**1,231,152.00**	**100%**

Note:
Amounts in Euros

In 2022, services other than audit services contracted by the Company or controlling entities from the External Auditor or the Statutory Auditor, including by entities belonging to the same corporate group or service network, represented 27% of the total services provided.

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to amendment of the articles of association (Article 245-A.1.h[36])).

There are no specific rules at Semapa on the amendment of the Articles of Association, and the general supplementary rules contained in the Companies Code therefore apply here.

II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING)

GRI 2-16, 2-26

49. Whistleblowing - procedures and policy

The company has a set of Regulations on the Reporting of Irregularities since 2006, which govern the Company's procedures that governing bodies and employees can use to report irregularities allegedly taking place within the Company.

The aforementioned regulation was revised in 2022, as part of the entry into force of the Whistleblower Protection Act - Law no. 93/2021, of 20 December - providing, among other things, for the obligation of certain companies to create internal reporting channels that allow the secure submission and follow-up of complaints, in order to ensure the completeness, integrity and preservation of the complaint, the confidentiality of the identity or anonymity of the whistleblowers and the confidentiality of the identity of third parties mentioned in the complaint, as well as to prevent access by unauthorised persons.

Thus, and until the implementation of the Whistleblower Reporting Channel on 15 June 2022, Semapa had a set of rules and procedures in place for whistleblowing that provided for the following:

a) The general duty to report alleged irregularities, requiring that such reports are made to the Audit Board with such powers, and also providing for an alternative solution in the event of conflicts of interests on the part of the Audit Board regarding the report in question.

b) The Audit Board, which may be assisted for these purposes by the Control and Risk Committee, shall investigate all facts necessary for assessment of the alleged irregularity. In the event of conflict of interest regarding an irregularity committed by a member of the Audit Board, a copy of the report must also be sent to the Chairman of the Board of Directors.

c) The process ends with the report being filed or a proposal for application of the measures most appropriate in light of the irregularity in question being submitted to the Board of Directors or the Executive Board, depending on whether a Company officer is implicated or not.

d) To safeguard the confidentiality of disclosure and non-prejudicial treatment of the employee reporting the irregularity, as well as rules on providing information on the regulations throughout the Company.

The revision of the Regulation on the Reporting of Irregularities has extended the scope of application of the rules contained therein to the company's committees, shareholders, candidates in the recruitment process, service providers, contractors, subcontractors, suppliers, volunteers and trainees of the Company, as well as redefining the concept of "irregularity" in accordance with the applicable laws.

36 Corresponds to current Article 29 -H.1.h) of the Securities Code.

Under the terms of these Regulations, the communication of irregularities is made through the whistleblower reporting channel available on the company's website and the reception and follow-up of the communications is carried out by the Legal Department - which may consult other departments and internal committees, except in the case of conflicts of interest, or hiring of external entities - followed by reporting to the Audit Board of all irregularities reported and followed up. Anonymous reporting is also permitted, ensuring in any case that it will be treated confidentially and that the whistleblower will not be harmed.

In case of conflict of interest of the Legal Department concerning the irregularity allegedly committed, the Audit Board shall be directly responsible for the follow-up of the procedure.

Report processing shall follow a set of rules, as provided in the Regulation on the Reporting of Irregularities in force and which, briefly, provide for an enquiry process that includes the appropriate internal acts for verifying reported irregularities and, when possible, terminating them, as well as a set of communications to be made to the complainant regarding the progress. The enquiry procedure ends with a proposal to close the case or a proposal to apply the most appropriate measures in view of the irregularity in question, for assessment and final decision by the Executive Board or by the Board of Directors, if a member of the Executive Board is involved. The final decision will be communicated to the Audit Board and to the Chairman of the Board of Directors, always bearing in mind the rules in the Regulation on Conflict of Interests and Related Party Transactions.

The Company's Whistleblower Reporting Channel, which is managed by an external and independent entity, Deloitte, which separates the reports submitted and guarantees anonymity and confidentiality, is available on the company's website[37] e, and by telephone on +351 210 427 83. The telephone line refers the complainant to the Whistleblower Channel, which will record the details of the complaint.

The internal regulations of the company's bodies and committees also provide for the adoption and compliance with the published Regulation on the Reporting of Irregularities.

It should also be mentioned that, since 2002, the company has had a set of Ethical Principles in force, as approved by the Board of Directors, which lay down rules and principles of conduct that apply to employees and members of corporate bodies. Its personal scope of application was broadened to include members of committees, representatives and service providers under the review carried out in February 2023, which then changed name to the Code of Ethics and Conduct, which has also been published.

In particular, this document establishes the duty of diligence, requiring professionalism, zeal and responsibility, the duty of loyalty, which in relation to the principles of honesty and integrity is especially geared to safeguard conflicts of interest, and the duty of confidentiality, in relation to the treatment of inside information.

The document also establishes duties of corporate social responsibility, namely of environmental conservation and protection of all shareholders, ensuring that information is fairly disclosed, and all shareholders are treated equally and fairly.

The Code of Ethics and Conduct which, by the end of 2018, had expressly enshrined the commitment to respect and promote Human Rights, to combat money laundering and corruption, currently reinforces respect for competition legislation, since the revision of February 2023.

Semapa has also had a Code of Good Conduct for Preventing and Combating Harassment in force since 1 October 2017, setting out specific rules designed to prevent and combat any type of harassment in the workplace, without prejudice to other rules of conduct applicable to employees. This code was revised in 2022 to accommodate changes to the Regulation on the Reporting of Irregularities.

37 https://www.semapa.pt/en/governo/canaldedenuncias

The company has also had a Tax Policy since 2022, which seeks to ensure full compliance with tax obligations by Semapa and the other companies in the Group, in all jurisdictions in which they operate. This Policy is in line with the Group's corporate development strategy and adjusted to the economic substance of its activity, and the tax effects of the transactions undertaken are one of many economic reasons underlying the Group's management decisions.

Furthermore, the company adequately and effectively discloses its tax policy on its website[38], reviewing it whenever deemed appropriate, and ensures both the establishment and compliance with internal procedures through adequate and regular supervision of its tax practices, with the involvement of its corporate bodies, always with the aim of minimising potential risks in decision-making on tax matters.

In addition to the revisions to the existing Policies mentioned above, in February 2023 the Board of Directors also approved a set of policies aimed at reinforcing the company's commitment to the sustainability objectives and guaranteeing minimum safeguards, namely the Human Rights Policy, the Corruption Prevention Policy and the Policy for the Prevention of Money Laundering and Financing of Terrorism, which can be found on the website[39] of the company.

III. INTERNAL CONTROL AND RISK MANAGEMENT

GRI 2-25, 2-26

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

Although the Company has no specific independent structure for internal audits, the internal control - which comprises the risk management and compliance functions - is conducted by the Board of Directors and through an internal committee with special responsibilities in this area - the Control and Risk Committee - the Audit Board and the External Auditor and Statutory Auditor being responsible for monitoring and assessment of the internal control system, including of the efficiency of these systems. These bodies and the Control and Risk Committee shall also identify and propose all necessary changes. The Audit Board has the knowledge and the chance to deliver an opinion on the activities performed by the Control and Risk Committee and Semapa's departments in this framework, on the resources allocated to the internal control system, and may propose the adjustments deemed necessary in this context, and is the recipient, where available, of the reports and opinions made by these services when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities and irregularities.

Additionally, the corporate universe represented by most of the Group's workers, and which concerns the *holding's* main subsidiaries, The Navigator Company and Secil, is covered by separate auditing systems with organisational units having special auditing responsibilities. The company thus considers that these internal control systems, implemented by the bodies and Committees mentioned before, are suitable for the company's specificities and size and the complexity of the risks from its activity.

Thus, the decision not to have a special department in this area is due to Semapa's simplified administrative structure as a holding company and the way risk control is carried out in the company's Group.

51. Description of the lines of command in this area in relation to other bodies or committees; an organizational chart may be used to provide this information

The lines of command are shown in the organisational chart in paragraph 21 of this report, and the responsibilities of the bodies and committees involved are better described in paragraph 54.

38 https://www.semapa.pt/sites/default/files/participacoes/TAXPOLICY_0.pdf
39 https://www.semapa.pt/en/governo/estatutos

52. Existence of other departments with responsibilities in the field of risk control.

Non-existence of other departments with responsibilities in the field of risk control.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

The dynamic environment in which the Group operates calls for the constant monitoring of the main internal and external factors affecting its activity, representing relentless challenges to the fulfilment of its strategic plans and objectives. As an economic agent, Semapa is exposed to risks inherent to its activity, which can have a significant impact on the value of its assets. Semapa's performance as a Holding Company (*SGPS - Sociedade Gestora de Participações Sociais*) is closely linked to the performance of its subsidiaries.

Semapa promotes an environment of autonomy and liability in its subsidiaries, which is reflected in the exposure to a number of risks that affect not only each of the companies, but can also spread to Semapa and other Group companies.

Chapter 3.6 of the Annual Report provides a detailed analysis of all strategic risks and Chapter 11 of the notes to the consolidated financial statements provides a detailed analysis of all operational risks, including economic and legal. The financial risks have been identified and detailed in Chapter 8.1 of the notes to the consolidated financial statements.

Strategic risks include portfolio risk, business risk, reputational capital risk, investment decision making risk, talent risk, legal and regulatory risk in Portugal, external shock risk, fraud risk, raw material access risk, cybersecurity risk, and the risk of non-natural environmental disasters. It should be noted that, as a result of Semapa's reassessment of the strategic risk framework, the risks of adverse climatic events, climate transition risk and ESG performance risk were added, stemming from the Group's commitment to climate change issues and ESG challenges. These last three risks are being developed in conjunction with various ongoing initiatives on these matters.

Operational risks include, among others, raw material supply, sales price, product demand, competition, customer portfolio concentration risk, environmental risk, and the cost of energy.

Financial risks include exchange rate, interest rate, liquidity and credit risks.

The aforementioned strategic risks of Semapa and the Group are duly mapped and fully described in chapter 3.6 of the Annual Report, are monitored throughout the year and subject of a risk report approved annually by the Board of Directors.

The risk report identifies and characterises the main risks to which the company and the Group are subject, the various risk contexts in which each company operates (global, regional, national, internal), the metrics for impact assessment and the likelihood that they will occur, the risk monitoring and follow-up procedures, and the measures to be adopted for their mitigation, with the approval of a plan of activities and concrete measures to be implemented the following year.

The year 2022, featuring sudden changes in context and events such as the invasion of Ukraine by Russia, escalating inflation, shortages of resources and raw materials, factors which combined caused a deterioration in the global economic and social context, proved to be particularly dynamic in terms of risk management at Semapa. However, the Group remained resilient, continuing the effort of continuous improvement started in recent years, which enabled it to keep its operations at a normal operating level.

54. Description of the process of identification, assessment, monitoring, control and risk management.

With regard to the management of strategic risks, Semapa has been consolidating its strategic risk management and control system, designed based on the best practices and benchmark methods such as COSO and ISO 31000, following the recommendations of the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance (IPCG) and the Portuguese Securities Market Commission (CMVM).

The Group's annual risk monitoring model involves the collection, completion, discussion and approval of individual risk sheets, which contain the identification and follow-up of existing mitigation measures. The Group has also designed key risk indicators (KRIs) to enable timely monitoring of these risks and to anticipate events likely to cause significant disruptions.

Accordingly, the risk-taking policy approved by Semapa's Board of Directors defines the type of risks Semapa is willing to take in order to achieve its business goals and strategy, and is in line with Semapa's key material topics, ensuring consistency in the risk management and control system.

The governance model established for risk monitoring and management is tailored to Semapa's structure, defines the areas of intervention, and assigns responsibility to the various parties involved in the risk management system.

Consequently, the Board of Directors is responsible for identifying the main risks and setting the overall risk strategy, which is supervised by the Audit Board. The main purpose of the Control and Risk Committee - whose powers are set out in paragraphs 21 and 29 – is to detect, control, manage and monitor all relevant risks in the Company's affairs, in particular financial and legal risks, through the aforementioned system, making it possible to promote, monitor and assess the risk framework and measures already in place and needed for mitigating such risks.

In addition to the important role played by the Audit Board in this field, internal procedures for risk control are also particularly important in each of the Company's main subsidiaries. The nature of the risks and the degree of exposure vary from company to company, and each subsidiary therefore has its own independent system for controlling the risks which it is subject to.

The External Audit to Semapa and companies controlled by it was conducted by KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. until the end of the year 2022. The company's External and Statutory Auditor checks, in particular, the application of remuneration policies and systems, and the effectiveness and workings of internal control procedures through the information and documents provided by the Company, and in particular by the Remuneration Committee and the Control and Risk Committee. The respective conclusions are reported by the External and Statutory Auditor to the Audit Board, which then reports and discusses them with the Board of Directors.

The internal control systems implemented, including the risk management function, have proven to be effective, and no situations have so far arisen which have not been duly guarded against or expressly accepted in advance as controlled risks. As stated above, in addition to its own powers in this field and in order to safeguard against the acceptance of excessive risks by the Company, the Board of Directors created the Control and Risk Committee which, in accordance with the responsibilities defined by the Board of Directors, is responsible for assuring internal control and risk management.

The Audit Board in turn is responsible for overseeing and assessing every year the effectiveness of the internal control system, including the risk management and compliance functions, proposing adjustments to the existing system whenever necessary, while the Control and Risk Committee is responsible for implementing these adjustments. Finally, it should be noted that this system is monitored and overseen at all times by the Board of Directors, which has ultimate responsibility for the company's internal activities.

In this context, the company approved the Risk Management System (Risk Policy) at a meeting of the Board of Directors held at the beginning of 2019. This system, which results in a Risk Report every year, sets the objectives and thresholds in issues of risk-taking and identifies the likelihood of such risks occurring and their impacts, which provides for the assessment of the degree of internal compliance and the performance of the risk management system, and addresses changes to the previous risk framework. It also approved the instruments and measures to be adopted with a view to their mitigation, providing the follow-up procedures for monitoring these risks. The 2021 Risk Report was adopted at a meeting of the Board of Directors in March 2022, and the 2022 Risk Report shall be adopted together with this Report. Its content is described in paragraph 53 above.

The Audit Board, which plays a particularly important role in this area, with all the powers resulting directly from the law and from the Audit Board's Regulations, has been informed of, provided its opinion on, and assessed the aforementioned Risk Policy, and has also followed up on the monitoring of these risks at the meetings that the Audit Board and the Control and Risk Committee and the Executive Board hold in the year, until the respective annual Risk Report is issued.

Regarding the strategic lines, the Audit Board assessed and gave its opinion in 2023, prior to the update of the strategic lines approved in January 2023 by the Board of Directors.

The Audit Board also oversaw the progress of the work carried out by the Control and Risk Committee in 2022. In this context, the Audit Board, in conjunction with the Control and Risk Committee and, where necessary, with the company's management, has been implementing periodic control mechanisms and procedures to ensure that the risks that the company runs are consistent with the objectives set by the management body. Such procedures include **(i)** holding meetings regularly with the other corporate bodies and committees with powers in this area, in particular to assess the findings and reliability of the risk monitoring model, to discuss and monitor the model and Key Risk Indicators and risk sheets, some of these meetings being attended by the external consultant who assists Semapa in this process, and **(ii)** engaging with the parties involved in the risk management system, requesting checks and clarification whenever necessary and appropriate.

The responsibilities of the Group's organisational units or management bodies are set and enshrined in the following diagram:

MANAGERS	SCOPE OF ACTIVITY	RESPONSIBILITIES
Board of Directors	Overall risk strategy	> Adopts the **governance model** and the **policy for risk assumption*** > Adopts a **risk table** and the change outlook > Adopts **mitigation strategy for high risks and critical risks (top risks)*** > **Promotes a culture of risk** in the Group and **ensures that it is followed***
Audit Board	Risk supervision	> Monitors, assesses and **expresses its opinion on the risk policy*** > **Evaluates risk management** (monitors effectiveness)* > **Verifies risks** actually incurred **against the risk policy***
Control and Risk Committee	Risk control and monitoring	> Proposes **governance model, risk assumption policy and risk management processes** > Proposes **mitigation strategy for top risks** > Evaluates possible **changes to the risk table** > Fosters **periodic risk assessment** > Supports the **identification of risk mitigation measures** > Monitors, assesses and expresses its opinion on **risk mitigation plans** > Draws up the **risk management report**
Executive Board	Semapa risk management	> **Approves risk management** processes > **Identifies, characterises and assesses risks within the defined risk** framework > **Identifies and implements risk mitigation measures** > **Designs** / updates and submits the **Semapa risk mitigation plan** > **Approves risk mitigation plan for subsidiaries** > **Informs** the Control and Risk Committee **on risk developments**
	Risk management in Subsidiaries	> **Identifies, characterises and assesses risks within the defined risk** framework > **Identifies and implements risk mitigation measures** > **Designs** / updates and submits the **risk mitigation plan** > **Informs** the Control and Risk Committee **on risk developments**

* according to the IPCG Corporate Governance Code

55. Main elements of the internal control and risk management systems implemented in the company with regard to the process of disclosure of financial information (Article 245-A.1.m[40])).

The disclosure of financial information is the responsibility of the market relations officer and, where applicable, it falls to the Audit Board, the Control and Risk Committee and the External and Statutory Auditor to assess the quality, reliability and completeness of the financial information approved by the Company's Board of Directors and drawn up by the Financial and Accounts and Tax departments.

The process of preparing financial information is subject to an internal control system and to rules, which are designed to assure that the accounting policies adopted by the company are properly and consistently applied and that the estimates and judgements used in preparing this information are reasonable.

With regard to internal control procedures for the process of disclosing financial information, the Company has implemented rules, which are intended to assure that disclosures are made in good time and to mitigate the risk of unevenness in the information provided to the market.

IV. INVESTOR SUPPORT

56. Office responsible for investor support, composition, functions, information provided and contact details

The investor support service is provided by an office reporting to the Financial Director of the Company, Susana Coutinho. This office is adequately staffed and enjoys swift access to all bodies, committees and departments of the Company, and where necessary and according to the procedures laid down and the limits provided by law, of the Group's companies, in order to ensure an effective response to requests, and also to produce, process and transmit relevant information to shareholders, investors and other stakeholders, as well as to financial analysts and to the market in general, in due time and without any inequality, pursuant to applicable legal and regulatory terms.

Susana Coutinho can be contacted through the email address investors@semapa.pt or on the company's general telephone numbers (+351 21 318 47 00). All public information regarding the company can be accessed by these means. It should be noted, in any case, that the information most frequently requested by investors is available at the Company's website[41], and it generally concerns information about the Semapa Group, the Company's business, corporate governance and financial information.

57. Market relations officer.

The market relations officer is Susana Coutinho.

58. Information on the number of enquiries received in the period or pending from previous periods, and enquiry response times.

Semapa receives various types of enquiries, which are normally answered within 24 hours of receipt, although some enquiries, due to their breadth, scope or complexity, necessarily take longer to process. There are also specific times of the year when Semapa receives more enquiries, in particular in the run-up to General Meetings and the payment of dividends, when response times may sometimes be longer. There are no enquiries pending from previous years.

40 Corresponds to current Article 29 -H.1.l) of the Securities Code.
41 https://www.semapa.pt/en

V. WEBSITE (59 TO 65)

Description	Website address
59. Semapa Website	https://www.semapa.pt/en
60. Address where information is provided on the company's name, public company status, registered office and other data required by Article 171 of the Companies Code.	https://www.semapa.pt/en/frmcontacto
61. Address where the articles of association and rules of procedures of company boards and/or committees can be consulted.	https://www.semapa.pt/en/governo/estatutos
62. Address where information is provided on the identity of company officers, market relations officer, the Investor Support Office or equivalent structure, respective powers and responsibilities and contact details.	https://www.semapa.pt/en/governo/os https://www.semapa.pt/en/frmcontacto
63. Address for consultation of financial statements and reports, which must be accessible for no less than five years, together with the six-monthly corporate diary, disclosed at the start of each semester, including, amongst other things, General Meetings, disclosure of annual, half-yearly and, if applicable, quarterly accounts.	https://www.semapa.pt/en/investidores/informacao/demonstracoes https://www.semapa.pt/en/investidores/calendario
64. Address where notice of general meetings is posted, together with all preparatory information and subsequent information related to meetings.	https://www.semapa.pt/en/investidores/assembleia/ags/AG2022-05-27
65. Address for consultation of historical archives, with resolutions adopted at the company's General Meetings, the share capital represented and the results of votes, for the past three years.	https://www.semapa.pt/en/investidores/assembleias

D. REMUNERATIONS AND THE REMUNERATION REPORT

GRI 2-19, 2-20

In accordance with Article 26-G.8 of the Securities Code, Semapa has chosen to include the Remuneration Report for Semapa's management and supervisory bodies in this chapter of the Corporate Governance Report, thereby including in the relevant sections of this chapter the information required to comply with the aforementioned legal provision.

I. POWERS TO DETERMINE REMUNERATION

66. Indication of powers to set the remuneration of company officers, members of the executive board or managing director and the company managers.

Powers to determine the remuneration of the Board of Directors and the Audit Board lie with the Remuneration Committee.

Powers to determine the remuneration of company managers lie with the Board of Directors.

II. THE REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including identification of individuals or organizations contracted to provide support, and declaration regarding the independence of each member and adviser.

In 2022, until the General Meeting of May 27th, the Remuneration Committee was composed of José Gonçalo Ferreira Maury, João Rodrigo Appleton Moreira Rato and João do Passo Vicente Ribeiro and, thereafter of Maria Eduarda Faria e Maia de Oliveira Luna Pais, João do Passo Vicente Ribeiro and Carlota Infante da Câmara Albergaria Caldeira.

The company considers that all members of the Remuneration Committee are independent.

The Remuneration Committee does not hire staff to assist it. The company may decide freely to hire the services it deems necessary or appropriate, within budget parameters, a right that has been exercised in the past, in which case it must ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee. The company considers the Remuneration Committee to be independent of the Board, since all of its members are independent.

The Remuneration Committee provides all information or clarifications to the shareholders of the company in the respective Annual General Meetings or in any other general meeting if its agenda includes a matter related to the remuneration of the members of the corporate bodies and committees or if the shareholders require its presence, through the presence of at least one of its members. That was the case at the Annual General Meeting of 27 May 2022, which was attended by all outgoing members.

68. Expertise and experience of the members of the remuneration committee in the field of remuneration policy.

Two members of the Remuneration Committee, Eduarda Luna Pais and Carlota Albergaria Caldeira, have extensive knowledge and experience in remuneration policy.

Eduarda Luna Pais was a consultant at the company Egon Zehnder for several years, and subsequently Office Leader and Partner of this company, leader in executive hiring. She has in-depth and permanently updated knowledge of the evaluation processes and hiring for senior positions and related remuneration packages.

Carlota Albergaria Caldeira, on the other hand, developed over several years a solid experience in human resources consulting, namely Human Capital and Leadership Services, with a focus on executive search project management (national and international market) and assessments and salary benchmark. She worked for several companies, such as Heidrick & Struggles, Jason Associates, Argo Talents and Mercer. She also held positions at Nova School of Business and Economics, first as advisor and later as head of corporate relations for hiring.

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy for members of the management and supervisory bodies as referred to in Article 2 of Law no. 28/2009, of 19 June[42].

The remuneration policy for members of the management and supervisory bodies ("Remuneration Policy") issued by the Remuneration Committee, approved at the Annual General Meeting of 30 April 2021 for the period from 2021 to 2024, corresponding to Annex II of this report, and there is no deviation from the procedures for the implementation of the approved remuneration policy.

70. Information on how remuneration is structured in order to align the interests of members of the management body with the long-term interests of the company, and on how it is based on performance assessment and discourages excessive risk-taking.

The way in which remuneration of company officers is structured and how it was based on the executive directors' performance in 2022 follows clearly the model and principles - *duties performed, the company's economic status and market criteria* - of the Remuneration Policy of Semapa's managing and audit bodies' members, specifically chapters III, IV and V, to which we make reference. Paragraph 24 *above* describes the process and the bodies in charge of assessing the executive directors' performance.

42 This topic is currently governed by Articles 26-A) and following of the Securities Code.

The remuneration system at Semapa sets out its corporate strategy and, in the long-term, aligns the interests of the governing body's members with the interests' of the company and its sustainability, in particular because the remuneration is intended to be fair and equitable in light of the principles set out, and because it links the directors to results by means of a variable remuneration component which is set primarily in light of these results, but also considers the behavioural skills of the individual directors, such as the alignment with the company's long-term interests and sustainability.

Concerning remuneration: ***(i)*** the remuneration of the members of the Board of Directors is made up of a fixed component, corresponding to an annual amount, payable in the year, and, for the executive directors, it also includes a variable component that may correspond to a percentage not exceeding five percent of the net profit for the previous year in accordance with the Company's articles of association, ***(ii)*** the remunerations of the members of the Audit Board shall consist of a fixed annual amount paid in the year, and ***(iii)*** the remuneration of the officers of the General Meeting consists only of a fixed amount based on the meetings actually held.

The variable component of remuneration of the executive directors is based on the target amount applied to each director and is paid according to the individual's performance and performance of the company that meet the expectations and the criteria set previously. The target amount is weighted by the aforementioned principles - market, specific functions, state of the company -, in particular comparable market circumstances in positions equivalent in function. Actual performance compared to the expectations and goals, which determine departures from the targets is weighed against a set of quantitative and qualitative KPIs, as mentioned in paragraph 25 above, of the company's performance (general business indicators) and of the relevant director (specific objectives and behavioural indicators). The general business indicators include, in particular, EBITDA, net profit, cash flow, and Total Shareholder Return vs. Peers, while the behavioural skills include the alignment of each director with the long-term interests and the sustainability the company. With this system, it is possible to guarantee that Semapa has no discretionary variable remuneration.

In addition to the statutory limit on management's share of profits for the year, the company also has mechanisms in place to limit variable compensation: ***(i)*** the variable remuneration is eliminated in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such deterioration may be expected in the period underway and ***(ii)*** the amount of the variable component attributable has a cap set to prevent good performance at one moment, with immediate remuneration benefits for the administration, from being obtained to the detriment of good performance in the future. In light of the above, it is clear that the criteria for awarding remuneration contribute to the achievement of the Semapa's strategy, and to the long-term interests and sustainability of the company.

Although the company does not have any independent remuneration mechanism in place with the specific purpose of discouraging excessive risk-taking, Semapa does not integrate in its directors' performance objectives any specific objectives that promote excessive risk-taking, nor has any mechanism that allows for anticipated payments of future remuneration. Risk is an intrinsic characteristic of any act of management and, as such, it is unavoidably and continuously considered in all management decisions. A quantitative or qualitative assessment of risk as good or bad cannot be made autonomously, but only in light of its impact on Company's performance over the time. It is thus confused with long-term interests, and consequently benefits from the aforementioned incentives to overall alignment over time.

71. Reference, if applicable to the existence of a variable remuneration component and information on any impact on this from performance assessments.

The remuneration of executive directors includes a variable component, which depends on a performance assessment, as described in the previous paragraph and in the Remuneration Policy, in particular in paragraphs 3 and 7 of chapter IV. Paragraph 24 *above* describes the process and the bodies in charge of assessing the executive directors' performance.

The individual and qualitative component of the performance evaluation carried out in 2022 in relation to fiscal year 2021 had an considerable impact of 35% (specific objectives, with a 20% weight, and behavioural indicators had an impact of 15%) on the variable component of remuneration. The same percentages shall apply again to performance assessment in fiscal year 2022. In the case of non-executive directors, it should be noted that although it is only a fixed part, it can be differentiated according to the accumulation of increased responsibilities, namely through the performance of duties in specialised committees.

In addition to the statutory limit on management's share of profits for the year, the Company does not have other mechanisms in place to limit variable compensation and there is no mechanism allowing the company to demand refund of the variable remuneration paid.

The remuneration of the members of the Audit Board includes no variable component.

72. Deferred payment of the variable component of remuneration, indicating the deferral period.

Payment of the variable component of remuneration is not deferred at Semapa.

73. Criteria applied in allocating variable remuneration in shares and on the continued holding by executive directors of these shares, on any contracts concluded with regard to these shares, specifically hedging or transferring risk, the respective limits and the respective proportion represented of total annual remuneration.

At Semapa, the variable remuneration has no component consisting of shares.

74. Criteria applied in allocating variable remuneration on options and indication of the deferral period and the price for exercising options.

At Semapa, the variable remuneration has no component consisting of options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

The criteria for setting annual bonuses are those related to the variable remuneration, as described in paragraph 7 of chapter IV of the Remuneration Policy, and in paragraphs 25 and 70 above.

In addition to the variable component that may be paid to the members of the management bodies, no other non-cash benefits are paid to directors and auditors, without prejudice to the means made available to them for the performance of their duties and a personal health and accident insurance policy in line with market practices.

76. Main features of complementary or early retirement schemes for directors and the date of approval by the General Meeting, on an individual basis.

There are no complementary or early retirement schemes for directors currently in place in the company. Nevertheless, Frederico José da Cunha Mendonça e Meneses receives a monthly pension, because he exercised an option under the expiry of a past pension scheme for directors.

At present, this is the only pension which Semapa pays. It is a lifelong monthly pension paid 12 months per year, for which the following is provided **(i)** the transferability of half of its value to the surviving spouse or minor or disabled children and **(ii)** mandatory deduction from this pension either the value of remunerated services later delivered to Semapa or controlled companies, or the value of pensions that the beneficiary is entitled to receive from the national Social Insurance scheme related to the same period of service. On 31 December 2022, Semapa's liability with this pension is €687,661, as mentioned in Note 7.3 to the Consolidated Financial Statements and Note 7.2 to the Separate Financial Statements.

IV. DISCLOSURE OF REMUNERATION

77. Indication of the annual remuneration earned from the company, on an aggregate and individual basis, by the members of the company's management body, including fixed and variable remuneration and, in relation to the latter, reference to the different components.

Below we specify the remunerations in 2022 paid by Semapa to the members of the Company's management body, distinguishing between fixed and variable and relative weights, remuneration, though the variable remuneration was paid in 2022 but refers to the performance of 2021, but without a breakdown of the different components of the latter, insofar as it is set as a whole, taking into account the factors described in the Remuneration Policy, without identifying components.

Board of Directors	Fixed Remuneration		Variable Remuneration	
	Amount	Relative percentage	Amount	Relative percentage
Executive Board				
João Nuno de Sottomayor Pinto de Castello Branco[43]	-	-	846,366.00	*100%*
Ricardo Miguel dos Santos Pacheco Pires	650,000.05	50.27%	643,077.00	49.73%
Vítor Paulo Paranhos Pereira	315,969.50	33.24%	634,657.00	66.76%
SUBTOTAL	**965,969.55**	**-**	**2,124,100.00**	**-**
Non-Executive Directors				
António Pedro de Carvalho Viana-Baptista	128,305.13	100%	-	-
Carlos Eduardo Coelho Alves	27,500.00	100%	-	-
Filipa Mendes de Almeida de Queiroz Pereira	77,825.00	100%	-	-
Francisco José de Melo e Castro Guedes	47,258.71	100%	-	-
José Antônio do Prado Fay	400,020.50	100%	-	-
Lua Mónica Mendes de Almeida de Queiroz Pereira	77,825.00	100%	-	-
Mafalda Mendes de Almeida de Queiroz Pereira	77,825.00	100%	-	-
Vítor Manuel Galvão Rocha Novais Gonçalves	27,500.00	100%	-	-
Paulo Lameiras Martins	46,478.84	100%	-	-
SUBTOTAL	**910,538.18**	**-**	**-**	**-**
TOTAL	**1,876,507.73**	**-**	**2,124,100.00**	**-**

Note:
Amounts in Euros

The table above specifies the annual amount paid to the members of the Board of Directors during the performance of their duties.

The tables below detail, for the purposes of Article 26-G.2.c) of the Securities Code, the annual variations over the last five fiscal years of the compensation paid individually by the Company to the members of the Board of Directors, as well as the average compensation of the company's full-time equivalent Employees, and the company's performance indicators verified:

43 João Nuno de Sottomayor Pinto de Castello Branco ceased his duties as Director and Chief Executive Officer, effective 31 December, 2021. In 2022 he received variable remuneration in relation to such duties performed.

Board of Directors		2018	2019	2020	2021	2022
António Pedro de Carvalho Viana-Baptista	Fixed Remuneration	128,305	128,305	128,305	128,305	128,305
	Variation in %	0.0%	0.0%	0.0%	0.0%	0.0%
Carlos Eduardo Coelho Alves	Fixed Remuneration	77,825	77,825	77,825	77,825	27,500
	Variation in %	0.0%	0.0%	0.0%	0.0%	-64.7%
Filipa Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	47,467	77,825	77,825	77,825	77,825
	Variation in %	-	64.0%	0.0%	0.0%	0.0%
Francisco José Melo e Castro Guedes	Fixed Remuneration	77,825	77,825	77,825	77,825	47,259
	Variation in %	0.0%	0.0%	0.0%	0.0%	-39.3%
Heinz-Peter Elstrodt	Fixed Remuneration	-	347,414	275,149	-	-
	Variation in %	-	-	-20.8%	-	-
João Nuno de Sottomayor Pinto de Castello Branco	Fixed Remuneration	761,199	761,199	761,199	925,763	-
	Variable Remuneration	662,411	688,623	546,953	769,537	846,366
	Variation in %	-3.1%	1.8%	-9.8%	29.6%	-50.1%
José Antônio do Prado Fay	Fixed Remuneration	78,260	128,816	243,524	400,021	400,021
	Variation in %	-	64.6%	89.0%	64.3%	0.0%
José Miguel Pereira Gens Paredes	Fixed Remuneration	315,970	315,970	129,817	-	-
	Variable Remuneration	564,464	567,864	381,541	-	-
	Variation in %	3.4%	0.4%	-42.1%	-	-
Lua Mónica Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	47,467	77,825	77,825	77,825	77,825
	Variation in %	-	64.0%	0.0%	0.0%	0.0%
Mafalda Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	47,467	77,825	77,825	77,825	77,825
	Variation in %	-	64.0%	0.0%	0.0%	0.0%
Manuel Custódio de Oliveira	Fixed Remuneration	45,338	-	-	-	-
	Variation in %	-64.7%	-	-	-	-
Paulo Miguel Garcês Ventura	Fixed Remuneration	315,970	192,013	-	-	-
	Variable Remuneration	541,667	512,811	143,449	-	-
	Variation in %	5.1%	-17.8%	-79.6%	-	-
Paulo Lameiras Martins	Fixed Remuneration	-	-	-	-	46,479
	Variable Remuneration	-	-	-	-	-
	Variation in %	-	-	-	-	-
Pedro Mendonça de Queiroz Pereira	Fixed Remuneration	344,576	-	-	-	-
	Variable Remuneration	922,866	-	-	-	-
	Variation in %	-4.3%	-	-	-	-
Ricardo Miguel dos Santos Pacheco Pires[44]	Fixed Remuneration	295,381	315,970	315,970	315,970	650,000
	Variable Remuneration	535,403	557,560	462,202	586,133	643,077
	Variation in %	6.6%	5.1%	-10.9%	15.9%	43.3%
Vítor Manuel Galvão Rocha Novais Gonçalves	Fixed Remuneration	77,825	77,825	77,825	77,825	27,500
	Variation in %	0.0%	0.0%	0.0%	0.0%	-64.7%
Vitor Paulo Paranhos Pereira[45]	Fixed Remuneration	128,305	128,305	289,445	315,970	315,970
	Variable Remuneration	-	-	-	582,159	634,657
	Variation in %	0.0%	0.0%	125.6%	210.3%	5.8%

Note:
Amounts in Euros

44 Ricardo Miguel dos Santos Pacheco Pires was appointed CEO of Semapa, with effect from 1 January 2022.
45 Vitor Paulo Paranhos Pereira initiated executive functions on 1 March 2020.

Company Employees		2018	2019	2020	2021	2022
Total Remuneration	Average Remuneration	77,100	85,744	66,243	77,188	88,387
	Variation in %	-4.1%	11.2%	-22.7%	16.5%	14.5%

Note:
Amounts in Euros

Group Performance		2018	2019	2020	2021	2022
EBITDA	Million Euros	548.5	486.8	419.3	508.7	894.2
	Variation in %	9.5%	-11.2%	-13.9%	21.3%	75.8%
EPS (Results per Action)	Euros/action	1.643	1.540	1.333	2.481	3.845
	Variation in %	6.8%	-6.3%	-13.4%	86.1%	55.0%

78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control.

It should be clarified that the amounts referred to in this paragraph do not relate only to companies controlled by Semapa. They also include amounts over which Semapa and its officers have no control, as they are the concern of its shareholders, the shareholders of shareholders and other companies controlled by shareholders, where a controlling relationship is involved.

The following directors earned remunerations in other controlled companies or companies under common control: Filipa Mendes de Almeida de Queiroz Pereira (€ 70,750.00), José Antônio do Prado Fay (€ 100,000.03), Lua Mónica Mendes de Almeida de Queiroz Pereira (€ 70,750.00), Mafalda Mendes de Almeida de Queiroz Pereira (€ 70,750.00) and Vítor Manuel Galvão Rocha Novais Gonçalves (€ 98,000.00). It is clarified that the members of the Board of Directors did not have earnings in other companies in a group relationship with Semapa, based on the definition of group as in Article 2.1.g) of Decree-Law no. 158/2009, of 13 July, in accordance with the provisions of Article 26-G.2.d) of the Securities Code.

79. Remuneration paid in the form of profit sharing and/or payment of bonuses, and the grounds on which these bonuses and/or profit sharing were granted.

The amount of the remuneration paid by Semapa in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration referred to in paragraph 77. of this report, the amounts of which were determined by the Remuneration Committee based on the implementation of the criteria described in paragraph 7. of chapter IV of the Remuneration Policy.

80. Compensation paid or owing to former executive directors in relation to termination of their directorships during the period.

No compensation was paid, nor is foreseen or due to former executive directors for termination of their directorships.

81. Indication of the annual remuneration earned, on an aggregate and individual basis, by the members of the company's supervisory body, for the purposes of Law 28/2009, of 19 June.

Audit Board	Fixed Remuneration		Variable Remuneration	
	Amount	Relative percentage	Amount	Percentage
José Manuel Oliveira Vitorino	percentage	100%	-	-
Gonçalo Nuno Palha Gaio Picão Caldeira	19,471.53	100%	-	-
Maria da Graça Torres Ferreira da Cunha Gonçalves	19,471.53	100%	-	-
TOTAL	**65,698.61**	**-**	**-**	**-**

Note:
Amounts in Euros

The table below shows, for the purposes of Article 26-G.2.c) of the Securities Code, the annual variation over the last five fiscal years of the compensation paid individually by the company to the members of the Audit Board:

Audit Board		2018	2019	2020	2021	2022
José Manuel Oliveira Vitorino	Fixed Remuneration	20,304	22,000	22,000	22,000	26,756
	Variation in %	26.9%	8.4%	0.0%	0.0%	21.6%
Gonçalo Nuno Palha Gaio Picão Caldeira	Fixed Remuneration	16,000	16,000	16,000	16,000	19,472
	Variation in %	0.0%	0.0%	0.0%	0.0%	21.7%
Maria da Graça Torres Ferreira da Cunha Gonçalves	Fixed Remuneration	9,759	16,000	16,000	16,000	19,472
	Variation in %	-	64.0%	0.0%	0.0%	21.7%
Miguel Camargo de Sousa Eiró*	Fixed Remuneration	13,369	-	-	-	-
		-39.2%	-	-	-	-

Note:
Amounts in Euros

* Miguel Camargo de Sousa Eiró resigned in 2018.

82. Indication of remuneration earned in the reporting period by the Chairman of the General Meeting.

In 2022, the Chairman of the General Meeting earned a fixed remuneration of 5,000 euros.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. Contractual limits for compensation payable for the unfair dismissal of directors and the respective relationship with the variable remuneration component;

Semapa has no contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination; the Remuneration Policy provides that, where directors resign, the supplementary legal rules will apply in this respect.

Therefore, considering the absence of individual contracts with directors in this regard and the provisions of the above-mentioned Remuneration Policy, where the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions, the company is obliged to pay compensation in accordance with the general terms of the law, although such compensation shall not exceed the value of the remuneration they would presumably have received through to the end of their term of office.

Dismissal before the expiry of the mandate does not entitle the director, either directly or indirectly, to compensation beyond the statutory amounts.

84. Reference to the existence and description of agreements between the company and directors or managers, as defined by Article 248-B.3 of the Securities Code, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the company, indicating the amounts involved (Article 245.-A.1.l[46])).

There are also no agreements between the company and the company officers or managers providing for compensation in the event of resignation, unfair dismissal or redundancy as the result of a takeover.

VI. STOCK OR STOCK OPTION PLANS

85. Identification of plan and beneficiaries.

The company has no stock or stock option plans.

86. Description of plan (terms of allocation, non-transfer of share clauses, criteria on the price of shares and the price of exercising options, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase shares and/or exercise options)

Not applicable.

87. Stock option rights allocated to company employees and staff.

Not applicable.

88. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by employees (Article 245-A.1.e[47])).

There is no employee ownership scheme in Semapa.

46 Corresponds to current Article 29 -H.1.k) of the Securities Code.
47 Corresponds to current Article 29 -H.1.e) of the Securities Code.

E. RELATED PARTY TRANSACTIONS CONFLICTS OF INTEREST

GRI 2-15

I. CONTROL MECHANISMS AND PROCEDURES

89. Procedures implemented by the company for controlling related party transactions (reference is made for this purpose to the concept deriving from IAS 24) and Conflicts of Interest.

The company has a Regulation of Conflicts of interests and related party transactions, which establishes the rules that govern conflicts of interest and related party transactions to which the company is a party, in addition to the internal mechanisms that the company has in place to ensure compliance with the international accounting standard (IAS) 24 (Related Party Disclosures). It is applicable without prejudice to the Company's obligations and of its Directors concerning Inside Information, the legal framework of company business with directors and the internal Regulation on the Reporting of Irregularities and other relevant legislation. The regulation was amended in 2020 due to the changes arising from Law 50/2020 of August 25 and, more recently, to accommodate recommendations, by resolution of the Board of Directors of 3 November 2021, with a favourable and binding opinion of the Audit Board, and now they include the applicable legal and regulatory framework in force on this matter.

This regulation is available on the company's website[48].

According to the Regulation on Conflicts of interests and related party transactions, the transactions between the company and related parties, qualified as such in accordance with the international accounting standards adopted under Regulation (EC) no. 1606/2002 of the European Council and Parliament of July 19, namely IAS 24 (Related Party Disclosures), are subject to the following approval procedures:

The following transactions are approved by the Executive Board:

a) Loans granted to the company by shareholder companies with a value of less than or equal to one hundred million euros;

b) Transactions under the taxation regime for company groups, with a value of less than or equal to one hundred million euros;

c) Transactions with controlled companies that consolidate accounts with the company, with an individual or accumulated annual value of less than or equal to two percent of the controlled company's revenue, assessed according to the latest approved annual accounts;

d) Loans to controlled companies that have consolidated accounts with the company and, thus, holds their debt, **(i)** with a maturity of less than six months, **(ii)** individual or cumulative annual value of less than one fifth of the controlled company's revenue, assessed according to the latest approved annual accounts and not exceeding one hundred million euros and **(iii)** as long as the controlled company ensures credit lines for the reimbursement of the operation, and

e) All other transactions with an individual or cumulative annual amount of less than or equal to one million euros.

48 https://www.semapa.pt/sites/default/files/participacoes/Regulamento_CITPR_EN rev. (20211108) docx.pdf

Transactions that **(i)** do not fall within the scope of the previous sub-paragraphs, or **(ii)** fall within these sub--paragraphs but are not carried out as part of the company's current business, are adopted by resolution of the Board of Directors, preceded by the Audit Board's approval.

Under the terms of the aforementioned regulation, only transactions carried out under market conditions and in full respect of the justified interest of the company shall be permitted.

Concerning reporting, oversight and approval of transactions with related parties, the regulation provides that:

> The Board of Directors must be informed biannually of the resolutions concerning related party transactions which they were not a party to;

> The Audit Board must be informed of the transactions that the company carries out for the purpose of verifying the compliance of the transactions with the regime described above and with the applicable laws and regulations, and the related parties may not participate in such verification;

> The Directors of the company who intervene in the formalisation of related party transactions must ensure that such transactions are previously submitted to the regime provided herein and in the applicable laws and regulation, and

> The Executive Board is responsible for monitoring the formalisation and the execution of resolutions concerning Related Party Transactions.

The company will disclose the transactions which are required to be disclosed under the laws and applicable regulations, in particular because they have not met any of the requirements legally provided for and according to their respective amount, under the terms and by the date provided in the applicable legislation and regulations.

The regulation will not apply to the transactions that are considered exempt by the applicable laws and regulations.

Concerning the procedures applicable to conflicts of interest, the regulation provides for a conflict situation where the Director is in a position that, in objective terms, may compromise his independence and influence in his judgement interests distinct from the Company's interests, either financial or other, own or other, and for the appropriate prevention, identification and resolution, the Director must:

a) Report the existence of, real or potential, conflict of interest to their superiors, or, in the case of a member of a collegial body, to the body in question in the terms of the relevant rules of procedure; and

b) Refrain from interfering or participating where there is conflict of interest, and where a decision must be taken, have noted such impediment in the minutes or other written document where the decision is laid down, without prejudice to the duty to provide all information and clarification which the relevant company body and its members may request.

Furthermore, all rules of procedures of the governing bodies and internal committees include provisions on conflicts of interest aligned with the rules described before.

90. Indication of transactions subject to control during reporting period

In 2022, there were the related party transactions that have been identified in the information on related party transactions in Note 10.4 of the Annex to the consolidated accounts and Note 10.2 of the Annex to the separate financial statements, which were analysed and approved in line with the new Regulation on Conflicts of Interests and Related Party Transactions.

In 2022, in compliance with the Regulation on Conflict of Interest and Related Party Transactions, the Board of Directors informed the Audit Board of all transactions carried out for the purpose of verifying the compliance of such transactions with the provisions in clause four of the aforementioned Regulation and with applicable legislation and regulations, the Audit Board having carried out such check.

91. Description of the procedures and criteria applicable to intervention by the supervisory body for the purposes of prior assessment of transactions to be carried out between the company and qualifying shareholders or related entities, under Article 20 of the Securities Code.

The procedures and criteria are described in paragraphs 89 and 90 above.

II. DETAILS OF TRANSACTIONS

92. Indication of the place in the financial reports and account where information is available on related party transactions, in accordance with IAS 24, or, alternatively, reproduction of this information.

Information on related party transactions is contained in Note 10.4 of the Annex to the consolidated financial statements and Note 10.2 of the Annex to the separate financial statements.

Part II
Assessment of Corporate Governance

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

Semapa adopted the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG), revised in 2020, in conformity with the Regulation of the Portuguese Securities Market Commission (CMVM Regulation no. 4/2013).

The Code adopted is disclosed by the IPCG and may be found on its website.

2. ANALYSIS OF COMPLIANCE WITH THE ADOPTED CORPORATE GOVERNANCE CODE

The following table indicates the recommendations adopted and not adopted. For the recommendations adopted, we indicate only the place in the report where detailed information is contained. For recommendations not adopted, information is provided below the table on the respective grounds for non-adoption and any alternative measures taken.

#	Adoption	Text	Reference
I. GENERAL PROVISIONS			
General Principle Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.			
I.1 Company's relationship with investors and disclosure			
Principle: Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.			
I.1.1	Adopted	The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Part I, item 21
I.2 Diversity in the composition and functioning of the company's governing bodies			
Principle: I.2.A - Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders. I.2.B - Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions. I.2.C - Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members.			
I.2.1	Adopted	Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Part I, item 16

#	Adoption	Text	Reference
I.2.2	Adopted	The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members — which shall be fully disclosed on the company's website, and minutes of the meetings of each of these bodies should be carried out.	Part I, items 21, 22, 27, 29, 34 and 61
I.2.3	Adopted	The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	
I.2.4	Adopted	A policy for the communication of irregularities (whistleblowing) that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested should be adopted.	
I.3 Relationships between the company bodies			
Principle: Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.			
I.3.1	Adopted	The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's employees, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Part I, item 21
I.3.2	Adopted	Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Part I, items 21 and 29
I.4 Conflicts of interest			
Principle: The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.			
I.4.1	Adopted	The members of the managing and supervisory boards and the internal committees are bound by internal regulation or equivalent to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Part I, item 89
I.4.2	Adopted	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Part I, item 89
I.5 Related party transactions			
Principle: Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.			
I.5.1	Adopted	The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Part I, items 38, 89 to 91

#	Adoption	Text	Reference
I.5.2	Not applicable	The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Recommendation not applicable under the Interpretative Note no. 3 on the 2018 IPCG Corporate Governance Code, as amended in 2020.

II. SHAREHOLDERS AND GENERAL MEETINGS

Principles:
II.A - As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.
II.B - The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself.
II.C - The company should implement adequate means for the participation and remote voting by shareholders in meetings.

#	Adoption	Text	Reference
II.1	Adopted	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Part I, items 12 and 13
II.2	Adopted	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Part I, item 14
II.3	Adopted	The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Part I, item 12
II.4	Adopted	The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Part I, item 12
II.5	Not applicable.	The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Part I, items 5 and 13
II.6	Adopted	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Part I, items 4 and 84

III. NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

Principles:
III.A - The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.
III.B - The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.
III.C - The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.

#	Adoption	Text	Reference
III.1	Not adopted	Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: **(i)** act, when necessary, as an interlocutor near the chair of the board of directors and other directors, **(ii)** make sure there are the necessary conditions and means to carry out their functions, and **(iii)** coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Explanation of recommendations not adopted below
III.2	Adopted	The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The judgment on the suitability should be included in the corporate governance report.	Part I, items 18 and 31
III.3	Adopted	In any case, the number of non-executive directors should be higher than the number of executive directors.	Part I, item 18
III.4	Not adopted	Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: **(i)** Having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; **(ii)** Having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; **(iii)** Having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; **(iv)** Having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; **(v)** Having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons with direct or indirect qualifying holdings; **(vi)** Having been a qualified holder or representative of a shareholder of qualifying holding.	Explanation of recommendations not adopted below
III.5	Not applicable.	The provisions of **(i)** of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	Part I, item 18
III.6	Adopted	The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Part I, items 38 and 54
III.7	Adopted	Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in Article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be met by conferring competence on such committee in the aforementioned matters.	Part I, items 16, 21, 27 and 29

IV. EXECUTIVE MANAGEMENT

Principles:
IV.A - As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.
IV.B - In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.

#	Adoption	Text	Reference
IV.1	Adopted	The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Part I, items 26 and 27
IV.2	Adopted	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Part I, item 21
IV.3	Adopted	In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	Part I, item 21
V. EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT			
V.1 Annual evaluation of performance			
Principle: The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.			
V.1.1	Adopted	The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Part I, items 24 and 25
V.2 Remuneration			
Principle: V.2.A. -The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company. V.2.B. - Directors should receive remuneration: **i)** that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company; **ii)** that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and **iii)** that rewards performance.			
V.2.1	Adopted	The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of Article 399 of the Commercial Companies Code.	Part I, items 66 and 67
V.2.2	Adopted	The remuneration is to be set by the remuneration committee or by the general meeting, at the proposal of the remuneration committee.	Part I, items 29 and 66 and Annex II
V.2.3	Not adopted	For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Explanation of recommendations not adopted below
V.2.4	Adopted	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Part I, item 67
V.2.5	Adopted	Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Part I, item 67

#	Adoption	Text	Reference
V.2.6	Adopted	The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Part I, item 67
V.2.7	Adopted	Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Part I, items 70 and 71
V.2.8	Not adopted	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Explanation of recommendations not adopted below
V.2.9	Not applicable.	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	
V.2.10	Adopted	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	
V.3 APPOINTMENTS			
Principle: Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.			
V.3.1	Adopted	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Part I, item 16
V.3.2	Not adopted	The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Explanation of recommendations not adopted below
V.3.3	Not adopted	This nomination committee includes a majority of non-executive, independent members.	Explanation of recommendations not adopted below
V.3.4	Not applicable.	The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Part I, item 29

#	Adoption	Text	Reference
VI. INTERNAL CONTROL			
Principle: Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.			
VI.1	Adopted	The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Part I, items 29 and 54
VI.2	Adopted	The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Part I, items 21, 29, 53 and 54
VI.3	Adopted	The internal control system, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Part I, items 38, 50 and 54
VI.4	Adopted	The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Part I, items 38 and 50
VI.5	Adopted	The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Part I, item 50
VI.6	Adopted	Based on its risk policy, the company should establish a risk management function, identifying **(i)** the main risks it is subject to in carrying out its activity; **(ii)** the probability of occurrence of those risks and their respective impact; **(iii)** the devices and measures to adopt towards their mitigation; and **(iv)** the monitoring procedures, aiming at their accompaniment.	Part I, items 53 and 54
VI.7	Adopted	The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Part I, item 54
VII. FINANCIAL STATEMENTS AND ACCOUNTING			
VII.1 Financial information			
Principles: VII.A - The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit. VII.B - The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.			
VII.1.1	Adopted	The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgements, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Part I, item 38
VII.2 Statutory audit of accounts and supervision			
Principle: The supervisory body should establish and monitor clear and transparent formal procedures on the form of selection of the company's statutory auditor and on their relationship with the company, as well as on the supervision of compliance, by the auditor with rules regarding independence imposed by law and professional regulations.			

#	Adoption	Text	Reference
VII.2.1	Adopted	By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Part I, item 38
VII.2.2	Adopted	The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Part I, item 38
VII.2.3	Adopted	The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Part I, item 38

EXPLANATION OF RECOMMENDATIONS NOT ADOPTED BELOW

RECOMMENDATION III.1.

This recommendation states that "Without prejudice to question the legal powers of the Chair of the Managing Body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: **(i)** act, when necessary, as an interlocutor near the Chair of the Board of Directors and other directors, **(ii)** make sure there are the necessary conditions and means to carry out their functions, and **(iii)** coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1."

Given the size and specificities of the company, namely its family nature and concentration of its capital structure, and the total number of non-executive directors and, among them, independent directors, as well as the characteristics and position of the Chairman of the Board of Directors, the company considers that the appointment of a coordinator would be inappropriate and would only aim at the mere formal fulfilment of this recommendation, which the company would not adhere to.

In effect, as has been highlighted in this report, the company has several rules and procedures that provide for close and regular contact between members of the Board of Directors, namely between the Chairman and the Directors, and provides the conditions and necessary means for the performance of their functions in an independent, informed and efficient manner, hereby ensuring oversight and monitoring of the executive management functions.

In this regard, we highlight the various mechanisms provided for in the Regulations of the Board of Directors and of the company's internal committees, under the terms of which:

a) The Directors, including non-executive members, may have access to all Company information and staff for assessing performance, the situation and the outlooks on the development of the Company, including, namely, the minutes, documents supporting decisions taken, convening notices and records on the meeting of other governing bodies, without prejudice to access to all other documents or people who may be called upon to provide clarifications;

b) The Chairman of the Board of Directors shall notify the Company directors, at the start of all meetings of the Board of Directors, of the most relevant resolutions and acts of the Executive Board since their last meeting, of which the other directors may not yet have been informed;

c) Minutes shall be drawn up of all Executive Board meetings by the Company Secretary, which shall be made available to any member of the Board of Directors having requested them;

d) The Chairman of the Executive Board shall, as far as possible, seek to involve non-executive directors in specific projects and acts in order to allow them to follow and maintain close contact with the Company's activities, depending on the matters involved and the specific qualifications and interests of each person;

e) All executive directors must be available to provide any clarification and information requested by non-executive directors;

f) The Chairman of the company's Internal Committees must report to the Board of Directors the decisions taken by the SC which, due to their importance, must be known to the Board of Directors. In the case of the Executive Officers Committee, the CEO shall be entrusted with such task.

g) All members of the company's Internal Committees shall be available to provide any clarifications and information requested by the other directors and

h) The supporting documents relating to the various items on the order of business of the company's Board and Internal Committee meetings shall be distributed by all the members in advance, allowing a timely analysis, preferably with the notice convening the meeting.

Additionally, at least one non-executive director sits on the Corporate Governance Committee, the Control and Risk Committee and the Talent Committee - *the Chairman of the Board of Directors is also Chairman of the Corporate Governance Committee and the Talent Committee* - thus reinforcing the coordination and performance of the work of the members with non-executive functions.

This recommendation has therefore not been adopted by the company, although all of its objectives have been met.

RECOMMENDATION III.4.

This recommendation states that "Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. (...)."

In the course of the 2022 financial year, as best described in paragraph 18 of this Report, the Board of Directors included only one non-executive director who fulfilled the independence requirement. Consequently, the recommended threshold of one third was not met and recommendation III.4 was not complied with.

However, the company finds that the proportion of independent directors mentioned is adequate and consistent with a fully independent performance of the Board of Directors and sufficient to ensure the effective supervision, evaluation and oversight of the activity of the other members of the management body.

In effect, considering the profile, age, background and professional experience and, above all, independent judgement and the integrity demonstrated by the members of the Board of Directors, the company finds that the current proportion between dependent and independent non-executive directors, established through formal criteria of assessment of independence, is perfectly adjusted to the nature and size of the company, considering, in particular, that it is a family-owned company, with a stable capital structure, and taking into account the complex inherent risks of its business.

In conclusion, there is real independence of the board, thus meeting the objectives proposed by this recommendation.

RECOMMENDATION V.2.3.

This recommendation states that “For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. Said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.”

This recommendation is not met because, although it falls within their competence, the Remuneration Committee has not set the maximum amount of all compensation to be paid to the member of any corporate body or committee of the company due to termination of office.

In fact, the Remuneration Committee has never, to date, felt the need to set for itself the aforementioned cap, regardless of the form of termination of employment in question. The specific circumstance to which this limitation relates is not a common one, and when it happens, sensitivity and specificity are always so vast that it cannot fail to impose a case-by-case evaluation, even if it is integrated into the general remuneration and historically weighted scheme.

Furthermore, Semapa believes that, given the existing regulation in the Portuguese regime, the prior setting of a maximum amount may produce an effect opposite to that intended by the scope of this recommendation, constituting an incentive for the premature termination of management functions.

However, note that where the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions, the company is obliged to pay compensation in accordance with the general terms of the law, although such compensation shall not exceed the value of the remuneration they would presumably have received through to the end of their term of office.

It should also be noted that during the 2022 financial year, no members of the company's bodies or committees tendered their resignations.

RECOMMENDATION V.2.8.

This recommendation states that “A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company’s internal regulation.”

The justification for not adopting this recommendation can be found in the Remuneration Policy in force, Annex II hereto, which states in particular that:

“Literature sustains profusely the deferral to a later time of the payment of the variable part of remuneration, which will enable the establishment of a direct link between remuneration and the impact of management on the company over a longer period.

In abstract, the principle is good, but the historical element, coupled with stability and the practice that has already been followed successfully for many years without this element of deferral means that we will not adopt this measure for the time being.”

Therefore, this recommendation is not adopted by the company, without prejudice to the underlying substance, which is guarantee to a greater extent than if such recommendation were implemented.

It should also be noted that the consolidated result of the Semapa exercise has always been repeatedly and consistently very positive, evidencing the sustainability of performance that the Recommendation seeks to caution. It follows, in this context, that the possible partial deferral, for a period of not less than three years, of the variable remuneration component, would not have had an impact on the right to the variable component by the directors of Semapa.

However, it is important to clarify that Semapa is analysing the model for the deferred payment of the variable part of remuneration with a view to its possible implementation.

RECOMMENDATION V.3.2.

Recommendation V.3.2 states that "The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size."

Semapa must be regarded individually as a holding company with a simplified administrative structure and a small number of Departments and Employees, which is why the size of the company does not justify the appointment of a committee for monitoring and supporting the appointment of holders of management positions.

Considering the size of Semapa this task falls under the Executive Board, although the Talent Committee may present recommendations on the Group's managers.

RECOMMENDATION V.3.3.

Recommendation V.3.3 states that "This committee includes a majority of non-executive, independent members", referring to the internal committee for the assessment of the performance.

Although Semapa's Talent Committee is composed of a majority of non-executive directors, none of them is independent. The members of the committee were appointed with an emphasis on the diversity in profiles (age, gender, qualifications, experience and professional backgrounds), while ensuring unbiased analysis and decision capability and proven integrity.

The company considers that this diversity of profiles, combined with the fact that the Talent Committee uses, whenever necessary, market studies and analysis of comparable situations within the Group, is enough to ensure that its analyses are aligned with the best practices and strengthen independent and unbiased decision-making.

3. ADDITIONAL INFORMATION

There are no other disclosures or additional information which would be relevant to an understanding to the governance model and practices adopted.

Annex I
Disclosures Required by Article 447 of the Companies Code

(with regard to fiscal year 2022)

1. Securities issued by the company and held by company officers, as described in paragraph 1 of Article 447 of the Companies Code:

None.

2. Securities issued by companies in a controlling or group relationship to Semapa held by company officers, as described in paragraphs 1 and 2 of Article 447 of the Companies Code:

Undivided estate of Maria Rita de Carvalhosa Mendes de Almeida de Queiroz Pereira, with company Directors Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira as parties concerned - 1,000 shares in The Navigator Company, S.A.

Filipa Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.

Mafalda Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.

Lua Mónica Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.

Undivided estate of Pedro Mendonça de Queiroz Pereira, with company Directors Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira as parties concerned - 134,422 shares in Sodim, SGPS, S.A.

3. Securities issued by the company, controlled companies or companies in the same group held by companies in which directors and auditors hold corporate office:

Cimo – Gestão de Participações, SGPS, S.A. – 38,959,431 shares in the company, 1,000 shares in Secil – Companhia Geral de Cal e Cimento, S.A. and 5,000 shares in ETSA – Investimentos, SGPS, S.A.

Sodim, SGPS, S.A. - 27,508,892 shares in the company.

Target One Capital, S.A. – 190,568 shares in Sodim, SGPS, S.A.

Keytarget Investments - Consultoria e Investimentos, S.A. – 190,567 shares in Sodim, SGPS, S.A.

Premium Caeli, S.A. – 190,567 shares in Sodim, SGPS, S.A.

4. Acquisition, disposal, encumbrance or pledge of securities issued by the company, controlled companies or companies in the same group by company officers and the companies referred to in 2 and 3:

> On 22 December 2022 the company Target One Capital, S.A., purchased from UPSIS, S.A. 190,568 shares of SODIM, SGPS, S.A., at a price of € 200.00 per share.

> On 22 December 2022 the company Keytarget Investments - Consultoria e Investimentos, S.A. purchased from UPSIS, S.A. 190,567 shares, of SODIM, SGPS, S.A., at a price of € 200.00 per share.

> On 22 December 2022 the company Premium Caeli, S.A. purchased from 190,567 shares in SODIM, SGPS, S.A., at a price of € 200.00 per share.

5. Transactions in own shares:

In 2022 Semapa neither acquired nor disposed of any shares in its own capital.

Annex II
Remuneration Policy

"REMUNERATION POLICY OF THE DIRECTORS AND AUDITORS OF SEMAPA (2021-2024)

I. INTRODUCTION

The Remuneration Committee of Semapa has been drawing up a remuneration policy statement since 2007, originally in the context of a recommendation from the CMVM, from 2009 according to Law no. 28/2009 of 19 June, and more recently in line with the recommendations of the 2018 Corporate Governance Code of the Portuguese Corporate Governance Institute.

The new Law no. 50/2020 of 25 August 25 and the repealed of Law no. 28/2009 of 19 June 19 requires Semapa's Remuneration Committee to draw up a Remuneration Policy for its directors and auditors in accordance with the new legal framework.

It should be noted that once the Corporate Governance Code of the Portuguese Institute of Corporate Governance was reviewed in 2020, and in view of the necessary harmonisation of Law no. 50/2020 of 25 August, the content of the remuneration policy is no longer based on a recommendation.

This Remuneration Policy is thus the reflection of the work developed by the Remuneration Committee, based on the previous remuneration policy statement and taking into account the new framework mentioned above.

Taking into account Semapa's track record, the company has continued to opt for reconciliation between, on the one hand, new trends of management remuneration options and, on the other hand, the weight of history, previous options and the specific features of the company.

The remuneration policy is the exclusive responsibility of the Remuneration Committee, which has three members, all independent from the Board. It must be approved by the General Meeting at least every four years and whenever a relevant change occurs.

In its work, namely in determining, reviewing and applying the Policy, the Remuneration Committee complies with applicable legislation and Semapa's current policies and regulations, namely the regulation on Conflicts of Interest and Related Party Transactions, which sets out rules for preventing, identifying and resolving conflicts of interest between the company and its managers.

II. RULES DERIVING FROM LAW AND THE ARTICLES OF ASSOCIATION

The framework of this policy is the Law no. 50/2020, of 25 August, which amended the Securities Code.

Regarding the Law no. 50/2020, of 25 August, in addition to rules on the frequency with which the Policy must be issued and approved and on disclosure of its content, Article 26- C.2 of the Securities Code establishes that it content should include:

a) An explanation of how it contributes to the company's business strategy, its long-term interests, and its sustainability;

b) An explanation of how the employment and remuneration conditions of the company's employees were taken into account when this policy was established;

c) A description of the components of the fixed and variable remuneration;

d) An explanation of all bonuses and other benefits, regardless of their form, which may be paid to directors and auditors, and indication of the respective proportion;

e) An indication of the duration of the contracts or agreements with the directors and auditors, notice periods, termination clauses and payments associated with their termination;

f) A description of the main features of complementary or early retirement schemes.

In addition, Article 26-C.3 of the Securities Code stipulates that if variable remuneration is to be awarded to directors, the remuneration policy must lay out:

a) The criteria for awarding variable remuneration, including financial and non-financial criteria and, where applicable, criteria related to corporate social responsibility, in a clear and comprehensive manner, and explain how these criteria contribute to the company's business strategy, long-term interests and sustainability;

b) The methods applied to determine the extent to which the performance criteria have been met;

c) The deferral periods and the possibility for the company to request the refund of variable remuneration that has been paid.

On the other hand, Article 26-C.4 of the Securities Code stipulates that if part of the remuneration is to be paid through shares, the remuneration policy must lay out:

a) The entitlement vesting periods;

b) If applicable, the term for holding the shares after the rights have been acquired;

c) How the share-based remuneration contributes to the company's business strategy, its long-term interests and sustainability;

In addition to the stated in Law no. 50/2020, of 25 August, any system for setting remuneration will inevitably have to consider the legal rules, as well as any private rules which may be established in the articles of association.

The legal rules for the directors are basically established in Article 399 of the Companies Code, from which it follows that:

> Powers to fix the remuneration lie with the general meeting of shareholders of a committee appointed by the same.

> The remuneration is to be fixed in accordance with the duties performed and the company’s state of affairs.

> Remuneration may be fixed or may consist in part of a percentage of the profits for the period, but the maximum percentage to be allocated to the directors must be authorized by a clause in the articles of association, and shall not apply to distribution of reserves or any part of the profits for the period which could not be distributed to shareholders, according to the law.

For the members of the Audit Board and the officers of the General Meeting, the law lays down that the remuneration shall consist of a fixed sum, which shall be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account the duties performed and the state of the company's affairs.

Semapa's articles of association contain a specific clause, number seventeen, dealing only with the directors and governing also retirement provisions, stating the following:

"2 – The remuneration of the directors [...] is fixed by a Remuneration Committee comprising an uneven number of members, elected by the General Meeting.

3 – The remuneration may consist of a fixed part and a variable part, which shall include a share in profits, which share in profits shall not exceed five per cent of the net profits of the previous period, for the directors as a whole."

This is the formal framework to be observed in defining remuneration policy.

III. GENERAL PRINCIPLES

The general principles to be observed when setting the remuneration of the company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

The duties performed by each member of the governing bodies cover both the functions in a formal sense and also the duties in the broader sense of the concrete level of responsibility of the position held, considering different criteria, such as the commitment and time dedicated, the nature, size, complexity, and skills required for the duty, or the added value to the company that results from a specific intervention or institutional representation.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due to the added responsibility this represents and to the existence of another source of income.

b) The state of the company's affairs.

The size of the company and the inevitable complexity of the related management responsibilities are clearly relevant aspects of the state of affairs, understood in the broadest sense. These aspects have implications for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c) Market criteria.

It is unavoidably necessary to match supply to demand when setting any level of payment, and the officers of a corporation are no exception.

It is essential to be able to attract, develop and retain competent professionals, which requires the Remuneration Policy to be competitive and attractive in order to ensure the legitimate interests of individuals but essentially those of Semapa and the creation of sustainable value for shareholders.

Given its characteristics and size, market criteria and practices to be taken into account are, in Semapa's case, both national and international, and in order to keep up to date with these practices, Semapa regularly uses market research and benchmarking.

IV. COMPLIANCE WITH LEGAL REQUIREMENTS

Having established the general principles adopted, we shall now consider the principles with the relevant legal requirements.

1. Article 26-C.2 a) of the Securities Code. Strategy, long-term interests, and sustainability.

Practice has shown that the remuneration system in place at Semapa has successfully supported its business strategy and also, in the long term, the alignment of the interests of members of the management body with those of the company and its sustainability, in particular for the reasons set out below.

Firstly, because the remuneration sets out to be fair and equitable in light of the principles set forth, and secondly because it links the directors to results by means of a variable remuneration component which is set primarily in light of these results, but also considers the behavioural skills of the individual directors, such as the alignment with the company's long-term interests.

2. Article 26-C.2 b) of the Securities Code. Employment and remuneration conditions of the company's employees.

The alignment between this Policy and the remuneration scheme and employment conditions of Semapa employees is assured, given that both remuneration systems are based on the same General Principles set out in this Remuneration Policy, in particular the market conditions in the reference markets for the duties performed.

3. Article 26-C.2 c) of the Securities Code. Components of the fixed and variable remuneration

The remuneration of the members of the Board of Directors is made up of a fixed component, corresponding to an annual amount, payable in the year, and, for the Executive Directors, it also includes a variable component that may correspond to a percentage not exceeding five percent of the net income for the previous year in accordance with the Company's articles of association.

The remunerations of the members of the Audit Board shall consist of a fixed annual amount paid in the year.

Finally, the remuneration of the officers of the General Meeting consists only of a fixed amount based on the meetings actually held.

Note that the concrete amounts of remuneration are fixed according to the principles mentioned above in chapter III of this Policy.

4. Article 26-C.2 d) of the Securities Code. Bonuses and other benefits

In addition to the variable component that may be paid to the members of the management bodies, no other non-cash benefits are paid to directors and auditors, without prejudice to the means made available to them for the performance of their duties and a personal health and accident insurance policy in line with market practices.

5. Article 26-C.2 e) of the Securities Code. Agreements relating to the termination of Directors' duties

There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination of Directors' duties. This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature. Only the supplementary legal rule in this matter apply here, as established in the Companies Code, which governs the payment to the Directors of any amounts before the end of the term of office due to termination of duties.

6. Article 26-C.2 f) of the Securities Code. Complementary or early retirement arrangements

There are no complementary or early retirement arrangements for directors currently in place in the company.

7. Article 26-C.3 a) of the Securities Code. Criteria for the variable component

The variable component of remuneration, which is set by this Committee, is based on the target amount applied to each director and is paid according to the individual's performance and performance of the company that meet the expectations and the criteria set previously. The target amount is weighted by the aforementioned principles - market, specific functions, state of the company -, in particular comparable market circumstances in positions equivalent in function. Another important factor taken into account when setting the targets is Semapa's option not to provide any share or share acquisition option plans.

Actual performance compared to the expectations and goals, which determine target variations is weighed against a set of quantitative and qualitative KPIs of the company's performance (general business indicators) and of the relevant director (specific objectives and behavioural indicators). The general business indicators include, in particular, EBITDA, net income, cash flow, and Total Shareholder Return compared to Peers, while the behavioural skills include the alignment of each director with the long-term interests of the company.

In addition to the statutory limit on management's share of profits for the year, the company also has mechanisms in place to limit variable compensation.

On the one hand, the variable remuneration is eliminated in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such deterioration may be expected in the period underway. On the other hand, the amount of the variable component attributable has a cap set to prevent good performance at one moment (with immediate remuneration benefits for the administration) from being obtained to the detriment of good performance in the future.

In light of the above, it is clear that the criteria for awarding remuneration contribute to the achievement of the Semapa's strategy, and to the long-term interests and sustainability of the company.

8. Article 26-C.3 b) of the Securities Code. Fulfilment of performance criteria

Performance criteria mentioned in the previous paragraph is applied mathematically for its quantitative part and using value assessments for the qualitative part.

Under the process of determining the variable remuneration, the Remuneration Committee draws up this Policy, and the performance evaluation of each executive director follows an internal process structured under the responsibility/leadership of the respective person in charge (i.e. under the responsibility of the person who manages the team, in the case of the members of the Executive Board, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chairman of the Executive Board) and with the involvement of the non-executive directors named by the person in charge.

The Talent Committee is also involved in this process. It is responsible for monitoring the system for assessing management performance and distributing the company's remuneration and delivering its opinion on the proposals for individual performance evaluation of the executive board.

Finally, the Remuneration Committee must confirm that the respective achievement factors have been met for the performance evaluation and ensure the overall consistency of the process by setting the variable remuneration.

9. Article 26-C.3 c) of the Securities Code. Deferral and refund of the remuneration

Literature sustains profusely the deferral to a later time of the payment of the variable part of remuneration, which will enable the establishment of a direct link between remuneration and the impact of management on the company over a longer period.

In abstract, the principle is good, but the historical element, coupled with stability and the practice that has already been followed successfully for many years without this element of deferral means that we will not adopt this measure for the time being.

With regard to the obligation to return the variable remuneration that has been paid, and without prejudice to the applicable legal regime, the company does not possess any mechanism that enables it to request the refund from the directors.

10. Article 26-C.4 of the Securities Code. Share plans

At Semapa, the remuneration has no component consisting of shares.

V. SPECIFIC OPTIONS

The specific options for the remuneration policy we are proposing may therefore be summarized as follows:

1º. In setting all remuneration, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

2º. Executive Directors

> The remuneration of executive directors of the Board of Directors shall comprise a fixed component and a variable component;

> The fixed component of the remuneration shall consist of an annual amount payable in the year;

> The variable component of remuneration is linked both to Semapa's performance and to the individual performance of each director;

> The procedure for awarding variable remunerations to the executive Directors of the Board, which is overseen by the Talent Committee, shall comply with the criteria set by the Remuneration Committee, and such remuneration shall not exceed five per cent of the consolidated net profit (IFRS format) as provided by the Articles of Association.

3º. Non-Executive Directors

> The remuneration of non-executive directors shall comprise only a fixed component that may vary according to the piling on of added responsibilities, e.g. committee and specialised committee members.

> The fixed component of the remuneration shall consist of an annual amount payable in the year or of a predetermined amount for each meeting of the Board of Directors attended.

4º. Audit Board

> The remuneration of the members of the Audit Committee will consist only of a fixed component, i.e. a fixed annual amount paid in the year.

5. 5.General Meeting

> The remuneration of the officers of the General Meeting shall consist of a fixed amount only that will be set for every meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.

Lisbon, 06 April 2021

The Remuneration Committee

José Gonçalo Ferreira Maury

João Rodrigo Appleton Moreira Rato

João do Passo Vicente Ribeiro

Annex III
Declaration Required under Article 29-G.1.C) of the Securities Code

Article 29-G.1.c) of the Securities Code requires that each of the persons responsible for issuers make a number of statements, as described in this article. In the case of Semapa, a standard statement has been adopted, worded as follows:

"I hereby declare, under the terms and for the purposes of Article 29-G.1. c) of the Securities Code that, to the best of my knowledge, the management report, annual accounts, legal accounts certificate and other financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year of 2022, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of said company and other companies included in the consolidated accounts, and that the management report contains a faithful account of the business, performance and position of said company and other companies included in the consolidated accounts, describing the main risks and uncertainties which they face."

Considering that the members of the Audit Board and the Statutory Auditor sign an equivalent declaration in relation to the documents for which they are responsible, a separate declaration with the above text was signed by the directors only, as it was deemed that only the Company officers fall within the concept of "persons responsible for the issuer". As required by this rule, we provide below a list of the names of the people signing the declaration and their functions in the company:

Name	Function
José Antônio do Prado Fay	Chairman of the Board of Directors
Ricardo Miguel dos Santos Pacheco Pires	Member of the Board of Directors
Vítor Paulo Paranhos Pereira	Member of the Board of Directors
Filipa Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Mafalda Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Lua Mónica Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
António Pedro de Carvalho Viana-Baptista	Member of the Board of Directors
Paulo José Lameiras Martins	Member of the Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Notes	2022	2021
Revenue	2.1	3,122,019,519	2,131,384,149
Other operating income	2.2	165,301,664	96,921,389
Fair value adjustments of biological assets	3.7	(24,824,186)	(1,260,392)
Costs of goods sold and materials consumed	4.1.3	(1,204,522,749)	(787,618,058)
Variation in production	4.1.4	90,792,701	5,111,833
Supplies and services	2.3	(817,733,973)	(607,961,284)
Payroll costs	7.1	(281,789,100)	(248,316,920)
Other operating expenses	2.3	(155,079,708)	(79,586,925)
Net provisions	9.1	(3,933,862)	(4,674,414)
Depreciation, amortisation and impairment losses on non-financial assets	3.6	(248,398,561)	(193,920,507)
Operating profit / (loss)		**641,831,745**	**310,078,871**
Group share of (loss) / gains of associates and joint ventures	10.3	7,526,731	2,101,110
Financial income and gains	5.11	8,655,401	5,042,207
Financial expenses and losses	5.11	(101,365,799)	(56,492,927)
Net monetary position (gains / (losses))	5.12	979,084	7,214,110
Profit before tax		**557,627,162**	**267,943,371**
Income tax	6.1	(135,564,768)	(17,989,082)
Net profit for the period		**422,062,394**	**249,954,289**
Attributable to Semapa's Shareholders		307,089,834	198,128,028
Attributable to non-controlling interests	5.6	114,972,560	51,826,261
Earnings per share			
Basic earnings per share, Euro	5.3	3.845	2.481
Diluted earnings per share, Euro	5.3	3.845	2.481

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Notes	2022	2021
Net profit for the period without non-controlling interests		**422,062,394**	**249,954,289**
Items that may be reclassified to the income statement			
Derivative financial instruments - hedging			
Fair value changes	8.2	60,639,683	2,277,728
Tax on items above		(16,567,036)	(626,376)
Currency translation differences		37,702,859	(29,452,019)
Other comprehensive income		(555,435)	(1,926,753)
Items that may not be reclassified to the income statement			
Remeasurements of post-employment benefits			
Remeasurements	7.3.11	1,029,116	2,276,241
Tax on items above	7.3.11	593,482	(317,651)
Total other comprehensive income (net of taxes)		**82,842,669**	**(27,768,830)**
Total comprehensive income		**504,905,063**	**222,185,459**
Attributable to:			
Semapa's shareholders		372,169,322	183,873,369
Non-controlling interests		132,735,741	38,312,090
		504,905,063	**222,185,459**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022	2021
ASSETS			
Non-current assets			
Goodwill	3.1	338,806,427	333,842,893
Intangible assets	3.2	455,064,081	345,068,211
Property, plant and equipment	3.3	1,684,929,711	1,732,729,259
Right-of-use assets	3.5	101,188,676	97,398,364
Biological assets	3.7	122,499,874	147,324,061
Investment in associates and joint-ventures	10.3	38,379,742	4,097,178
Investment properties	3.9	366,436	368,848
Other financial investments	8.3	48,718,902	21,244,092
Receivables and other non-current assets	4.2	28,920,465	12,120,307
Deferred tax assets	6.2	85,880,368	90,299,604
		2,904,754,682	**2,784,492,817**
Current assets			
Inventories	4.1.1	393,487,480	259,384,961
Receivables and other current assets	4.2	642,034,932	432,077,177
Income tax	6.1	23,726,172	8,287,130
Cash and cash equivalents	5.9	593,396,576	382,287,392
		1,652,645,160	1,082,036,660
Non-current assets held for sale	3.8	1,008,000	4,162,459
		1,653,653,160	**1,086,199,119**
Total assets		**4,558,407,842**	**3,870,691,936**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5.2	81,270,000	81,270,000
Treasury shares	5.2	(15,946,363)	(15,946,363)
Currency translation reserve	5.5	(202,244,411)	(234,772,441)
Fair value reserve	5.5	29,889,067	(2,291,184)
Legal reserves	5.5	16,695,625	16,695,625
Other reserves	5.5	1,105,635,572	1,048,397,118
Retained earnings	5.5	990,821	832,780
Net profit for the period		307,089,834	198,128,028
Equity attributable to Semapa's Shareholders		**1,323,380,145**	**1,092,313,563**
Non-controlling interests	5.6	310,245,813	253,113,874
Total Equity		**1,633,625,958**	**1,345,427,437**
Non-current liabilities			
Interest-bearing liabilities	5.7	1,051,581,390	1,119,730,077
Lease liabilities	5.8	84,908,949	81,377,645
Pensions and other post-employment benefits	7.3.6	5,576,670	6,878,807
Deferred tax liabilities	6.2	237,260,488	231,393,956
Provisions	9.1	53,325,780	52,482,945
Payables and other non-current liabilities	4.3	37,652,398	37,014,427
		1,470,305,675	**1,528,877,857**
Current liabilities			
Interest-bearing liabilities	5.7	335,991,058	278,153,916
Lease liabilities	5.8	16,308,812	15,312,306
Payables and other current liabilities	4.3	960,909,689	647,350,258
Income tax	6.1	141,266,650	55,570,162
		1,454,476,209	**996,386,642**
Total liabilities		**2,924,781,884**	**2,525,264,499**
Total Equity and Liabilities		**4,558,407,842**	**3,870,691,936**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share Capital	Treasury Shares	Currency translation reserve	Fair value reserve	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2022		**81,270,000**	**(15,946,363)**	**(234,772,441)**	**(2,291,184)**	**16,695,625**	**1,048,397,118**	**832,780**	**198,128,028**	**1,092,313,563**	**253,113,874**	**1,345,427,437**
Net profit for the period		-	-	-	-	-	-	-	307,089,834	307,089,834	114,972,560	422,062,394
Other comprehensive income (net of tax)		-	-	32,528,030	32,180,251	-	-	371,207	-	65,079,488	17,763,181	82,842,669
Total comprehensive income for the period		**-**	**-**	**32,528,030**	**32,180,251**	**-**	**-**	**371,207**	**307,089,834**	**372,169,322**	**132,735,741**	**504,905,063**
Appropriation of 2021 profit:												
- Transfer to reserves		-	-	-	-	-	157,234,909	-	(157,234,909)	-	-	-
- Dividends paid	5.4	-	-	-	-	-	(99,996,455)	-	(40,893,119)	(140,889,574)	-	(140,889,574)
Dividends paid by subsidiaries to non-controlling interests	5.6	-	-	-	-	-	-	-	-	-	(75,412,032)	(75,412,032)
Other operations - Hyperinflantionary economies (Lebanon)	5.6	-	-	-	-	-	-	(206,716)	-	(206,716)	(198,221)	(404,937)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**57,238,454**	**(206,716)**	**(198,128,028)**	**(141,096,290)**	**(75,610,253)**	**(216,706,543)**
Other movements		-	-	-	-	-	-	(6,450)	-	(6,450)	6,451	1
Equity as at 31 December 2022		**81,270,000**	**(15,946,363)**	**(202,244,411)**	**29,889,067**	**16,695,625**	**1,105,635,572**	**990,821**	**307,089,834**	**1,323,380,145**	**310,245,813**	**1,633,625,958**

Amounts in Euro	Note	Share Capital	Treasury Shares	Currency translation reserve	Fair value reserve	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2021		**81,270,000**	**(15,946,363)**	**(218,994,285)**	**(3,922,725)**	**16,695,625**	**982,702,158**	**429,769**	**106,588,079**	**948,822,258**	**259,154,345**	**1,207,976,603**
Net profit for the period		-	-	-	-	-	-	-	198,128,028	198,128,028	51,826,261	249,954,289
Other comprehensive income (net of tax)		-	-	(15,778,156)	1,631,541	-	-	(108,044)	-	(14,254,659)	(13,514,171)	(27,768,830)
Total comprehensive income for the period		**-**	**-**	**(15,778,156)**	**1,631,541**	**-**	**-**	**(108,044)**	**198,128,028**	**183,873,369**	**38,312,090**	**222,185,459**
Appropriation of 2020 profit:												
- Transfer to reserves	5.5	-	-	-	-	-	65,694,960	-	(65,694,960)	-	-	-
- Dividends paid	5.4	-	-	-	-	-		-	(40,893,119)	(40,893,119)	-	(40,893,119)
Acquisitions/Disposals to non-controlling interests	5.2	-	-	-	-	-	-	-	-	-	344,462	344,462
Dividends paid by subsidiaries to non-controlling interests	5.6	-	-	-	-	-	-	-	-	-	(45,218,594)	(45,218,594)
Other operations - Hyperinflantionary economies (Lebanon)	5.6	-	-	-	-	-	-	548,779	-	548,779	526,227	1,075,006
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**65,694,960**	**548,779**	**(106,588,079)**	**(40,344,340)**	**(44,347,905)**	**(84,692,245)**
Other movements		-	-	-	-	-	-	(37,724)	-	(37,724)	(4,656)	(42,380)
Equity as at 31 December 2022		**81,270,000**	**(15,946,363)**	**(234,772,441)**	**(2,291,184)**	**16,695,625**	**1,048,397,118**	**832,780**	**198,128,028**	**1,092,313,563**	**253,113,874**	**1,345,427,437**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in Euro	Notes	2022	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		3,234,029,629	2,212,815,890
Payments to suppliers		(2,218,361,472)	(1,556,971,990)
Payments to personnel		(194,645,986)	(170,235,475)
Cash flows from operations		**821,022,171**	**485,608,425**
Income tax received/ (paid)		(47,743,399)	(23,250,071)
Other receipts / (payments) relating to operating activities		(42,341,962)	23,954,396
Cash flows from operating activities (1)		730,936,810	486,312,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Financial investments		4,155,953	5,789,524
Property, plant and equipment		1,839,959	6,626,339
Interest and similar income		853,005	5,891,587
Group share of (loss) / gains of associates and joint ventures		1,965,010	1,115,004
Other assets		32,026	-
		8,845,953	**19,422,454**
Outflows:			
Financial investments		(26,832,541)	(17,660,181)
Balances of cash and cash equivalents due to changes in the perimeter		-	155,089
Property, plant and equipment		(179,468,224)	(125,733,783)
Intangible assets		(3,288,016)	(17,416,194)
		(209,588,781)	(160,655,069)
Cash flows from investing activities (2)		(200,742,828)	(141,232,615)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		1,258,307,876	1,928,819,790
Other financing operations		96,055	-
		1,258,403,931	**1,928,819,790**
Outflows:			
Interest-bearing liabilities		(1,277,611,131)	(2,187,632,702)
Amortisation of lease agreements	5.10	(23,803,857)	(19,948,814)
Interest and similar expenses	5.11	(58,522,406)	(38,828,331)
Dividends and other reserves	5.4 and 5.6	(216,301,015)	(86,198,246)
Other financing operations		(13,971,051)	(4,472,875)
		(1,590,209,460)	**(2,337,080,968)**
Cash flows from financing activities (3)		(331,805,529)	(408,261,178)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**198,388,453**	**(63,181,043)**
Effect of exchange differences		13,487,422	(6,901)
Effect of Hyperinflation on Cash and cash equivalents		(1,209,715)	(469,363)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.9	382,287,392	444,755,259
Impairment		443,024	1,189,440
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.9	**593,396,576**	**382,287,392**

The Accompanying notes form an integral part of these consolidated financial statements..

1 INTRODUCTION

The following symbols are used in the presentation of the Notes to the financial statements:

ACCOUNTING POLICIES
This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS
This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. The most significant estimates and judgements are presented in Note 1.6.

REFERENCE
This symbol indicates a reference to another Note or another section of the Financial Statements were more information about the items disclosed is presented.

1.1 THE SEMAPA GROUP

The SEMAPA Group (Group) comprises Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (Semapa), whose name has remain unchanged for the year, as well as that of its subsidiaries. Semapa located at Av. Fontes Pereira de Melo, 14, 10º Piso, Lisboa was incorporated on 21 June 1991 and its corporate purpose is to manage holdings in other companies as an indirect form of performing economic activities. The Company has been listed on NYSE Euronext Lisbon since 1995 with ISIN PTSEM0AM0004 and LEI code 549300HNGOW85KIOH584.

Company:	Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Head Office:	Av. Fontes Pereira de Melo, 14, 10º Piso, Lisboa | Portugal
Country:	Portugal
Legal Form:	Public Limited Company
Share Capital:	Euro 81,270,000
N.I.P.C.:	502 593 130
Parent company:	Sodim, SGPS, S.A.

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cement and derivatives, and environment, developed respectively through its subsidiaries The Navigator Company ("Navigator" or "Navigator Group"), Secil – Companhia Geral de Cal e Cimento, S.A. ("Secil" or "Secil Group") and ETSA – Investimentos, SGPS, S.A. ("ETSA" or "ETSA Group").

Semapa also holds a venture capital business unit, carried out through its subsidiary Semapa Next, S.A., whose objective is to promote investments in start-ups and venture capital funds with high growth potential.

A more detailed description of the Group activity in each business line is disclosed in Note 2.1 – Revenue and segment reporting.

Semapa is included in the consolidation perimeter of Sodim – SGPS, S.A., which is its parent company and the final controlling entity.

1.2 RELEVANT EVENTS OF THE PERIOD

INVASION OF UKRAINE BY RUSSIA

On 21 February 2022, the Russian Federation officially recognised two breakaway republics in eastern Ukraine and authorised the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a widespread military conflict began in this country entailing high material and human losses, leading to massive population displacements.

In response, multiple jurisdictions, including the European Union, United Kingdom, Switzerland, United States of America, Canada, Japan and Australia, condemned this conflict and initiated the application of several economic sanctions against Russia, several of its economic agents and, in some cases, Belarus. In turn, Russia also started retaliation with economic measures, especially affecting the operations of foreign companies located in Russia and with Russian counterparts.

The change in the European macroeconomic and geopolitical framework resulting from this conflict increased uncertainty and insecurity in global terms, witnessing: i) the suspension and/or disruption of business with entities based or originating in Russia and Ukraine; ii) increase in commodity prices, with emphasis on fossil fuels, metals and cereals; iii) increase in global economic uncertainty, with more volatility in exchange rates and interest rates and an increase in inflation rate. Possible risks of energy supply, as well as interruptions in the supply of raw materials and subsidiaries or in logistical means will continue to put pressure on the global economy and hamper the normal functioning of European industrial and transport operations.

As announced in March 2022, the subsidiary Navigator halted the sale of its products in the Russian and Belarusian markets and is following and continuously monitoring the situation in the markets where it operates geographically and throughout the supply chain – from the supply of wood, energy, raw and subsidiary materials (including logistical issues), in technical and support services provided by foreign companies and outsourcing service providers, amongst others. The other Group segments had no commercial relations with Russia.

In view of the weight of the markets of Russia and Ukraine in the Group's sales, which represent less than 1% as at the period ended 31 December 2021 and 0% in 2022, and the fact that these markets do not directly affect the supply chain, the Group's direct exposure to the markets of Ukraine and Russia is not significant.

Despite the general increase in costs, the Group's agility in conducting its business policy was able to decisively offset this increase, thanks to a responsible price adjustment policy and an effective diversification strategy, as well as to increased productivity in its industrial assets and greater efficiency in the consumption of raw and subsidiary materials.

Semapa continues to analyse the potential impacts on its financial position, performance and cash flows of the Group resulting from the military conflict in Ukraine, namely in what concerns relevant accounting estimates and judgements. No evidence of impairment resulted from this analysis.

STRENGTHENED PARTNERSHIP IN UTIS

In 2022, Semapa strengthened its partnership with Ultimate Cell by bringing together in UTIS – Ultimate Technology to Industrial Savings (the 50/50 joint venture between Semapa and its partner) all its solutions for optimising internal and continuous combustion with hydrogen injection. This strengthening of the partnership was also reflected in the investment in a new plant to replace the three old plants, enabling UTIS to increase its installed capacity and the production rate of its equipment (Note 10.3).

RECOVERABILITY OF GOODWILL AND BRANDS

The Group analysed whether there were signs of impairment arising from the impacts of the invasion of Ukraine by Russia, according to current forecasts, based on projections of GDP growth and inflation in markets where the Group operates, according to IMF and Bank of Portugal, which could indicate the existence of impairment of goodwill. No impairments on goodwill were identified, leaving a comfortable gap in relation to the book value of the assets associates with each of the business segments (Note 3.1). Similar conclusions were reached in the valuations performed on the identified brands with the exception of the Cement and Derivatives segment brand in Tunisia, on which an impairment of Euro 4.7 million was recorded as described in Note 3.2.

RECOVERABILITY, USEFUL LIFE AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Considering the prospects of overall consumption of the main products manufactured by the Group in its business segments, as well as the expected evolution in prices and the substantial gaps in relation to the book values of the assets, no evidence of impairment on property, plant and equipment was identified, with the exception of the tangible fixed assets of the Cement and Derivatives segment in Tunisia, on which an impairment of approximately Euro 7.9 million was recorded, as described in Note 3.6.

BIOLOGICAL ASSETS

When calculating the fair value of forests, the discounted cash-flows method is used, being the discount rate, growth period and price some of the key assumptions that may be subject to change due to the military conflict in Ukraine. In this sense, during 2022, the growth plans proceeded as expected the Group updated the assumptions of the fair value model in compliance with market developments, namely by updating the discount rate from 2.99% to 5.17%. Note 3.8 shows the impact of this update and a sensitivity analysis of these assumptions.

INVENTORIES

Taking into account the impact on demand, namely at the UWF level, the Group increased the impairment of inventories in 2022 by Euro 14 million (Notes 2.3 and 4.1). Taking into account the margins practised, the Group considers that the net realisable value of its inventories at 31 December 2022 is higher than their book value.

RECOVERABILITY OF TRADE AND OTHER RECEIVABLES

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. In the Semapa Group, the impacts of IFRS 9 on the consolidated statement of financial position are low considering that a significant part of its sales are either insured or adequately covered by collaterals.

Nevertheless, the Group periodically assesses the expected credit losses and the impacts on all financial assets measured at amortised cost. In this regard, the Group assessed the current exposure to credit risk and the potential impact of future economic forecasts and concluded that the impact of this component is small.

ACTUARIAL ASSUMPTIONS

The Group assessed the discount rate applicable to the defined benefit plan for employees and other post-employment benefits. The definition of the rates used to discount the liabilities (technical interest rate) is based on yield curves of highly rated bonds with a maturity consistent with the duration of liabilities of the plans in force in the various group companies. As a result of this evaluation and based on the actuarial studies carried out as at 31 December 2022, the discount rates have been revised upwards compared to the previous year, in line with the trend of the reference rates. In Note 7.2, the Group presents a sensitivity analysis that allows assessing the impact of changes in the discount rate.

CURRENCY IMPACT

The Semapa Group develops activities outside Portugal through its subsidiaries in the Pulp and Paper and Cement and Derivatives segments and is thus exposed to the foreign exchange risk of operating activities denominated in currencies other than its functional currency.

The restrictions caused by Russia's invasion of Ukraine and the impact of the pandemic, particularly on the movement of people and goods, have affected the economy and created uncertainty in the markets. In this scenario of high volatility, there was a significant currency impact in 2022, namely in the Cement and Derivatives segment, resulting from the conversion of assets and liabilities denominated in foreign currency recognised in equity under the currency translation reserve (Note 5.5), as well as foreign exchange impacts resulting from the operation of the subsidiaries, which are recognised in the income statement.

LIQUIDITY

The Group currently has a comfortable liquidity position as a result of a significant increase in its short-term assets and careful management of working capital. As at 31 December 2022, the Group has contracted and unused credit facilities amounting to approximately Euro 698 million (Note 5.7).

The Group has been working and will continue to work thoroughly within its reach, namely in its operational and commercial planning, cost efficiency, cash flow allocation and effective liquidity management to ensure it remains a going concern and the health and wellbeing of its employees. It should be noted that, as at 31 December 2022, the Group is in compliance with the negotiated covenants and the safety margin of these covenants is comfortable.

1.3 SUBSEQUENT EVENTS

Between 1 January 2023 and 23 March 2023 (Note 1.4) the following events occurred, which did not give rise to adjustments to the consolidated financial statements of 2022:

NAVIGATOR | ACQUISITION OF GC CONSUMER

Navigator has formalised an agreement for the purchase and sale of shares representing the entire share capital of Gomà-Camps Consumer, S.L.U., based in Zaragoza, Spain, which in turn holds the entire share capital of Gomà-Camps France SAS, based in Castres, France (hereinafter collectively referred to as "GC Consumer").

The acquisition of GC Consumer, which had total sales of Euro 115.6 million in 2022, is part of the Group's ambitious growth and diversification plan. The integration of this new plant will enable Navigator to position itself as the second largest tissue producer in the Iberian Peninsula, adding 35,000 tonnes of annual tissue paper production capacity, bringing the total to 165,000 tonnes per year, and increasing annual converting capacity by 60,000 tonnes to 180,000 tonnes per year. The enterprise value of this acquisition amounts to Euro 85 million.

1.4 BASIS FOR PREPARATION

AUTHORISATION TO ISSUE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 23 March 2023. However, they are still subject to approval by the General Shareholders' Meeting, in accordance with the Portuguese commercial legislation.

The Group's senior management, which are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group's consolidation scope.

BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS | ACCOUNTING FRAMEWORK

The consolidated financial statements for the period ended 31 December 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective 1 January 2022 and as adopted by the European Union.

BASIS OF MEASUREMENT, CONTINUITY AND COMPARABILITY

The accompanying consolidated financial statements have been prepared on a going concern basis from the accounting books and records of the companies included in the consolidation perimeter (Note 10.1).

They have also been prepared on the historical cost basis, except for biological assets (Note 3.7) and financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income (Note 8.3), which include derivative financial instruments (Note 8.2). The liability for Pension and other post- employment benefits is recognised at its present value less the respective asset.

These consolidated financial statements are comparable in all material aspects with those of the previous period of 2021.

BASIS FOR CONSOLIDATION

SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, the variable returns generated as a result of its involvement with the entity and has the ability to affect those variable returns through the power it exercises over the entity's relevant activities.

Shareholder's equity and net profit or loss of these companies, corresponding to the third-party investment in such companies, are presented under the caption Non-controlling interests, respectively in the Consolidated Statement of Financial Position, in a separate component of shareholder's equity, and in the Consolidated Income Statement.

The policies followed in the consolidation and details of the companies included in the consolidated financial statements are set out in Note 10.1.

INVESTMENT IN ASSOCIATES AND JOINT-VENTURES

Associates are all the entities over which the Group has significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Investments in associates are equity accounted.

The accounting policies applicable to investments in Associates and Joint Ventures are described in Note 10.3.

PRESENTATION CURRENCY AND TRANSACTIONS IN A CURRENCY OTHER THAN THE PRESENTATION CURRENCY AND HYPERINFLATIONARY ECONOMIES

The items included in the financial statements of each of the Group entities included in the consolidation perimeter are measured using the currency of the economic environment in which the entity operates (functional currency). These consolidated financial statements are presented in Euro.

All the Group's assets and liabilities denominated in currencies other than the reporting currency have been translated to Euro using the exchange rates ruling at the statement of financial position date (Note 8.1.1). The exchange differences arising from differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or at the Statement of consolidated financial position dates, are recorded as income and expenses in the period (Note 5.11).

The income captions of foreign transactions are translated at the average rate for the period. The differences arising from the application of this rate, as compared with the balance prior to the conversion, are reflected under the Currency translation reserve caption in shareholders' equity (Note 5.5). Whenever a foreign entity is sold, the accumulated exchange difference is recognised in the consolidated income statement as part of the gain or loss on the sale.

For foreign operations in hyperinflationary economies, the financial statements in local currency are restated in terms of the measuring unit current at the statement of financial position date to reflect the impact of inflation before translation into the Group's presentation currency.

IAS 29 – Financial Reporting in Hyperinflationary Economies requires that amounts not yet expressed in terms of the measuring unit current at the financial position date are restated by applying a general price index, leading to a potential gain or loss on the monetary position. The standard also requires that all items in the statement of cash flows are expressed in terms of the measuring unit current at the balance sheet date.

When the Group's presentation currency is not hyperinflationary, IAS 21 – The Effects of Changes in Foreign Exchange Rates requires comparative amounts to be those that were presented in previous financial statements, with the gain or loss on the net monetary position relating to price changes in prior periods being recognised directly in Equity.

Furthermore, the Group assesses the book value of non-current assets in accordance with IAS 36 – Impairment of Assets, so that the restated amount is reduced to the recoverable amount, ensuring that the book value reflects the economic value of the assets.

The profit and loss and financial position of foreign operations in hyperinflationary economies are translated at the closing rate at the date of the financial position. In the case of Lebanon, the Group uses the exchange rate applicable to dividends and capital repatriation, because it is the rate at which, at the date of the financial position, the investment in the foreign operation will be recovered.

As at 31 December 2022 and 2021, the exchange rates used for the translation of assets and liabilities expressed in currencies other than Euro are detailed as follows:

	31/12/2022	31/12/2021	Valuation/ (devaluation)		31/12/2022	31/12/2021	Valuation/ (devaluation)
TND (Tunisian dinar)				DKK (Danish krone)			
Average exchange rate for the period	3.2535	3.2889	1.08%	Average exchange rate for the period	7.4396	7.4370	(0.03%)
Exchange rate for the end of the period	3.3342	3.2673	(2.05%)	Exchange rate for the end of the period	7.4365	7.4364	(0.00%)
LBP (Lebanese pound)				HUF (Hungarian forint)			
Average exchange rate for the period	44,903.90	31,316.40	(43.39%)	Average exchange rate for the period	391.4304	358.5161	(9.18%)
Exchange rate for the end of the period	44,903.90	31,316.40	(43.39%)	Exchange rate for the end of the period	400.8700	369.1900	(8.58%)
USD (US dollar)				AUD (Australian dollar)			
Average exchange rate for the period	1.0534	1.1828	10.94%	Average exchange rate for the period	1.5164	1.5749	3.71%
Exchange rate for the end of the period	1.0666	1.1326	5.83%	Exchange rate for the end of the period	1.5693	1.5615	(0.50%)
GBP (Pound sterling)				MZN (Mozambican metical)			
Average exchange rate for the period	0.8528	0.8596	0.79%	Average exchange rate for the period	67.2043	77.7469	13.56%
Exchange rate for the end of the period	0.8869	0.8403	(5.55%)	Exchange rate for the end of the period	68.1800	78.0900	12.69%
PLN (Polish zloty)				BRL (Brazilian real)			
Average exchange rate for the period	4.6867	4.5652	(2.66%)	Average exchange rate for the period	5.4409	6.3773	14.68%
Exchange rate for the end of the period	4.6808	4.5969	(1.83%)	Exchange rate for the end of the period	5.5680	6.3199	11.90%
SEK (Swedish krona)				MAD (Moroccan dirham)			
Average exchange rate for the period	10.6305	10.1465	(4.77%)	Average exchange rate for the period	10.6861	10.6728	(0.12%)
Exchange rate for the end of the period	11.1218	10.2503	(8.50%)	Exchange rate for the end of the period	11.1592	10.5165	(6.11%)
CZK (Czech koruna)				NOK (Norwegian krone)			
Average exchange rate for the period	24.5670	25.6405	4.19%	Average exchange rate for the period	10.1033	10.1633	0.59%
Exchange rate for the end of the period	24.1160	24.8580	2.98%	Exchange rate for the end of the period	10.5138	9.9888	(5.26%)
CHF (Swiss franc)				AOA (Angolan kwanza)			
Average exchange rate for the period	1.0046	1.0811	7.08%	Average exchange rate for the period	486.7246	751.3343	35.22%
Exchange rate for the end of the period	0.9847	1.0331	4.68%	Exchange rate for the end of the period	544.6434	632.4237	13.88%
TRY (Turkish lira)				MXN (Mexican peso)			
Average exchange rate for the period	17.4170	10.5124	(65.68%)	Average exchange rate for the period	21.1789	23.9852	11.70%
Exchange rate for the end of the period	19.9649	15.2335	(31.06%)	Exchange rate for the end of the period	20.8560	23.1438	9.89%
ZAR (South African rand)				AED (Dirham)			
Average exchange rate for the period	17.2081	17.4766	1.54%	Average exchange rate for the period	3.8674	4.3416	10.92%
Exchange rate for the end of the period	18.0986	18.0625	(0.20%)	Exchange rate for the end of the period	3.9171	4.1595	5.83%
EGP (Egyptian pound)				CAD (Canadian dollar)			
Average exchange rate for the period	20.1843	18.5502	(8.81%)	Average exchange rate for the period	1.3692	1.4826	7.64%
Exchange rate for the end of the period	26.3086	17.8209	(47.63%)	Exchange rate for the end of the period	1.4440	1.4393	(0.33%)

1.5 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN 2022

	Amendment
Standards and amendments endorsed by the European Union	
Reference to the Conceptual Framework (Amendments to IFRS 3)	In May 2020 the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
Property, Plant and Equipment – Proceeds before Intended Use, Amendments to IAS 16 Property, Plant and Equipment	In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss. The amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022.
Onerous Contracts – Cost of Fulfilling a Contract	In May 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments shall be applied for annual periods beginning on or after 1 January 2022.
Annual Improvements to IFRS Standards 2018-2020	On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018-2020 containing the following amendments to IFRSs: (a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS; (b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9); (c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and (d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41. The amendments will be applied for annual periods beginning on or after 1 January 2022.

The above standards, amendments and interpretations had no impact on the financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS OF MANDATORY APPLICATION ON OR AFTER 1 JANUARY 2023

	Amendment	Effective date
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
Amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2: Accounting policy disclosures	Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements". The amendments are effective from 1 January 2023 but may be applied earlier.	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.	1 January 2023
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations - transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligation. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.	1 January 2023

	Amendment	Effective date
Standards and amendments not yet endorsed by the European Union		
Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	IASB issued on 23 January 2020 an amendment to IAS 1 – Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current. The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period. The amendments aim to: a) Specify that an entity's right to defer settlement must exist at the end of the reporting period and must be material; b) Clarify that ratios that the entity is required to meet after the balance sheet date (i.e. future covenants) do not affect the classification of a liability at the balance sheet date. However, when non-current liabilities are subject to future ratios, entities should disclose information that enables users to understand the risk that those liabilities will be repaid within 12 months after the balance sheet date; and c) Clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments (ex: convertible debt). This amendment is effective for periods starting on 1 January 2024.	1 January 2024
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 – Leases)	The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction. The amendments confirm that: - On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction. - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it does not recognise any gain or loss relating to the right of use it retains. - A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement. The amendments shall be applied for annual periods beginning on or after 1 January 2024, with earlier application permitted. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee shall apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means that it will have to identify and reassess sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that include variable lease payments.	1 January 2024

With respect to the above standards, which are not yet mandatory, the Group has not yet completed the calculation of all impacts arising from their application and has therefore elected to apply them early, although these impacts are not expected to be material.

1.6 MAIN ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of estimates and judgements that affect the amounts of income, expenses, assets, liabilities and disclosures at the date of the consolidated financial position. To that end, the Board's estimates and judgements are based on:

i. the best information and knowledge of current events and in certain cases on the reports of independent experts, and

ii. the actions that the Group considers it may have to take in the future.

on the date on which the operations are realised, the outcome could differ from those estimates.

MAIN ESTIMATES AND JUDGEMENTS

Estimates and judgements	Notes
Recoverability of Goodwill and brands	3.1 - Goodwill 3.2 - Intangible assets
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 - Employee benefits
Fair value of biological assets	3.7 - Biological assets
Recognition of provisions	9.1 - Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 - Property, plant and equipment

2 OPERATIONAL PERFORMANCE

2.1 REVENUE AND SEGMENT REPORTING

ACCOUNTING POLICIES

SEGMENT REPORTING

In accordance with IFRS 8, an operating segment is a component of an entity:

i) business activities that can generate revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);

ii) whose operating results are regularly reviewed by the entity's chief operating decision-maker for the purpose of making decisions about allocating resources to the segment and evaluating its performance; and

iii) for which different information is available.

Semapa's Executive Committee and the different subsidiaries are the main responsible for the Group's operational decisions, periodically and consistently analysing the reports on the financial and operating information of each segment. The reports are used to monitor the operational performance of its businesses and decide on the best allocation of resources to the segment, as well as the evaluation of its performance and strategic decision-making.

The information used in segment reporting corresponds to the financial information prepared by the Group. All the inter-segment sales and services are performed at market prices and eliminated on consolidation.

When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group:

PULP AND PAPER

The Navigator Group's main business is the production and sale of writing and printing thin paper (UWF) and domestic consumption paper (Tissue), and it is present in the whole value added chain, from research and development of forestry and agricultural production to the purchase and sale of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP – and electric and thermal energy, as well as its commercialisation.

The Navigator Group has four industrial plants. BEKP, energy and UWF paper are produced in two plants located in Figueira da Foz and Setúbal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Ródão, only produces tissue paper.

Wood and cork are produced from woodlands owned or leased by the Group in Portugal and Spain, and also form granted lands in Mozambique. The production of cork and pine wood are sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Group's own BEKP production is consumed in the production of UWF and tissue paper in Aveiro. Sales of BEKP, UWF and tissue paper are made to more than 130 countries around the world.

Energy, heat and electricity are mainly produced from biofuels in three cogeneration plants. Heat production is used for internal consumption while electricity is sold to the national energy grid. The Navigator Group also owns another two cogeneration units using natural gas, integrated in the production of paper in Figueira da Foz and in Setúbal, and two independent biomass-fuelled plants, the output of the last two being sold to the national energy grid or on the market. It also has three photovoltaic plants for self-consumption, two in Setúbal and one in Figueira da Foz.

CEMENT AND DERIVATIVES

The Cement and derivatives segment is led by Secil – Companhia Geral de Cal e Cimento, S.A., which has a strong presence in the cement industry, being a business group with several operations in Portugal and in several countries around the world (Secil Group).

The main product marketed by the Secil Group is cement. The sale of ready-mixed concrete, aggregates, mortars and precast concrete constitutes a verticalisation of the cement segment allowing the Group to obtain synergies.

Secil Group has 3 cement plants in Portugal, Secil-Outão, Maceira-Liz and Cibra-Pataias, and the cement is sold in its various forms (in bulk or bagged, on pallets or big bags) through the different trading hubs owned by the Group. The Secil Group also owns other factories located in Brazil, Tunisia, Lebanon and Angola.

A significant factor in the marketing of cement is the transportation cost, which is why the Secil Group maintains a private wharf in Secil-Outão, a sea terminal in Spain and a sea terminal in the Netherlands.

With regards to cement "derivatives", the ready-mixed concrete represents the greatest weight in the Group's revenue, with the Secil Group owning several production and marketing centres in Portugal, Spain, Tunisia, Lebanon and Brazil.

Secil Group has also the licence to exploit several quarries, from which it extracts materials for incorporation in cement production or commercialisation as aggregates.

ENVIRONMENT

The Environment segment is led by ETSA – Investimentos, S.G.P.S., S.A., whose operating activities in Portugal and Spain refer mainly to the rendering of services associated with the cumulative recovery of animal by-products and food products containing animal origin substances, and the sale of the products resulting from this recovery for incorporation in the production of fertilisers, animal feed and biodiesel ("ETSA Group").

The activities developed by the ETSA Group play a very important role in the defence of the population and the environment, providing new life to products that would otherwise be directed to landfills or undifferentiated waste treatment centres.

The main activities developed by the Group are:

- collection, packaging, sorting, unpacking and upgrading of animal by-products (categories 1, 2 and 3), other foodstuffs and waste oils, from collection sites such as slaughterhouses, cutting plants, butchers, municipal markets and modern retail;
- the sale of animal fats, flours and used cooking oil.

ETSA Group develops its activity through the transformation units located in Coruche and Loures, and the collection network is assured by its own road fleet, duly certified by the Portuguese National Authority for Food and Animal Health (DGAV – *Direção Geral de Alimentação e Veterinária*).

HOLDINGS

This segment refers to the management activities of the Semapa Group, that is, the services rendered by Semapa to its subsidiaries in various areas such as strategic planning, legal, financial, accounting, tax, talent management, among others, while incurring in payroll expenses and the contracting of specialised services.

The new venture capital unit has been included in this segment, which is not yet fully reflected in the Group's consolidated financial information.

REVENUE

Revenue is presented by operating segment and by geographic area, based on the country of destination of the goods and services sold by the Group.

Revenue recognition in each operating segment is described as follows:

Pulp and paper
Commercial contracts with customers refer essentially to the sale of goods such as paper, pulp, tissue and energy, and to an extent limited to the transportation of those goods, when applicable.
Paper revenue refers to sales made through Retail Stores (B2C) or Commercial Distributors (B2B) which include large distributors, wholesalers or commercial operators. Revenue is recognised at a specific time, when control is transferred in accordance with the agreed incoterm, at the amount of the performance obligation satisfied, and the price of the transaction is a fixed amount invoiced based on quantities sold, less cash discounts and quantity discounts, which are reliably estimated.
Pulp revenue results from sales to international paper producers. Revenue is recognised at a specific time, by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced on the basis of quantities sold, less cash discounts and quantity discounts, which are reliably determinable. On the export side, the transfer of control of the products occurs in general when there is a transfer of control to the customer, according to the Incoterms negotiated.
Tissue revenue results from sales of tissue paper produced for the private label of modern national and international retail chains. Revenue is recognised at a specific time by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to the quantities sold. Revenue is recognised against the delivery of the product, at which time the transfer of control over the product is deemed to take place.
Energy revenue results from the valuation of the energy produced and delivered to the national electricity system, according to the metering, valued at the tariff defined in the contract for a 25-year period in progress.
Cement and derivatives
Cement
A significant part of Secil Group revenue relates to the sale of grey cement, in bulk or bagged, in pallets or packets. The form of cement packaging and delivery point depends on the size of the customer.
Secil Group's main customers are industrial companies in the area of concrete, prefabricated and civil construction and consortia associated with the construction of highly complex technical works such as dams and bridges. The sale of bagged cement to the end consumer is residual and is assured through local resellers.
Secil supplies its products in its factories and trading hubs and ensures transport to the customer's premises by subcontracting the transport, in which case there are two performance obligations, to which Secil allocates the transaction price based on the sales price.
Revenue is recognised at a specific time, when the control is transferred, by the amount of the performance obligation satisfied. The transaction price results from the price lists in force adjusted by cash discounts and quantity discounts, granted to customers, depending on whether they are resellers or industrial customers, as described in the general terms and conditions of sale. For large customers and specific projects, the prices and discount conditions are fixed by contract, on an individual basis.
The discounts granted are a variable component of the price which is considered in determining the revenue recorded on the date of delivery of the product to the customer, which corresponds to the date of transfer of control of the products.
On the export side, the transfer of control of the products generally takes place when there is a transfer of control to the customer, according to the Incoterms negotiated.
Materials
The Materials business line concerns cement "derivatives": ready-mixed concrete, aggregates, mortars and prefabricated concrete.
Revenue from Materials is recognised, at a specific moment, on the date of delivery of the product to the customer, even if the contract involves phased deliveries, due to the different phases of the work and quantities to be moved.
Revenue is recognised by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced on the basis of quantities sold, less cash discounts and quantity discounts, which are reliably estimated.
With regards to mortars, the rental of site equipment for the storage, mixing and application of mortars corresponds to a separate performance obligation with a stand-alone sales price less any discounts granted.
Prefabricated concrete essentially refers to the marketing of standard prefabricated materials, and there is no production of prefabricated materials at the specific request of customers. In this business area the Group recognises the revenue of all products with the delivery of the product to the customer.

Environment
Revenue recorded by the Environment segment refers to the sale of products and the rendering of services. Product sales are mainly lard, tallow, animal fat, flour (for the feed industry), and oils (for the biodiesel market). Revenue is recognised, at a specific moment, when the products are delivered to the customer's premises or location designated by the customer, at which time the transfer of control to the customer is considered to occur. The main customers are national and international animal feed producers. The services rendered by the ETSA Group refer mainly to the following: • collection and treatment of Category 1 and 2 materials from farmed and domestic animal carcases, in accordance with the contract with DGAV – *Direcção Geral de Alimentação e Veterinária*, as well as from slaughterhouses and other conventional collection centres; and • packing in refrigerated equipment, collection, transport, sorting and unpacking of Category 3 materials (meat and fish) and other foodstuffs (fresh or frozen), in bulk or packaged, in the network of modern retail shops and town markets. Revenue recognition is made on a monthly basis for services rendered on a regular and uniform basis to the modern retail network. As for the contract with DGAV, revenue is recognised for each service rendered, as calculated on a monthly basis.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

SEGMENT REPORTING

When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group: Pulp and Paper, Cements and Derivatives, and Environment, consistent with the way the Semapa Group's management team monitors and analyses performance.

FINANCIAL INFORMATION BY OPERATING SEGMENT IN 2022 AND 2021

2022 Amounts in Euro	Notes	Pulp and Paper	Cement and derivatives	Environment	Holdings	Within-Group Eliminations	Total
Revenue		2,464,624,691	602,980,604	54,622,984	13,878,639	(14,087,399)	3,122,019,519
Other operating income (a)	2.2 and 3.7	45,417,808	94,205,493	827,732	26,445	-	140,477,478
Cost of goods sold and materials consumed	4.1	(968,849,205)	(221,631,246)	(14,042,298)	-	-	(1,204,522,749)
Supplies and services	2.3	(626,158,733)	(187,638,327)	(12,830,540)	(5,193,772)	14,087,399	(817,733,973)
Other operating expenses (b)	2.3	(178,675,782)	(149,254,076)	(9,259,053)	(8,887,196)	-	(346,076,107)
Depreciation and amortisation	3.6	(176,547,483)	(55,929,998)	(3,341,081)	(238,407)	-	(236,056,969)
Impairment losses	3.6	(1,646)	(12,339,946)	-	-	-	(12,341,592)
Net provisions	9.1	(1,621,447)	(2,312,415)	-	-	-	(3,933,862)
Interest and similar expense	5.11	(16,556,492)	(20,882,917)	(31,387)	(6,071,981)	-	(43,542,777)
Group share of (loss) / gains of associates and joint ventures	10.3	-	(1,227,649)	-	8,754,380	-	7,526,731
Net monetary position (Lebanon)	5.11	-	979,084	-	-	-	979,084
Other financial gains and losses	5.11	(40,426,518)	(11,381,531)	(97,754)	2,738,182	-	(49,167,621)
Profit before tax		**501,205,193**	**35,567,076**	**15,848,603**	**5,006,290**	**-**	**557,627,162**
Income tax	6.1	(119,738,136)	(22,941,214)	(3,622,227)	10,736,809	-	(135,564,768)
Net profit for the period		**381,467,057**	**12,625,862**	**12,226,376**	**15,743,099**	**-**	**422,062,394**
Attributable to Shareholders		**266,912,542**	**12,360,811**	**12,073,382**	**15,743,099**	**-**	**307,089,834**
Non-controlling interests	5.6	114,554,515	265,051	152,994	-	-	114,972,560
OTHER INFORMATION (31/12/2022)							
Total Segment assets		2,844,231,449	1,329,926,151	109,770,383	293,793,164	(19,313,305)	4,558,407,842
Goodwill	3.1	122,907,528	176,961,949	38,936,950	-	-	338,806,427
Intangible assets	3.2	196,301,091	258,762,990	-	-	-	455,064,081
Property, plant and equipment	3.3	1,134,836,698	520,514,451	29,078,704	499,858	-	1,684,929,711
Biological assets	3.7	122,499,874	-	-	-	-	122,499,874
Deferred tax assets	6.2	27,204,659	33,722,579	608,566	25,923,522	(1,578,958)	85,880,368
Investments in associates and joint ventures	10.3	-	549,997	6,250	37,823,495	-	38,379,742
Cash and cash equivalents	5.9	343,083,788	69,001,851	13,241,920	168,069,017	-	593,396,576
Total segment liabilities		1,703,645,286	886,265,648	20,145,525	334,038,730	(19,313,305)	2,924,781,884
Interest-bearing liabilities	5.7	725,301,722	375,227,211	591,859	286,537,234	(85,578)	1,387,572,448
Acquisition of property, plant and equipment	3.3	112,023,810	48,108,244	7,814,950	27,523	-	167,974,527

(a) Includes "Other operating income" and "Fair value adjustments of biological assets"

(b) Includes "Variation in production", "Payroll costs" and "Other operating expenses"

NOTE: The figures presented by business segments may differ from those presented individually by each Group, following the harmonisation adjustments made in the consolidation in compliance with the applicable accounting standards, as well as of the allocation of goodwill of the different segments, independently of the entity that holds the shareholding

2021 Amounts in Euro	Notes	Pulp and Paper	Cement and derivatives	Environment	Holdings	Within-Group Eliminations	Total
Revenue		1,595,870,445	495,863,777	39,972,442	16,090,072	(16,412,587)	2,131,384,149
Other operating income (a)	2.2 and 3.7	29,176,014	66,357,185	68,996	102,779	(43,977)	95,660,997
Cost of goods sold and materials consumed	4.1	(629,794,745)	(150,103,844)	(7,719,469)	-	-	(787,618,058)
Supplies and services	2.3	(449,402,361)	(157,576,119)	(9,850,613)	(7,588,755)	16,456,564	(607,961,284)
Other operating expenses (b)	2.3	(191,133,025)	(114,806,024)	(7,870,065)	(8,982,898)	-	(322,792,012)
Depreciation and amortisation	3.6	(137,269,249)	(53,459,382)	(3,209,954)	(252,836)	-	(194,191,421)
Impairment losses	3.6	(1,646)	272,560	-	-	-	270,914
Net provisions	9.1	(3,142,944)	(1,531,470)	-	-	-	(4,674,414)
Interest and similar expense	5.11	(16,061,895)	(19,528,580)	(73,312)	(6,212,710)	75	(41,876,422)
Group share of (loss) / gains of associates and joint ventures	10.3	-	1,767,749	-	333,361	-	2,101,110
Net monetary position (Lebanon)	5.11	-	7,214,110	-	-	-	7,214,110
Other financial gains and losses	5.11	(1,715,313)	(8,833,333)	(118,624)	1,093,048	(76)	(9,574,298)
Profit before tax		**196,525,281**	**65,636,629**	**11,199,401**	**(5,417,939)**	**(1)**	**267,943,371**
Income tax	6.1	(36,178,643)	(9,457,032)	(2,288,855)	29,935,448	-	(17,989,082)
Net profit for the period		**160,346,638**	**56,179,597**	**8,910,546**	**24,517,509**	**(1)**	**249,954,289**
Attributable to Shareholders		**112,190,169**	**52,503,014**	**8,917,336**	**24,517,509**	**-**	**198,128,028**
Non-controlling interests	5.6	48,156,469	3,676,583	(6,790)	-	(1)	51,826,261
OTHER INFORMATION (31/12/2021)							
Total Segment assets		2,474,786,454	1,195,545,725	95,630,789	128,302,129	(23,573,161)	3,870,691,936
Goodwill	3.1	122,907,528	172,126,164	38,809,201	-	-	333,842,893
Intangible assets	3.2	176,240,529	168,827,682	-	-	-	345,068,211
Property, plant and equipment	3.3	1,195,663,348	512,215,525	24,259,948	590,438	-	1,732,729,259
Biological assets	3.7	147,324,061	-	-	-	-	147,324,061
Deferred tax assets	6.2	28,037,408	35,984,124	596,664	25,681,408	-	90,299,604
Investments in associates and joint ventures	10.3	-	629,077	-	3,468,101	-	4,097,178
Cash and cash equivalents	5.9	239,171,252	75,222,758	8,920,334	58,973,048	-	382,287,392
Total segment liabilities		1,537,721,851	733,936,297	17,134,307	260,045,205	(23,573,161)	2,525,264,499
Interest-bearing liabilities	5.7	833,944,049	329,081,019	681,389	234,276,331	(98,795)	1,397,883,993
Acquisition of property, plant and equipment	3.3	80,033,573	36,400,488	3,792,902	45,463	-	120,272,426

(a) Includes "Other operating income" and "Fair value adjustments of biological assets"

(b) Includes "Variation in production", "Payroll costs" and "Other operating expenses"

NOTE: The figures presented by business segments may differ from those presented individually by each Group, following the harmonisation adjustments made in the consolidation in compliance with the applicable accounting standards, as well as of the allocation of goodwill of the different segments, independently of the entity that holds the shareholding

PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHIC LOCATION

Amounts in Euro	31/12/2022		31/12/2021	
Portugal	1,419,564,092	84.25%	1,469,456,792	84.81%
Rest of Europe	5,005,371	0.30%	8,007,389	0.46%
America	188,264,195	11.17%	170,635,423	9.85%
Africa	55,126,154	3.27%	64,192,963	3.70%
Asia	16,969,899	1.01%	20,436,692	1.18%
	1,684,929,711	100.00%	1,732,729,259	100.00%

REVENUE BY BUSINESS SEGMENT, BY GEOGRAPHIC AREA AND BY RECOGNITION PATTERN

2022	Pulp and Paper	Cement and Derivatives	Environment	Total Amount	Total %
Portugal	428,410,901	300,923,952	34,478,854	763,813,707	24.47%
Rest of Europe	1,297,330,715	53,324,022	17,566,223	1,368,220,960	43.82%
America	312,166,411	126,998,735	-	439,165,146	14.07%
Africa	285,563,826	92,542,694	-	378,106,520	12.11%
Asia	140,834,661	29,191,202	2,577,907	172,603,770	5.53%
Oceania	109,416	-	-	109,416	0.00%
	2,464,415,930	**602,980,605**	**54,622,984**	**3,122,019,519**	**100.00%**
Measurement standard					
At a point in time	2,464,415,930	602,980,605	38,234,816	3,105,631,351	99.48%
Over time	-	-	16,388,168	16,388,168	0.52%

2021	Pulp and Paper	Cement and Derivatives	Environment	Total Amount	Total %
Portugal	255,177,473	269,882,937	29,875,811	554,936,221	26.04%
Rest of Europe	796,014,559	40,838,204	9,539,753	846,392,517	39.71%
America	202,621,906	90,554,519	-	293,176,425	13.76%
Africa	210,722,215	69,877,919	24,351	280,624,485	13.17%
Asia	129,519,943	24,520,101	532,526	154,572,569	7.25%
Oceania	1,681,932	-	-	1,681,932	0.08%
	1,595,738,028	**495,673,680**	**39,972,441**	**2,131,384,149**	**100.00%**
Measurement standard					
At a point in time	1,595,738,028	495,673,680	24,726,233	2,116,137,942	99.28%
Over time	-	-	15,246,208	15,246,208	0.72%

In 2022 and 2021, the revenue presented in different business and geographical segments corresponds to revenue generated with external customers based on the final destiny of the products and services commercialised by the Group, not representing any of them, individually, 10% or more of the overall revenue of the Group.

2.2 OTHER OPERATING INCOME

ACCOUNTING POLICIES

OPERATING GRANTS AND GRANTS RELATED TO BIOLOGICAL ASSETS

Government grants are recognised at their fair value and only when there is a reasonable assurance that the grant will be received and the Group will comply with all required conditions. Operating grants, received with the purpose of compensating the Group for costs incurred, are systematically recorded in the income statement during the periods in which the costs that those grants are intended to compensate are recorded.

Grants related to biological assets (Note 3.7) carried at the fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the grant are met.

As at 31 December 2022 and 2021, Other operating income is detailed as follows:

Amounts in Euro	2022	2021
Grants - CO_2 emission allowances	110,787,715	52,114,959
Operating grants	14,946,868	3,122,470
Gains on disposal of non-current assets	5,641,972	7,707,805
Compensations received	5,555,304	6,005,195
Own work capitalised	3,721,980	3,818,727
Supplementary income	2,292,318	1,178,392
Regulation reserve band - REN	2,247,044	4,392,012
Income from waste treatment	1,220,385	1,049,311
Inventory gains	2,993,118	1,100,847
Disposal of CO_2 emission allowances	-	5,194,370
Other operating income	15,894,960	11,237,301
	165,301,664	**96,921,389**

The amount recorded under Grants – CO_2 emission allowances corresponds to the recognition of the free allocation of emission allowances, which are mostly offset with the expense recognised for the issue/consumption of allowances granted free of charge, so the reduction does not significantly impact the Group's net income for the period. The variation verified in the amount compared to the previous period results essentially from the reduction verified in the price to which these licenses are valued, corresponding to the price on the date on which they are annually attributed.

Operating grants include Euro 9,951,051, from the subsidiary Navigator, related to the receipt of the indirect cost aid measure for installations covered by the European Emissions Trading Scheme (EU ETS), under Decree-Law 12/2020 of 6 April. This caption also includes grants awarded to Navigator for research and development projects carried out by the RAIZ Institute, such as the inpactus project (Euro 712,216) and IdTecFor (Euro 609,934), among others, as well as the incentive related to the Apoiar Gás programme (Euro 2,103,437). In 2022, Euro 378,850 was also received by Navigator regarding the IEFP's ATIVAR Programme, which includes professional training, professional internships and reinforced support to hiring and entrepreneurship, which were considered as a deduction to Payroll costs.

The caption Gains on disposal of non-current assets includes in 2022 a gain of Euro 1,993,480 (Note 10.2) generated by the subsidiary Secil on the sale of 100% of Silonor. It also includes a gain of Euro 1,910,180 resulting from the sale by Secil of its 50% shareholding in Allmicroalgae. In 2021, this caption includes a gain of Euro 2,458,230 from the sale of the wood and biomass park in Albergaria-a-Velha by the subsidiary Navigator, and a gain of Euro 1,434,537 from the sale of Prébetão by the subsidiary Secil.

The caption Compensations received includes, in 2022, around Euro 4 million in compensations received as a result of the accident that occurred in a mill of Secil's Tunisian subsidiary, SCG.

The caption Own work capitalised includes essentially the capitalisation of costs incurred under the Clean Cement Line (CCL) project underway in the subsidiary Secil, a project for the technological upgrading of its production unit in Outão, which uses more efficient mature technologies and innovative technologies that will allow a reduction in carbon emissions and more efficient consumption of electricity and thermal energy.

Other operating income includes an amount of Euro 10,997,793 related to the sale of UWF paper and tissue waste by the subsidiary Navigator.

In 2021, the subsidiary Secil recorded gains from the disposal of CO_2 emission allowances, in the amount of Euro 5,194,370, corresponding to the disposal of 129,000 tonnes of allowances.

2.3 OTHER OPERATING EXPENSES

As at 31 December 2022 and 2021, Other operating expenses is detailed as follows:

Amounts in Euro	Notes	2022	2021
Cost of goods sold and materials consumed	**4.1.3**	**1,204,522,749**	**787,618,058**
Variation in production	**4.1.4**	**(90,792,701)**	**(5,111,833)**
Supplies and services			
Energy and fluids		264,164,755	176,636,021
Inventory transportation		270,317,247	198,380,951
Specialised work		130,287,193	105,580,817
Repair and maintenance		63,499,725	48,845,457
Fees		5,163,247	5,958,355
Insurance		13,444,649	12,166,075
Subcontracts		2,615,010	3,101,478
Other		68,242,147	57,292,130
		817,733,973	**607,961,284**
Payroll costs	**7.1**	**281,789,100**	**248,316,920**
Other operating expenses			
Membership fees		1,495,600	750,813
Donations		1,084,380	1,049,229
Costs with CO_2 emission allowances		117,688,466	62,064,166
Impairment on receivables		5,534,145	487,598
Impairment on inventories	4.1.5	12,293,133	1,403,190
Other inventory losses		5,571,080	2,072,767
Indirect taxes		4,559,942	4,768,893
Losses on disposal of non-current assets		577,363	298,375
Other operating expenses		6,275,599	6,691,894
		155,079,708	**79,586,925**
Net provisions	**9.1**	**3,933,862**	**4,674,414**
Total operating expenses		**2,372,266,691**	**1,723,045,768**

In 2022, as a result of the macroeconomic context, there was a general increase in costs, with emphasis on the costs of raw materials, namely energy (electricity and natural gas), external fibre and chemicals.

Logistics costs also show an aggravation compared to the same period last year, due to the logistical constraints that have been affecting the economy in a transversal way. Nevertheless, the Group has managed to maintain its activity without significant disruptions in supplies.

The increase in inventory impairment includes adjustments of Euro 7,931,309 to the UWF and Tissue inventories, in the subsidiary Navigator, following the identification of items with lower turnover and future sales prospects, based on the Group's sales performance and sales mix. Furthermore, taking into account the future investment outlook and the remaining useful life of the industrial equipment, Navigator is estimated the spare parts required until the end of the life of this equipment, after having recorded an impairment of Euro 5,309,900 for the surplus spare parts in inventories.

FEES REGARDING STATUTORY AUDIT AND AUDIT SERVICES

Amounts in Euro	2022		2021	
	Expenses in the period	Invoices fees	Expenses in the period	Invoices fees
KPMG (SROC) and other entities belonging to the same network				
Statutory audit and audit services	799,342	896,702	518,214	639,557
Other reliability assurance services	195,972	208,700	157,341	119,750
Other services	129,748	125,750	109,250	114,250
	1,125,062	**1,231,152**	**784,805**	**873,557**

The services indicated as Other reliability assurance services concern essentially the issue of reports on financial information, certification of R&D expenses for grant purposes and services to verify the Group's sustainability information and limited reviews relating to financial information. Other services refer to opinions provided within the scope of merger operations between Group companies and Due Diligence of financial statements.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors, through the Audit Board process analysis of the work proposed and careful definition of the work to be performed by the auditors.

3 INVESTMENTS

3.1 GOODWILL

ACCOUNTING POLICIES

Goodwill represents the difference between the fair value of the cost of acquisition and the fair value of identifiable assets, liabilities and contingent liabilities of the subsidiaries included in the consolidation, by the full method on the acquisition date and is allocated to each Cash Generating Unit (CGU) or to the lower group of CGUs to which it belongs.

Amortisation and impairment	Goodwill is not amortised. The Group annually carries out impairment tests to the goodwill, or where there are signs of impairment. Recoverable amounts of cash flow units are determined, based on the calculation of usage values and fair value less cost of sale. Impairment losses on goodwill cannot be reversed.
Disposals and loss of control	Gains or losses arising from the sale or loss of control over an entity or business to which Goodwill is allocated include the amount of the corresponding goodwill.
Acquisitions in a currency other than the presentation currency	Goodwill generated on the acquisition of a foreign entity is recorded in the functional currency of that entity and converted into the reporting currency of the Group (Euro), at the exchange rate prevailing at the balance sheet date. Exchange differences generated in this conversion are recorded under Currency translation reserve (Note 5.5) as other comprehensive income.
Tax deductibility	Derived from the current tax legislation in Portugal, it is not expected that Goodwill generated or to be recognised will be tax deductible. In other geographies where the Group operates, a differentiated tax treatment is applied.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

IMPAIRMENT TESTS

For impairment tests of CGUs, the recoverable amount was determined based on the value in use, according to the discounted cash flow method. The recoverable amount of CGUs is derived from assumptions related to the activity, namely sales volumes, average selling prices and variable costs, that in the projection periods result from a combination of economic forecasts for the regions and markets where the Group operates, industry forecasts, including changes in the markets derived from changes in installed capacity for each operational activity, internal management projections and historical performance.

These projections result from budgets for the following year and estimates of cash flows for a subsequent period of four years, reflected in the approved Medium/Long-Term Plans, approved by the Board of Directors.

In its analysis, the Group identifies primarily the cash-generating units, which is included in the defined business segments. The goodwill analysis already includes the results of impairment tests of individual assets that are carried out for each of the Group's business segments.

ASSUMPTIONS ON THE BASIS OF THE BUSINESS PLANS

Assumptions (CAGR 2023-2027)	Pulp and Paper	Cement and derivatives*	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and Clinker	Fat [3.5]
CAGR Sales in quantity (kt)	-0.1%	-1.3% - 6.0%	-3.5%
Average Sales Price LC/t			
Reference	UWF paper	Grey cement in the Internal Market	Fat [3.5]
CAGR Average selling price LC/t	-1.8%	2.5% - 21.3%	-7.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-6.25%	-3.8% - 24%	0.91%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola

Assumptions (CAGR 2023-2027)	Pulp and Paper	Cement and derivatives*	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and Clinker	Fat [3.5]
CAGR Sales in quantity (kt)	0.7%	-0.8% - 7.3%	-0.5%
Average Sales Price LC/t			
Reference	UWF paper	Grey cement in the Internal Market	Fat [3.5]
CAGR Average selling price LC/t	-1.2%	0.6% - 9.6%	-3.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-1.90%	-0.40% - 19.28%	0.69%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola

MACROECONOMIC AND FINANCIAL ASSUMPTIONS

The main assumptions considered at macroeconomic level are projections of GDP growth rate and inflation in the markets where the Group operates (Portugal for all CGUs and also Tunisia, Lebanon, Brazil and Angola in the Cement and Derivatives segment). The sources of forecasts are the IMF and Banco de Portugal.

The perpetuity growth rate reflects the Boards of Directors' vision in the medium and long-term for the different CGUs, bearing in mind the macroeconomic assumptions.

	31/12/2022				31/12/2021			
Financial assumptions	Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate	Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate
Pulp and Paper								
Portugal								
Explicit Planning Period	2.94%	6.76%	-	27.50%	0.30%	4.46%	-	27.50%
Perpetuity	2.94%	6.76%	0.00%	27.50%	2.31%	6.34%	0.00%	27.50%
Cement and Derivatives								
Portugal								
Explicit Planning Period	2.94%	6.48%	-	27.50%	0.30%	4.47%	-	27.50%
Perpetuity	2.94%	6.48%	1.85%	27.50%	2.31%	6.30%	1.71%	27.50%
Environment								
Portugal								
Explicit Planning Period	2.94%	7.70%	-	25.50%	0.30%	4.59%	-	25.50%
Perpetuity	2.94%	7.70%	1.25%	25.50%	2.31%	6.50%	1.25%	25.50%

Note: In Cements and derivatives WACC rates in Euro between 6.48% and 20.50% were also considered for Brazil, Tunisia, Angola and Lebanon

* Includes the Country Risk Premium

IMPAIRMENT TESTS

As a result of the impairment tests performed in 2022 and 2021, no impairment loss was identified in Goodwill.

SENSITIVITY ANALYSIS

A sensitivity analysis was performed to the assumptions regarded as key (independently for each assumption), wacc rate and free cash flow, which did not determine any impairment for the goodwill allocated to each CGU.

VARIATION OF SEMAPA EQUITY BY A CHANGE IN THE WACC RATE:

WACC Rate Sensitivity Analysis	-50bps	+50bps	-1%	+1%
Pulp and Paper				
Explicit Planning Period	2%	-2%	5%	-5%
Perpetuity	7%	-6%	15%	-11%
Explicit Planning and Perpetuity	10%	-8%	21%	-16%
Cement and other building materials				
Explicit Planning Period	3%	-3%	6%	-6%
Perpetuity	11%	-9%	25%	-17%
Explicit Planning and Perpetuity	14%	-12%	32%	-22%
Environment				
Explicit Planning Period	2%	-2%	4%	-4%
Perpetuity	6%	-5%	13%	-10%
Explicit Planning and Perpetuity	8%	-7%	18%	-13%

VARIATION OF SEMAPA EQUITY BY A CHANGE IN FREE CASH FLOW:

FCF sensitivity analysis	-5%	+5%	-10%	+10%
Pulp and Paper	-6%	6%	-11%	11%
Cement and other building materials	-7%	7%	-14%	14%
Environment	-5%	5%	-9%	9%

GOODWILL – NET AMOUNT

Goodwill is attributed to the Group's cash generating units (CGU's) that correspond to the operating segments identified in Note 2.1, as follows:

Amounts in Euro	31/12/2022	31/12/2021
Pulp and Paper	122,907,528	122,907,528
Cement and derivatives	176,961,949	172,126,164
Environment	38,936,950	38,809,201
	338,806,427	**333,842,893**

MOVEMENTS IN THE PERIOD

Amounts in Euro	2022	2021
Net book value at the beginning of the period	333,842,893	331,146,928
Acquisitions	228,547	2,386,267
Adjustments	127,750	-
Exchange rate adjustment	4,607,238	309,698
Net book value at the end of the period	338,806,427	333,842,893

On 1 September 2021, the subsidiary ETSA completed the acquisition of 70% of the capital of Tribérica, S.A., a company based in Vila Nova de Famalicão that produces packaging from the collection and processing of products of animal origin. The acquisition value amounted to Euro 2,950,478, having been initially determined, within IFRS 3, a goodwill in the amount of Euro 2,386,267. This was, however, revised, as also provided for in the aforementioned standard, a revision which resulted in an increase of Euro 127,750 recorded in Adjustments.

In 2022, Secil completed the acquisition of 100% of the capital of Trancim, a transport company incorporated under Lebanese law. The acquisition value amounted to Euro 1,271,903 and, within IFRS 3, a goodwill in the amount of Euro 228,547 was calculated (Note 10.2).

3.2 INTANGIBLE ASSETS

ACCOUNTING POLICIES

Intangible assets are stated at cost of acquisition, deducted of accumulated amortisation and impairment losses, using the straight-line method, over a period between 3 to 5 years and annually for CO_2 emission rights.

Given the absence of accounting standards for the recognition and measurement of CO_2 allowances, the policy defined by the management is as follows:

CO_2 emission rights	
Recognition of free allowances and subsequent measurement	CO_2 emission allowances granted to the Group within the European Union Emissions Trading Scheme (EU ETS) for the assignment of CO_2 emission allowances at no cost, gives rise to an intangible asset for the allowances, a government grant and a liability for the obligation to deliver allowances equal to the emissions that have been made during the compliance period. Emission allowances are only recorded as intangible assets when the Group is able to exercise control. At inception, they are initially measured at the fair value (Level 1). When the market value of the emission allowances falls significantly below its book value and such decrease is considered permanent, an impairment loss is recognised for emission allowances which the Group will not use in its operations. The liability to deliver allowances is recognised based on actual emissions (Note 4.3 - Payables and other current liabilities). This liability will be settled using allowances on hand, being measured at the book value of those allowances. Any additional emissions are measured using the market value as of the balance sheet date.
Recognition in the income statement	In the Consolidated Income Statement, the Group recognises as expenses, under Other operating expenses, the emissions recorded at fair value on the grant date, except for acquired allowances, where the expense is measured at their purchase price. Such costs will offset other operating income resulting from the recognition of the original government grant (also recognised at fair value at grant date) as well as any disposal of excess allowances. The effect on the Income statement will, therefore, be neutral regarding the consumption of granted allowances. Any net effect on the Income Statement will result from the purchase of additional allowances to cover excess emissions, from the sale of effective consumption or from impairment losses recorded to allowances that are not used at operational level.
Brands	
Recognition and initial measurement	Whenever brands are identified in a business combination, the Group records them separately and these are measured at fair value on the acquisition date.
Subsequent measurement and impairment	At cost less impairment losses. Brands are not subject to amortisation as their useful life is indefinite. The Group annually carries out impairment tests to the brands, or where there are signs of impairment.

INTANGIBLE ASSETS DEVELOPED INTERNALLY

ACCOUNTING POLICIES

Development expenses are only recognised as intangible assets to the extent that the technical capacity to complete the development of the asset is demonstrated and that it is available for own use or commercialisation. Expenses that do not meet these requirements, namely research expenses, are recorded as costs when incurred.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

BRANDS – IMPAIRMENT TEST

Annual evaluations are prepared by an independent entity based on the income-split method, an after-tax cash flow model associated with brand influence (difference between the net margin of the brand less marketing investments and the related net margin of the generic brand), discounted to the valuation date based on a specific discount rate, considering the different expected market dynamics.

PULP AND PAPER – MAIN ASSUMPTIONS USED IN BRAND EVALUATIONS

2022 Brand	Markets	Discount rate	Tax rate
Navigator and Soporset	Europe	6.76%	27.5%
	USA	6.76%	27.5%
	Rest of the World	6.76%	27.5%

2021 Brand	Markets	Discount rate	Tax rate
Navigator and Soporset	Europe	4.46%	27.5%
	USA	4.46%	27.5%
	Rest of the World	4.46%	27.5%

CEMENT AND DERIVATIVES - MAIN ASSUMPTIONS USED IN BRAND EVALUATIONS

2022 Brand	Markets	Discount rate*	Tax rate
Secil Portugal	Portugal	6.48%	27.5%
Supremo Cimentos	Brazil	9.21%	34.0%
Société des Ciments de Gabés	Tunisia	17.34%	15.0%

* Local currency | Explicit period

2021 Brand	Markets	Discount rate	Tax rate
Secil Portugal	Portugal	4.47%	27.5%
Supremo Cimentos	Brazil	8.72%	34.0%
Société des Ciments de Gabés	Tunisia	12.68%	25.0%

BRANDS – IMPAIRMENT TEST AND SENSITIVITY ANALYSIS

As a result of the assessments carried out in 2022, an impairment loss amounting to Euro 4,794,836 was recorded on the Secil Tunisia brand explained essentially by the adverse political, social and financial context in which this geography is found.

Sensitivity analyses were performed on the fundamental assumptions considered in the evaluations performed, namely: 1) reduction of the EVA indicator by 5%, compared to the base scenario; and 2) a 50 base point increase in the WACC rate in Euro used in the scenario base. These sensitivity analyses were performed independently for each assumption. Had these assumptions been applied to the identified brands, this sensitivity analysis would not have identified any additional impairment.

BRANDS

As at 31 December 2022 and 2021, the net value of the brands is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Pulp and Paper		
Navigator	107,568,000	107,568,000
Soporset	43,919,000	43,919,000
Cement and derivatives		
Secil Portugal	71,700,000	71,700,000
Supremo (Brazil)*	16,545,521	14,577,044
Gabés (Tunisia)*	-	4,774,585
Other	299	4,137
	239,732,820	**242,542,766**

* The value of these brands is subject to exchange rate adjustment.

CO_2 EMISSION ALLOWANCES

The movements in CO_2 allowances, in 2022 and 2021, were as follows:

	31/12/2022		31/12/2021	
Amounts in Euro	Tonnes	Amount	Tonnes	Amount
Opening balance	2,970,325	93,213,066	2,939,553	66,930,220
Allowances awarded free of charge	1,799,780	151,199,518	1,882,815	63,474,545
Allowances acquired	48,000	3,251,520	368,598	22,706,518
Allowances sold	-	-	(129,000)	(2,905,080)
Allowances returned to the Licensing Coordinating Entity	(1,917,037)	(58,033,051)	(2,091,641)	(56,993,137)
Closing balance	**2,901,068**	**189,631,053**	**2,970,325**	**93,213,066**

As at 31 December 2022 and 2021, the Group held CO_2 allowances recorded in accordance with the policy described above, as follows:

Amounts in Euro	31/12/2022	31/12/2021
CO_2 allowances (Tonnes)	2,901,068	2,970,325
Average unit value	65.37	31.38
	189,631,053	**93,213,066**
Market price	**81.49**	**80.65**

MOVEMENTS IN INTANGIBLE ASSETS

Amounts in Euro	Brands	Industrial property and other rights	CO_2 emission allowances	Assets under construction	Total
Gross amount					
Balance as at 1 January 2021	**270,121,268**	**28,165**	**66,930,219**	**2,425,399**	**339,505,051**
Acquisitions/Attributions	-	17,823	86,181,063	6,886,980	93,085,866
Disposals	-	-	(2,905,080)	-	(2,905,080)
Adjustments, transfers and write-offs	-	-	(56,993,136)	-	(56,993,136)
Exchange rate adjustment	(3,015,411)	-	-	-	(3,015,411)
Balance as at 31 December 2021	**267,105,857**	**45,988**	**93,213,066**	**9,312,379**	**369,677,290**
Changes in the perimeter	-	291,951	-	-	291,951
Acquisitions/Attributions	-	-	154,451,038	16,213,285	170,664,323
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	(2)	-	(58,033,051)	2	(58,033,051)
Exchange rate adjustment	1,371,559	(88,342)	-	-	1,283,217
Balance as at 31 December 2022	**268,477,414**	**249,597**	**189,631,053**	**25,525,666**	**483,883,730**
Accumulated amortisation and impairment losses					
Balance as at 1 January 2021	**(26,341,454)**	**(18,101)**	**-**	**-**	**(26,359,555)**
Amortisation for the period (Note 3.6)	-	(19,400)	-	-	(19,400)
Impairment losses for the period (Note 3.6)	(1,405,093)	-	-	-	(1,405,093)
Adjustments, transfers and write-offs	8,487	(8,487)	-	-	-
Exchange rate adjustment	3,174,969	-	-	-	3,174,969
Balance as at 31 December 2021	**(24,563,091)**	**(45,988)**	**-**	**-**	**(24,609,079)**
Amortisation for the period (Note 3.6)	-	(20,579)	-	-	(20,579)
Impairment losses for the period (Note 3.6)	(4,807,158)	-	-	-	(4,807,158)
Adjustments, transfers and write-offs	8,487	(8,487)	-	-	-
Exchange rate adjustment	617,168	-	-	-	617,168
Balance as at 31 December 2022	**(28,744,594)**	**(75,054)**	**-**	**-**	**(28,819,648)**
Net book value as at 1 January 2021	**243,779,814**	**10,064**	**66,930,219**	**2,425,399**	**313,145,496**
Net book value as at 31 December 2021	**242,542,766**	**-**	**93,213,066**	**9,312,379**	**345,068,211**
Net book value as at 31 December 2022	**239,732,820**	**174,542**	**189,631,053**	**25,525,666**	**455,064,081**

As at 31 December 2002, intangible assets in progress include an amount of approximately Euro 24 million relating to the Clean Cement Line (CCL) project under development at the subsidiary Secil.

3.3 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

Recognition and initial measurement	Property, plant and equipment acquired up to 1 January 2004 (date of transition to IFRS) are recorded at acquisition cost, or acquisition cost revaluated in accordance with accounting principles generally accepted in Portugal, up to that date, less depreciation and accumulated impairment losses. Property, plant and equipment acquired after transition date are recorded at acquisition cost, less depreciation and impairment losses.
Subsequent costs	Scheduled maintenance expenses are considered a component of the acquisition cost of property, plant and equipment and are fully depreciated by the next forecasted maintenance date. Other expenses with repairs and maintenance are recognised as an expense in the period in which they are incurred.
Spare and maintenance parts	Spare parts are considered strategic as they are directly related to production equipment and their use is expected to last for more than two financial years. Maintenance parts considered as "critical spare parts" are recognised in non-current assets, as Property, plant and equipment. Respecting this classification, spare parts are depreciated from the moment they become available for use and are assigned a useful life that follows the nature of the equipment, where they are expected to be integrated, not exceeding the remaining useful life of these.
Borrowing costs	Borrowing costs directly related to the acquisition or construction of fixed assets are capitalised when their construction period exceeds one year, and form part of the asset's cost. During the periods presented, no financial charges for loans directly related to the acquisition or construction of property, plant and equipment were capitalised.

Write-offs and disposals	Gains or losses arising from write-offs or disposals are determined by the difference between the proceeds from the disposals when applicable less transaction costs and the carrying amount of the asset, and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).
Depreciation and impairment	The straight-line method is used from the moment the asset is available for use, using the rates that best reflect its estimated useful life. The depreciation of exploration lands results from the estimated average useful life of the land, considering the period of extraction of raw material.

Estimated useful life (years)	
Land	14
Buildings and other constructions	12 - 30
Basic equipment	6 - 25
Transportation equipment	4 - 9
Tools	2 - 8
Administrative equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

The residual values of the assets and respective useful lives are reviewed and adjusted when necessary, at the statement of financial position date. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is recorded (Note 3.6).

RECOVERABILITY OF PROPERTY, PLANT AND EQUIPMENT

The recoverability of property, plant and equipment requires the definition of estimates and assumptions by the Management, namely, when applicable, to the determination of the value in use to be considered in the impairment tests to the Group's cash generating units.

USEFUL LIFE AND DEPRECIATION

Property, plant and equipment present the most significant component of the Group's total assets. These assets are subject to systematic depreciation for the period that is determined to be their economic useful life. The determination of assets useful lives and the depreciation method to be applied is essential to determine the amount of depreciation to be recognised in the consolidated income statement of each period.

These two parameters are defined according to the best judgement of the Board of Directors for the assets and businesses in question, also considering the practices adopted by companies of the sector at the international level and the development of the economic conditions in which the Group operates.

Given the relevance of this estimate, the Group makes regular use of external and independent experts to assess the adequacy of the estimates used.

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

Amounts in Euro	Land	Buildings and other constructions	Equipment and other assets	Assets under construction	Total
Gross amount					
Balance as at 1 January 2021	407,654,901	1,067,538,097	5,461,580,472	141,879,339	7,078,652,810
Changes in the perimeter	(1,106,923)	(2,235,163)	(13,366,629)	(110,635)	(16,819,350)
Acquisitions	-	70,294	15,919,069	104,283,063	120,272,426
Disposals	(806,562)	(2,799,659)	(12,175,147)	(4,208)	(15,785,576)
Adjustments, transfers and write-offs	746,302	921,716	133,070,549	(166,462,115)	(31,723,548)
Exchange rate adjustment	(13,394,043)	(8,213,049)	(48,609,655)	(322,970)	(70,539,717)
Effect of hyperinflationary economies	17,423,483	5,026,230	49,324,921	584,812	72,359,446
Balance as at 31 December 2021	**410,517,158**	**1,060,308,466**	**5,585,743,580**	**79,847,286**	**7,136,416,491**
Changes in the perimeter	-	(6,509,309)	(6,703,628)	(25,000)	(13,237,937)
Acquisitions	-	46,938	14,266,529	153,661,060	167,974,527
Disposals	(915,733)	(746,469)	(59,070,707)	-	(60,732,909)
Adjustments, transfers and write-offs	2,627,452	5,172,791	57,418,961	(75,021,846)	(9,802,642)
Exchange rate adjustment	(2,819,309)	4,949,595	(7,647,111)	112,165	(5,404,660)
Effect of hyperinflationary economies	2,561,401	25,673,176	83,674,472	227,969	112,137,018
Balance as at 31 December 2022	**411,970,969**	**1,088,895,188**	**5,667,682,096**	**158,801,634**	**7,327,349,888**
Accumulated amortisation and impairment losses					
Balance as at 1 January 2021	**(91,023,465)**	**(711,238,797)**	**(4,469,798,465)**	**(3,630,707)**	**(5,275,691,434)**
Changes in the perimeter	-	1,782,441	13,176,376	-	14,958,817
Depreciation for the period (Note 3.6)	(5,078,568)	(20,671,079)	(155,936,627)	-	(181,686,274)
Disposals	10,898	7,742,529	10,607,739	-	18,361,166
Impairment losses (Note 3.6)	1,435,557	(570,155)	812,251	-	1,677,653
Adjustments, transfers and write-offs	52,754	3,363,590	26,075,526	102,292	29,594,162
Exchange rate adjustment	3,990,393	5,428,878	41,770,527	-	51,189,798
Effect of hyperinflationary economies	(6,165,694)	(3,364,090)	(52,561,336)	-	(62,091,120)
Balance as at 31 December 2021	**(96,778,125)**	**(717,526,683)**	**(4,585,854,009)**	**(3,528,415)**	**(5,403,687,232)**
Changes in the perimeter	-	5,656,139	5,683,105	-	11,339,244
Depreciation for the period (Note 3.6)	(5,385,708)	(28,323,068)	(187,273,627)	-	(220,982,403)
Disposals	701	696,752	56,409,969	-	57,107,422
Impairment losses (Note 3.6)	-	43,185	(8,612,297)	-	(8,569,112)
Adjustments, transfers and write-offs	5,504	286,587	10,291,688	-	10,583,779
Exchange rate adjustment	2,429,700	792,534	18,084,177	-	21,306,411
Effect of hyperinflationary economies	3,860,775	(15,532,841)	(97,846,221)	-	(109,518,287)
Balance as at 31 December 2022	**(95,867,153)**	**(753,907,395)**	**(4,789,117,215)**	**(3,528,415)**	**(5,642,420,178)**
Net book value as at 1 January 2021	**316,631,436**	**356,299,300**	**991,782,007**	**138,248,632**	**1,802,961,376**
Net book value as at 31 December 2021	**313,739,034**	**342,781,783**	**999,889,571**	**76,318,871**	**1,732,729,259**
Net book value as at 31 December 2022	**316,103,816**	**334,987,794**	**878,564,881**	**155,273,219**	**1,684,929,711**

As at 31 December 2022, the caption Investments in progress includes investments associated with development projects in progress, in the Paper Pulp business segment, where the highlights are the new wood preparation line in Figueira da Foz (around Euro 21 million), the new evaporation line in Aveiro (around Euro 13 million), the upgrade of the control system of Coiler 1 in Figueira da Foz (around Euro 2 million) and in the Cement and Derivatives business segment where the Clean Cement Line project (Euro 35 million) stands out. The remainder is related to various projects for improving and optimising the production process in the Group's manufacturing units.

In 2020, IAS 29 – Financial Reporting in Hyperinflationary Economies was applied to the financial statements of the Lebanese subsidiaries, before translation to the Group's presentation currency. As at 31 December 2020, the application of this standard had a net impact on property, plant and equipment of Euro 20,057,538, with an increase in the gross amount of property, plant and equipment of Euro 69,097,172 and in accumulated depreciation of Euro 49,039,635. As at 31 December 2022, the net value of property, plant and equipment relating to the Lebanese subsidiaries in the Group's consolidated financial statements amounts to Euro 14,557,096 (31 December 2021: Euro 20,441,256).

In 2022 and 2021, the caption Adjustments, transfers and write-offs refer essentially to the transfer of investments in progress to the remaining items of property, plant and equipment, made effective at the time they were available for the intended use.

During 2022 and 2021, no financial charges for loans directly related to the acquisition, construction or production of fixed assets were capitalised. Additionally, as at 31 December 2022 and 2021 there are no property, plant and equipment given as collateral.

The commitments made by the Group for the acquisition of property, plant and equipment are detailed in Note 9.2 – Commitments.

3.4 GOVERNMENT GRANTS

ACCOUNTING POLICIES

Government grants received to offset the Group for investments made in Property, plant and equipment, including those granted as tax credits, are classified as Deferred income (Note 4.3 – Payables and other current liabilities) and are recognised in income over the estimated useful life of the respective subsidised assets, and are associated with the depreciation of the period (Note 3.6), for presentation purposes.

GOVERNMENT GRANTS REPAYABLE

Government grants, in the form of loans repayable at a subsidised rate, are discounted on the date of initial recognition based on the market interest rate at the date of grant, the value of the discount constituting the value of the grant to be amortised over the period of the loan or asset whose acquisition it is intended to finance, depending on the activities financed. These liabilities are included in Payables and other current liabilities (Note 4.3).

GOVERNMENT GRANTS – DETAIL

Amounts in Euro	Nature	31/12/2022	31/12/2021
Under AICEP contracts			
Enerpulp, S.A.	Financial	254,071	328,243
Navigator Pulp Aveiro, S.A.	Financial/Tax	5,315,822	6,806,000
Navigator Pulp Setúbal, S.A.	Financial	52,676	101,018
Navigator Pulp Figueira, S.A.	Financial/Tax	8,184,597	8,898,687
Navigator Parques Industriais, S.A.	Financial	1,810,283	1,869,640
Navigator Tissue Aveiro, S.A.	Financial/Tax	10,964,744	11,690,182
Navigator Brands, S.A.	Financial	-	499,805
Under the Recovery and Resilience Plan			
Navigator Forest Portugal, S.A.	Financial	36,510	-
Viveiros Aliança, SA	Financial	20,800	-
Navigator Pulp Aveiro, S.A.	Financial	38,336	-
Navigator Pulp Figueira, S.A.	Financial	520,678	-
Raiz	Financial	122,560	-
Other			
Raiz	Financial	2,007,338	1,479,841
Viveiros Aliança, SA	Financial	98	21,306
Navigator Pulp Setúbal, S.A.	Financial	4,488,046	-
Secil | Clean Cement Line	Financial	9,403,349	7,462,387
Closing balance		**43,219,908**	**39,157,109**

GOVERNMENT GRANTS – MOVEMENTS

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	**39,157,109**	**42,694,058**
Attribution	7,167,892	721,599
Charge-off	(3,398,204)	(4,633,832)
Other	293,111	375,284
Closing balance	**43,219,908**	**39,157,109**
Of a financial nature	*25,319,459*	*19,548,144*
Of a fiscal nature	*17,900,449*	*19,608,965*

The Group expects to recognise grants in profit or loss as follows:

Amounts in Euro	31/12/2022	31/12/2021
2022	-	3,456,831
2023	3,278,135	3,320,612
2024	3,237,288	3,275,288
2025	2,619,995	2,658,793
2026	2,522,759	2,588,156
2027	1,919,810	1,919,810
After 2027	29,641,921	21,937,618
	43,219,908	**39,157,109**

GRANT TO INCREASE PULP PRODUCTION CAPACITY IN FIGUEIRA DA FOZ

On 27 December 2018, Navigator Pulp Figueira, S.A signed a tax investment agreement with AICEP, related to the investment associated with the increase of pulp production capacity in Figueira da Foz, which includes a tax incentive up to the maximum amount of Euro 17,278,657, corresponding to 19.5% of the investment made, through the fulfilment, until 31 December 2025, of the contractually defined objectives. This grant is being recognised over 20 years, in proportion to the depreciation of the assets, although it has been fully utilised since 2018.

GRANTS FOR THE EXPANSION PROJECT OF THE CACIA PULP MILL

On 18 June 2014, the subsidiary Navigator Pulp Aveiro, S.A., signed two financial and tax grant agreements with the AICEP – Agência para o Investimento e Comércio Externo de Portugal (Agency for Investment and Foreign Trade of Portugal) to support the investment to be promoted by that company in the capacity increase project of Aveiro pulp mill, with a total amount of Euro 49.3 million.

The grants approved amount to Euro 9.3 million (repayable) and Euro 5.6 million (tax incentive) to be used until 2024, being fully used since the end of 2016, although it will be recognised in results until 2034. The contract includes an achievement bonus, which corresponds to the conversion of the repayable grant in a non-repayable grant, up to a limit of 75% (Euro 6,947,450), subject to compliance with the objectives established in the contract until 31 December 2023.

GRANT TO THE SETÚBAL LIME KILN CONVERSION PROJECT

As part of the Carbon Neutrality Roadmap, the Group has signed a financial investment contract with the European Union to support investment by Navigator Pulp Setúbal in the conversion of the lime kiln at the Setúbal pulp mill, with a planned total investment of Euro 7,500,000. The maximum approved grant amounts to Euro 4,488,046 and will be paid through a single non-repayable instalment, up to the end of the third year of operation of the equipment.

RECOVERY AND RESILIENCE PLAN

The Navigator Group is involved in four Agendas for Business Innovation of the Recovery and Resilience Plan (RRP), through investment of Euro 91.8 million. The Group, through Navigator Paper Setúbal, S.A., is leading the "From Fossil to Forest" (FF2F) Agenda, whose main goal is to develop a range of packaging solutions – focused on the gKRAFT brand to be launched in 2021 – and the production of microfibrillated cellulose for developing mechanical properties and functional barriers (to fats and liquids, amongst others) in these papers. In total, the Group will benefit from support of around Euro 25.9 million from this component of the RRP (C5 – Corporate Capitalization and Innovation).

During 2022, the Group companies Navigator Paper Setubal, S.A., Navigator Pulp Setúbal, S.A., Navigator Paper Figueira, S.A., Navigator Pulp Figueira, S.A., Navigator Pulp Aveiro, S.A. and Navigator Tissue Aveiro, S.A. applied for "Apoio à Descarbonização da Indústria" (Support for Decarbonisation of Industry) under the RRP. This support is part of a set of measures under Component 11 (C11) of the RRP, which aims to contribute to the goal of carbon neutrality by promoting energy transition through energy efficiency, support for renewable energy, focusing on the adoption of low-carbon processes and technologies in industry, the adoption of energy efficiency measures in industry and the incorporation of energy from renewable sources and energy storage.

Recently, this was extended to a second phase of application, in which Navigator Tissue Rodão S.A., like the other companies, presented a series of initiatives related to its carbon neutrality. In the future, the Group expects to invest Euro 176.2 million in these initiatives, of which it hopes to receive Euro 66.8 million in funding.

Also in 2022, Group companies applied for RRP incentives for the "Rede Nacional de Test Bed" (National Test Bed Network), which aims to create a national network providing services to companies for the development and testing of new products and services. The application, involving an investment of Euro 2.2 million, was approved at the end of the year and IAPMEI decided to award Navigator Pulp Figueira. S.A. Euro 1.4 million.

However, the Group's participation in the RRP is not complete without RAIZ's participation in Component 12 of the RRP, related to the Bioeconomy, where it plans to invest Euro 1.7 million and receive an incentive of Euro 1.4 million to accelerate, in partnership with CITEVE and other 52 promoters, the creation of high value-added products from biological resources as an alternative to fossil-based materials, while maintaining and even improving quality standards, with great potential in different market segments.

GRANT FOR THE CLEAN CEMENT LINE PROJECT

Within the framework of the Portugal 2020 European funding and support programme, the Group signed an investment contract of a financial nature with Agência para o Investimento e Comércio Externo de Portugal, E.P.E. ("AICEP") to support the investment to be made by Secil, S.A., called "Clean Cement Line", for the development and demonstration of a new cement production technology, to be implemented at the Outão plant, which will allow the production of a low carbon clinker and, consequently, the creation of a range of cements with a low environmental footprint.

The total forecasted investment amounts to Euro 86,339,792, with a maximum grant of euro 14,924,773, of which approximately Euro 11,443,580 is non-repayable. An amount of Euro 9,403,348 euros had already been received by 31 December 2022.

GOVERNMENT GRANTS REPAYABLE

As at 13 December 2017, the subsidiary Navigator Tissue Aveiro, S.A. entered into an investment agreement with AICEP, for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a repayable grant, which includes a grace period of two years, without payment of interest, up to a maximum amount of Euro 42,166,636, corresponding to 35% on the amount of expenses considered eligible, which were estimated at Euro 120,476 million. As at 31 December 2022, the amount receivable relating to the total repayable grant amounts to Euro 2,108,332.

On 20 April 2018, the same entity was also awarded with a tax incentive granted through the compliance of contractually defined requirements until 31 December 2028, whose maximum amount will be Euro 11,515,870, corresponding to 10% of the expenses associated with the project investment. This amount has been fully utilised since 2019 and will be recognised in profit or loss in 24 years.

There are no unfulfilled conditions and other contingencies linked to Government grants that have been recognised and Navigator is complying with the conditions according to plan.

3.5 RIGHT-OF-USE ASSETS

ACCOUNTING POLICIES

At the date the lease enters into force, the Group recognises a right-of-use asset at its cost, which corresponds to the initial amount of the lease liability adjusted for: i) any prepayments; ii) lease grants received; and iii) initial direct costs incurred. To the right-of-use asset, the estimate of removing and/or restoring the underlying asset and/or its location may be added, when required by the lease agreement.

The right-of-use asset is subsequently depreciated using the straight-line method, from the start date until the lower between the end of the asset's useful life and the lease term. Additionally, the right-of-use asset is reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The useful life considered for each class of assets under right of use is equal to the useful life of Property, plant and equipment (Note 3.3) in the same class when there is a call option, and the Group expects to exercise it.

SHORT-TERM LEASES AND LOW-VALUE ASSET LEASES

The Group recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than USD 5,000 directly as operating expenses of the year (Note 2.3), on a straight-line basis.

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro	Industrial property and other rights	Land	Buildings and other constructions	Equipment and other assets	Total
Gross amount					
Balance as at 1 January 2021	**1,194,388**	**58,798,569**	**9,682,875**	**34,902,718**	**104,578,550**
Changes in the perimeter	-	-	-	38,830	38,830
Acquisitions	-	12,623,101	1,450,037	19,562,945	33,636,083
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	(215)	(2,323,924)	(384,346)	(652,520)	(3,361,005)
Exchange rate adjustment	-	(55,559)	(141,418)	(16,447)	(213,424)
Balance as at 31 December 2021	**1,194,173**	**69,042,187**	**10,607,148**	**53,835,526**	**134,679,034**
Changes in the perimeter	-	(984,268)	-	-	(984,268)
Acquisitions	2,822	9,443,325	636,395	13,373,491	23,456,033
Disposals	-	-	-	(25,000)	(25,000)
Adjustments, transfers and write-offs	(1,857)	(155,823)	(685,240)	(3,585,565)	(4,428,485)
Exchange rate adjustment	-	14,168	34,834	201,653	250,655
Balance as at 31 December 2022	**1,195,138**	**77,359,589**	**10,593,137**	**63,800,105**	**152,947,969**
Accumulated amortisation, depreciation and impairment losses					
Balance as at 1 January 2021	**(304,830)**	**(8,996,847)**	**(3,239,585)**	**(11,030,772)**	**(23,572,034)**
Changes in the perimeter	-	-	-	(31,330)	(31,330)
Depreciation and impairment losses (Note 3.6)	(69,279)	(4,482,717)	(1,573,832)	(11,526,874)	(17,652,702)
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	-	1,799,613	222,443	1,755,878	3,777,934
Exchange rate adjustment	-	31,329	145,398	20,735	197,462
Balance as at 31 December 2021	**(374,109)**	**(11,648,622)**	**(4,445,576)**	**(20,812,363)**	**(37,280,670)**
Changes in the perimeter	-	207,517	-	-	207,517
Depreciation and impairment losses (Note 3.6)	(69,434)	(5,066,941)	(1,576,152)	(13,005,137)	(19,717,664)
Disposals	-	-	-	23,750	23,750
Adjustments, transfers and write-offs	1,857	72,729	429,518	4,647,891	5,151,995
Exchange rate adjustment	-	643	11,684	(156,548)	(144,221)
Balance as at 31 December 2022	**(441,686)**	**(16,434,674)**	**(5,580,526)**	**(29,302,407)**	**(51,759,293)**
Net book value as at 1 January 2021	**889,558**	**49,801,722**	**6,443,290**	**23,871,946**	**81,006,516**
Net book value as at 31 December 2021	**820,064**	**57,393,565**	**6,161,572**	**33,023,163**	**97,398,364**
Net book value as at 31 December 2022	**753,452**	**60,924,915**	**5,012,611**	**34,497,698**	**101,188,676**

Land relates, essentially, to the rights to use land:

- for forest exploitation in the subsidiary Navigator amounting to around Euro 3.5 million, whose contracts usually have a term of 24 years, and may be terminated early if the 2nd harvest occurs before the 24th year of the term; and

- associated to long term port concession contracts of the subsidiary Secil amounting to around Euro 8 million.

The balance of Equipment and property, plant and equipment relates mainly to transport equipment, in particular self-loading concrete mixers at the subsidiary Secil, forklift trucks at the subsidiary Navigator and vehicles making up the fleet used by the various Group companies.

3.6 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

As at 31 December 2022 and 2021, the caption Depreciation, Amortisation and Impairment Losses is detailed as follows:

Amounts in Euro	Notes	2022	2021
Depreciation of property, plant and equipment for the period	3.3	221,565,942	182,217,530
Use of Government grants	3.4	(3,981,743)	(4,633,832)
Depreciation of property, plant and equipment, net of grants used		**217,584,199**	**177,583,698**
Impairment on property, plant and equipment - reversals		(43,185)	(2,247,808)
Impairment on property, plant and equipment - losses		8,612,297	570,155
Impairment on property, plant and equipment for the period	**3.3**	**8,569,112**	**(1,677,653)**
Amortisation in intangible assets for the period	**3.2**	**20,579**	**19,399**
Impairment on intangible assets - losses	**3.2**	4,807,158	1,405,093
Impairment on intangible assets for the period	**3.2**	-	-
		4,807,158	**1,405,093**
Depreciation of right-of-use assets for the period	**3.5**		
		19,717,664	**17,652,702**
Impairment on assets held for sale	3.8		
Depreciation of investment properties	3.9	(1,036,324)	-
Impairment losses on investment properties	3.9	766	766
ICMS - Value-added tax on goods and services included in depreciation (Brazil)		1,646	1,646
		(1,266,239)	**(1,065,144)**

During 2022, Navigator requested an external valuation of its assets by an independent entity, which estimated the fair value of the assets, taking into account the replacement value, as well as the estimated useful life of the assets, taking into account current conditions and functional obsolescence. The study took into account technical information on the assets allocated to the production centres, including the technical, physical and technological durability of the equipment.

Based on the results of the studies carried out, as well as the Group's internal investment outlook for the period 2023-2027 – which takes into account the commitments made under the Decarbonisation Plan and the investment projects under the Recovery and Resilience Plan (RRP), and considering that under IAS 8 changes in estimated useful lives are adjusted prospectively – Navigator reviewed the useful lives of its assets with reference to 1 January 2022, which resulted in an increase in depreciation for the year of Euro 36.8 million, as a result of an average reduction in useful life of approximately 7 years.

As mentioned in note 3.2, an impairment charge of Euro 4,794,836 was recorded on the total value of the Secil Tunisia brand. Moreover, due to the unfavourable political, social and financial context in which this geographical region finds itself, an analysis of the recoverability of the net book value of property, plant and equipment in this geographical region was also carried out, which resulted in an impairment of Euro 7,877,407.

3.7 BIOLOGICAL ASSETS

ACCOUNTING POLICIES

The Group's biological assets mainly comprise the forests held for the production of timber, suitable for incorporating in the production process of BEKP or to sell in the market, mainly eucalyptus, also including other species such as pine and cork oak.

Biological assets are measured at fair value less estimated selling expenses at the time of harvest.

Fair Value (level 3 of the IFRS 13 fair value hierarchy)	When calculating the fair value of forests, the Group used the discounted cash flows method, based on a model developed in house, regularly tested by independent external assessments. In the model developed, assumptions are considered corresponding to the nature of the assets under evaluation, namely, the development cycle of the different species, the productivity of the forests, the wood sales price (when there is an active market) less the cost of harvesting, the rents of own, leased land, replanting and transport, the costs of planting and maintenance, the cost inherent in leasing the forest land; and the discount rate. The discount rate corresponds to a market interest rate without inflation, consistent with the structure of projections, determined on the basis of the Group's expected rate of return on its forests, which are intended to be sold intra-group.
Concession areas	The costs incurred with the site preparation before the first afforestation are recorded as property, plant and equipment and depreciated in line with its expected useful lives corresponding to the concession period.
Change of estimates	Changes in estimates of growth, growth period, price, cost and other assumptions are recognised in the income statement as fair value adjustments of biological assets.
Harvesting	At the time of harvest, wood is recognised at fair value less estimated costs at point of sale or consumption, which corresponds to the initial carrying amount of the inventory.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

ASSUMPTIONS

Assumptions corresponding to the nature of the assets being valued were considered:

- Productivity of forests;
- Wood sales price (when there is an active market) less the cost of harvesting, rents for own, rented and leased land, replanting and transport, planting and maintenance costs, the cost inherent in leasing forest land; the trend value for 2022 worsened by 5% compared to 2021;
- Discount rate, 2022: 5.17% (2021: 2.99%). Note that the Group incorporates the fire risk into the model's cash flows. If this risk were incorporated into the discount rate, it would be of 7%. (2021: 4.61%).

These values, calculated in accordance with the expected extraction of their productions, correspond to the following future production expectations:

	31/12/2022	31/12/2021
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,371	10,207
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc (1)	4,451	2,758
Pine (Portugal) - Potential future of wood extractions k ton	309	311
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork Oak (Portugal) - Potential future of cork extractions k @	563	461

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in 2022, 512,112 m3ssc of wood from its owned and explored forests (31 December 2021: 651,654 m3ssc).

Additionally, as at 31 December 2022 and 2021 (i), there are no amounts of biological assets whose property is restricted and/or pledged as guarantee for liabilities, nor there are non-reversible commitments related to the acquisition of biological assets, and (ii) there are no government subsidies related to biological assets recognised in the Group's consolidated financial statements.

SENSITIVITY ANALYSIS

The Group considers the discount rate used in Portugal and the forward price of wood as the most significant variables. Changes in assumptions may imply the valuation/depreciation of these assets:

Amounts in Euro	31/12/2022	31/12/2021
1) Increase of 0.5% in the discount rate in Portugal	5,422,029	7,896,515
Devaluation of Portugal's forest assets		
2) Decrease of 3% in forward price	10,848,174	11,731,495
Devaluation of Portugal's forest assets		
3) Increase of 0.5% in the discount rate in Mozambique	503,338	273,043
Devaluation of Mozambique's forest assets		
4) Decrease of 3% in forward price	761,695	718,666
Devaluation of Mozambique's forest assets		

DETAIL OF BIOLOGICAL ASSETS

Amounts in Euro	31/12/2022	31/12/2021
Eucalyptus (Portugal)	93,301,990	113,826,448
Eucalyptus (Spain)	2,932,530	-
Pine (Portugal)	8,149,506	6,697,561
Cork Oak (Portugal)	819,980	6,268,821
Other species (Portugal)	73,108	1,015,078
Eucalyptus (Mozambique)	17,222,761	19,516,153
	122,499,874	**147,324,061**

The Group has started forestry operations in Spain, specifically in the Galicia region, with the planting of around 700 ha, and expects to increase this activity in the future.

The decrease in the fair value of Cork Oak and other species (of lesser relevance) is essentially due to the effects associated with the increase in cutting, packing and transport costs.

With regard to Mozambique's forestry, work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. During 2022, around 100,000 m3 of wood were harvested, with three shipments to Portugal, with around 100,000 m3.

In accordance with IAS 41, the Group considers as mature assets those that have reached the necessary specifications to obtain the maximum yield in terms of profitability, supply needs and opportunity cost. Typically, forests in Portugal reach their maturity between 8 and 12 years, depending on the species, soil and climate conditions. Data on the forest, its condition and its future potential are measured at least twice during its growth cycle. As at 31 December 2022, mature assets represented about 48% of Navigator Company's forests in Portugal (48% as at 31 December 2021) and are valued at fair value.

MOVEMENTS IN BIOLOGICAL ASSETS

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	**147,324,061**	**148,584,452**
Changes:		
Logging	(19,268,187)	(25,277,834)
Growth	22,077,444	19,653,667
New plantations	4,241,964	3,313,648
Other changes in fair value:		
- change in the price of wood	23,872,905	-
- change in the cost-of-capital rate	(28,053,077)	1,212,800
- impact of forest fires	(31,633)	(68,795)
- transport logistics costs	(2,076,774)	(2,417,701)
- fixed costs structure	(9,396,335)	-
- changes in other species	(4,938,867)	-
- other changes in expectations	(11,251,626)	2,323,824
Total changes in the period	**(24,824,186)**	**(1,260,391)**
Closing balance	**122,499,874**	**147,324,061**

3.8 NON-CURRENT ASSETS HELD FOR SALE

ACCOUNTING POLICIES

Non-current assets (or discontinued operations) are classified as held for sale if its value is realisable through a sale transaction rather than through its continuing use.

This is considered to be the case only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition, (ii) the Group has assumed a commitment to sell, and (iii) it is expected that the sale will take place within a period of 12 months.

Measurement and presentation	From the moment property, plant and equipment is classified as non-current assets held for sale, they are measured at the lower of book value or at fair value less costs to sell and their depreciation ceases. When the fair value less costs to sell is lower than the book value, the difference is recognised in the income statement.
Disposals	Gains or losses on disposals of non-current assets, determined by the difference between the sale price and the respective net book value, are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).

As at 31 December 2022, assets held for sale amounting to Euro 1,008,000 (2021: Euro 4,162,459), essentially correspond to Land of the Cement and derivatives segment.

3.9 INVESTMENT PROPERTIES

ACCOUNTING POLICIES

The Group classifies the assets held for the purpose of capital appreciation and/or the generation of rental income as investments properties in the consolidated financial statements.

Measurement	An investment property is initially measured by its acquisition or production cost, including the transaction costs that are directly attributable to it. After initial recognition, investment properties are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it is probable that it will result in future economic benefits to the entity comparing to those considered in the initial recognition

MOVEMENTS IN INVESTMENT PROPERTIES

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	368,848	371,260
Amortisation and impairment losses	(2,412)	(2,412)
	366,436	368,848

These assets consist essentially of land and buildings held for rental and/or capital valuation purposes and are not related to the Group's operating activity nor do they have any future use determined.

4 WORKING CAPITAL

4.1 INVENTORIES

ACCOUNTING POLICIES

Goods and raw materials	Goods and raw materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes ancillary costs and it is determined using the weighted average cost as the valuation method.
Finished and intermediate products and work in progress	Finished and intermediate products and work in progress are valued at the lower of their production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) and their net realisable value. The net realisable value corresponds to the estimated selling price, after deducting estimated completion and selling costs. The difference between production cost and net realisable value, if lower, is recorded as an operational cost.

4.1.1 INVENTORIES – DETAIL BY NATURE

AMOUNTS NET OF ACCUMULATED IMPAIRMENT LOSSES

Amounts in Euro	31/12/2022	31/12/2021
Raw materials	190,967,739	145,524,442
Goods	16,861,149	10,744,001
Sub-products and waste	730,540	5,318,819
	208,559,428	**161,587,262**
Finished and intermediate products	181,431,055	94,230,580
Goods and work in progress	3,496,998	3,567,119
	184,928,053	**97,797,699**
Total	**393,487,481**	**259,384,961**

4.1.2 INVENTORIES – DETAIL BY SEGMENT AND GEOGRAPHY

Amounts in Euro	31/12/2022	%	31/12/2021	%
Pulp and Paper				
Portugal	245,248,393	82.1%	167,690,434	89.9%
Rest of Europe	18,581,866	6.2%	6,277,358	3.4%
America	34,898,958	11.7%	12,582,866	6.7%
	298,729,217	**100.0%**	**186,550,658**	**100.0%**
Cement and derivatives				
Portugal	47,400,250	51.3%	33,416,204	46.8%
Rest of Europe	2,440,682	2.6%	2,173,368	3.0%
America	14,952,106	16.2%	13,387,577	18.8%
Africa	25,801,252	27.9%	20,286,081	28.4%
Asia	1,791,680	1.9%	2,103,515	2.9%
	92,385,970	**100.0%**	**71,366,745**	**100.0%**
Environment – Portugal	2,372,293	100.0%	1,467,558	100.0%
	393,487,480		**259,384,961**	

The amount related to Portugal, from Pulp and Paper segment, includes Euro 4,286,997 (31 December 2021: Euro 11,739,049) relating to inventories for which invoices have already been issued but whose control has not been transferred to customers.

As at 31 December 2022 and 2021, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

4.1.3 COST OF GOODS SOLD AND MATERIALS CONSUMED IN THE PERIOD

Amounts in Euro	Notes	31/12/2022	31/12/2021
Opening balance		161,587,262	139,358,079
Purchases		1,251,494,914	809,847,241
Closing balance		(208,559,427)	(161,587,262)
Cost of goods sold and materials consumed	**2.3**	**1,204,522,749**	**787,618,058**

4.1.4 VARIATION IN PRODUCTON DURING THE PERIOD

Amounts in Euro	Notes	31/12/2022	31/12/2021
Opening balance		(97,797,698)	(97,185,887)
Adjustments		3,662,346	4,500,022
Closing balance		184,928,053	97,797,698
Variation in production	**2.3**	**90,792,701**	**5,111,833**

4.1.5 MOVEMENTS IN IMPAIRMENT LOSSES IN INVENTORIES

Amounts in Euro	Notes	31/12/2022	31/12/2021
Opening balance		**(11,211,141)**	**(10,509,972)**
Increases		(14,065,760)	(2,990,582)
Reversals		1,772,627	1,587,392
Impact on profit and loss for the period	**2.3**	**(12,293,133)**	**(1,403,190)**
Exchange rate adjustment		150,570	520,745
Hyperinflationary Economies		2,359	-
Charge-offs		62,052	(73,657)
Changes in the perimeter		-	254,933
Closing balance		**(23,289,293)**	**(11,211,141)**

As mentioned in Note 2.3, the increase in inventory impairment includes adjustments by the subsidiary Navigator of Euro 7,931,309 to the UWF and Tissue inventories, following the identification of items with lower turnover and future sales prospects, based on the Group's sales performance and sales mix. Furthermore, taking into account the future investment outlook and the remaining useful life of the industrial equipment, Navigator is estimated the spare parts required until the end of the life of this equipment, after having recorded an impairment of Euro 5,309,900 for the surplus spare parts in inventories.

From 2020 onwards, IAS 29 – Financial Reporting in Hyperinflationary Economies started to be applied to the financial statements of the Lebanese subsidiaries, before translation to the Group's presentation currency. As at 31 December 2022, the value of inventories relating to the Lebanese subsidiaries in the Group's consolidated financial statements amounts to Euro 1,870,869 (2021: Euro 2,192,208).

4.2 RECEIVABLES AND OTHER CURRENT ASSETS

ACCOUNTING POLICIES

TRADE AND OTHER RECEIVABLES

Classification	Trade receivables result from the Group's main activities and the business model followed is "hold to collect", although sometimes the Cement and Derivatives segment uses confirming. Balances from other debtors are typically from the "hold to collect" model.
Initial measurement	At fair value
Subsequent measurement	At amortised cost, net of impairment losses.
Impairment from trade receivables	Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. The expected losses are determined on the basis of the experience of historical actual losses over a statistically significant period and representative of the specific characteristics of the underlying credit risk.
Impairment from other debtors	Impairment losses are recorded on the basis of the general estimated credit loss model of IFRS 9.

As at 31 December 2022 and 2021, Receivables and other current and non-current assets is detailed as follows:

		31/12/2022			31/12/2021		
Amounts in Euro	Notes	Non-current	Current	Total	Non-current	Current	Total
Trade receivables							–
Pulp and paper segment	8.1.4	-	341,601,458	341,601,458	-	210,789,083	210,789,083
Cement and derivatives segment	8.1.4	-	70,135,124	70,135,124	-	56,370,752	56,370,752
Environment	8.1.4	-	17,095,052	17,095,052	-	13,516,485	13,516,485
		-	**428,831,634**	**428,831,634**	**-**	**280,676,320**	**280,676,320**
Receivables - Related parties	10.4	-	649,639	649,639	-	1,301,899	1,301,899
State		-	77,264,743	77,264,743	-	57,035,474	57,035,474
Department of Commerce (USA)		-	-	-	-	281,653	281,653
Enviva Pellets Greenwood, LLC (USA)		-	8,168,426	8,168,426	7,826,849	25,384,072	33,210,921
Grants receivable		13,219,416	13,239,885	26,459,301	-	-	-
Accrued income		-	9,687,577	9,687,577	-	22,161,246	22,161,246
Deferred expenses		-	16,209,297	16,209,297	-	14,094,535	14,094,535
Derivative financial instruments	8.2	-	54,773,410	54,773,410	-	3,066,689	3,066,689
Advances to suppliers		-	15,397,572	15,397,572	-	6,047,344	6,047,344
Other		15,701,049	17,812,749	33,513,798	4,293,458	22,027,945	26,321,403
		28,920,465	**642,034,932**	**670,955,397**	**12,120,307**	**432,077,177**	**444,197,484**

The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables and other current assets is presented in Note 8.1.4 – Credit risk.

DEPARTMENT OF COMMERCE (USA)

As at 31 December 2022 and 2021, the balance corresponds to the amount receivable from the Department of Commerce (DoC) following the investigation initiated in 2015 of alleged dumping practices in exports of UWF paper to the United States by the subsidiary Navigator.

During 2021, the Department of Commerce confirmed the final rate to be applied for the fourth period of review from March 2019 to February 2020, at 2.21%. Therefore, the Group received in 2022 the amount of Euro 281,653 for the difference between the deposits made and the final rate payable.

In 2022, the rate for the 5th review period, from March 2020 to February 2021, was also confirmed at 5.81%, with the subsequent review periods (6 and 7) remaining unconfirmed. Regarding these three periods, Navigator is estimated to pay to the DoC approximately Euro 5.6 million (Note 4.3).

ENVIVA PELLETS GREENWOOD, LLC (USA)

It reflects the present value of the amount still to be received from the sale of the pellet business by Navigator (Note 2.2). The nominal receivable shall bear interest at the rate of 2.5% (note 5.11).

OTHER NON-CURRENT RECEIVABLES

In 2022, an amount of Euro 11,200,000 is included in other non-current receivables, which relates to an amount reinsured under the Group's insurance programme to cover potential claims.

As at 31 December 2022 and 2021, State is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Value Added Tax - recoverable	22,526,996	9,095,712
Value Added Tax - repayment requests	45,395,267	37,924,732
Tax on the Movement of Goods and Services (ICMS)	1,474,947	1,477,913
Tax on Industrial Products (IPI)	418,413	720,250
Social Security Financing Contribution (COFINS)	12,943	358,057
PIS and COFINS credit on fixed assets	7,407,482	7,362,187
Other taxes	28,695	94,153
Amounts pending repayment (tax proceedings decided in favour of the group)	-	2,470
	77,264,743	**57,035,474**

As at 31 December 2022 and 2021, Accrued income and deferred costs were detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Accrued income		
Energy sales	1,871,271	17,470,569
Compensations receivable	4,062,997	1,636,141
Other	3,753,309	3,054,536
	9,687,577	**22,161,246**
Deferred expenses		
Insurance	1,912,478	1,584,282
Rentals	10,002,722	8,386,747
Other	4,294,097	4,123,506
	16,209,297	**14,094,535**
	25,896,874	**36,255,781**

4.3 PAYABLES AND OTHER CURRENT LIABILITIES

ACCOUNTING POLICIES

FINANCIAL LIABILITIES AT AMORTISED COST

Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the income statement over the debt period under "Interest on other financial liabilities at amortised cost" (Note 5.11).

As at 31 December 2022 and 2021, Payables and other current liabilities is detailed as follows:

Amounts in Euro	Notes	31/12/2022	31/12/2021
Trade payables - current account		455,914,395	345,144,866
Trade payables - Property, plant and equipment - current account		10,956,609	7,275,993
State		93,456,795	62,922,234
Instituto do Ambiente		118,333,488	58,822,137
Related parties	10.4	26,461,118	874,436
Other payables		11,927,142	9,214,444
Derivative financial instruments	8.2.2	11,759,237	9,811,872
Accrued costs - payroll costs		71,581,424	52,954,299
Other accrued costs		67,073,865	53,139,891
Non-repayable grants		92,995,915	46,802,840
Other deferred income - ISP		449,701	387,246
Payables and other liabilities – current		**960,909,689**	**647,350,258**
Non-repayable grants		30,545,424	28,460,138
Department of Commerce (USA)		4,306,974	8,554,289
Ultimate Cell (Utis)		2,800,000	-
Payables and other liabilities – non-current		**37,652,398**	**37,014,427**
		998,562,087	**684,364,685**

The increase in provisions for payroll costs is due to the recognition of a higher amount for the payment of employee bonuses in 2023, as well as the amount related to the productivity bonus for Q4 2022 and the reinforcement of the rejuvenation programme, these latter in the subsidiary Navigator.

As at 31 December 2022 and 2021, State is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Personal income tax withheld (IRS)	5,435,737	4,464,393
Value Added Tax (VAT)	43,335,782	25,788,642
Contributions to Social Security	4,558,876	4,140,623
ICMS - Tax on the Movement of Goods and Services	1,246,835	570,096
Programa de Desenvolvimento da Empresa Catarinense (PRODEC)	781,096	653,577
Programa Paraná Competitivo	36,370,666	25,598,165
Social Security Financing Contribution (COFINS)	58,611	73,997
Other	1,669,192	1,632,741
	93,456,795	**62,922,234**

As at 31 December 2022 and 2021, there were no overdue debts to the State.

NON-REPAYABLE GRANTS – DETAILS

Amounts in Euro	Note	31/12/2022	31/12/2021
Government grants	3.4	12,674,484	10,696,971
Grants - CO_2 emission allowances		71,343,238	31,001,180
Other grants		8,978,193	5,104,689
Non-repayable grants - current		**92,995,915**	**46,802,840**
Government grants	3.4	30,545,424	28,460,138
Non-repayable grants - non-current		**30,545,424**	**28,460,138**
		123,541,339	**75,262,978**

5 CAPITAL STRUCTURE

5.1 CAPITAL MANAGEMENT

CAPITAL MANAGEMENT POLICY

The objectives of Semapa Group, when managing capital, are to safeguard the Group´s ability to continue as a going concern and value creation for shareholders, through a conservative dividend policy based on principles of financial strength. The aim has been to maintain a financial structure compatible with the Group´s sustained growth and different business areas, whilst maintaining sound solvency and financial autonomy indicators. Accordingly, capital considered for the purposes of capital management corresponds to Equity. Equity does not include any financial liabilities.

In order to maintain or adjust its capital structure, the Group can adjust the amount of dividends payable to its shareholders, return capital to its shareholders, issue new shares or sell assets to lower its borrowings.

5.2 SHARE CAPITAL AND THEASURY SHARES

ACCOUNTING POLICIES

Semapa's share capital is fully subscribed and paid up, represented by shares with no nominal value.

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the amount received. The cost directly attributable to the issue of new shares options for a business acquisition are included in the acquisition cost, as part of the purchase price.

TREASURY SHARES

Recognition	At acquisition value, as a reduction of equity.
Acquisitions by Group company	When any Group company acquires shares of the parent company, the payment, which includes directly-associated incremental costs, is deducted from the shareholders' equity attributable to the holders of the parent company's capital until the shares are cancelled, redeemed or sold.
Disposal of treasury shares	When shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in the shareholders' equity of the company's shareholders, under Other reserves (Note 5.5).
Extinction of treasury shares	The extinction of treasury shares is reflected in the consolidated financial statements, as a reduction of share capital and in the caption Treasury shares at its nominal and acquisition cost, respectively. The differential between those amounts is recorded in Other reserves.

SEMAPA'S SHAREHOLDERS

As at 31 December 2022 and 2021, Semapa's shareholders are detailed as follows:

	31/12/2022		31/12/2021	
Name	No. of shares	%	No. of shares	%
Shares without par value				
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.94	38,959,431	47.94
Sodim, SGPS, S.A.	27,508,892	33.85	27,508,892	33.85
Bestinver Gestión, S.A., S.G.I.I.C.	2,458,623	3.03	2,458,623	3.03
Cobas Asset Management, SGIIC, S.A.	1,637,038	2.01	1,637,038	2.01
Norges Bank (the Central Bank of Norway)	1,699,613	2.09	1,699,613	2.09
Treasury shares	1,400,627	1.72	1,400,627	1.72
Other shareholders with less than 2% shareholdings	7,605,776	9.36	7,605,776	9.36
	81,270,000	**100.00**	**81,270,000**	**100.00**

TREASURY SHARES – MOVEMENTS

The movements in treasury shares, in 2022 and 2021, are detailed as follows:

	2022		2021	
	No. of shares	Book value (Euro)	No. of shares	Book value (Euro)
Treasury shares held at the beginning of the period	1,400,627	15,946,363	1,400,627	15,946,363
Acquisition of shares by Semapa	-	-	-	-
Disposals in the period	-	-	-	-
Treasury shares at the end of the period	**1,400,627**	**15,946,363**	**1,400,627**	**15,946,363**

5.3 EARNINGS PER SHARE

ACCOUNTING POLICIES

The basic earnings per share are determined based on the division of profits or losses attributable to the ordinary shareholders of Semapa by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, Semapa adjusts the profit or loss attributable to ordinary equity holders, as well as the weighted average number of outstanding shares, for the purposes of all potential dilutive common shares.

Amounts in Euro	2022	2021
Net profit attributable to the Shareholders of Semapa	**307,089,834**	**198,128,028**
Total number of shares issued	81,270,000	81,270,000
Average number of treasury shares in the portfolio	(1,400,627)	(1,400,627)
Weighted average number of shares	**79,869,373**	**79,869,373**
Basic earnings per share	**3.845**	**2.481**
Diluted earnings per share	**3.845**	**2.481**

5.4 DIVIDENDS

ACCOUNTING POLICIES

Dividends per share presented are calculated based on the number of shares outstanding on the grant date.

DIVIDENDS DISTRIBUTED IN THE PERIOD

Amounts in Euro	Data	Amount distributed	Dividends per share
Dividends distributed in 2022			
Approval of distribution of free reserves by the Extraordinary Shareholders' Meeting of Semapa	30 November 2022	99,996,455	1.252
Approval of payment of dividends relating to the 2021 net profit on an individual basis in accordance with IFRS at the Annual Shareholders' Meeting of Semapa	27 May 2022	40,893,119	0.512
Dividends distributed in 2021			
Approval of payment of dividends relating to the 2020 net profit on an individual basis in accordance with IFRS at the Annual Shareholders' Meeting of Semapa	30 April 2021	40,893,119	0.512

5.5 RESERVES AND RETAINED EARNINGS

FAIR VALUE RESERVE

Fair value reserve refers to the accumulated change in fair value of derivative financial instruments classified as hedging instruments (Note 8.2), and financial investments measured at fair value through other comprehensive income (Note 8.3), net of deferred taxes.

Changes relating to derivatives are reclassified to profit or loss for the period (Note 5.11) as hedged instruments affect profit or loss for the period. The change in fair value of financial investments recorded under this item is not recycled to profit or loss.

CURRENCY TRANSLATION RESERVE

The currency translation reserve corresponds to the cumulative amount related to the Group's appropriation of exchange rate differences resulting from the translation of the financial statements of the subsidiaries and associates operating outside the Euro zone, mainly in Brazil, Tunisia, Lebanon, Angola, Mozambique, the United States of America, Switzerland and United Kingdom.

LEGAL RESERVES

The Portuguese Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve, until this is equal to at least 20% of the share capital. This reserve cannot be distributed, unless in the event of the Company's winding up. However, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

The legal reserve is constituted by its maximum amount in the periods presented.

OTHER RESERVES

This caption corresponds to reserves available for distribution to shareholders that were constituted through the appropriation of prior year's earnings and other movements. The part of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).

Amounts in Euro	31/12/2022	31/12/2021
Currency translation reserve	**(202,244,411)**	**(234,772,441)**
Fair value of derivative financial instruments	29,889,067	(2,291,184)
Fair value reserve	**29,889,067**	**(2,291,184)**
Legal reserves	**16,695,625**	**16,695,625**
Other reserves	**1,105,635,572**	**1,048,397,118**
Retained earnings	**990,822**	**832,780**
Reserves and retained earnings	**950,966,675**	**828,861,898**

CURRENCY TRANSLATION RESERVE

The impact of foreign exchange risk by currency (see Note 8.1.1 – Exchange rate risk) is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	**(234,772,441)**	**(218,994,285)**
Brazilian real	15,701,839	1,028,156
Tunisian dinar	(601,981)	319,175
Lebanese pound	(3,219,620)	(14,496,061)
US dollar	1,670,441	1,656,367
Mozambican metical	20,216,302	(2,684,188)
Other currencies	(1,238,951)	(1,601,605)
Closing balance	**(202,244,411)**	**(234,772,441)**

The change in the currency exchange reserve, regarding the Mozambican metical, is mainly due to the cumulative unfavourable exchange differences related to the repayment of the long-term loan (Navigator shareholder loan) granted to the subsidiary Portucel Moçambique. This loan, of a quasi-equity nature, was denominated in foreign currency and, upon termination, and in accordance with the Group's accounting policy, the corresponding accumulated exchange rate differences, recognized in previous years in the Statement of Comprehensive Income, were recognised in profit or loss for the period (Note 5.11).

5.6 NON-CONTROLLING INTERESTS

DETAIL OF NON-CONTROLLING INTERESTS, BY SUBSIDIARY

	%	Equity		Net profit	
Amounts in Euro	held	31/12/2022	31/12/2021	2022	2021
Pulp and Paper					
The Navigator Company, S.A.	30.56%	305,690,923	244,577,443	114,552,654	48,149,411
Raiz – Instituto de Investigação da Floresta e Papel	3.00%	297,977	286,896	1,861	7,058
Portucel Moçambique	9.98%	-	-	-	-
Cement and Derivatives					
Secil – Companhia Geral de Cal e Cimento, S.A.	0.00%	8,167	7,621	254	1,077
Société des Ciments de Gabés	1.28%	478,267	710,606	(122,470)	40,128
IRP – Indústria de Rebocos de Portugal, S.A.	25.00%	458,162	458,262	275,900	272,121
Secil – Companhia de Cimento do Lobito, S.A.	49.00%	(4,291,198)	(3,995,565)	386,984	(415,215)
Ciments de Sibline, S.A.L.	48.95%	6,645,567	10,163,827	(273,900)	3,774,622
Madebritas – Sociedade de Britas da Madeira, Lda.	49.00%	56,716	57,637	(921)	(1,411)
Other		504,654	505,451	(796)	5,263
Environment					
ETSA – Investimentos, SGPS, S.A.	0.01%	10,918	9,680	1,350	997
Tribérica, S.A.	30.00%	385,660	332,016	151,644	(7,790)
		310,245,813	**253,113,874**	**114,972,560**	**51,826,261**

In 2014, the Navigator Group signed agreements with IFC – International Finance Corporation for the entry of this institution into the share capital of the subsidiary Portucel Moçambique, S.A., thus ensuring the construction phase of the Group's forestry project in Mozambique. In 2015, this Company performed a capital increase from MZN 1,000 million to MZN 1,680.798 million subscribing MZN 332,798 million corresponding to 19.98% of the capital at that date.

In February 2019, there was a reduction in the subscribed, underwritten and paid-up capital of the shareholder The Navigator Company, S.A. to MZN 456,596,000, corresponding to 90.02% of the Company's share capital, and the IFC's holding was revised to MZN 50,620,000, corresponding to 9.98% of the Portucel Moçambique's share capital.

At the reporting date, there are no rights of protection of non-controlling interests that significantly restrict the entity's ability to access or use assets and settle liabilities of the Group.

MOVEMENTS OF NON-CONTROLLING INTERESTS BY OPERATING SEGMENT

Amounts in Euro	Pulp and Paper	Cement and derivatives	Environment	Total
Balance as at 1 January 2021	**242,501,663**	**16,643,887**	**8,795**	**259,154,345**
Changes in the perimeter	-	-	339,807	339,807
Hyperinflationary economies (Lebanon)	-	526,227	-	526,227
Dividends	(44,912,881)	(305,601)	(112)	(45,218,594)
Currency translation reserve	(1,040,357)	(12,633,505)	-	(13,673,862)
Financial instruments	311,495	13	-	311,508
Actuarial gains and losses	510,885	232	-	511,117
Other movements in equity	(662,935)	-	-	(662,935)
Net profit for the period	48,156,469	3,676,583	(6,791)	51,826,261
Balance as at 31 December 2021	**244,864,339**	**7,907,836**	**341,699**	**253,113,874**
Hyperinflationary economies (Lebanon)	-	(198,221)	-	(198,221)
Dividends	(75,070,504)	(341,416)	(112)	(75,412,032)
Currency translation reserve	8,915,714	(3,740,886)	-	5,174,828
Financial instruments	11,892,312	84	-	11,892,396
Actuarial gains and losses	902,078	2,938	-	905,016
Other movements in equity	(69,556)	(35,053)	(97,998)	(202,607)
Net profit for the period	114,554,517	265,053	152,990	114,972,559
Balance as at 31 December 2022	**305,988,900**	**3,860,335**	**396,579**	**310,245,813**

The accounting policies applicable to non-controlling interests, as well as the information about the Group subsidiaries with significant non-controlling interests are disclosed in Note 10.1 – Companies included in the consolidation.

5.7 INTEREST-BEARING LIABILITIES

ACCOUNTING POLICIES

Interest-bearing liabilities	Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.
Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the Income Statement over the debt period under "Interest expenses on other loans" in Note 5.11 - Net financial results.
Fair value	The carrying amount of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to their fair value. The fair value of interest-bearing liabilities that are remunerated at a fixed rate is disclosed in Note 8.4 - Financial assets and liabilities.
Presentation	In current liabilities, unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

DISCLOSURE BY OPERATING SEGMENT

Given that treasury management is performed autonomously by each business segment, as disclosed in Note 8.1 – Financial Risk Management, the information on interest-bearing liabilities that is disclosed in this Note follows that structure.

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The Group has several commercial paper programmes negotiated; agreements with which issues with contractual maturity below one year and with a revolving nature are often made. Where the Group has the right to extend these loans (roll over), it classifies them as non-current liabilities.

INTEREST-BEARING LIABILITIES

	31/12/2022			31/12/2021		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Bond loans	666,000,000	182,214,286	**848,214,286**	748,214,286	22,500,000	**770,714,286**
Commercial paper	181,500,000	46,750,000	**228,250,000**	158,250,000	144,750,000	**303,000,000**
Bank loans	179,005,652	99,525,565	**278,531,217**	191,422,385	106,537,708	**297,960,093**
Loans related charges	(5,357,671)	281,768	**(5,075,903)**	(13,124,546)	266,304	**(12,858,242)**
Debt securities and bank debt	**1,021,147,981**	**328,771,619**	**1,349,919,600**	**1,084,762,125**	**274,054,012**	**1,358,816,137**
Other interest-bearing debt	30,433,409	7,219,439	**37,652,848**	34,967,952	4,099,904	**39,067,856**
Other interest-bearing liabilities	**30,433,409**	**7,219,439**	**37,652,848**	**34,967,952**	**4,099,904**	**39,067,856**
Total interest-bearing liabilities	**1,051,581,390**	**335,991,058**	**1,387,572,448**	**1,119,730,077**	**278,153,916**	**1,397,883,993**

Other interest-bearing debt mainly includes incentives from AICEP – Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects of the subsidiary Navigator, which includes the incentive under the investment agreement entered into with the Navigator Group Tissue Aveiro, S.A. subsidiary for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a repayable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last repayment happening in 2027.

LOANS | FIXED AND VARIABLE RATE

	31/12/2022			31/12/2021		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
FIXED RATE						
Pulp and Paper						
Bond Loans	50,000,000	-	**50,000,000**	150,000,000	-	**150,000,000**
Commercial paper	105,000,000	35,000,000	**140,000,000**	140,000,000	35,000,000	**175,000,000**
Bank loans	71,428,571	8,492,064	**79,920,635**	79,920,634	5,634,921	**85,555,555**
Cement and derivatives						-
Bond Loans	110,000,000	45,714,286	**155,714,286**	105,714,286	20,000,000	**125,714,286**
Bank loans	-	-	**-**	15,861,677	12,502,176	**28,363,853**
Holdings						
Bond Loans	-	100,000,000	**100,000,000**	100,000,000	-	**100,000,000**
Commercial paper	-	10,000,000	**10,000,000**	10,000,000	35,000,000	**45,000,000**
Bank loans	-	16,000,000	**16,000,000**	16,000,000	8,000,000	**24,000,000**
Total fixed rate loans	**336,428,571**	**215,206,350**	**551,634,921**	**617,496,597**	**116,137,097**	**733,633,694**
VARIABLE RATE						
Pulp and Paper						
Bond Loans	370,000,000	22,500,000	**392,500,000**	292,500,000	2,500,000	**295,000,000**
Commercial paper	-	-	**-**	-	65,000,000	**65,000,000**
Bank loans	20,083,334	9,083,333	**29,166,667**	29,166,667	7,083,333	**36,250,000**
Cement and derivatives						
Bond Loans	-	-	**-**	50,000,000	-	**50,000,000**
Commercial paper	70,000,000	-	**70,000,000**	-	8,000,000	**8,000,000**
Bank loans	87,493,747	63,316,652	**150,810,400**	47,839,892	70,727,747	**118,567,639**
Environment						
Bank loans	-	133,516	**133,516**	133,515	89,531	**223,046**
Holdings						-
Bond Loans	136,000,000	14,000,000	**150,000,000**	50,000,000	-	**50,000,000**
Commercial paper	6,500,000	1,750,000	**8,250,000**	8,250,000	1,750,000	**10,000,000**
Bank loans	-	2,500,000	**2,500,000**	2,500,000	2,500,000	**5,000,000**
Total variable rate loans	**690,077,081**	**113,283,501**	**803,360,583**	**480,390,074**	**157,650,611**	**638,040,685**
Total bank loans	**1,026,505,652**	**328,489,851**	**1,354,995,503**	**1,097,886,671**	**273,787,708**	**1,371,674,379**
% Fixed rate	33%	66%	**41%**	56%	42%	**53%**
% Variable rate	67%	34%	**59%**	44%	58%	**47%**

BOND LOANS

	31/12/2022				
Amounts in Euro	Non-current	Current	Total	Maturity	Interest rate
Segment – Pulp and Paper					
Navigator 2022 / 2028 ESG	150,000,000	-	**150,000,000**	June 2028	**Indexed to Euribor**
Navigator 2019 / 2026	50,000,000	-	**50,000,000**	January 2026	**Fixed**
Navigator 2019 / 2025	30,000,000	20,000,000	**50,000,000**	March 2025	**Indexed to Euribor**
Navigator 2021 / 2026	15,000,000	2,500,000	**17,500,000**	April 2026	**Indexed to Euribor**
Navigator 2020 / 2026	75,000,000	-	**75,000,000**	December 2026	**Indexed to Euribor**
Navigator 2021 / 2026	100,000,000	-	**100,000,000**	August 2026	**Indexed to Euribor**
	420,000,000	**22,500,000**	**442,500,000**	-	
Segment – Cement and Derivatives					
Secil 2016 / 2023	-	25,714,286	**25,714,286**	February 2023	**Fixed**
Secil 2018 / 2023	-	20,000,000	**20,000,000**	June 2023	**Fixed**
Secil 2019 / 2026	60,000,000	-	**60,000,000**	December 2026	**Fixed**
Secil 2020/2027	50,000,000	-	**50,000,000**	April 2027	**Fixed**
	110,000,000	**45,714,286**	**155,714,286**	-	
Holdings					
Semapa 2016 / 2023	-	100,000,000	**100,000,000**	June 2023	**Fixed**
Semapa 2021 / 2026	50,000,000	-	**50,000,000**	July 2026	**Indexed to Euribor**
Semapa 2022 / 2027	86,000,000	14,000,000	**100,000,000**	October 2027	**Indexed to Euribor**
	136,000,000	**114,000,000**	**250,000,000**		
	666,000,000	**182,214,286**	**848,214,286**		

At the end of June 2022, the subsidiary Navigator issued a bond loan in the amount of Euro 150 million maturing in 2028, under the Sustainability-Linked Bonds Framework, having simultaneously repaid in advance a loan in the same amount valid until 2023. This operation contributed to extending the average life of its debt, as well as reducing the financing cost, in addition to having conditions adjusted to the fulfilment of sustainability commitments. The loan conditions are indexed to three ESG indicators already included in Navigator's Sustainability Agenda and, in turn, aligned with the Sustainable Development Goals of the United Nations.

	31/12/2021				
Amounts in Euro	Non-current	Current	Total	Maturity	Interest rate
Segment – Pulp and Paper					
Navigator 2015 / 2023	150,000,000	-	**150,000,000**	September 2023	Indexed to Euribor
Navigator 2019 / 2026	50,000,000	-	**50,000,000**	January 2026	Fixed
Navigator 2019 / 2025	50,000,000	-	**50,000,000**	March 2025	Indexed to Euribor
Navigator 2021 / 2026	17,500,000	2,500,000	**20,000,000**	April 2026	Indexed to Euribor
Navigator 2020 / 2026	75,000,000	-	**75,000,000**	December 2026	Indexed to Euribor
Navigator 2021 / 2026	100,000,000	-	**100,000,000**	August 2026	Fixed
	442,500,000	**2,500,000**	**445,000,000**		
Segment – Cement and Derivatives					
Secil 2017 / 2022	-	20,000,000	**20,000,000**	October 2022	Fixed
Secil 2016 / 2023	25,714,286	-	**25,714,286**	February 2023	Fixed
Secil 2018 / 2023	20,000,000	-	**20,000,000**	June 2023	Fixed
Secil 2019 / 2026	60,000,000	-	**60,000,000**	December 2026	Fixed
Secil 2020 / 2023	50,000,000	-	**50,000,000**	May 2023	Indexed to Euribor 6M
	155,714,286	**20,000,000**	**175,714,286**		
Holdings					
Semapa 2021 / 2026	50,000,000	-	**50,000,000**	July 2026	Indexed to Euribor
Semapa 2016 / 2023	100,000,000	-	**100,000,000**	June 2023	Fixed
	150,000,000	**-**	**150,000,000**		
	748,214,286	**22,500,000**	**770,714,286**		

BANK LOANS

	31/12/2022			31/12/2021		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Pulp and Paper - varibale rate	20,083,334	9,083,333	29,166,666	29,166,667	7,083,333	36,250,000
Pulp and Paper - fixed rate	71,428,571	8,492,064	79,920,635	79,920,634	5,634,921	85,555,555
Cement and derivatives - variable rate	87,493,747	63,316,652	150,810,400	47,839,892	70,727,747	118,567,639
Cement and derivatives - fixed rate	-	-	-	15,861,677	12,502,176	28,363,853
Environment - variable rate	-	133,516	133,516	133,515	89,531	223,046
Holdings - variable rate	-	2,500,000	2,500,000	2,500,000	2,500,000	5,000,000
Holdings - fixed rate	-	16,000,000	16,000,000	16,000,000	8,000,000	24,000,000
	179,005,652	**99,525,565**	**278,531,217**	**191,422,385**	**106,537,708**	**297,960,093**

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As at 31 December 2022, loans in the form of Commercial Paper are detailed as follows:

Amount		31/12/2022				
Contracted		Non-current	Current	Total	Maturity	Interest rate
Segment – Pulp and Paper						
	140,000,000	105,000,000	35,000,000	**140,000,000**	February 2026	Fixed
	65,000,000	-	-	**-**	February 2026	
	75,000,000	-	-	**-**	February 2026	
	50,000,000	-	-	**-**	December 2025	
	330,000,000	**105,000,000**	**35,000,000**	**140,000,000**		
Segment – Cement and Derivatives						
	50,000,000	-	-	**-**	April 2026	
	50,000,000	50,000,000	-	**50,000,000**	June 2027	Indexed to Euribor
	75,000,000	-	-	**-**	October 2026	
	20,000,000	20,000,000		**20,000,000**	December 2027	Indexed to Euribor
	195,000,000	**70,000,000**	**-**	**70,000,000**		
Environment						
	5,000,000	-	-	**-**	January 2024	
	1,300,000	-	-	**-**	July 2023	
	6,300,000	**-**	**-**	**-**		
Holdings						
	12,500,000	-	10,000,000	**10,000,000**	October 2023	Fixed
	40,000,000	-	-	**-**	May 2024	
	80,000,000	-	-	**-**	July 2026	
	40,000,000	-	-	**-**	August 2026	
	16,500,000	6,500,000	1,750,000	**8,250,000**	October 2026	Indexed to Euribor
	90,000,000	-	-	**-**	January 2027	
	20,000,000	-	-	**-**	March 2027	
	25,000,000	-	-	**-**	May 2027	
	324,000,000	**6,500,000**	**11,750,000**	**18,250,000**		
	855,300,000	**181,500,000**	**46,750,000**	**228,250,000**		

As at 31 December 2021, loans in the form of Commercial Paper are detailed as follows:

Amount	31/12/2021				
Contracted	Non-current	Current	Total	Maturity	Interest rate
Segment – Pulp and Paper					
175,000,000	140,000,000	35,000,000	**175,000,000**	February 2026	Fixed
65,000,000	-	65,000,000	**65,000,000**	February 2026	Indexed to Euribor
75,000,000	-	-	-	February 2026	
50,000,000	-	-	-	December 2025	
365,000,000	**140,000,000**	**100,000,000**	**240,000,000**		
Segment – Cement and Derivatives					
50,000,000	-	8,000,000	**8,000,000**	April 2026	Indexed to Euribor
20,000,000	-	-	-	December 2022	
50,000,000	-	-	-	January 2023	
75,000,000	-	-	-	October 2023	
195,000,000	**-**	**8,000,000**	**8,000,000**		
Environment					
5,000,000	-	-	-	November 2022	
5,000,000	-	-	-	January 2024	
2,600,000	-	-	-	Jan 2022 to Jul 2023	
12,600,000	**-**	**-**	**-**		
Holdings					
25,000,000	-	25,000,000	**25,000,000**	February 2022	Fixed
40,000,000	-	-	-	August 2026	
25,000,000	10,000,000	10,000,000	**20,000,000**	October 2023	Fixed
40,000,000	-	-	-	May 2024	
80,000,000	-	-	-	July 2026	
20,000,000	8,250,000	1,750,000	**10,000,000**	October 2026	Indexed to Euribor
230,000,000	**18,250,000**	**36,750,000**	**55,000,000**		
802,600,000	**158,250,000**	**144,750,000**	**303,000,000**		

LOAN REPAYMENT PERIODS OVER ONE YEAR

Amounts in Euro	31/12/2022	31/12/2021
1 to 2 years	132,045,492	442,707,780
2 to 3 years	240,034,546	101,816,761
3 to 4 years	368,648,621	139,499,524
4 to 5 years	188,671,633	353,496,208
Above 5 years	127,538,769	95,334,350
Total	**1,056,939,061**	**1,132,854,623**

FINANCIAL COVENANTS

For certain types of financing operations, there are commitments to maintain certain financial ratios within previously negotiated limits. The existing covenants are clauses of Cross default, Pari Passu, Negative pledge, Ownership-clause, clauses related to Group's activities maintenance, financial ratios, mainly Net Debt/EBITDA, Interest coverage, Indebtedness and Financial autonomy and fulfilment of regular financial contracts' obligations (operational, legal and tax obligations), common in loan agreements and fully known in the market even considering the impact of the adoption of IFRS 16.

Additionally, as at 31 December 2022 and 2021, the Group comply with the financial ratios limits imposed under its financing contracts.

5.8 LEASE LIABILITIES

ACCOUNTING POLICIES

Initial measurement	At the start date of the lease, the Group recognises lease liabilities measured at the present value of future lease payments, which include fixed payments less any lease incentives, variable lease payments, and amounts expected to be paid as residual value. Lease payments also include the exercise price of call or renewal options reasonably certain to be exercised by the Group or lease termination penalty payments if the lease term reflects the Group's option to terminate the agreement. In calculating the present value of future lease payments, the Group uses its incremental financing rate if the implied interest rate on the lease transaction is not easily determinable.
Subsequent measurement	Subsequently, the value of the lease liabilities is increased by the interest amount (Note 5.11 - Net Financial Results) and decreased by the lease payments.

As at 31 December 2022 and 2021, lease liabilities are detailed as follows:

	31/12/2022			31/12/2021		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Pulp and Paper	55,089,083	6,551,966	**61,641,049**	47,417,092	5,823,833	53,240,925
Cement and derivatives	28,734,457	9,262,605	**37,997,062**	32,640,299	8,965,972	41,606,271
Environment	896,471	396,400	**1,292,871**	1,163,717	434,784	1,598,501
Holdings	188,938	97,841	**286,779**	156,537	87,717	244,254
	84,908,949	**16,308,812**	**101,217,761**	**81,377,645**	**15,312,306**	**96,689,951**

Analysis of lease liabilities by maturity is presented in Note 8.1.3 – Liquidity risk

5.9 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months, which can be mobilised immediately without any significant risk in value fluctuations. For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.7).

Amounts in Euro	Notes	31/12/2022	31/12/2021
Cash		924,987	896,996
Short-term bank deposits	8.1.4	277,773,009	363,812,915
Other short-term investments	8.1.4	315,253,105	18,576,390
Cash and cash equivalents in the consolidated statement of cash flows		**593,951,101**	**383,286,301**
Impairment	8.1.4	(554,525)	(998,909)
Cash and cash equivalents		**593,396,576**	**382,287,392**

In 2022 and 2021, the amount presented under Other short-terms investments corresponds to amounts invested in portfolios of short-term financial assets, high liquidity, and issuers with adequate ratings.

The movements under Impairments in 2022 are detailed as follows:

Amounts in Euro	Opening balance	Increase	Reversal	Variation variation	Closing balance
Lebanon	998,909	395,837	(536,601)	(303,620)	554,525
Other	-	-	-	-	-
	998,909	**395,837**	**(536,601)**	**(303,620)**	**554,525**

As at 31 December 2022 and 2021, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group companies.

5.10 CASH FLOWS FROM FINANCING ACTIVITIES

MOVEMENTS IN LIABILITIES FOR GROUP FINANCING ACTIVITIES

In 2022 and 2021, the movements in liabilities for financing activities are detailed as follows:

			Transactions not affecting cash and cash equivalents			
Amounts in Euro	01/01/22	Cash flows from financing activities	Lease recognition	Exchange rate adjustment	Accrued interest	31/12/22
Interest-bearing liabilities (Note 5.7)						
Bond loans	770,714,286	77,500,000	-	-	-	848,214,286
Commercial Paper	303,000,000	(74,750,000)	-	-	-	228,250,000
Bank loans	297,960,093	(35,478,541)	-	16,049,665	-	278,531,217
Loan-related charges	(12,858,242)	15,794,302	-	-	(8,011,963)	(5,075,903)
Other interest-bearing liabilities	39,067,856	(16,244,012)	-	-	14,829,004	37,652,848
Lease liabilities (Note 5.8)	96,689,951	(23,803,857)	23,431,033	8,532,385	(3,631,751)	101,217,761
Total	**1,494,573,944**	**(56,982,108)**	**23,431,033**	**24,582,050**	**3,185,290**	**1,488,790,209**

			Transactions not affecting cash and cash equivalents			
Amounts in Euro	01/01/21	Cash flows from financing activities	Lease recognition	Exchange rate adjustment	Accrued interest	31/12/21
Interest-bearing liabilities (Note 5.7)						
Bond loans	836,714,286	(66,000,000)	-	-	-	770,714,286
Commercial Paper	525,000,000	(222,000,000)	-	-	-	303,000,000
Bank loans	270,029,647	25,416,410	-	2,514,036	-	297,960,093
Loan-related charges	(9,705,859)	3,770,678	-		(6,923,061)	(12,858,242)
Other interest-bearing liabilities	38,447,832	(4,472,875)	-	-	5,092,899	39,067,856
Lease liabilities (Note 5.8)	80,139,646	(19,948,814)	33,636,083	(213,422)	3,076,458	96,689,951
Total	**1,740,625,552**	**(283,234,601)**	**33,636,083**	**2,300,614**	**1,246,296**	**1,494,573,944**

5.11 NET FINANCIAL RESULTS

ACCOUNTING POLICIES

Borrowing costs relating to loans are generally recognised as financial costs, in accordance with the accrual accounting principle.

The Semapa Group classifies as Financial Income the income and gains resulting from cash-flow management activities such as: i) interest earned on surplus cash; and ii) changes in the fair value of derivative financial instruments negotiated to hedge interest and exchange rate risks on loans, irrespective of the formal designation of the hedge.

In 2022 and 2021, Net financial results are detailed as follows:

Amounts in Euro	Notes	2022	2021
Interest paid on debt securities and bank debt	5.7	(31,899,063)	(30,819,249)
Commissions on loans and expenses with credit facilities		(8,011,963)	(7,855,757)
Interest expense by applying the effective interest method		**(39,911,026)**	**(38,675,006)**
Unfavourable exchange differences	5.8	(27,528,659)	(4,236,776)
Interest expense on lease liabilities	9.1	(3,631,751)	(3,201,416)
Financial discount of provisions | Environmental recovery		(117,714)	(59,257)
Losses on hedging derivatives	8.2	(1,504,772)	(3,191,640)
Losses on trade derivatives		(25,364,400)	(5,936,014)
Other financial expenses and losses		(3,307,477)	(1,192,818)
Other financial expenses and losses		**(61,454,773)**	**(17,817,921)**
Interest income on financial assets at amortised costs	8.2	6,109,758	2,107,531
Fair value gains on Other financial investments		2,545,643	236,350
Other financial income and gains		-	2,698,326
Financial income and gains		**8,655,401**	**5,042,207**
Total financial expenses and losses		(101,365,799)	(56,492,927)
Total Financial income and gains		8,655,401	5,042,207
Financial results		**(92,710,398)**	**(51,450,720)**

The unfavourable exchange differences include the non-recurring impact of Euro Euro 30,356,972 associated with accumulated unfavourable exchange rate differences directly associated with the repayment of the long-term loan (Navigator shareholder loans) granted to the subsidiary Portucel Moçambique. This loan, of a quasi-equity nature, was denominated in foreign currency and, upon termination, and in accordance with the Group's accounting policy, the corresponding accumulated exchange rate differences, recognized in previous years in the Statement of Comprehensive Income, were recognised in profit or loss for the period.

5.12 NET MONETARY POSITION | LEBANON

In the last quarter of 2020, Lebanon was considered a hyperinflationary economy, under the terms of IAS 29 – Financial Reporting in Hyperinflationary Economies, based on the inflation recorded over the last three years. In effect, as at 31 December 2020, the accumulated inflation rate for the last three years exceeded 100%, which was an objective quantitative condition to designate Lebanon a hyperinflationary economy.

The inflation rates and CPI index recorded in the years 2022 and 2021 were as follows:

- 31 December 2021 – 224%
- 31 December 2022 – 113%
- 2022 average – 184%

IAS 29 applies to the separate financial statements and consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy and is applicable from the beginning of the reporting period in which the entity identifies its currency as hyperinflationary.

In accordance with IAS 29, the non-monetary assets and liabilities of the Lebanese subsidiaries were restated by applying a general price index reflecting changes in the general purchasing power in Lebanon since the date of acquisition of the assets. The restated amount of a non-monetary item has been reduced when it exceeds its recoverable amount. Monetary items of Lebanon subsidiaries are not restated because they are already expressed in terms of the currency unit current at the balance sheet date.

Income statement items relating to the Lebanese subsidiaries have been restated by applying the change in the general price index from the dates the items of income and expenses were recorded in the financial statements. The change in the net monetary position arising from the price changes in 2022 and 2021 was recognised in the income statement under the caption Gains or losses on Net Monetary Position, representing gains of Euro 979,084 and Euro 7,214,110, respectively.

6 INCOME TAX

6.1 INCOME TAX FOR THE PERIOD

ACCOUNTING POLICIES

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the consolidated statement of financial position date.

According to the legislation in force, the gains and losses relating to associates and joint ventures, resulting from the application of the equity method, are deducted from or added to, respectively, to the net profit for the period for the purpose of calculating taxable income. Dividends are considered, when determining the taxable income, in the year in which they are received, if the financial investments are held for less than one year or if they represent less than 10% of the share capital.

TAX BUSINESS GROUP

Semapa Group is subject to the Special Tax Regime for Groups of Companies (RETGS – *Regime Especial de Tributação de Grupos de Sociedades*), comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in Article 69 and following of the Corporate Income Tax Code (IRC Code).

Companies included within the tax business group, calculate and recognise corporate income tax (IRC) as though they were taxed on an individual basis. Liabilities are recognised as due to the controlling company of the tax business Group, currently Semapa, SGPS, S.A., which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the controlling company's financial statements.

In the periods presented, the tax business group led by Semapa comprises the Secil and ETSA Groups, as well as all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code. The companies that comprise the Navigator Group are part of a special taxation regime for company groups (RETGS – *Regime Especial de Tributação dos Grupos de Sociedades*) controlled by The Navigator Company, S.A. in Portugal. In 2018, a tax business group was also established in Spain, which includes the three subsidiaries of the group based in that country, held by more than 90%, and Bosques do Atlântico, S.L. is the controlling company in the tax business group.

In the tax period beginning on 1 January 2023, the parent company of the group in which the Semapa tax group companies are included will be Sodim, SGPS, SA, since the latter exceeded its 75% holding in Semapa, which is the reason for this change as stated above.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group recognises liabilities for additional settlements that may result from tax authorities' revisions of the different countries where the Group operates. When the final result of these situations is different from the amounts initially recorded, the differences will have an impact on income tax in the period in which they occur.

In Portugal, annual income statements are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented, they may be subject to review by the tax authorities for a period of 6 years. In other countries in which the Group operates, these periods are different, usually higher.

The Board of Directors considers that any corrections to those declarations as a result of reviews/inspections by the tax authorities will not have a significant impact in the consolidated financial statements as at 31 December 2021, although the years up to and including 2018 have already been reviewed.

UNCERTAIN TAX POSITIONS

The amount of estimated assets and liabilities recorded on account of tax proceedings arises from an assessment made by the Group, at the date of the Consolidated Statement of Financial Position, regarding potential differences of interpretation against the Portuguese Tax Authorities, considering the developments in tax matters.

With respect to the measurement of uncertain tax positions, the Group takes into consideration the provisions of IFRIC 23 – "Uncertainty over income tax treatments", namely the measurement of risks and uncertainties in defining the best estimate of expenditure required to settle the obligation, by weighting all possible results controlled by the Company and their related probabilities.

INCOME TAX RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

Amounts in Euro	2022	2021
Current tax	(151,885,251)	(40,074,078)
Variation of uncertain tax positions in the period	13,711,281	8,542,808
Deferred tax (Note 6.2)	2,609,202	13,542,188
	(135,564,768)	**(17,989,082)**

In 2022 and 2021, the caption Variation of uncertain tax positions reflects a series of reversals of tax provisions, as a result of the closure of some tax inspection processes and court decisions favourable to the Group.

NOMINAL TAX RATE IN THE MAIN GEOGRAPHIES WHERE THE GROUP OPERATES

	2022	2021
Portugal		
Income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	**22.5%**
State surcharge - on taxable income between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on taxable income between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on taxable income above Euro 35,000,000	9.0%	9.0%
Other countries		
Brazil - nominal rate	34.0%	34.0%
Tunisia - nominal rate	15.0%	25.0%
Lebanon - nominal rate	17.0%	17.0%
Angola - nominal rate	30.0%	30.0%

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE FOR THE PERIOD

Amounts in Euro	2022	2021
Profit before tax	**557,627,162**	**267,943,371**
Expected tax at nominal rate (22,5%)	125,466,111	60,287,258
State surcharge	29,145,278	9,929,488
Tax resulting from the applicable rate	**154,611,389**	**70,216,746**
Differences (a)	(16,354,824)	(6,445,901)
Tax for prior periods	(11,277,795)	(12,494,372)
Recoverable tax losses	526,162	(26,119,748)
Non-recoverable tax losses	4,383,322	3,471,669
Increase of additional tax liabilities	7,486,061	578,976
Reversal of additional tax liabilities	(2,749,217)	-
Effect of the reconciliation of nominal rates of the different countries	1,100,602	381,208
Tax benefits	(1,825,457)	(136,034)
Hyperinflationary economies	(196,525)	(1,257,598)
Other tax adjustments	(138,950)	(10,205,864)
	135,564,768	**17,989,082**
Effective tax rate	**24.31%**	**6.71%**

(a) This value essentially amounts to:	2022	2021
Effect of applying the equity method (Note 10.3)	(7,526,731)	(2,101,110)
Capital gains/(losses) for tax purposes	(365,141)	1,992,370
Capital gains/(losses) for accounting purposes	(4,760,190)	(4,384,901)
Impairment and taxed provisions	(31,188,241)	(4,110,529)
Tax benefits	(27,385,860)	(7,989,610)
Reduction of impairment and taxed provisions	(802,653)	(4,250,993)
Post-employment benefits	(2,501,674)	(5,225,157)
Other	1,842,382	(2,578,519)
	(72,688,108)	**(28,648,449)**
Tax effect (22.5%)	**(16,354,824)**	**(6,445,901)**

TAX RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	31/12/2022	31/12/2021
Assets		
Corporate Income Tax (IRC)	7,509,629	7,168,315
Amounts pending repayment (tax proceedings decided in favour of the group)	16,216,543	1,118,815
	23,726,172	**8,287,130**
Liabilities		
Corporate Income Tax (IRC)	111,567,095	21,475,157
Additional tax liabilities	29,699,555	34,095,005
	141,266,650	**55,570,162**

DETAIL OF CORPORATE INCOME TAX – IRC (NET)

Amounts in Euro	31/12/2022	31/12/2021
Income tax for the period	157,006,582	43,253,448
Exchange rate adjustment	(43,355)	14,615
Payments on account, special payments and additional payments on account	(44,433,314)	(24,829,291)
Withholding tax recoverable	(1,874,631)	(1,462,104)
Income tax recoverable from prior years	(6,597,816)	(2,669,826)
	104,057,466	**14,306,842**

DETAIL OF CORPORATE INCOME TAX – IRC (NET)

Amounts in Euro	31/12/2022	31/12/2021
Balance at the beginning of the period	**34,095,005**	**36,584,557**
Increases	12,492,635	8,094,261
Reversals/Payments /Receipts	13,937,899	379,153
Charge-offs	(30,825,984)	(10,962,966)
Balance at the end of the period	**29,699,555**	**34,095,005**
Changes in the period	**(13,711,281)**	**(8,542,808)**

TAXES PAID IN LITIGATION

As at 31 December 2022 and 2021, the additional tax assessments that are already paid and contested, not recognised in assets, refer to the Navigator Group and are summarised as follows:

Amounts in Euro	31/12/2022	31/12/2021
Pulp and paper segment		
2005 Aggregated Corporate Income Tax	10,394,386	10,394,386
2006 Aggregated Corporate Income Tax	8,150,146	8,150,146
2015 Corporate income tax - Navigator Tissue Ródão, S.A.	7,586,361	7,586,361
2018 Aggregated Corporate Income Tax	14,433,913	-
2016 State surcharge	3,761,397	3,761,397
2017 State surcharge	8,462,724	8,462,724
2018 State surcharge	12,223,705	12,223,705
2016 and 2017 CDTJI Corporate Income Tax	1,522,660	1,522,660
	66,535,292	**52,101,379**

6.2 DEFERRED TAXES

ACCOUNTING POLICIES

Deferred tax is calculated on the basis of the financial position, on temporary differences between the book values of assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax. Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased, whenever it is likely that tax losses will not be used.

Deferred taxes are recorded as an income or expense for the year, except where they result from amounts recorded directly under shareholders' equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

DEFERRED TAXES RECOGNISED RELATING TO UNUSED TAX LOSSES

As at 31 December 2022, the deferred tax assets recorded in relation to unused tax losses are related to:

- Deferred tax assets (amounting to Euro 25,923,522) on tax losses generated in previous years within the tax group controlled by Semapa (amounting to Euro 123,445,342), to the extent that the medium-term business plans of the subsidiaries Secil and ETSA (integrated in Semapa's RETGS) provide for the generation of taxable income in an amount sufficient to recover this asset in the tax reporting period of those losses.

  In 2022, Semapa consumed within the tax group, of which it was the parent company, tax losses amounting to Euro 18,542,318 and additionally recognized tax losses recoverable in subsequent years, amounting to Euro 19,695,243. These operations resulted in a reduction of deferred tax assets amounting to Euro 3,893,887 and an increase in deferred tax assets amounting to Euro 4,136,001.

- Tax losses generated by the subsidiary Margem Companhia de Mineração, S.A., in the amount of Euro 59,486,833, a Group's subsidiary based in Brazil which owns a Cement plant built by the Group in Adrianópolis, State of Paraná. As the current Brazilian tax legislation does not impose any time limit for its use against future taxable profits, management is convinced that, in accordance with the medium-term business plan, the project will generate taxable profits that will be offset by the tax losses accumulated in these first years of start-up. Additionally, it should be noted that the tax depreciation of Margem Companhia de Mineração, S.A., is more accelerated than the economic depreciation, generating a significant negative impact on the tax result of that subsidiary.

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro	As at 1 January 2022	Exchange rate adjustment	Income Statement		Equity	Transfers	Assets held for sale	Changes in the perimeter	As at 31 December de 2022
			Increases	Decreases					
Temporary differences originating deferred tax assets									
Tax losses carried forward	181,779,250	8,058,639	18,230,354	(18,600,614)	-	-	-	-	189,467,629
Taxed provisions	30,551,160	53,842	9,756,597	(2,206,548)	-	-	-	9,085	38,164,137
Adjustment of property, plant and equipment	64,786,438	-	-	(28,886,525)	-	-	10,336,213	-	46,236,126
Pensions and other post-employment benefits	3,087,713	(2,793)	(14,217)	(354,231)	(122,031)	-	-	-	2,594,441
Financial instruments	7,448,831	-	-	-	(7,448,831)	-	-	-	-
Deferred accounting gains on inter-group	23,783,217	-	5,686,717	-	-	402,532	-	-	29,872,466
Government grants	2,824,415	-	-	(627,643)	-	-	-	-	2,196,772
Fair value of business combinations	87,991	(26,625)	-	-	-	-	-	-	61,366
Conventional capital remuneration	4,200,000	-	-	(3,640,000)	-	-	-	-	560,000
Other temporary differences	7,550,265	131,424	1,330,472	(3,651,828)	638,518	-	-	-	5,998,850
	326,099,280	8,214,487	34,989,923	(57,967,389)	(6,932,344)	402,532	10,336,213	9,085	315,151,787
Temporary differences originating deferred tax liabilities									
Revaluation of property, plant and equipment	(31,666,399)	(4,066,439)	-	498,317	-	-	-	-	(35,234,521)
Pensions and other post-employment benefits	(2,454,552)	-	(213,971)	770	2,279,764	-	-	-	(387,989)
Financial instruments	1,820,140	103,611	-	6,228,594	(53,433,453)	-	-	-	(45,281,108)
Tax incentives	(4,142,627)	-	-	213,450	66,683	-	-	-	(3,862,494)
Adjustment of property, plant and equipment	(382,997,653)	(4,740,469)	(6,923,645)	27,315,343	-	-	-	-	(367,346,424)
Deferred accounting losses on inter-group	(16,946,490)	3,705	-	23,303	-	26,320	-	-	(16,893,162)
Valuation of biological assets	(25,294,177)	-	(1,680,081)	21,570,514	-	-	-	-	(5,403,744)
Fair value of intangible assets - brands	(230,877,993)	4,380,889	-	-	-	-	-	-	(226,497,104)
Fair value of fixed assets	(50,418,841)	-	-	15,271,550	-	-	-	-	(35,147,291)
Fair value of business combinations	(56,173,110)	(5,521,463)	-	5,362,659	-	-	-	(1,113,928)	(57,445,842)
Hyperinflationary economies	(17,339,384)	5,246,735	(777,752)	-	214,226	(1,179,620)	-	-	(13,835,795)
Other temporary differences	(35,477,473)	(21,955)	(21,190,994)	1,360,028	-	-	-	-	(55,330,394)
	(851,968,560)	(4,615,386)	(30,786,443)	77,844,528	(50,872,780)	(1,153,300)	-	(1,113,928)	(862,665,869)
Deferred tax assets	**90,299,604**	**2,908,039**	**10,875,684**	**(19,453,988)**	**(1,904,974)**	**-**	**3,154,459**	**1,544**	**85,880,368**
Deferred tax liabilities	**(231,393,956)**	**(2,650,311)**	**(214,858)**	**11,402,364**	**(14,013,824)**	**(200,535)**	**-**	**(189,368)**	**(237,260,488)**

Amounts in Euros	As at 1 January 2021	Exchange rate adjustment	Income Statement Increases	Income Statement Decreases	Income Statement Net monetary position	Equity	Transfers	Changes in the perimeter	As at 31 December 2021
Temporary differences originating deferred tax assets									
Tax losses carried forward	60,109,268	530,184	122,301,499	(1,210,915)	-	-	-	49,214	181,779,250
Taxed provisions	31,062,839	(629,423)	5,120,617	(4,980,869)	-	-	(1)	(22,003)	30,551,160
Adjustment of property, plant and equipment	73,884,043	-	-	(9,097,605)	-	-	-	-	64,786,438
Pensions and other post-employment benefits	3,478,059	5,735	52,163	(330,823)	-	(117,421)	-	-	3,087,713
Financial instruments	8,879,578	-	-	-	-	(1,430,747)	-	-	7,448,831
Deferred accounting gains on inter-group	16,784,840	-	7,400,909	-	-	(402,532)	-	-	23,783,217
Government grants	3,237,155	-	-	(412,740)	-	-	-	-	2,824,415
Fair value of business combinations	267,331	(179,340)	-	-	-	-	-	-	87,991
Conventional capital remuneration	7,000,000	-	-	(3,360,000)	-	560,000	-	-	4,200,000
Other temporary differences	11,651,364	(1,303,544)	2,674,214	(4,222,258)	-	(1,249,513)	2	-	7,550,265
	216,354,476	(1,576,388)	137,549,402	(23,615,210)	-	(2,640,213)	1	27,211	326,099,280
Temporary differences originating deferred tax liabilities									
Revaluation of property, plant and equipment	(31,862,821)	(268,117)	-	452,834	-	-	-	11,705	(31,666,399)
Pensions and other post-employment benefits	(2,036,760)	-	(19,866)	649,357	-	(1,047,284)	-	-	(2,454,552)
Financial instruments	(966,562)	16,458	-	2,770,244	-	-	-	-	1,820,140
Tax incentives	(6,406,374)	-	-	489,447	-	1,774,300	-	-	(4,142,627)
Adjustment of property, plant and equipment	(389,933,230)	(191,423)	(6,623,000)	13,750,000	-	-	-	-	(382,997,653)
Deferred accounting losses on inter-group	(26,656,333)	(1,353)	(218,403)	-	-	9,929,599	-	-	(16,946,490)
Valuation of biological assets	(23,121,032)	-	(2,173,145)	-	-	-	-	-	(25,294,177)
Fair value of intangible assets - brands	(232,227,585)	1,349,592	-	-	-	-	-	-	(230,877,993)
Fair value of fixed assets	(65,690,391)	-	-	15,271,550	-	-	-	-	(50,418,841)
Fair value of business combinations	(57,305,287)	(749,797)	-	1,038,607	-	-	-	843,367	(56,173,110)
Hyperinflationary economies	(22,147,892)	14,858,050	(114,796)	-	(8,958,759)	(975,987)	-	-	(17,339,384)
Other temporary differences	(674,355)	(1,446)	(35,092,263)	290,595	-	-	(4)	-	(35,477,473)
	(859,028,622)	15,011,964	(44,241,473)	34,712,634	(8,958,759)	9,680,628	(4)	855,072	(851,968,560)
Deferred tax assets	**73,621,270**	**(170,510)**	**28,173,721**	**(10,647,476)**	**-**	**(570,342)**	**(112,443)**	**5,384**	**90,299,604**
Deferred tax liabilities	**(231,285,380)**	**2,435,617**	**(9,874,126)**	**5,890,069**	**(1,522,989)**	**2,764,539**	**-**	**198,314**	**(231,393,956)**

UNUSED TAX LOSSES WITHOUT RECOGNISED DEFERRED TAXES

31 December 2022 Amounts in Euro	Total	2023	2024	2025	2026	2027	2028 onwards
Tax losses without expiry date							
Tax losses of the Semapa Tax Group (RETGS)	126,104,440	-	-	-	-	-	-
Secil Brasil Participações, S.A. (Brazil)	6,427,424	-	-	-	-	-	-
Supremo Cimentos, SA (Brazil)	51,250,983	-	-	-	-	-	-
Semapa Inversiones SL (Spain)	13,249,366	-	-	-	-	-	-
ALLMA, Lda.	162,851	-	-	-	-	-	-
Madebritas, Lda.	17,558	-	-	-	-	-	-
Navigator Africa	17,560	-	-	-	-	-	-
Cementos Secil (Spain)	2,503,653	-	-	-	-	-	-
AISIB (Spain)	284,876	-	-	-	-	-	-
Semapa Tax Group in Spain	2,670,991	-	-	-	-	-	-
Tax losses with expiry date							
Secil Angola, SARL	1,227,694	629,147	598,547	-	-	-	-
Secil Lobito	6,356,982	-	2,309,455	2,844,042	1,203,485	-	-
Soime, S.A.L.	88,537	27,452	-	-	-	-	61,085
Portucel Moçambique	17,163,097	-	113,267	-	3,953,013	13,096,817	-
Raíz	638,240	-	-	105,855	148,616	-	383,770
Tax losses carried forward without deferred tax	**228,164,252**	**656,599**	**3,021,269**	**2,949,897**	**5,305,113**	**13,096,817**	**444,855**

7 PAYROLL

7.1 SHORT-TERM EMPLOYEE BENEFITS

ACCOUNTING POLICIES

ENTITLEMENTS – HOLIDAY AND HOLIDAY ALLOWANCE

In accordance with current legislation, employees are entitled to 22 working days leave, annually, as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment.

BONUSES

According to the current Performance Management System (*Sistema de Gestão de Desempenho*), employees have the right to a bonus, based on annually-defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

The entitlement of this bonus is usually acquired in the year preceding its payment. These liabilities are recorded in the year in which the Employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the consolidated statement of financial position is shown under the caption Payables and other current liabilities.

TERMINATION BENEFITS

The benefits arising from termination of employment are recognised when the Group can no longer withdraw the offer of such benefits or in which the Group recognises the cost of restructuring under the provisions recording. Benefits due over 12 months after the end of the reporting period are discounted to their present value.

PAYROLL COSTS RECOGNISED IN THE PERIOD

Amounts in Euro	Notes	2022	2021
Statutory bodies remuneration	7.2	17,995,485	21,163,020
Other remunerations		187,603,212	163,940,161
Post-employment benefits	7.3.10	2,843,279	3,120,359
Other payroll costs		73,347,124	60,093,380
Payroll costs		**281,789,100**	**248,316,920**

The increase in payroll costs followed the Group's good performance in 2022, which allowed the recognition of increases in expenses for the payment of bonuses to employees in 2023. In the case of the Pulp and Paper segment, the reinforcement was also made for the payment of a new productivity bonus to employees and for the rejuvenation programme.

OTHER PAYROLL COSTS

Amounts in Euro	2022	2021
Contributions to Social Security	38,431,954	36,125,589
Insurance	6,282,453	6,251,717
Social welfare costs	8,748,769	7,807,275
Compensations	13,093,118	6,544,629
Other payroll costs	6,790,830	3,364,170
	73,347,124	**60,093,380**

NUMBER OF EMPLOYEES AT THE END OF THE PERIOD

	31/12/2022	31/12/2021	Variation 22/21
Pulp and Paper	3,246	3,150	96
Cement and derivatives	2,388	2,346	42
Environment	314	302	12
Holdings and Others	38	32	6
	5,986	**5,830**	**156**

7.2 REMUNERATION OF CORPORATE BODIES

Amounts in Euro	Notes	2022	2021
Semapa Corporate Bodies			
Board of Directors		3,309,123	4,568,856
Supervisory Board		56,973	54,000
Remuneration committee		42,067	24,000
General Meeting		9,000	4,000
		3,417,163	**4,650,856**
Corporate Bodies of other Group companies		**14,578,322**	**16,512,164**
Total	**7.1**	**17,995,485**	**21,163,020**

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All details of the remuneration policy of the Board members of Semapa's management are detailed in the Company's Corporate Governance Report, Part I – Section D.

With respect to post-employment benefits and as described in Note 7.3, as at 31 December 2022, the amount of liabilities related to post-employment benefit plans, related to one Board Member of the Navigator Group, amounted to Euro 827,005 (31 December 2021: Euro 956,764). In addition, three of the current directors of the subsidiary Navigator were participants in Navigator Brands, S.A.'s pension plans, as employees of the company, before joining management positions.

As at 31 December 2022 and 2021, with respect to the members of the Board of Directors of Semapa, there were no: i) additional liabilities allocated to other long-term benefits, ii) benefits arising from termination of employment, iii) payments based on allocated shares, and iv) outstanding balances.

7.3 POST-EMPLOYMENT BENEFITS

ACCOUNTING POLICIES

DEFINED BENEFIT PLAN

Some of the Group's subsidiaries have assumed the commitment to make payments to their Employees in the form of complementary retirement pensions, disability, early retirement, and survivors' pensions, having constituted defined-benefit plans.

The Group has set up autonomous Pension Funds as a means of funding part of its liabilities. Based on the projected unit credit method, the Group recognises the costs with the granting of these benefits and when services are rendered by the employees. Accordingly, the Group's total liability is estimated at least every six months at the date of the interim and annual financial statements, for each plan separately by an independent and specialised entity.

The calculated liability is presented in the Consolidated statement of financial position, after deducting the fair value of the funds set up, under the caption Pensions and other post-employment benefits.

Actuarial deviations resulting from changes in the value of estimated liabilities, as a consequence of changes in the financial and demographic assumptions used and experience gains, added to the differential between the actual return on fund assets and the estimated share of net interest, are designated as remeasurements and recorded directly in the Statement of comprehensive income, under retained earnings.

The net interest corresponds to the application of the discount rate to the value of net liabilities (value of the liabilities deducted of fund asset's fair value) and is recognised under the caption Payroll costs.

The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees.

Costs for past liabilities resulting from the implementation of a new plan or increases in benefits attributed are recognised immediately in the income statement for the period.

DEFINED CONTRIBUTION PLAN

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide retirement, disability and survivors' pensions.

For this purpose, Pension Funds were set up to capitalise those contributions, to which employees can still make voluntary contributions, but for which the Group does not assume any additional contribution liabilities or a pre-fixed return. Therefore, the contributions made are recorded as expenses in the income statement in the period to which they relate, regardless of their settlement date.

7.3.1 PLANS | NAVIGATOR SUBGROUP

Navigator – Defined Benefit Plans	
Description	The Navigator Group has responsibilities with post-employment benefit plans for a reduced group of Employees who have chosen to maintain the Defined Benefit Plan (The Navigator Company) or who have chosen to maintain a Safeguard Clause (Navigator Brands), the latter following the conversion of their plan into a Defined Contribution Plan. In effect, the safeguard clause gives the Employee the option, at the time of retirement, to pay a pension in accordance with the provisions laid down on the Defined Benefit Plan. For those who choose to activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (*Conta* 1) will be used to finance the liability of the Defined Benefit Plan.
Navigator – Defined contribution plans	
Description	As at 31 December 2022, three Defined Contribution plans were in force covering 3,097 employees (2021: 2,936 employees).

7.3.2 PLANS | SECIL SUBGROUP

Secil – Retirement and survivors' pension supplement liabilities (defined benefit plans with funds managed by third parties)	
Description	Secil and its subsidiaries Unibetão - Industrias de Betão Preparado, S.A., Cimentos Madeira, Lda., Betomadeira, S.A. and Societé des Ciments de Gabès have assumed the commitment to pay their employees amounts by way of complementary old age, disability, early retirement and survivor's pensions and a retirement subsidy. The liabilities arising from these plans are guaranteed by independent funds, administered by third parties, or covered by insurance policies. These plans are valued every six months, at the dates of closing of the interim and annual financial statements, by specialised and independent entities, using the projected unit credit method.
Secil – Retirement and survivors' pension supplement liabilities (Group defined benefit plans)	
Description	The liabilities of Secil's retired employees in 31 December 1987 (date of incorporation of the Pension Fund) are guaranteed directly by Secil. Similarly, the liability assumed by Secil Martingança, S.A. are guaranteed directly by this entity. These plans are also valued every six months by specialised and independent entities, using the method for calculating capital coverage corresponding to single premiums of the immediate life annuities, in the valuation of the liabilities to current pensioners and the projected unit credit method for valuing liabilities relating to current employees.
Secil – Liabilities for health care (defined benefit plan)	
Description	The subsidiary Cimentos Madeira, Lda. provides to their retired employees a healthcare scheme which supplements the official health services through an insurance contract.
Secil – Liabilities for retirement and death (defined benefit plan)	
Description	The subsidiary Societé des Ciments de Gabès (Tunisia) assumed the commitment to its employees to pay an old-age retirement and disability subsidy, according to the terms of the General Labour Agreement, Article No. 52, representing: (i) 3 months of the last salary if the worker has less than 30 years' service to the company, and (ii) 4 months of the last salary, if the worker has 30 years or more service to the company. Secil assumed with its employees hired prior to January 1 January 2011, the responsibility for the payment of a subsidy on death of current employee, of an amount equal to 3 months of the last salary earned, or 1 month in the case of former employees of CMP - Cimentos Maceira e Patais, S.A.

Secil – Defined contribution plans	
Secil and CMP Plan (Applicable to Secil, CMP and Secil Brands)	Secil and CMP Plans include all workers who, as at 31 December 2009, had an open-ended employment contract (and who were covered by the defined benefits plan in force in the companies) and who have opted for the transition to these Plans and all the workers admitted under an agreement without term, as of 1 January 2010, also being applicable to the members of the Board of Directors.
SBI Plan (Applicable to Unibetão, Secil Britas, Betomadeira, Cimentos Madeira, Brimade)	Unibetão and Secil Britas: Include all employees who as at 31 December 2009 had an open-ended employment contract. In the case of Unibetão, under the CCT between APEB and FETESE, and all workers admitted under a contract without term, as from 1 January 2010, with the exception of Unibetão Employees who are covered by the CCT entered into between APEB and FEVICCOM, who continue to benefit from the defined benefit Plan. The plan is applicable to members of the Board of Directors. Betomadeira: Includes all employees who as at 31 December 2010 had an open-ended employment contract concluded under the CCT entered into between APEB and FETESE, and all employees hired under an open-ended contract as of 1 January 2011. The plan is applicable to members of the Board of Directors. Cimentos Madeira and Brimade: Include all employees who as at 1 January 2012 and 1 July 2012, for Cimentos Madeira and Brimade, respectively, had an open-ended employment contract and to all employees admitted under an open-ended contract as from the aforementioned dates. The plan is applicable to members of the Board of Directors.
Secil – Liabilities for long-service awards	
Description	Secil has assumed the commitment to pay their Employees bonuses to those who attain 25 years of service, which are paid in the year that the employee reaches the number of years of service within the company.

7.3.3 RISK MANAGEMENT POLICY ASSOCIATED WITH DEFINED BENEFIT PLANS

The Group's exposure to risk is limited to the number of existing beneficiaries and will tend to decrease, since there are no defined benefit plans available to new employees in the Group. The most significant risks to which the Group is exposed through defined benefit plans include:

- Risk of change in longevity of participants
- Market rate risk – rate changes affect the rate used to discount liabilities (technical interest rate) which is based on yield curves of highly rated bonds with maturities similar to the maturity dates of the liabilities and the fixed rate of return on assets.
- Risk of change in the rate of growth of wages and pensions

The financing level of the fund may vary depending on the risks listed and on the profitability of the fund's financial assets. Despite the fund's conservative profile (consisting mostly of fixed income assets), the verification of the aforementioned risks may lead to the need for additional contributions to the fund considering the nature of the defined benefit.

The Group aims to keep a 90% level of liability coverage.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

7.3.4 ACTUARIAL ASSUMPTIONS

	31/12/2022	31/12/2021
Social Security Benefits Formula	Decree-Law no. 187/2007 of 10 May	
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Salary growth rate - cement segment	2.00%	1.00%
Salary growth rate - other segments	2.00%	1.00%
Technical interest rate - cement segment	2.50%	1.25%
Technical interest rate - other segments	3.50%	1.25%
Pensions growth rate - cement segment	1.35%	0.45%
Pensions growth rate - other segments	1.5% or 2.00%	0.75%
Semapa pension reversibility rate	50.00%	50.00%
Number of Semapa's complement annual payments	12	12

7.3.5 SENSITIVITY ANALYSIS

The Group considers the technical interest rate and the expected wage growth rate as the most significant variables in the calculation of liabilities for defined benefit plans.

As at 31 December 2022, a decrease of 0.5 percentage points in the discount rates used to calculate pension liabilities would result in an increase in liabilities of approximately Euro 11,2 million (31 December 2021: a decrease of 0.25 percentage points in the discount rate used would result in an increase in liabilities of approximately Euro 7,9 million).

7.3.6 NET PENSION LIABILITIES

Net liabilities reflected in the consolidated statement of financial position and the number of beneficiaries of the defined benefit plans in force in the Group are detailed as follows:

	Pulp and Paper		Cement and derivatives		Holdings		Total	
31 December 2022	No. Benef.	Amount	No. Benef.	Amount	No. Benef.	Amount	No. Benef.	Amount
Group liabilities for past services								
Active	367	49,465,578	39	167,889	-	-	406	49,633,467
Former employees	140	22,728,925	-	-	-	-	140	22,728,925
Retired employees	590	85,075,143	565	13,979,978	1	687,661	1,156	99,742,782
Market value of pension funds	-	(154,433,916)	-	(12,184,420)	-	-	-	(166,618,336)
Capital insured	-	-	-	185,458	-	-	-	185,458
Insurance policies	-	-	-	(108,062)	-	-	-	(108,062)
Reserve account*	-	-	-	(548,482)	-	-	-	(548,482)
Unfunded pension liabilities	**1,097**	**2,835,730**	**604**	**1,492,361**	**1**	**687,661**	**1,702**	**5,015,752**
Other unfunded liabilities								
Healthcare assistance	-	-	5	43,457	-	-	5	43,457
Retirement and death	-	-	432	151,975	-	-	432	151,975
Total post-employment liabilities	**1,097**	**2,835,730**	**1,041**	**1,687,793**	**1**	**687,661**	**2,139**	**5,211,184**
Long-service award	-	-	-	365,486	-	-	-	365,486
Total net liabilities	**1,097**	**2,835,730**	**1,041**	**2,053,279**	**1**	**687,661**	**2,139**	**5,576,670**

* Overfunding due to the change to a defined contribution plan

31 December 2021	Pulp and Paper No. Benef.	Pulp and Paper Amount	Cement and derivatives No. Benef.	Cement and derivatives Amount	Holdings No. Benef.	Holdings Amount	Total No. Benef.	Total Amount
Group liabilities for past services								
Active	408	71,291,405	52	4,918	-	-	460	71,296,323
Former employees	126	26,059,671	-	-	-	-	126	26,059,671
Retired employees	567	93,651,512	612	16,224,680	1	794,744	1,180	110,670,936
Market value of pension funds	-	(185,327,671)	-	(15,866,510)	-	-	-	(201,194,181)
Capital insured	-	-	-	187,856	-	-	-	187,856
Insurance policies	-	-	-	(108,746)	-	-	-	(108,746)
Reserve account*	-	-	-	(613,826)	-	-	-	(613,826)
Unfunded pension liabilities	**1,101**	**5,674,917**	**664**	**(171,628)**	**1**	**794,744**	**1,766**	**6,298,033**
Other unfunded liabilities								
Healthcare assistance	-	-	5	39,915	-	-	5	39,915
Retirement and death	-	-	467	146,179	-	-	467	146,179
Total post-employment liabilities	**1,101**	**5,674,917**	**1,136**	**14,466**	**1**	**794,744**	**2,238**	**6,484,127**
Long-service award	-	-	405	394,680	-	-	405	394,680
Total net liabilities	**1,101**	**5,674,917**	**1,541**	**409,146**	**1**	**794,744**	**2,643**	**6,878,807**

* Overfunding due to the change to a defined contribution plan

HISTORICAL INFORMATION – LAST FIVE YEARS

Amounts in Euro	2018	2019	2020	2021	2022
Present value of liabilities	177,168,200	201,578,121	211,076,149	208,795,560	172,851,549
Fair value of plan assets and reserve account	166,390,298	192,082,763	196,564,942	201,916,753	167,274,880
Surplus / (deficit)	**10,777,902**	**9,495,358**	**14,511,207**	**6,878,807**	**5,576,669**
Remeasurements	**(13,696,791)**	**(15,257,474)**	**(9,822,581)**	**2,276,241**	**1,029,116**

7.3.7 CHANGES IN PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The average expected duration of Pensions and other post-employment benefits is 7 years for the Cement segment plans and 13 years for the Pulp and Paper segment plans.

31 December 2022 Amounts in Euro	Opening balance	Exchange rate adjustment	Income and expenses	Actuarial deviations	Payments	Closing balance
Pulp and paper segment						
Pensions with Autonomous fund	191,002,587	-	2,375,516	(29,869,349)	(6,239,110)	157.269.644
Cement and derivatives segment						
Pensions assumed by the Group	2,413,516	-	27,831	(210,337)	(322,935)	1.908.075
Pensions with Autonomous fund	13,816,083	-	(23,839)	(7,362)	(1,545,090)	12.239.792
Capital insured	187,856	(3,804)	13.,405	(7,243)	(4,756)	185.458
Retirement and death	146,180	3,991	12,630	(7,538)	(3,287)	151.976
Healthcare assistance	39,914	-	477	6,432	(3,367)	43.456
Long-service award	394,680	-	(17,968)	-	(11,226)	365.486
Holdings						
Pensions assumed by the Group	794,744	-	23,430	-	(130,511)	687.663
	208,795,560	**187**	**2,411,482**	**(30,095,397)**	**(8,260,282)**	**172.851.550**

31 December 2021 Amounts in Euro	Opening balance	Exchange rate adjustment	Income and expenses	Actuarial deviations	Payments	Closing balance
Pulp and paper segment						
Pensions with Autonomous fund	191,253,525	-	2,398,059	3,350,242	(5,999,239)	191,002,587
Cement and derivatives segment						
Pensions assumed by the Group	2,860,025	-	32,991	(38,853)	(440,647)	2,413,516
Pensions with Autonomous fund	15,331,096	-	(19,788)	267,112	(1,762,337)	13,816,083
Capital insured	208,970	1,172	14,914	(4,726)	(32,474)	187,856
Retirement and death	105,281	5,313	37,483	(1,897)	-	146,180
Healthcare assistance	44,219	-	639	(2,095)	(2,849)	39,914
Long-service award	371,207	-	50,385	-	(26,912)	394,680
Holdings						
Pensions assumed by the Group	901,825	-	23,431	2	(130,514)	794,744
	211,076,148	**6,485**	**2,538,114**	**3,569,785**	**(8,394,972)**	**208,795,560**

7.3.8 CHANGES IN FUNDS ALLOCATED TO THE DEFINED BENEFIT PENSION PLANS

	31/12/2022		31/12/2021	
Amounts in Euro	Autonomous fund	Capital insured	Autonomous fund	Capital insured
Opening balance	**201,194,181**	**108,745**	**195,819,269**	**125,955**
Exchange rate adjustment	-	(2,216)	-	673
Contribution for the period	3,015	-	5,318,407	-
Interest	137,906	6,289	2,618,803	4,102
Expected return of the plan assets	(26,932,571)	-	5,275,230	-
Pensions paid	(7,784,195)	(4,756)	(7,684,143)	(21,985)
Other	-	-	(153,385)	-
Closing balance	**166,618,336**	**108,062**	**201,194,181**	**108,745**

During 2022 and 2021, the contributions to the defined benefit plans presented above as Contributions for the period were fully realised by the Group's subsidiaries and no contributions were made by the participants.

FUNDS ALLOCATED TO DEFINED BENEFIT PLANS – ESTIMATED CONTRIBUTIONS FOR THE NEXT PERIOD

The expected contributions for the next reporting period depend, among other factors, on the profitability of the funds' assets.

7.3.9 COMPOSITION OF THE ASSETS OF THE FUNDS ALLOCATED TO DEFINED BENEFIT PLANS

	31/12/2022	%	31/12/2021	%
Listed securities in active market				
Bonds	102,557,460	61.6%	122,349,754	60.8%
Shares	42,856,268	25.7%	53,641,068	26.7%
Public debt	17,282,244	10.4%	14,558,914	7.2%
Liquidity	1,987,186	1.2%	4,371,480	2.2%
Other treasury investments	1,935,179	1.2%	6,272,965	3.1%
	166,618,337	**100.0%**	**201,194,181**	**100.0%**

The amounts shown in Bonds, Shares and Public Debt categories refer to the fair values of these assets, fully determined based on observable prices in active net (regulated) markets at the date of the Consolidated Statement of Financial Position. The assets of the funds do not include any assets belonging to the Group.

7.3.10 EXPENSES INCURRED WITH POST-EMPLOYMENT BENEFIT PLANS

	2022					
Amounts in Euro	Current services expenses	Interest expenses	Expected return on assets	Other expenses	Period contributions (DC Plans)	Impact in net profit for the period (Note 7.1)
Pensions assumed by the Group	-	51,261	-	-	-	51,261
Pensions with Autonomous fund	26,476	233,648	(186,361)	-	1,207,399	1,281,162
Insurance policies	6,842	16,679	(10,115)	-	-	13,406
Retirement and death	14,148	13,089	(14,607)	-	-	12,630
Healthcare assistance	480	-	-	-	-	480
Long-service award	28,442	5,207	(51,619)	-	-	(17,970)
Contributions to defined contribution plans	-	-	-	-	1,502,310	1,502,310
	76,388	**319,884**	**(262,702)**	**-**	**2,709,709**	**2,843,279**

	2021					
Amounts in Euro	Current services expenses	Interest expenses	Expected return on assets	Other expenses	Period contributions (DC Plans)	Impact in net profit for the period (Note 7.1)
Pensions assumed by the Group	-	56,422	-	-	-	56,422
Pensions with Autonomous fund	45,806	338,227	(201,346)	-	1,362,558	1,545,244
Insurance policies	7,445	18,010	(10,541)	-	-	14,914
Retirement and death	35,159	5,067	(2,744)	-	-	37,482
Healthcare assistance	640	-	-	-	-	640
Long-service award	57,855	5,194	(12,666)	-	-	50,383
Contributions to defined contribution plans	-	-	-	-	1,415,274	1,415,274
	146,905	**422,920**	**(227,297)**	**-**	**2,777,831**	**3,120,359**

7.3.11 REMEASUREMENTS RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME

2022 Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred taxes	Impact on Equity (Note 5.5)
Post-employment benefits					
Pensions assumed by the Group	(56,942)	-	(56,942)	(57,869)	(114,811)
Pensions with Autonomous fund	3,147,870	(2,330,203)	817,667	650,226	1,467,893
Retirement and death	7,537	-	7,537	-	7,537
Healthcare assistance	(6,429)	-	(6,429)	1,383	(5,046)
	3,092,036	**(2,330,203)**	**761,833**	**593,740**	**1,355,573**

2021 Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred taxes	Impact on Equity (Note 5.5)
Post-employment benefits					
Pensions assumed by the Group	94,420	-	94,420	(25,966)	68,454
Pensions with Autonomous fund	1,874,490	303,339	2,177,829	(290,961)	1,886,868
Retirement and death	1,897	-	1,897	(273)	1,624
Healthcare assistance	2,095	-	2,095	(450)	1,645
	1,972,902	**303,339**	**2,276,241**	**(317,650)**	**1,958,590**

8 FINANCIAL INSTRUMENTS

8.1 FINANCIAL RISK MANAGEMENT

Semapa, as a holding company develops direct and indirect managing activities over its subsidiaries. Therefore, the fulfilment of the obligations assumed depends on the cash-flows generated by them. The Company thus depends on the eventual distribution of dividends by its subsidiaries, payment of interest, repayment of loans granted, and other cash-flows generated by these companies.

The ability of Semapa's subsidiaries to make funds available will depend, partly, on their ability to generate positive cash flows and, on the other hand, on the respective earnings, available reserves for distribution and financial structure.

The Semapa group has a risk-management programme, which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Semapa Group's financial performance. Risk management is undertaken by the Financial Management of the holding and main subsidiaries, in accordance with the policies approved by the Board of Directors and monitored by the Risks and Control Committee.

The Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the foreign exchange risk, the interest rate risk and the risk of access to financing.

8.1.1 FOREIGN EXCHANGE RISK

FOREIGN EXCHANGE RISK MANAGEMENT POLICY

PULP AND PAPER

Regarding the Pulp and Paper segment, a significant portion of its sales is denominated in currencies other than Euro. Thus, its development could have a significant impact on cash flows obtained with future sales of the Group, mainly regarding USD exposure. Also sales in Pound sterling (GBP), Polish zloty (PLN) and Swiss franc (CHF) have some expression, as sales in other currencies are less significant.

Purchases of some raw materials are also made in USD, namely part of wood and long-fibre pulp imports of wood and acquisitions of long-fibre pulp.

Furthermore, and although there is a partial natural hedge, once a purchase or sale is made in a currency other than in Euro, the Group takes on a foreign exchange risk up to the time it receives the proceeds of that purchase or sale, if no hedging instruments are in place. As a result, there is a significant number of receivables and payables, the latter with lesser expression, exposed to foreign exchange risk.

CEMENT AND DERIVATIVES

The foreign exchange risk inherent to the segment of Cement and derivatives is mainly due to the current investments held in Brazil and to the purchases of fuel and freight ships, both paid in USD. This segment continued its policy of maximising the potential of covering their foreign exchange exposure. This segment also comprises assets located in Tunisia, Angola and Lebanon, therefore any change in these countries' exchange rates could have an impact on Semapa's consolidated statement of financial position.

The segment analyses its currency exposure from a consolidated perspective at the Secil Group level, and its policy is to maximise natural hedging of flows in a currency other than the presentation currency.

USE OF FINANCIAL DERIVATIVE INSTRUMENTS

Occasionally, when considered appropriate, the Group manages foreign exchange risks through the use of derivative financial instruments, in accordance with a policy that is subject to periodic review, the prime purpose of which is to limit the exchange risk associated with future sales and purchases and accounts receivable and payable, which are denominated in currencies other than the Euro. However, when a unit trades in a currency other than the Group's presentation currency or its functional currency, immediate hedging is performed.

In the periods presented, the Group holds derivatives that hedge the foreign exchange risk of future operations in currencies other than the reporting currency (see Note 8.2 – Derivative financial instruments).

EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES TO FOREIGN EXCHANGE RISK AND SENSITIVITY ANALYSIS

31/12/2022	US Dollar	Pound Sterling	Polish zloty	Swedish krona	Turkish lira	Swiss franc	Brasilian real
Exchange rate at the end of the period	**1.067**	**0.887**	**4.681**	**11.122**	**19.965**	**0.985**	**5.568**
Valuation/ (devaluation) from previous period	*(5.83%)*	*5.55%*	*1.83%*	*8.50%*	*31.06%*	*(4.68%)*	*(11.9%)*
Average exchange rate in the period	**1.053**	**0.853**	**4.687**	**10.631**	**17.417**	**1.005**	**5.441**
Valuation/ (devaluation) from previous period	*(10.94%)*	*(0.79%)*	*2.66%*	*4.77%*	*65.68%*	*(7.08%)*	*(14.7%)*
Amounts in foreign currency							
Cash and cash equivalents	11,599,498	920,577	628,521	-	277,417	60,783	200,689,277
Receivables and other current assets	127,293,040	27,203,259	22,284,073	-	124,322	3,171,682	42,990,334
Other assets	26,781,806	4,854,927	-	-	-	-	-
Total financial assets	**165,674,344**	**32,978,763**	**22,912,594**	**-**	**401,739**	**3,232,465**	**243,679,611**
Interest-bearing liabilities	(56,508,439)	-	-	-	-	-	(209,076,285)
Payables and other current liabilities	(8,681,563)	(270,975)	(11,083)	-	(22,910)	(30,685)	(309,937,974)
Total financial liabilities	**(65,190,002)**	**(270,975)**	**(11,083)**	**-**	**(22,910)**	**(30,685)**	**(519,014,259)**
Net financial position in foreign currency	**100,484,342**	**32,707,788**	**22,901,511**	**-**	**378,829**	**3,201,780**	**(275,334,648)**
Net financial position in Euro	**94,209,959**	**36,877,530**	**4,892,649**	**-**	**18,975**	**3,251,528**	**(49,449,470)**
Impact of +10% on the foreign exchange rate	*(8,564,542)*	*(3,352,503)*	*(444,786)*	*-*	*(1,725)*	*(295,593)*	*4,495,406*
Impact of -10% on the foreign exchange rate	*10,467,773*	*4,097,503*	*543,628*	*-*	*2,108*	*361,281*	*(5,494,386)*

31/12/2021	US Dollar	Pound Sterling	Polish zloty	Swedish krona	Turkish lira	Swiss franc	Brasilian real
Exchange rate at the end of the period	**1.133**	**0.840**	**4.597**	**10.250**	**15.234**	**1.033**	**6.320**
Valuation/ (devaluation) from previous period	*(7.70%)*	*(6.53%)*	*0.82%*	*2.15%*	*67.16%*	*(4.36%)*	*(0.89%)*
Average exchange rate in the period	**1.183**	**0.860**	**4.565**	**10.146**	**10.512**	**1.081**	**6.377**
Valuation/ (devaluation) from previous period	*3.55%*	*(3.38%)*	*2.75%*	*(3.23%)*	*30.51%*	*0.99%*	*8.13%*
Amounts in foreign currency							
Cash and cash equivalents	3,988,396	442,905	546,861	-	102,302	117,265	236,507,513
Receivables and other current assets	63,348,587	7,550,211	6,306,245	-	-	1,498,477	5,038,156
Other assets	20,207,653	1,637,386	-	-	-	-	45,127,775
Total financial assets	**87,544,636**	**9,630,502**	**6,853,106**	**-**	**102,302**	**1,615,742**	**286,673,444**
Interest-bearing liabilities	(47,819,676)	-	-	-	-	-	(307,237,219)
Payables and other current liabilities	(18,243,458)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(249,408,855)
Total financial liabilities	**(66,063,134)**	**(24,525)**	**(12,180)**	**(62,730)**	**(1,312)**	**(4,062)**	**(556,646,074)**
Net financial position in foreign currency	**21,481,502**	**9,605,977**	**6,840,926**	**(62,730)**	**100,990**	**1,611,680**	**(269,972,630)**
Net financial position in Euro	**18,966,539**	**11,431,876**	**1,488,161**	**(6,120)**	**6,629**	**1,560,043**	**(42,717,864)**
Impact of +10% on the foreign exchange rate	*(1,724,231)*	*(1,039,261)*	*(135,287)*	*556*	*(603)*	*(141,822)*	*3,883,442*
Impact of -10% on the foreign exchange rate	*2,107,393*	*1,270,208*	*165,351*	*(680)*	*737*	*173,338*	*(4,746,429)*

31/12/2022	Mozambican metical	Moroccan dirham	Lebanese pound	Tunisian dinar	Angolan kwanza	South African rand
Exchange rate at the end of the period	**68.180**	**11.159**	**44,903.9**	**3.334**	**544.643**	**18.099**
Valuation/ (devaluation) from previous period	*(12.69%)*	*6.11%*	*43.39%*	*2.0%*	*(13.88%)*	*0.20%*
Average exchange rate in the period	**67.204**	**10.686**	**44,903.9**	**3.254**	**486.725**	**17.208**
Valuation/ (devaluation) from previous period	*(13.56%)*	*0.12%*	*43.39%*	*(1.1%)*	*(35.22%)*	*(1.54%)*
Amounts in foreign currency						
Cash and cash equivalents	69,989,502	528,284	35,277,945	9,188,351	199,214,219	40,922
Receivables and other current assets	119,228,330	-	9,798,214	27,919,258	211,576,184	-
Other assets	-	-	657,966	13,613,868	1,680,000	-
Total financial assets	**189,217,832**	**528,284**	**45,734,125**	**50,721,477**	**412,470,403**	**40,922**
Interest-bearing liabilities	-	-	-	(110,959,947)	-	-
Payables and other current liabilities	-	(98,203)	(123,624,248)	(45,894,250)	(397,337,690)	-
Total financial liabilities	**-**	**(98,203)**	**(123,624,248)**	**(156,854,197)**	**(397,337,690)**	**-**
Net financial position in foreign currency	**189,217,832**	**430,081**	**(77,890,123)**	**(106,132,720)**	**15,132,713**	**40,922**
Net financial position in Euro	**2,775,269**	**38,540**	**(1,735)**	**(31,831,540)**	**27,785**	**2,261**
Impact of +10% on the foreign exchange rate	*(252,297)*	*(3,504)*	*158*	*2,893,776*	*(2,526)*	*(206)*
Impact of -10% on the foreign exchange rate	*308,363*	*4,282*	*(193)*	*(3,536,838)*	*3,087*	*251*

31/12/2021	Mozambican metical	Moroccan dirham	Lebanese pound	Tunisian dinar	Angolan kwanza	South African rand
Exchange rate at the end of the period	**78.090**	**10.517**	**31,316.400**	**3.267**	**632.424**	**18.063**
Valuation/ (devaluation) from previous period	*(15.96%)*	*(3.83%)*	*203.82%*	*(0.63%)*	*(23.10%)*	*0.23%*
Average exchange rate in the period	**77.747**	**10.673**	**31,316.400**	**3.289**	**751.334**	**17.477**
Valuation/ (devaluation) from previous period	*(3.10%)*	*(1.33%)*	*203.82%*	*2.78%*	*8.91%*	*(6.87%)*
Amounts in foreign currency						
Cash and cash equivalents	10,352,877	651,982	104,796,938	8,840,005	96,270,753	40,922
Receivables and other current assets	3,588,455	-	9,785	4,547,351	1,680,000	-
Other assets	-	-	30,589,678	26,431,863	(441,729,608)	-
Total financial assets	**13,941,332**	**651,982**	**135,396,401**	**39,819,219**	**(343,778,855)**	**40,922**
Interest-bearing liabilities	-	-	(916,248)	(85,099,325)	-	-
Payables and other current liabilities	(6,579,943)	(71,000)	(113,265,268)	(35,054,215)	(791,822,896)	-
Total financial liabilities	**(6,579,943)**	**(71,000)**	**(114,181,516)**	**(120,153,540)**	**(791,822,896)**	**-**
Net financial position in foreign currency	**7,361,389**	**580,982**	**21,214,885**	**(80,334,321)**	**(1,135,601,751)**	**40,922**
Net financial position in Euro	**94,268**	**55,245**	**677**	**(24,587,372)**	**(1,795,634)**	**2,266**
Impact of +10% on the foreign exchange rate	*(8,570)*	*(5,022)*	*(62)*	*2,235,216*	*163,239*	*(206)*
Impact of -10% on the foreign exchange rate	*10,474*	*6,138*	*75*	*(2,731,930)*	*(199,515)*	*252*

8.1.2 INTEREST RATE RISK

INTEREST RATE RISK MANAGEMENT POLICY

A significant share of the Group’s financial liabilities cost are indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Group’s income statement.

The interest rate risk management strategy is periodically reviewed by the Group. Given the current level of interest rates, the Group has focused on contracting fixed rate debt.

Where deemed appropriate by the Board, the Group relies on the use of derivative financial instruments (Note 8.2), namely interest rate swaps to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters, considered appropriate by the Group's risk management policies.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

SENSITIVITY ANALYSIS

Semapa carries out sensitivity analysis in order to assess the impact on the income statement and equity caused by an increase or decrease in market interest rates, considering all other factors unchanged. This is a mere illustrative analysis, since changes in market rates rarely occur separately.

The sensitivity analysis is based on the following assumptions:

i) Changes in market interest rates affect interest income and expenses arising from financial instruments subject to floating rates;

ii) Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;

iii) Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured discounting future cash flows from net present values, with market interest rates at year end.

Under these assumptions, the impact of a 0.5% increase in market interest rates for all currencies in which the Group has interest-bearing liabilities and assets, and derivative financial instruments as at 31 December 2022 and 2021, is as follows:

Amounts in Euro	31/12/2022	31/12/2021
0.5% increse in market interest rates		
Impact on profit before tax - increase / (decrease)	(1,833,147)	(773,200)

EXPOSURE TO INTEREST RATE RISK

The fixed rate (which does not expose the Company to interest rate risk) and variable rate (which expose the Company to interest rate risk) financial assets and liabilities are detailed as follows:

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As at 31 December 2022						
Current						
Current						
Cash and cash equivalents	593,396,576	-	-	-	-	593,396,576
Derivative financial instruments	-	-	-	-	-	-
Total financial assets	**593,396,576**	**-**	**-**	**-**	**-**	**593,396,576**
Liabilities						
Non-current						
Interest-bearing liabilities	-	162,500,000	50,000,000	687,981,305	126,482,690	1,026,963,995
Other liabilities	-	-	-	28,877,757	1,097,309	29,975,066
Current						
Interest-bearing liabilities	-	98,983,063	57,878,080	171,628,709	-	328,489,852
Other liabilities	-	-	7,219,439	-	-	7,219,439
Total financial liabilities	**-**	**261,483,063**	**115,097,519**	**888,487,771**	**127,579,999**	**1,392,648,353**
Net financial position	**593,396,576**	**(261,483,063)**	**(115,097,519)**	**(888,487,771)**	**(127,579,999)**	**(799,251,777)**

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As at 31 December 2021						
Current						
Current						
Cash and cash equivalents	382,287,392	-	-	-	-	382,287,392
Derivative financial instruments						
Total financial assets	**382,287,392**	**-**	**-**	**-**	**-**	**382,287,392**
Liabilities						
Non-current						
Interest-bearing liabilities	52,500,000	-	8,250,000	948,485,018	89,109,997	1,098,345,015
Other liabilities	-	-	-	28,877,757	5,631,853	34,509,610
Current						
Interest-bearing liabilities	86,744,908	147,286,559	39,756,240	-	-	273,787,707
Other liabilities	-	-	4,099,903	-	-	4,099,903
Total financial liabilities	**139,244,908**	**147,286,559**	**52,106,143**	**977,362,775**	**94,741,850**	**1,410,742,235**
Net financial position	**243,042,484**	**(147,286,559)**	**(52,106,143)**	**(977,362,775)**	**(94,741,850)**	**(1,028,454,843)**

8.1.3 LIQUIDITY RISK

LIQUIDITY RISK MANAGEMENT POLICY

The Group manages liquidity risk in two ways:

i) by ensuring that its financial debt has a high medium- and long-term component with maturities appropriate to the characteristics of the industries where it operates, and

ii) through the contracting with financial institutions of credit facilities available at all times, for an amount that guarantees adequate liquidity.

CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES (UNDISCOUNTED CASH FLOWS, INCLUDING INTEREST)

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
As at 31 December 2022						
Liabilities						
Bond loans	808,956	10,257,500	186,841,775	606,377,129	101,310,000	905,595,360
Commercial paper	-	35,994,000	13,197,220	164,625,861	20,000,000	233,817,081
Bank loans	1,273,415	5,281,557	100,990,944	192,958,769	28,149,329	328,654,014
Other loans	-	-	11,888,984	28,877,757	5,631,853	46,398,594
Derivative financial instruments	-	(1,027,675)	1,391,280	(24,583,272)	(652,775)	(24,872,442)
Other financial liabilities	-	-	-	458,343	-	458,343
Total liabilities	**2,082,371**	**50,505,382**	**314,310,203**	**968,714,587**	**154,438,407**	**1,490,050,950**
As at 31 December 2021						
Liabilities						
Bond loans	726,667	2,197,750	32,034,712	726,276,933	50,463,614	811,699,676
Commercial paper	65,130,000	61,652,049	21,266,314	162,979,386	-	311,027,749
Bank loans	1,292,524	581,459	110,981,248	161,489,358	41,707,872	316,052,461
Other loans	-	-	4,430,904	28,877,757	5,631,853	38,940,514
Derivative financial instruments	-	1,185,597	2,940,590	323,238	-	4,449,425
Other financial liabilities	-	-	-	458,343	-	458,343
Total liabilities	**67,149,191**	**65,616,855**	**171,653,768**	**1,080,405,015**	**97,803,339**	**1,482,628,168**

The contractual maturity of interest-bearing liabilities requires the compliance with financial covenants, as detailed in Note 5.7 – Interest-bearing liabilities.

AVAILABLE AND UNDRAWN CREDIT FACILITIES

Amounts in Euro	31/12/2022	31/12/2021
Undrawn credit facilities		
Holdings	315,500,000	184,750,000
Pulp and Paper	210,450,714	145,450,714
Cement and derivatives	158,190,566	230,369,674
Environment	14,125,000	20,460,000
	698,266,280	**581,030,388**

8.1.4 CREDIT RISK

ACCOUNTING POLICIES

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at amortised cost and at fair value through other comprehensive income, in accordance with IFRS 9, as detailed in 8.4.1 – Categories of financial instruments of the Group.

On this basis, the Group recognises expected credit losses over the respective duration of financial instruments that have been subject to significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and supportable information, including available forward-looking information.

If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since initial recognition, the Group measures impairment in respect of that financial instrument at an amount equal to expected credit losses.

IFRS 9 establishes that for the calculation of these impairments one of two models can be used: the 3-stage method or the use of a matrix, being the distinctive component the existence or not of a significant financing component. In the case of the Group's financial assets, as it is not a financial institution and there are no assets with a significant financing component, it was decided to use a matrix.

The model adopted for the impairment assessment in accordance with IFRS 9 is as follows:

1. Calculate the total credit sales made by the Group during the last 12 months as well as the related total amount of bad debts;

2. Determine the customers' payment profile and other short-term creditors, by setting buckets of receipt frequency;

3. Based on 1 above, estimate the probability of default (i.e., the amount of bad debts calculated at 1 compared to the balance of outstanding sales in each bucket calculated at 2);

4. Adjust the percentages of future projections obtained in 3;

5. Apply the default percentages as calculated in 4 to trade receivables and other current payables still outstanding at the reporting date.

Although IFRS 9 assumes 90 days as "default", the Navigator Company Group considered 180 days, as the experience of real losses before this period is reduced, besides being in line with the entities' current risk management policies, namely regarding the credit insurance contracted and the fact that there are no sales with significant funding components under IFRS 15. Additionally, Navigator assessed the impact of considering 180 days of default in detriment of 90 days and the "Expected Credit Loss" would not change significantly. In the event of an accident in the credit insurance company, the model considers the limit paid, by Navigator, of 5% (10% for national customers).

Moreover, the Group recognises impairment on a case-by-case basis, based on specific balances and specific past events, considering the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets. The Group uses the write-off procedure only when the credit is considered to be definitely uncollectible by a court decision.

CREDIT RISK MANAGEMENT POLICY

The Group is exposed to credit risk in the credit it grants to its customers and other debtors. Accordingly, it has adopted a policy of managing such risks within present limits, by serving insurance policies with specialised independent companies. The deterioration in global economic conditions or adverse situations, which only affect economies at the local level, could give rise to situations in which customers are unable to meet their commitments.

The Group has adopted a credit insurance policy for most trade receivables. Accordingly, the Group's effective exposure to credit risk is considered to be mitigated at acceptable levels with respect to sales.

However, the worsening of global economic conditions or adversities affecting only economies on a local scale may lead to deterioration in the ability of the Navigator Group's customers to meet their obligations, leading entities providing credit insurance to significantly decrease the amount of credit facilities that are available to those customers. This scenario may result in limitations on the amounts that can be sold to some customers without directly incurring credit risk levels that are not compatible with the risk policy in this area.

CASH AND CASH EQUIVALENTS

The Group has a strict policy of approving its financial counterparties, limiting its exposure according to an individual risk analysis and previously approved ceilings.

As at 31 December 2022 and 2021, Trade receivables showed the following ageing structure, considering the due dates for the open balances, before impairment charges:

Amounts in Euro	Pulp and Paper	Cement and derivatives	Environment	Total 2022	Total 2021
Not overdue	300,633,238	42,690,042	6,488,969	349,812,249	251,775,407
1 to 90 days	40,593,683	21,174,834	6,161,368	67,929,885	22,247,420
91 to 180 days	339,640	3,414,312	2,221,739	5,975,691	3,492,775
181 to 360 days	22,940	1,425,869	868,327	2,317,136	1,988,875
361 to 540 days	2,224	767,972	238,530	1,008,726	689,540
541 days to 720 days	8,507	396,908	271,423	676,838	465,823
Above 721 days	1,226	6,462,629	1,794,090	8,257,946	6,305,925
	341,601,458	**76,332,566**	**18,044,446**	**435,978,471**	**286,965,765**
Litigation - doubtful debts	6,621,083	7,602,003	-	14,223,086	9,715,914
Impairment	(6,621,083)	(13,799,445)	(949,395)	(21,369,923)	(16,005,359)
Trade receivables balance (Note 4.2)	**341,601,458**	**70,135,124**	**17,095,051**	**428,831,634**	**280,676,320**

The amounts shown above correspond to the amounts outstanding according to the contracted due dates. Despite some delays in the settlement of those amounts, that does not result, in accordance with the Group's available information, in the identification of impairment losses other than the ones considered through the respective losses. These are calculated based on the information periodically collected on the financial behaviour of the Group's customers, which allow, in conjunction with the experience obtained in the customer portfolio analysis and with the history of credit defaults, in the part not attributable to the insurance company, to define the amount of losses to be recognised in the period.

The analysis of the ageing of receivables already overdue is as follows:

Amounts in Euro	31/12/2022		31/12/2021	
	Gross amount	Fair Value Guarantees	Gross amount	Fair Value Guarantees
Overdue debtor balances not considered impaired				
Overdue for less than 3 months	67,752,618	40,743,635	22,088,089	14,714,336
Overdue for more than 3 months	11,486,785	550,853	7,063,933	749,088
	79,239,403	**41,294,488**	**29,152,022**	**15,463,424**
Debtor balances considered impaired				
Overdue for less than 3 months	177,267	-	205,666	-
Overdue for more than 3 months	21,192,656	-	15,799,693	-
	21,369,923	**-**	**16,005,359**	**-**

In accordance with the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for a significant part of the accounts receivable from costumers. Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and is within acceptable levels.

The table below represents the quality of the Group's credit risk, as at 31 December 2022 and 2021, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions::

Amounts in Euro	31/12/2022	31/12/2021
AA	6,231,679	9,801,253
AA-	74,995,499	-
A+	204,316,040	84,976,652
A	4,168,750	7,187,873
A-	168,967,841	65,273,454
BBB+	5,847,277	19,357,140
BBB	51,918,542	107,525,760
BBB-	3,034,440	7,003,717
BB+	10,227,361	3,004,206
BB	5,697,168	13,785,672
BB-	35,693,098	34,891,790
B	17,933	9,524,885
B-	2,308,949	30,012
CCC+	2,205,418	75,543
Other	16,841,594	18,952,439
	592,471,589	**381,390,396**

The caption Others comprise short-term investments in Angola and Mozambique financial institutions, on which it was not possible to obtain the ratings with reference to the presented dates.

The maximum exposure to the credit risk in the Consolidated financial position as at 31 December 2022 and 2021 is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Non-current		
Other financial investments (Note 8.3)	48,718,902	21,244,092
Receivables and other non-current assets (Note 4.2)	28,920,465	12,120,307
Current		
Receivables and other current assets (Note 4.2)	493,782,649	357,876,221
Derivative financial instruments (Note 8.2)	54,773,410	3,066,689
Bank deposits and short-term investments (Note 5.9)	592,471,589	381,390,396
	1,218,667,015	**775,697,705**

IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

MOVEMENTS IN ACCUMULATED IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES

	Customers – current account		Other receivables	
Amounts in Euro	2022	2021	2022	2021
Accumulated impairment at the beginning of the period	15,827,644	26,253,202	7,003,201	7,144,130
Variations due to:				
Increase	4,705,493	1,252,996	1,456,821	3,762
Reversals	(563,231)	(769,114)	(64,938)	(46)
Changes recognised in profit or loss for the period (Note 2.3)	4,142,262	483,882	1,391,883	3,716
Exchange rate adjustment	29,679	(107,145)	(1,818)	693
Charge-offs	18,442	(7,538,150)	(1,018,935)	(145,338)
Adjustments and transfers	1,171,954	(3,264,145)	-	-
Accumulated impairment at the end of the period	21,189,981	15,827,644	7,374,331	7,003,201

8.2 DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

The fair value of derivative financial instruments is included under the caption Payables and other current liabilities (Note 4.3), if negative, and in the caption Receivables and other current assets (Note 4.2), if positive.

According to IFRS 9 – Financial instruments, the Group chose to continue to apply the hedge accounting requirements of IAS 39 – Financial instruments, until there is greater visibility of the Dynamic Risk Management current macro-hedging project.

Whenever expectations of changes in interest or exchange rates justify it, the Group seeks to hedge against adverse movements through derivative instruments, such as interest rate swaps (IRS), exchange interest rate collars, exchange forwards, among others.

DERIVATIVE FFINANCIAL INSTRUMENTS | TRADING

Although the derivative financial instruments contracted represent effective economic hedging instruments, not all of them qualify as hedging instruments, in accordance with the applicable rules and requirements. Instruments that do not qualify as hedging instruments are recorded in the Consolidated Financial Position at their fair value and changes in fair value are recognised in Net financial results (Note 5.11), when related to financing operations, or in Supplies and Services (Note 2.3) or Revenue (Note 2.1), when related to foreign exchange risk on the purchase of raw materials or cash flows from sales in currencies other than the reporting currency.

DERIVATIVE FINANCIAL INSTRUMENTS | HEDGING

The derivative financial instruments, used for hedging purposes, may be classified as hedge instruments provided that they fulfil, cumulatively, with the conditions set out in IAS 39.

CASH-FLOW HEDGE (INTEREST RATE AND EXCHANGE RATE RISKS)

In order to manage the risk of interest and exchange rates, the Group enters into cash flow hedge.

Those transactions are recorded in the Interim Statement of Financial Position at their fair value and, to the extent that they are considered effective hedging, changes in fair value are initially recorded in other comprehensive income for the year. If hedging transactions are deemed to be ineffective, the gain or loss arising therefrom is recorded directly in profit or loss.

Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects the income statement (for example, when the forecast sale that is hedged takes place). The gain or loss corresponding to the effective component of interest rate swaps that are hedging variable rate financing is recognised under the caption Net financial results (Note 5.11). However, when the future hedged transaction results in the recognition of a non-financial asset (e.g. inventories or property, plant and equipment), the previously gains and losses deferred in equity are included in the initial measurement of the cost of the asset.

NET INVESTMENT HEDGING (EXCHANGE RATE RISK)

In order to manage the exposure of its investments in foreign subsidiaries to fluctuations in the exchange rate (net investment), the Group enters into exchange rate forwards, which are recorded at fair value in the consolidated statement of financial position.

Those exchange rate forwards arranged for investments in foreign operations, are recorded in a similar way to the cash flow hedges. Gains and losses on the hedging instrument related to its effective hedging component are recognised in the comprehensive income for the year. Gains and losses related to the ineffective hedging component are recognised in the Income statement. The accumulated gains and losses on equity are included in the Income statement if and when the foreign subsidiaries are disposed.

DERECOGNITION

When a hedging instrument matures or is sold, or when it no longer meets the criteria required to be recognised as a hedge, the cumulative gains and losses on equity are recycled to the Income statement, except when the hedged item is a future transaction with related cumulative gains and losses included in equity at that date remain in equity. In such case, they will only be recycled to the income statement when the transaction is recognised in the income statement.

PULP AND PAPER SEGMENT

FOREIGN EXCHANGE TRADING DERIVATIVES

The Navigator Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and Pound sterling (GBP). As the Group's financial statements are presented in Euro, it is exposed to an economic risk on the translation of these currency flows to the Euro. The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of the statement of financial position items denominated in a currency other than the presentation currency against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts, covering the net exposure to other currencies other than the presentation currency, for the same maturity dates and the same amounts of these documents. The nature of the risk hedged is the change in the carrying amount of sales and purchases expressed in currencies other than the presentation currency. At the end of each month, the balances of Trade receivables and Trade payables expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

CASH FLOW HEDGE | FOREIGN EXCHANGE RISK EUR/USD AND EUR/GBP

The Group uses derivative financial instruments in order to limit the net exchange risk associated with sales and future purchases estimated at USD and GBP.

CASH FLOW HEDGE | INTEREST RATE

The Navigator Group hedges its future interest payments on loans, commercial paper and bond loans, by engaging in an interest rate swap, in which it pays a fixed rate and receives a variable rate. This instrument is designated as hedge of cash flows from the commercial paper programme and the bond loan.

CASH FLOW HEDGE | COMMODITIES – BHKP

The Navigator Group uses derivative financial instruments with the purpose of minimising the exposure risk associated with the variation of the pulp price, indexed to PIX, in USD.

CEMENT AND DERIVATIVES SEGMENT

FOREIGN EXCHANGE RISK HEDGING IN THE EXPORT AND PURCHASE OF FUELS

The Secil Group carries out occasionally sales hedging transactions in a currency other than the presentation currency and hedges future fuel acquisitions, particularly petcoke.

CASH FLOW HEDGE | INTEREST RATE ON LOANS TO FOREIGN OPERATIONS

When a foreign transaction of the Secil Group takes loans in a currency other than the functional currency in the country of activity of that operation, the Group carries out hedging operations so that the exposure reflects the functional currency.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Whenever possible, the fair value of derivatives is estimated, based on quoted instruments. In the absence of market prices, the fair value of derivatives is estimated based on the discounted cash flow method and option valuation models, in accordance with the assumptions generally used in the market.

MOVEMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS

	2022			2021		
Amounts in Euro	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	**(2,612,553)**	**(4,132,630)**	**(6,745,183)**	**6,472,463**	**(5,545,156)**	**927,307**
New contracts / settlements	17,938,322	(1,409,254)	16,529,068	(3,178,821)	2,326,437	(852,384)
Change in fair value through profit and loss (Note 5.11)	(25,364,400)	(1,504,772)	(26,869,172)	(5,936,014)	(3,191,640)	(9,127,654)
Change in fair value through other comprehensive income (Note 5.5)	-	60,243,766	60,243,766	-	2,277,728	2,277,728
Exchange rate adjustment	(144,306)	-	(144,306)	29,819	1	29,820
Balance at the end of the period	**(10,182,937)**	**53,197,110**	**43,014,173**	**(2,612,553)**	**(4,132,630)**	**(6,745,183)**

In 2022, the amount considered as Change in the fair value of derivative financial instruments in Other comprehensive income includes an amount of Euro 54.6 million from the subsidiary Navigator of which: a) Euro -29.3 million corresponding to transfers to hedging results; and b) Euro 83.9 million of changes in the fair value of hedging derivative financial instruments.

DETAIL AND MATURITY OF DERIVATIVE FINANCIAL INSTRUMENTS BY NATURE

31 December 2022 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Hedging						
Exchange rate forwards (future sales)	345,000,000	USD	2023	6,011,256	-	6,011,256
Exchange rate forwards (future sales)	144,000,000	GBP	2023	1,294,665	-	1,294,665
Interest rate swaps (SWAP's)	425,000,000	Euro	2026/2027	38,208,097	-	38,208,097
Energy	50,521,199	EUR	2023	7,683,092	-	7,683,092
				53,197,110	**-**	**53,197,110**
Trading						
Foreign exchange forwards	76,977,456	USD	2023	1,325,016	(4,679,289)	(3,354,273)
Foreign exchange forwards	18,800,000	GBP	2023	251,284	-	251,284
Foreign exchange forwards	1,750,000	CHF	2023	-	(3,244)	(3,244)
Cross currency interest rate swap	17,500,000	Euro	2023/2024	-	(2,612,957)	(2,612,957)
Cross currency interest rate swap	62,145,527	USD	2022/2025	-	(4,463,747)	(4,463,747)
				1,576,300	**(11,759,237)**	**(10,182,937)**
				54,773,410	**(11,759,237)**	**43,014,173**

31 December 2022 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Hedging						
Exchange rate forwards (future sales)	242,500,000	USD	2022	9,066	(1,426,675)	(1,417,609)
Exchange rate forwards (future sales)	83,000,000	GBP	2022	-	(483,940)	(483,940)
Interest rate swaps (SWAP's)	425,000,000	Euro	2026/2027	2,260,434	(2,804,403)	(543,969)
BHKP Pulp	27,120,000	USD	2022	-	(1,687,112)	(1,687,112)
				2,269,500	**(6,402,130)**	**(4,132,630)**
Trading						
Foreign exchange forwards	129,745,503	USD	2023	-	(1,640,154)	(1,640,154)
Foreign exchange forwards	9,050,000	GBP	2021	-	(86,856)	(86,856)
Foreign exchange forwards	300,000	CHF	2021	-	(1,448)	(1,448)
Cross currency interest rate swap	17,500,000	Euro	2023	-	(1,201,670)	(1,201,670)
Cross currency interest rate swap	48,950,000	USD	2022	227,765	(479,614)	(251,849)
Non-Deliverable Forward (NDF)	7,861,000	USD	2021	139,263	-	139,263
Non-Deliverable Forward (NDF)	12,500,000	Euro	2022	430,161	-	430,161
				797,189	**(3,409,742)**	**(2,612,553)**
				3,066,689	**(9,811,872)**	**(6,745,183)**

PULP AND PAPER SEGMENT

CASH FLOW HEDGE | FOREIGN EXCHANGE RISK EUR/USD AND EUR/GBP

During the last quarter of 2022, the Navigator Group concluded the contracting of derivative financial instruments by acquiring USD 345,000,000 and GBP 144,000,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2023.

CASH FLOW HEDGE | INTEREST RATE

During the first quarter of 2022, the Group contracted two new swaps in the amount of Euro 75,000,000 each, to fix the interest rate associated with the Navigator 2022-2028 bond loan in the amount of Euro 150,000,000, starting in Jun 2022.

ENERGY HEDGING

In view of the Group's exposure to energy prices, during the last quarter of 2022, swaps were contracted to set the price of energy sold for a volume of approximately 253,716 MWh, ending on 31 December 2023.

CEMENT AND DERIVATIVES SEGMENT

DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

In January 2022, the subsidiary Supremo contracted a financing of USD, equivalent to BRL 100,000,000 maturing in January 2025, with two capital repayments, the first in January 2023 and the last at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in USD.

In May 2022, the subsidiary Supremo, contracted an external financing in the amount of USD 18,000,000 maturing in May 2025, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in USD.

In May 2022, the subsidiary Margem, contracted an external financing in the amount of USD 16,000,000 maturing in May 2025, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in USD.

In June 2022, the subsidiary Margem, contracted an external financing in the amount of Euro 10,000,000 maturing in June 2024, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in EUR.

In March 2022, the subsidiary Margem bought USD 2,000,000 forward to cover a payment in USD with settlement on the same date, 2 April 2022.

In March 2021, the subsidiary Supremo, contracted an external financing of Euro 7,500,000 maturing in August 2023 with two principal repayments, the first in August 2022 and the last at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in EUR.

Additionally, the subsidiary Supremo contracted a financing of Euro 10,000,000 maturing in June 2024, with two capital repayments, the first in June 2023 and the last at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in EUR.

In December 2021, the subsidiary Supremo, contracted a financing of USD 7,000,000 maturing in December 2022, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in USD.

In March 2020, the subsidiary Supremo, contracted an external financing in the amount of USD 7,950,000 maturing in March 2022. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the CDI rate plus a spread, fully replicating the repayment plan of this financing in USD.

In July 2020, the subsidiary Supremo, contracted an external financing in the amount of Euro 12,500,000 maturing in July 2022, with a single repayment at maturity. A Non-Deliverable Forward contract was signed on the same date. This derivative allowed the Supremo to fix the nominal value of the financing in BRL and the respective interest.

CASH FLOW HEDGE | INTEREST RATE

In 2020, Secil contracted a bond loan of Euro 50,000,000, with full repayment at par in April 2027, with interest paid semi-annually in arrears. On 26 October 2020, an interest rate hedge derivative was contracted through an interest rate swap (IRS) with a nominal value of Euro 50,000,000, beginning on 29 October 2020 and maturing on 29 April 2027.

8.3 OTHER FINANCIAL INVESTMENTS

ACCOUNTING POLICIES

This Note includes equity instruments held by the Group relating to companies over which it has no control or significant influence. Financial investments are measured at fair value through profit or loss when the Group holds them for trading purposes. The Group records the remaining financial investments as financial assets at fair value through other comprehensive income.

These investments essentially correspond to investments made by the subsidiary Semapa Next, S,A, a venture capital business unit of the Semapa Group which has been making diversified investments, and are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Financial assets at fair value through other comprehensive income		
Defined AI	7,500,465	3,531,696
RealFevr	3,999,998	-
Oceano Fresco	3,006,930	3,006,930
Probe.ly	2,950,000	-
LOQR	2,499,962	2,499,962
Circuit	2,035,200	-
Techstar Corporate	1,745,339	1,812,562
Overstory	1,155,000	-
Airly	187,510	-
EMOTAI	100,000	-
	25,180,404	**10,851,150**
Financial assets at fair value through profit or loss		
Alter Venture Partners Fund I	10,973,474	6,204,366
Kencko	4,687,800	-
FCR Armilar Venture	3,712,679	1,851,348
Notional Capital	2,309,991	1,230,303
Firstminute	1,128,665	718,316
Kibo Capital	384,323	295,000
Lakestar	318,151	-
Ynvisible, SA	23,415	93,609
	23,538,498	**10,392,942**
	48,718,902	**21,244,092**

The subsidiary Semapa Next, S.A., the Semapa Group's venture capital business unit, has made a number of diversified investments, including:

- A shareholding in Defined AI, which operates a marketplace of high-quality data for training of artificial intelligence models;
- A shareholding in LOQR, which offers an innovative platform that facilitates digital transformation and acceleration for the online business of financial institutions;
- A shareholding in Oceano Fresco, which engaged in the sustainable aquaculture of high quality bivalve mollusks (European clams), by applying scientific methods and an innovative approach;
- A shareholding in Probely, which has developed a solution targeted at developers and enterprise cybersecurity teams for automatic vulnerability detection in websites, web applications and API;
- A shareholding in Kencko, which is dedicated to the production and sale of high-quality, nutritious smoothies, gummies and bowls with less food waste;
- A shareholding in RealFevr, a company specialising in the sale and gamification of sports NFT;
- A shareholding in Overstory, which has developed a platform for planning and risk management of vegetation surrounding power lines;
- A shareholding in Circuit, which provides a route planning app for drivers, allowing them to save time and fuel;
- A shareholding in the North American Techstars to support and accelerate global start-ups from Lisbon;
- It also has shareholdings in several venture capital funds in Europe and the United States, namely: Alter Venture Capital Fund SCA – SICAV, FCR Armilar Venture Partners Tech Transfer Fund, Notion Capital IV LP, Firstminute Capital II LP, Kibo Ventures Fund III FCRE, Lakestar Early IV LP and Lakestar Growth II LP.

8.4 FINANCIAL ASSETS AND LIABILITIES

8.4.1 CATEGORIES OF FINANCIAL INSTRUMENTS OF THE GROUP

The financial instruments included in each caption of the statement of financial position are classified as follows:

Amounts in Euro	Notes	Financial assets at amortised costs	Financial assets at fair value through profit or loss (excluding derivatives)	Financial assets at fair value through other comprehensive income	Derivative financial instruments – hedging	Derivative financial instruments at fair value through profit or loss	Non-financial assets	Total
31 December 2022								
Other financial investments	8.3	-	23,538,498	25,180,404	-	-	-	48,718,902
Receivables and other current assets	4.2	595,909,694	-	-	53,197,110	1,576,300	20,272,294	670,955,398
Cash and cash equivalents	5.9	593,396,576	-	-	-	-	-	593,396,576
Total assets		**1,189,306,270**	**23,538,498**	**25,180,404**	**53,197,110**	**1,576,300**	**20,272,294**	**1,313,070,876**
31 December 2021								
Other financial investments	8.3	-	10,392,942	10,851,150	-	-	-	21,244,092
Receivables and other current assets	4.2	425,400,120	-	-	2,269,500	797,189	15,730,675	444,197,484
Cash and cash equivalents	5.9	382,287,392	-	-	-	-	-	382,287,392
Total assets		**807,687,512**	**10,392,942**	**10,851,150**	**2,269,500**	**797,189**	**15,730,675**	**847,728,968**

Amounts in Euro	Notes	Financial liabilities at amortised cost	Derivative financial instruments – hedging	Derivative financial instruments at fair value through profit or loss	Non-financial liabilities	Financial assets outside the scope of IFRS 9	Total
31 December 2022							
Interest-bearing liabilities	5.7	1,387,572,448	-	-	-	-	1,387,572,448
Lease liabilities	5.8	-	-	-	-	101,217,757	101,217,757
Payables and other current liabilities	4.3	744,478,321	-	11,759,237	242,324,528	-	998,562,086
Total liabilities		**2,132,050,769**	**-**	**11,759,237**	**242,324,528**	**101,217,757**	**2,487,352,291**
31 December 2021							
Interest-bearing liabilities	8.3	1,397,883,993	-	-	-	-	1,397,883,993
Lease liabilities	4.2	-	-	-	-	96,689,951	96,689,951
Payables and other current liabilities	4.3	568,540,590	6,402,130	3,409,742	106,012,223	-	684,364,685
Total liabilities		**1,966,424,583**	**6,402,130**	**3,409,742**	**106,012,223**	**96,689,951**	**2,178,938,629**

8.4.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING POLICIES

The fair value of financial instruments is classified in accordance with the fair value hierarchy of IFRS 13 – Fair value measurement:

Level 1	Fair value is based on active markets quotations, at the reporting date.
Level 2	Fair value is determined using valuation models, whose main inputs of the models used are observable in the market
Level 3	Fair value is determined using valuation models, whose main inputs are not observable in the market.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

FAIR VALUE OF INTEREST-BEARING LIABILITIES REMUNERATED AT FIXED INTEREST RATE

The fair value of these liabilities is calculated using the discounted cash flow method at the reporting date, using a discount rate in accordance with the characteristics of each loan, belonging to level 2 of the fair value hierarchy of IFRS 13.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The Company considers that the book value of loans at variable rates, as well as financial assets and liabilities measured at amortised cost in the remaining captions (Note 8.4.1), is close to their fair value.

9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1 PROVISIONS

ACCOUNTING POLICIES

Recognition and initial measurement	Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Capitalisation of expenditures	The Group incurs expenditures and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on landscape recovery and reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimising energy consumption, atmospheric emissions, the production of waste and noise) are capitalised when intended to serve the Group's business activity in a sustainable way, and relate to future economic benefits allowing to extend its useful life, increase capacity or improve the safety or efficiency of other assets held by the Group.
Subsequent measurement	Provisions are reviewed on statement of financial position date and are adjusted so as to reflect the best estimate at that date. Landscape recovery provisions are re-measured according to the effect of the time value of money, against the caption "Financial discount of provisions" in Note 5.11 - Net financial results and consumed by the expenses made by the Group with the recovery, at the date they occur.

LANDSCAPE RECOVERY AND OTHER ENVIRONMENTAL EXPENDITURES

Some of the Group's companies are responsible for the environmental and landscape recovery of the quarries affected by the exploration, in accordance with applicable legislation.

Rehabilitation works mainly includes cleaning and regularisation of areas for recovery, modelling and preparation of the land, transport and spreading of rejected materials for landfill, fertilisation, execution of the general plan for coating with hydro-sowing and plantation, and maintenance and conservation of the areas recovered after implantation.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

LEGAL PROCEEDINGS

These provisions were made in accordance with the risk assessments carried out internally by the Group with the support of its legal advisors, based on the likelihood of the decision being favourable or unfavourable to the Group.

The balances of additional liabilities for the Group's uncertainty over income tax are disclosed in Note 6.1 – Income tax.

ENVIRONMENTAL RECOVERY

The extent of the work required and the costs to be incurred were determined based on the quarrying plans and studies prepared by independent entities, and the total liability was measured by the expected value of the future cash flows, discounted to present value.

Value judgements and estimates are involved in the formation of expectations about future activities and the amount and period of time of the associated cash flows. These perspectives are based on the existing environment and current regulations.

Quarries whose reconstitution is only possible at the closure of operations, the Group has requested independent and specialised entities to quantify those obligations, having for this purpose recognised a provision under the caption Provisions.

MOVEMENTS IN PROVISIONS

Amounts in Euro	Legal proceedings	Environmental recovery	Other	Total
1 January 2021	**4,668,107**	**18,146,312**	**28,125,899**	**50,940,318**
Increases	3,815,210	862,581	6,172,135	10,849,926
Reversals	(1,460,202)	(3,217,014)	(1,498,296)	(6,175,512)
Impact on profit and loss for the period	**2,355,008**	**(2,354,433)**	**4,673,839**	**4,674,414**
Changes in the perimeter	-	-	(6,000)	(6,000)
Hyperinflationary economies (Lebanon)	-	(37,247)	2,035,187	1,997,940
Charge-offs	-	(3,103,060)	(2,386,107)	(5,489,167)
Exchange rate adjustment	(71,838)	(135,472)	(684,668)	(891,978)
Financial discounts	-	59,257	-	59,257
Transfers and adjustments	-	578,765	619,396	1,198,161
31 December 2021	**6,951,277**	**13,154,122**	**32,377,546**	**52,482,945**
Increases	3,488,765	386,489	11,824,709	15,699,963
Reversals	(5,392,411)	(2,775,622)	(3,598,068)	(11,766,101)
Impact on profit and loss for the period	**(1,903,646)**	**(2,389,133)**	**8,226,641**	**3,933,862**
Changes in the perimeter	-	-	2,544	2,544
Hyperinflationary economies (Lebanon)	-	450,633	1,262,114	1,712,747
Charge-offs	-	(806,874)	(4,911,507)	(5,718,381)
Exchange rate adjustment	2,223	(145,508)	(497,452)	(640,737)
Financial discounts	-	117,714	-	117,714
Transfers and adjustments	57,126	-	1,377,960	1,435,086
31 December 2022	**5,106,980**	**10,380,954**	**37,837,846**	**53,325,780**

LEGAL PROCEEDINGS

The outcome of the provisions for legal proceedings depends on decisions of the labour and civil courts. As at 31 December 2022, the balance is mostly composed of amounts related to labour lawsuits (2022: Euro 2.6 million; 2021: Euro 6 million) and lawsuits filed by IGAMAOT (*Inspeção-Geral da Agricultura, do Mar, do Ambiente e do Ordenamento do Território*) (2022: Euro 653 thousand; (2021: Euro 617 thousand).

ENVIRONMENTAL RECOVERY

As at 31 December 2022, this caption includes the amount of Euro 1,818,739 (31 December 2021: Euro 2,041,091), corresponding to quarries with "continuous and progressive reconstruction of the freed spaces" and refers to quarries exploited by the Secil company in Outão.

OTHER PROVISIONS

The amount presented includes provisions to cover risks related to events of a different nature, the resolution of which may result in outflows of cash, in particular organisational restructuring processes, complements to the Lebanese social security national fund, risks of contractual positions assumed in investments, among others.

As at 31 December 2022 and 2021, Other provisions include Euro 17,300,000 related to the Mozambique project. Although the Memorandum of Understanding (MoU) signed with the Mozambican Government provided for a "best effort" commitment to create the necessary conditions to carry out the investment until last 31 December 2018, that was not possible, up to date, and both parties continued to work towards that goal.

9.2 COMMITMENTS

GUARANTEES PROVIDED TO THIRD PARTIES

Amounts in Euro	31/12/2022	31/12/2021
GUARANTEES PROVIDED		
Pulp and Paper Segment		
Navigator guarantees for EIB financing	37,708,333	42,916,667
Portuguese Tax Authorities (AT)	-	6,513,318
Comissão Coordenação Desenvolvimento Regional	354,083	-
IAPMEI	1,280,701	1,280,701
Customs clearance of products	1,250	1,250
Agencia Estatal de Administración Tributaria	-	1,033,204
Agência Portuguesa Ambiente	2,390,006	1,527,484
Simria	338,829	338,829
Other	838,256	1,987,855
Cement and Derivatives Segment		
Agência de Desenvolvimento e Coesão	4,919,200	4,995,543
APSS - Administração dos Portos de Setúbal e Sesimbra	2,624,820	2,624,820
Consejería de Empleo, Industria y Turismo	279,648	954,118
Comissão de Coordenação e Desenv. Regional LVT	948,840	948,840
Comissão de Coordenação e Desenv. Regional Centro	789,647	789,647
Instituto da Conservação da Natureza e das Florestas, I.P. (ICNF)	668,688	668,688
Comissão de Coordenação e Desenv. Regional Algarve	678,620	678,620
Administração dos Portos do Douro, Leixões e Viana do Castelo S.A. (APDL)	349,840	377,154
CCRLVT	298,638	298,638
Comissão de Coordenação e Desenv. Regional Norte	236,403	236,403
Labour Court	217,324	217,324
IAPMEI (within the scope of PEDIP)	209,305	209,305
Secretaria Regional do Ambiente e Recursos Naturais	199,055	199,055
IAPMEI	277,541	277,541
Consej.Econ.Emp. Ind Tur.Dir Gen Energía y Minas	165,900	165,900
Comercime - Comércialização de Cimentos, Lda	-	144,000
Other	1,094,090	310,920
Environment segment		
EDP	9,810	9,810
DGAV	900,000	600,000
IAPMEI	496,966	496,966
	58,275,793	**70,802,600**
Other commitments		
Mortgages on Land, Real Estate and Equipment	2,342,297	3,358,569
	60,618,090	**74,161,169**

PURCHASE COMMITMENTS

Amounts in Euro	31/12/2022	31/12/2021
Purchase commitments		
Pulp and paper segment | Property, plant and equipment – Manufacturing equipment	57,737,388	14,612,464
Cement and derivatives segment | Property, plant and equipment – Manufacturing equipment	13,045,822	49,071,239
Pulp and paper segment | Wood	480,300,000	375,800,000
Cement and derivatives segment | Raw materials – Petcoque and Coal	19,037,381	11,949,371
Other	4,241,446	3,379,198
	574,362,037	**454,812,272**

In 2022, Navigator's subsidiary, Abastecimento de Madeira, A.C.E, signed a contract with Portline Ocean Bulk, Inc. for the chartering of vessels for the transportation of timber in 2022, 2023 and 2024. The contract provides for the transport of approximately 940,000 m^3 during this period.

OTHER COMMITMENTS

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 235 million, of which Euro 57.4 million have already been invested until 31 December 2022. As part of this commitment, the following investments were also awarded at the end of the 2022 financial year:

- The construction of a new Recovery Boiler in Setúbal, with an estimated investment of Euro 135.8 million; and
- The project for the collection and incineration of non-condensable gases (NCG) in Setúbal, with an estimated investment of Euro 16 million.

9.3 CONTINGENT ASSETS AND LIABILITIES

ACCOUNTING POLICIES

Contingent assets are not recognised in the consolidated financial statements but are disclosed when a future economic benefit is probable.

Contingent liabilities for which an outflow of funds affecting future economic benefits is only possible, are not recognised in the consolidated financial statements, but disclosed in the Notes, unless the possibility of the outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

Provisions are recognised for liabilities that meet the conditions set out in Note 9.1.

PUBLIC DEBT SETTLEMENT FUND

According to Decree-Law no. 36/93 of 13 February, tax debts of privatised companies related to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund (PDSF). On 16 April 2008, The Navigator Company filed an application to the Public Debt Settlement Fund to request payment of tax debts previously paid by the Portuguese Tax Authorities. On 13 December 2010, the Company filed a new request for payment of debts assessed by the Tax Administration for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and uncontested relating to these same debts, as well as the expenses directly related thereto, pursuant to the ruling dated 24 May 2011 (Proceeding no. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. entered into an extra-judicial agreement with the Treasury, in which the PDSF was recognised as having responsibility for recovering the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax (IRC) improperly paid, resulting from the alleged qualification/incorrect consideration by the tax administration of the tax loss accruing as a result of the operations carried out by Soporcel, SA in 2003, as well as to promote restitution to Navigator of said amount.

In this context, PDSF will be responsible for the amounts detailed as follows:

Amounts in Euro	Period	Requested amounts	Decrease due to RERD	Proceedings decided in favor of the Group	Outstanding amount
Proceedings confirmed in court					
Corporate income tax	2002	18,923	-	-	18,923
Corporate income tax (RF)	2004	3,324	-	-	3,324
Corporate income tax	2004	766,395	-	(139,023)	627,372
Expenses		314,957	-	-	314,957
		1,103,599	-	(139,023)	964,576
Proceedings not confirmed in court					
Corporate income tax	2005	11,754,680	(1,360,294)	-	10,394,386
Corporate income tax	2006	11,890,071	(1,108,178)	-	10,781,893
		23,644,751	**(2,468,472)**	**-**	**21,176,279**
		24,748,350	**(2,468,472)**	**(139,023)**	**22,140,855**

Regarding the aggregate corporate income tax proceedings of 2005 and 2006, if Courts come to a decision in favour of Navigator Group, the Group will withdraw the request made to PDSF.

In addition to the tax matters described above, a new petition was filed in the Administrative Court of Almada on 11 October 2011, which called for the repayment of various amounts, amounting to Euro 136,243,949. These amounts regard adjustments in the financial statements of the Group after its privatisation that had not been considered in formulating the price of its privatisation as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014 the Court denied the Navigator Company Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014 Navigator Company Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator Company Group's views on this matter, both parts appointed experts and the partial expert report was issued on July 2017, being required either by The Navigator Company, S.A. either by the Ministry of Finance, the attendance of both designated experts in court hearing, in order to provide oral explanations on the expert report.

Following claims filed by Navigator on 11 September 2017 and 15 January 2019, the experts submitted redrafted Expert Reports on 27 December 2018 and 19 March 2019, respectively.

The trial hearing sessions took place between May and June 2019, with the parties filing closing arguments in September 2019 and now awaiting the Court's decision.

10 GROUP STRUCTURE

10.1 COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

ACCOUNTING POLICIES

GROUP-CONTROLLED ENTITIES

Semapa controls an entity (subsidiary) when it is exposed to, or has rights to, the variable returns generated as a result of its involvement with the entity, and has the ability to affect those variable returns through the power it exercises over its relevant activities.

The equity and net profit of these companies, corresponding to the third-party investment in such companies, are presented under the caption Non-controlling interests items (Note 5.6)

BUSINESS COMBINATIONS

The purchase method is used in recording the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets transferred, the equity instruments issued and liabilities incurred or assumed on the acquisition date.

The identifiable assets acquired and the liabilities and contingent liabilities undertaken in a business combination are initially measured at fair value at acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost, regarding the fair value of the Group's share of identifiable assets and liabilities acquired, is recorded as Goodwill when the Group acquires control, as described in Note 3.1.

The acquisition cost is subsequently adjusted when the acquisition/attribution price is contingent upon the occurrence of specific events agreed with the seller/shareholder (e.g. fair value of acquired assets).

Any contingent payments to be transferred by the Group are recognised at fair value at the acquisition date. If the undertaken obligation constitutes a financial liability, subsequent changes in fair value are recognised in profit and loss. If the undertaken obligation constitutes an equity instrument, there is no change in the initial estimation.

If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary (negative goodwill or badwill), the difference is recognised directly in the income statement under Other operating income (Note 2.2). Transaction costs directly attributable are immediately recorded in profit and loss.

When, at the date of acquisition of the control, the Group already holds a previously acquired interest, the fair value of such participation contributes to the determination of goodwill or badwill.

INITIAL MEASUREMENT OF NON-CONTROLLING INTERESTS

When the control acquired is lower than 100%, in the application of the purchase method, non-controlling interests can be measured at fair value or at the ratio of the fair value of the assets and liabilities acquired, being that option defined according to each transaction.

CONSOLIDATION

Subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group. In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity (Note 5.5).

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between Group companies are eliminated. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

ACCOUNTING POLICIES OF SUBSIDIARIES

Subsidiaries' accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group and described throughout this report.

SUBSEQUENT TRANSACTIONS OF SUBSIDIARIES

DISPOSALS WITH LOSS OF CONTROL

In the case of disposals of interests, resulting in a loss of control over a subsidiary, any remaining interest is revalued to the market value at the date of sale, and the gain or loss resulting from such revaluation, is recorded against income, as well as the gain or loss resulting from such disposal.

TRANSACTIONS WITHOUT LOSS OF CONTROL

Subsequent transactions in the disposal or acquisition of non-controlling interests, which do not imply a change in control, do not result in the recognition of gains, losses or Goodwill. Any difference between the transaction value and the book value is recognised in Equity, in Other equity instruments.

The negative profit/ (loss) generated in each period by subsidiaries with non-controlling interests are allocated to the percentage held by them, regardless of whether they assume a negative balance.

10.1.1 SEMAPA GROUP SUBSIDIARIES

HOLDING COMPANIES INCLUDED IN THE CONSOLIDATION

		Direct and indirect % held by Semapa			
Company name	**Head Office**	**Direct**	**Indirect**	**31/12/2022**	**31/12/2021**
Parent company:					
Semapa	Portugal				
Subsidiaries:					
Semapa Inversiones S.L.	Spain	100.00	-	100.00	100.00
Semapa Next, S.A.	Portugal	100.00	-	100.00	100.00
Aphelion, S.A.	Portugal	100,00	-	100,00	100,00

CEMENT AND DERIVATIVES COMPANIES INCLUDED IN THE CONSOLIDATION

		Direct and indirect % held by Secil			% effectively held by Semapa	
Company name	Head Office	Direct	Indirect	Total	31/12/2022	31/12/2021
Parent company:						
Secil - Companhia Geral de Cal e Cimento, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Subsidiaries						
Betotrans II - Unipessoal, Lda. (Ex-Hewbol, S.G.P.S., Lda.)	Portugal	100.00	-	100.00	100.00	100.00
Secil Cabo Verde Comércio e Serviços, Lda.	Cape Verde	99.80	0.20	100.00	100.00	100.00
ICV - Inertes de Cabo Verde, Lda.	Cape Verde	75.00	25.00	100.00	100.00	100.00
Florimar - Gestão e Participações, S.G.P.S., Lda.	Portugal	100.00	-	100.00	100.00	100.00
Secil Cement, B.V. (ex Seciment Investments, B.V.)	The Netherlands	100.00	-	100.00	100.00	100.00
Silonor, S.A.*	France	-	-	-	-	100.00
Société des Ciments de Gabés	Tunisia	98.72	-	98.72	98.72	98.72
Sud-Béton - Société de Fabrication de Béton du Sud	Tunisia	-	98.72	98.72	98.72	98.72
Zarzis Béton	Tunisia	-	98.52	98.52	98.52	98.52
Secil Angola, SARL	Angola	100.00	-	100.00	100.00	100.00
Secil - Companhia de Cimento do Lobito, S.A.	Angola	-	51.00	51.00	51.00	51.00
Unibetão - Indústrias de Betão Preparado, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Secil Britas, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Portugal	100.00	-	100.00	100.00	100.00
IRP - Industria de Rebocos de Portugal, S.A.	Portugal	-	75.00	75.00	75.00	75.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Portugal	99.53	-	99.53	99.53	99.53
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Portugal	100.00	-	100.00	100.00	100.00
ALLMA - Microalgas, Lda.	Portugal	-	70.00	70.00	70.00	70.00
Secil Brasil Participações, S.A.	Brazil	-	100.00	100.00	100.00	100.00
Supremo Cimentos, SA	Brazil	-	100.00	100.00	100.00	100.00
Margem - Companhia de Mineração, SA	Brazil	-	100.00	100.00	100.00	100.00
Secil Brands - Marketing, Publicidade, Gestão e Desenvolvimento de Brands, Lda.	Portugal	100.00	-	100.00	100.00	100.00
Ciments de Sibline, S.A.L.	Lebanon	28.64	22.41	51.05	51.05	51.05
Soime, S.A.L.	Lebanon	-	51.05	51.05	51.05	51.05
Trancim, S.A.L.	Lebanon	-	51.05	51.05	51.05	-
Cimentos Madeira, Lda.	Portugal	100.00	-	100.00	100.00	100.00
Beto Madeira - Betões e Britas da Madeira, S.A.	Portugal	-	100.00	100.00	100.00	100.00
Brimade - Sociedade de Britas da Madeira, S.A.	Portugal	-	100.00	100.00	100.00	100.00
Madebritas - Sociedade de Britas da Madeira, Lda.	Portugal	-	51.00	51.00	51.00	51.00
Cementos Secil, SLU	Spain	100.00	-	100.00	100.00	100.00

* Company liquidated in 2022 (Note 10.2)

PULP AND PAPER COMPANIES INCLUDED IN THE CONSOLIDATION

		Direct and indirect % held by Navigator			% effectively held by Semapa	
Company name	Head Office	Direct	Indirect	Total	31/12/2022	31/12/2021
Parent company:						
The Navigator Company, S.A.	Portugal	69.97	-	69.97	**69.97**	69.97
Subsidiaries:						
Navigator Brands , S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Parques Industriais, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Paper Figueira, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Empremédia - Corretores de Seguros, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Empremedia, DAC	Ireland	100.00	-	100.00	**69.97**	69.97
Empremédia RE , AC	Ireland	-	100.00	100.00	**69.97**	69.97
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	97.00	-	97.00	**67.87**	67.87
About The Future , SA*	Portugal	-	-	-	**-**	67.87
Enerpulp - Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	73.80	73.80	**51.64**	51.64
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	79.70	79.70	**55.77**	55.77
Ema Figueira da Foz - Engenharia e Manutenção Industrial, ACE	Portugal	-	80.70	80.70	**56.47**	56.47
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Tissue Ródão , S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Navigator Tissue Ibérica, S.A.	Spain	-	100.00	100.00	**69.97**	69.97
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	**62.99**	62.99
Navigator Internacional Holding SGPS, S.A.*	Portugal	-	-	-	**-**	69.97
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
EucaliptusLand, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	**45.34**	45.34
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Atlantic Forests, S.A.*	Portugal	-	-	-	**-**	69.97
Bosques do Atlantico, SL	Spain	-	100.00	100.00	**69.97**	69.97
Navigator Africa, SRL	Italy	-	100.00	100.00	**69.97**	69.97
Navigator Paper Setúbal, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator North America Inc.	USA	-	100.00	100.00	**69.97**	69.97
Navigator Afrique du Nord	Marocco	-	100.00	100.00	**69.97**	69.97
Navigator España, S.A.	Spain	-	100.00	100.00	**69.97**	69.97
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	**69.97**	69.97
Navigator France, EURL	France	-	100.00	100.00	**69.97**	69.97
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00	**69.97**	69.97
Navigator Italia, SRL	Italy	-	100.00	100.00	**69.97**	69.97
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	**69.97**	69.97
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	**69.97**	69.97
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	**69.97**	69.97
Navigator Eurasia	Turkey	-	100.00	100.00	**69.97**	69.97
Navigator Paper Mexico	Mexico	25.00	75.00	100.00	**69.97**	69.97
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	**69.97**	69.97
Navigator Egypt, ELLC	Egypt	1.00	99.00	100.00	**69.97**	69.97
Navigator Paper Southern Africa	South Africa	1.00	99.00	100.00	**69.97**	-
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	**69.97**	69.97

* Companies merged and liquidated in 2022 (Note 10.2)

ENVIRONMENT COMPANIES INCLUDED IN THE CONSOLIDATION

Company name	Head Office	Direct and indirect % held by ETSA			% effectively held by Semapa	
		Direct	Indirect	Total	31/12/2022	31/12/2021
Parent company:						
ETSA - Investimentos, SGPS, S.A.	Portugal	99.99	-	99.99	**99.99**	99.99
Subsidiaries:						
ETSA LOG,S.A.	Portugal	100.00	-	100.00	**99.99**	99.99
SEBOL - Comércio e Indústria de Sebo, S.A.	Portugal	100.00	-	100.00	**99.99**	99.99
ITS - Indústria Transformadora de Subprodutos Animais, S.A.	Portugal	100.00	-	100.00	**99.99**	99.99
ABAPOR - Comércio e Indústria de Carnes, S.A.	Portugal	100.00	-	100.00	**99.99**	99.99
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Portugal	100.00	-	100.00	**99.99**	99.99
AISIB - Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Spain	100.00	-	100.00	**99.99**	99.99
Tribérica, S.A.	Portugal	70.00	-	70.00	**69.99**	69.99

10.2 CHANGES IN THE CONSOLIDATION PERIMETER

During the period ended 31 December 2022 and 2021, the consolidation perimeter was changed against the previous period by the following corporate restructuring operations:

2022
Acquisition of 100% of the share capital of Trancim, SAL
Sale of 100% of the share capital of Silonor
Liquidation of About the Future, S.A.
Liquidation of Navigator Internacional Holding, SGPS, S.A.
Merger by incorporation of Atlantic Forests, S.A. into Navigator Forest Portugal, S.A.
Incorporation of Navigator Paper Southern Africa

2021
Acquisition of 70% of Tribérica, S.A.
Liquidation of Navigator Rus Company, LLC
Liquidation of Navigator Financial Services sp . Zoo
Merger by incorporation of About the Future - Essential Oils, SA into Raiz Ventures , SA
Incorporation of Empremedia RE
Liquidation of Celcimo, S.L.
Sale of 100% of Secil Prebetão, S.A.
Merger by incorporation of SPB, SGPS, Lda. into Secil, S.A.

10.3 INVESTMENT IN ASSOCIATES AND JOINT-VENTURES

ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES

Associates are all the entities over which the Group has significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Joint ventures are agreements which provide the Group joint control (established contractually) and for which the Group holds an interest in net assets. Investments in associates are equity accounted.

In accordance with the equity accounting method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the associates' shareholders' equity (including net profit or loss and by dividends received).

The difference between the acquisition cost and the fair value of the associate's identifiable assets, liabilities and contingent liabilities on the acquisition date, if positive, are recognised as Goodwill and recorded under the caption Investments in associates. If these differences are negative, they are recorded as income for the year under the caption Group share of (loss)/gains of associates. Transaction costs directly attributable are immediately recorded in profit and loss.

An evaluation of investments occurs when there are signs that the asset could be impaired, and any identified impairment losses are recorded under the same caption. When the impairment losses recognised in prior years no longer exist, they are reversed.

When the Group's share in the associate's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except where it has assumed liability or made payments in the associate's name. Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

Associate's accounting policies are changed whenever necessary to ensure consistency with the policies adopted by the Group.

JOINT VENTURES

A jointly-controlled entity is a joint venture involving the establishment of a company, partnership or other entity in which the Group has an interest.

Jointly-controlled entities are included in the consolidated financial statements under the equity method, according to which financial investments are recorded at cost, adjusted by the amount corresponding to the Group's interest in changes in shareholders' equity (including net income) and dividends received.

When the share of loss attributable to the Group is equivalent or exceeds the value of the financial holding in joint ventures, the Group recognises additional losses if it has assumed obligations or if it has made payments for the joint ventures.

Unrealised gains and losses between the Group and its joint ventures are eliminated in proportion to the Group's interest in joint ventures. Unrealised losses are also eliminated unless the transaction gives additional evidence of impairment of the transferred asset.

The accounting policies of joint ventures are amended, when necessary, to ensure that they are applied consistently with those of the Group.

Joint ventures are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Joint ventures are accounted and measured using the equity method.

Joint operations are accounted in the Group's consolidated financial statements, based on the share of jointly held assets and liabilities, as well as the income from the joint operation, and expenses incurred jointly. Assets, liabilities, income and expenses should be accounted for in accordance with the applicable IFRS.

DETAIL OF ASSOCIATES AND JOINT VENTURES

	31/12/2022		31/12/2021	
Amounts in Euro	**% held**	**Book value**	**% held**	**Book value**
Associates				
MC - Materiaux de Construction	49.36%	1,500	49.36%	1,531
J.M.J. - Henriques, Lda.	50.00%	369,912	50.00%	377,522
Ave, S.A.	35.00%	178,585	35.00%	250,024
Joint ventures				
Utis - Ultimate Technology To Industrial Savings, Lda	50.00%	37,823,495	50.00%	3,468,101
Other shareholdings		6,250		-
		38,379,742		**4,097,178**

During the year 2022, Ultimate Cell, a partner of Semapa in UTIS, with an equal 50% capital share in the company, transferred the activity carried out by its subsidiary, Ultimate Power, to UTIS by selling stocks, patents, and transferring personnel to the latter. Simultaneously, it carried out a capital increase in UTIS. In order to maintain the 50/50 proportion in this joint venture, Semapa decided to accompany this capital increase operation, and an Earnout (to be paid by Semapa to Ultimate Cell) was contractually established, based on the projected EBITDA generated by UTIS (including the activity of Ultimate Power until then) in 2022 and 2023.

Thus, Semapa increased its financial investment by EUR 26,841,074 in exchange for a liability corresponding to the estimated value of the Earnout to be paid to Ultimate Cell (Note 4.3), which essentially corresponds to the Goodwill provisionally determined following the identification of synergies. This Earnout will be settled after the annual general meetings of 2023 (estimated amount of EUR 24,041,074 recorded as current payable in accordance with Note 4.3) and 2024 (estimated amount of EUR 2,800,000 recorded as non-current payable in accordance with Note 4.3), based on UTIS annual accounts approved and certified by the auditor.

MOVEMENTS IN ASSOCIATES AND JOINT VENTURES

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	**4,097,178**	**3,117,099**
Acquisitions	26,893,324	-
Net appropriate profit/(loss)	8,904,691	2,894,425
Dividends distributed	(1,346,140)	(1,429,664)
Other movements	(169,281)	(484,693)
Exchange rate adjustment	(30)	11
Closing balance	**38,379,742**	**4,097,178**

INFORMATION ON ASSOCIATES AND JOINT VENTURES

		31 December 2022				
Amounts in Euro		Total Assets	Total Liabilities	Equity	Net Profit	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	5,358,168	4,847,925	510,243	449,273	14,527,005
MC - Materiaux de Construction	a)	1,224,263	1,334,730	(110,467)	30,272	9,092,920
J.M.J. - Henriques, Lda.	a)	1,045,742	305,916	739,826	(15,218)	-
Utis - Ultimate Technology To Industrial Savings, Lda.	b)	33,350,800	11,385,958	21,964,842	17,508,759	40,420,414
Allmicroalgae - Natural Products, S.A.	a) c)	3,288,316	6,739,745	(3,451,429)	(2,628,480)	979,577

a) Amounts as at 30/11/2022

b) Amounts as at 31/12/2022

c) Sale of Secil's financial shareholding in Allmicroalgae on 12-2022

		31 December 2021				
Amounts in Euro		Total Assets	Total Liabilities	Equity	Net Profit	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	5.425.874	4.711.519	714.355	653.385	11.599.447
MC - Materiaux de Construction	b)	843.471	926.056	(82.585)	32.951	2.163.761
J.M.J. - Henriques, Lda.	a)	1.073.926	318.884	755.042	29.458	-
Utis - Ultimate Technology To Industrial Savings, Lda	b)	15.823.046	8.886.846	6.936.200	5.302.022	17.388.598
Allmicroalgae - Natural Products, S.A.	a)	3.881.629	4.577.139	(695.510)	(1.586.632)	711.515

a) Amounts as at 30/11/2021

b) Amounts as at 31/12/2021

10.4 TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH RELATED PARTIES

Amounts in Euro	2022 Purchase of services	2022 Sales and services rendered	2022 Other operating income	2021 Purchase of services	2021 Sales and services rendered	2021 Other operating income
Shareholders						
Sodim, SGPS, S.A.	-	-	-	-	-	293
	-	**-**	**-**	**-**	**-**	**293**
Associates and Joint Ventures						
Ave-Gestão Ambiental, S.A.	(2,905,742)	1,265	231,383	(1,954,562)	13,677	242,890
	(2,905,742)	**1,265**	**231,383**	**(1,954,562)**	**13,677**	**242,890**
Outras entidades relacionadas						
Sonagi - Imobiliária, S.A.	(759,257)	-	-	(766,018)	-	-
Hotel Ritz, S.A.	(118,493)	-	-	(55,162)	-	-
Allmicroalgae - Natural products, S.A.	-	-	399,829	-	236	524,104
Bestweb, Lda.	(22,022)	-	-	(22,022)	-	-
CLA - Soc. Advogados	(72,000)	-	-	(57,000)	-	-
Nofigal, Lda.	(39,600)	-	-	(23,100)	-	-
UTIS, Lda.	751	-	114,710	(76,031)	-	141,680
Letras Criativas, Unipessoal, Lda.	(60,000)	-	-	(60,000)	-	-
José Fernando Morais Carreira de Araújo	(30,785)	-	-	-	-	-
Other	(1,224)	-	-	-	-	-
	(1,102,630)	**-**	**514,539**	**(1,059,333)**	**236**	**665,784**
	(4,008,372)	**1,265**	**745,922**	**(3,013,895)**	**13,913**	**908,967**

BALANCES WITH RELATED PARTIES

Amounts in Euro	31/12/2022 Receivables and other current assets (Note 4.2)	31/12/2022 Payables and other current liabilities (Note 4.3)	31/12/2022 Lease liabilities	31/12/2021 Receivables and other current assets (Note 4.2)	31/12/2021 Payables and other current liabilities (Note 4.3)	31/12/2021 Lease liabilities
Shareholders						
Sodim, SGPS, S.A.	745	-	-	-	-	-
Cimo, SGPS, S.A.	-	1,160	-	-	1,160	-
Associates and Joint Ventures						
Grupo Setefrete - Soc. Tráfego Cargas, S.A.	-	-	-	174,971	-	-
Ave-Gestão Ambiental, S.A.	337,288	1,424,778	-	174,105	801,628	-
J.M.J. Henriques, Lda.	131,280	-	-	104,919	-	-
Other related parties						
Hotel Ritz, S.A.	-	10,160	-	-	-	-
Sonagi, SGPS, S.A.	-	-	63,021	-	-	63,021
Cotif Sicar	-	41,750	-	-	8,747	-
Soc. Agrícola da Herdade dos Fidalgos, Lda.	-	710	-	-	-	-
CLA - Soc. Advogados	-	7,380	-	-	7,380	-
Nofigal, Lda.	-	-	-	-	4,059	-
Inertogrande	216,224	-	-	189,774	-	-
Pedro Soveral	-	6,150	-	-	-	-
UTIS, Lda	(38,037)	900,229	-	658,130	7,610	-
Members of the management bodies	2,139	7,255	-	-	7,255	-
Ultimate Cell (Utis) - Note 10.3	-	26,841,074	-	-	-	-
Other shareholders from subsidiaries	-	20,473	-	-	36,597	-
	649,639	**29,261,118**	**63,021**	**1,301,899**	**874,436**	**63,021**

The balances and transactions with Shareholders relate essentially to short-term treasury operations that bear interest at market rates.

In previous years, lease agreements were signed between Semapa and Sonagi – Imobiliária, S.A. relating to the lease of several office floors in the building which it owns and operates the headquarters of Semapa, SGPS, S.A., at Av. Fontes Pereira de Melo, no. 14, in Lisbon.

As part of the identification of related parties, for financial reporting purposes, AVE, S.A. was also referred to as a related party, as it is an associate of the subsidiary Secil from which the Group acquires waste treatment services and alternative fuels, and UTIS, a Joint Venture in which Semapa has a 50% shareholding and which supplies equipment to the subsidiary Secil.

OTHER RELATED PARTY DISCLOSURES

As mentioned in Note 8.3 – Financial investments, in 2018 the Group, through its subsidiary Semapa Next, S.A., entered into an agreement to perform an investment of USD 12 million in the "Alter Venture Partners Fund 1", entity in which a member of the executive team is also a non-executive board member of Semapa.

The remuneration of the Company's key management personnel is detailed in Note 7.2 – Remuneration of corporate bodies.

11 RISK MANAGEMENT

11.1 STRATEGIC RISKS

As an economic agent, Semapa is exposed to risks inherent to its activity, which can have a decisive impact on the value of its assets. The performance of Semapa as a holding company is also closely linked to the results of its subsidiaries. The strategic risks are described in chapter 4 of the Management Report, which is an integral part of this Annual Report.

11.2 OPERATIONAL RISKS

The Group is active in the pulp and paper, cement and derivatives and environmental sectors, which are subject to several risks that may have a significant effect on its activities, operating results, cash flows and financial position.

The operational risk factors analysed in this chapter can be structured as follows:

- Risks relating to the pulp and paper segments
- Risks relating to the cement and derivatives segment
- Risks relating to the environment segment
- Risks relating to the entire Group

RISKS RELATING TO THE PULP AND PAPER SEGMENTS

RISKS ASSOCIATED WITH THE FORESTRY SECTOR

As at 31 December 2022, the Navigator Company Group managed approximately 106.8 thousand hectares (2021: 105.5 thousand hectares) distributed across mainland Portugal, the Azores and Galicia (Spain), in around 1,324 Management Units in 169 municipalities in Portugal, and 42 Management Units distributed across 3 municipalities in Galicia, Spain, in accordance with the principles set forth in its Forestry Policy. Eucalyptus and areas under ongoing afforestation with this sort of species occupy 73% of this area, namely the Eucalyptus globulus species, deemed to have the perfect fibre for high-quality papers. In the remaining area, in addition to conservation areas that account for around 12.1% of the total area under management in Portugal, pine and cork oak forests are among the largest privately owned national producers.

As a pioneer in Portugal in promoting certified forest management, most of its forestry assets located in Portugal are certified by FSC® (Forest Stewardship Council®) (FSC®-C010852) and by PEFC™ (Programme for the Endorsement of Forest Certification schemes) (PEFC™/13-23-001), recognition that management of these areas is carried out in an environmentally, economically and socially responsible way, following a strict and internationally recognised criteria.

Navigator operates in sophisticated markets around the world in which the demand for certified products is an unavoidable reality. Although only a small proportion of Portugal's woodland is certified, the Company launched a programme in 2016 to encourage producers to adopt sustainable forestry management models which, once certified, allow for continuous improvement in management practices, adding value to output and responding to the growing demand for certified products worldwide. This effort has been increasing the area of certified forest in Portugal between 2016 and 2022 both via FSC® (from 370,000 ha to 550,600 ha) and PEFC™ (from 260,000 ha to 318,230 ha).

Nevertheless, it is clear that this effort must be maintained in the future, given the weight still represented by the forest area not covered by any sustainable forest management system in Portugal. As an example, at the end of 2022 the forestry area managed by the Group, although it represented about 3% of Portugal’s total forested area, it represented, however, 34% of all certified Portuguese forests according with PEFC™ standards and 19% of all certified Portuguese forests according with FSC® standards.

We are, however, optimistic about the path taken, which demonstrates the adherence of Forestry Production to sustainable forest management models. In 2022, 65% of wood from national sources, excluding self-sufficiency, already came from properties that had their forest management certified (2021: 63%). It should also be noted that, within this initiative, the Group has seen a significant increase in the number of wood Supplier chain of custody / liability certification, representing a step further on the development of a Supplier’s portfolio which will make it possible to ensure the purposes defined in terms of wood from sources with certified forest management.

In order to encourage the certification of forest management in Portugal's eucalyptus forests, the Group has, since 2007, continuously differentiated the value of the wood received at its mills, positively discriminating in price the wood from management units which have certified their sustainable forest management. This support to the system was innovative worldwide and allowed the stabilization of forest management certified as a practice recognized in the market and which, being remunerated in the products it incorporates, must remunerate the respective production chain.

In addition, to demonstrate its ongoing commitment to its sustainable development objectives, in June 2022 the Group issued a Euro 150 million euro bond under the Sustainability Linked Bonds framework, with an interest rate linked to three ESG indicators: CO_2 emissions (EU ETS basis); % of certified wood purchased in the Portuguese market; energy consumption from renewable sources. With this operation, we ended the year with almost 40% of total funding issued being of a sustainable nature.

The Group was awarded Land Use and Use Rights (DUAT) in Mozambique, located in the provinces of Manica and Zambezia, comprising about 50 non-contiguous plots, and a planting permit for up to 246,000 hectares, made available under the Investment Agreement signed with the Mozambican Government, of which around 14.0 thousand hectares have been planted. The project foresees the installation of an industrial unit for the production of BEKP pulp and electric power in that country. In July 2018, the Mozambican Government and Portucel Moçambique signed a Memorandum of Understanding (MoU) through which they agreed on a set of preceding conditions required to proceed with the investment, namely and particularly of a logistical nature, which will be implemented in two phases. In the first phase, the forest base will be increased to approximately 40,000 hectares, which will guarantee the supply of a unit (to be built) for the production of eucalyptus wood chips for export, of approximately 1 million tonnes per year, in an estimated additional investment of USD 140 million.

In a statement made to the market in November 2021, the concessionaire of the Macuze port and the American fund, Ethos Asset Management Inc, informed that they had signed a long-term financing agreement in the amount of USD 400 million, which will ensure the construction of the first phase of the Macuse port and road accessibility, which involves the construction of terminals for the operation of agricultural products, woodchips, fertilizers and fuel, with the capacity to operate ships up to 65,000 DWT. Taking into account the delays in the start of construction, the infrastructure is expected to be operational in 2026/2027.

Navigator and the Government of Mozambique have been working under the terms of the MoU signed in 2018, namely on the theme of land and development, having advanced the first Forest Development programme in Mozambique, a Government initiative with funding from the World Bank. The goal is to promote small and medium-scale sustainable commercial forest plantations and the restoration of degraded areas, with about 2,000 ha having been planted between 2019 and 2022. Portucel Moçambique plays an active role in developing and implementing the programme, providing a range of support, defining the forestry model, supplying cloned plants at subsidised prices and access to raw materials and know-how.

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. During 2022, around 100,000 m^3 of wood were harvested, with three shipments to Portugal, with around 100,000 m^3.

When it comes to forest production, the main factor threatening the competitiveness of the eucalyptus forestry sector is the low productivity of Portugal's forests, which have low management intensity, contributing to decreasing profitability and growing risks of forest fires and plant diseases. The combination of all these factors, in recent years, without any strategic measures of the State in the industry, has forced the import of raw material, a process conditioning the profitability of the industry. Since the entire forest-based industrial production sector depends on the availability of raw materials in the quality and quantity necessary to maintain the industrial units in our country, it is shocking to conclude that the lack of investment in the rehabilitation of national forest areas is currently jeopardising the sustainability of such an important sector for Portugal.

The Group considers the challenge of productivity and active forest management as a strategic axis of development. As a company with responsibilities in the sector, Navigator has been promoting several initiatives aimed at helping to reverse this trend. These initiatives cover several areas, from the supply of improved plants stemming from a genetic improvement programme with decades of development, technical support to forestry producers (with programs such as Premium, e-globulus and technical support through dozens of actions of training that, complementing those organized with the Suppliers we use, extend the transfer of knowledge to other companies in the sector).

Moreover, through Biond – Associação da Indústria Papeleira (representing the main industrial groups in the sector), Navigator has also collaborated in the “Melhor Eucalipto” Program, in which “Limpa & Aduba” is developed. Under this initiative, Biond carries out at its own expense the fertilisation of the plots of land owned by private individuals who apply to the programme, and who clean up their eucalyptus forest properties. This measure, while empowering productivity, also enables a reduction in the risk of wildfire by reducing the fuel load on the plots, having an impact on 15,000 ha during 2021 and around 14,550 ha in 2022, with more than 47,000 ha already having been subject to intervention. Biond is also implementing 2 additional programmes – "Replantar" – which aims to provide landowners with direct financial support for the replanting of their eucalyptus forest plots (31 hectares completed in 2022 in the municipality of Pedrógão Grande), as well as an initiative of the same nature – *Recuperação de Áreas Ardidas* – aimed at the recovery of burned areas hit by fires from 2016 to 2018 seeking the rehabilitation of these areas for forest management (400 hectares completed in 2022).

In addition to the risks related to the impacts of rural fires and plant health issues, there is a regulatory environment that has strongly conditioned professional forestry activity, leading to a continued decrease in the levels of forestry intervention at scale, whose leading indicator is the evolution (continued reduction) of forested or reforested areas in our country. The sustainability of an entire sector, based on a large number of small suppliers of services and products, is dependent on the activity levels (regardless of the species) that our country has not been able to ensure. This compromises the sustainability of this business network, which is essential to ensure the interventions in rural areas that reduce risk and promote productivity and income in regions of the country where the forest is a significant component of the income of many families.

The Navigator Group’s activity is exposed to risks related to fires in rural areas, including:

- Destruction of current and future wood inventory, belonging to the Navigator Group as well as to third parties;
- Increasing costs of forestry and subsequent land preparation for plantation.

In this respect, the manner in which the Group manages its woodlands is the front line for mitigating this risk. In addition to this, the Company and market operators are also engaged in innovation and development efforts aimed at adapting forestry techniques to the reality of Portugal's woodlands, with a view to mitigating impacts, reducing costs and improving management practices.

Among the different management measures undertaken by the Group, the strict compliance with biodiversity rules, a proper planning of the forest facilities to be implemented and the construction and maintenance of roads and access roads to each of the areas under development are particularly relevant in mitigating the fire risk.

In addition, the Group has a share in the Afocelca grouping – an economic interest grouping between the Navigator Group and the ALTRI Group, whose mission is to provide assistance in the fight against forest fires at the grouped companies’ properties, in strict coordination and collaboration with the National Civil Protection Authority (ANEPC – *Autoridade Nacional de Protecção Civil*). This grouping manages an annual budget of about Euro 3 million, without public funds, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimising the damage caused by forest fires to the ACE companies, which own and manage more than 190 thousand hectares of forests in Portugal.

The Group has also a research institute, RAIZ, whose activity is focused on 3 main areas: Applied Research, Consulting and Training. In the forestry research area, RAIZ seeks:

- To improve the productivity of eucalyptus forests;
- To enhance the quality of the fibre produced from that wood;
- To implement a sustained forestry management programme from an economic, environmental and social perspectives;
- To foster practices and processes aimed at reducing wood production costs.

RISKS ASSOCIATED WITH THE PRODUCTION AND SALE OF BEKP PULP, UWF PAPER AND TISSUE PAPER

SUPPLY OF RAW MATERIALS

Navigator's own supply of wood (from its own assets and leases) for the production of BEKP pulp is only about 11% of the Group's needs (2021: 18%). Therefore, is a regular need for the Company to purchase wood in the domestic market (still insufficient), using the Spanish market and the non-European (outside the Iberian Peninsula) markets, mainly Brazil, Uruguay and Mozambique (mainly from NVG's local plantations) at an additional compared to the national market due to transport.

The supply of wood from international markets, namely eucalyptus, is subject to price variations mainly due to the exchange rate effect, which consequently has repercussions on the production cost of Navigator and BEKP pulp companies. Moreover, the volatility of wood transportation costs to the units also has impacts mainly due to the effect of fuel prices, oil prices, lower scarcity of large ships without optimisation of returns and sea freight oscillation.

The development of new forest plantations are subject to the authorisation of the relevant entities and to a policy of restrictions on area additions, which may limit the national production potential, notwithstanding the many initiatives to help forest producers, including support in wood certification to meet the commercial demand for certified products (paper and pulp), and increase the productivity of existing areas, for greater availability of raw material on the domestic market, the use of imports will always be an unavoidable need in the short, medium and long-term.

Due to the insufficient domestic production of wood in quantity, namely in terms of certified wood, the Company has to increase the quantity of imported wood, either from Spain or from other more distant markets, to ensure the supply to the mills, without restrictions, in the next decade(s).

It should be noted that, since wood is one of the main pulp production costs, any increase in the cost of m3 of eucalyptus wood consumed in the pulp production BEKP always represents a negative impact on the Company's operating results.

On 31 December 2022, a 10% decrease in the cost per m3 of eucalyptus wood consumed in BEKP pulp production would have had a negative impact in the Navigator Group’s operating results of approximately Euro 41,000,000 (31 December 2021: Euro 31,400,000).

For other raw materials, including chemicals, the main risk identified is the scarcity of products under the growing demand for these products in emerging markets, particularly in Asia and markets supplying them, which can create occasional imbalances of supply and demand.

In this regard, the Navigator Group, together with the Altri Group, established in 2018 a Complementary Grouping of Companies – Pulp Chem, ACE – intended for the joint acquisition of chemical products, benefiting from economies of scale and thus mitigating this risk.

The Group seeks to mitigate these risks through proactive sourcing, by identifying sources of supply geographically dispersed, whilst seeking to secure long-term supply contracts that ensure volume, price and quality levels consistent with its requirements.

As at 31 December 2022, a 10% worsening in the price of chemical products would have represented a negative impact on the Group's operating results of around Euro 25,200,000 (31 December 2021: Euro 11,300,000).

Finally, another resource required for the production process is water. As water is a finite resource and given its relevance to the pulp and paper production process, the Group has taken on a special concern for its preservation and, over the last few years, investments have been made to reduce the use of this important resource. As part of the Group's Water Use Reduction Programme (PRUA – *Programa de Redução do Uso de Água*), it has been possible to reduce the use of water in Navigator's industrial complexes by 10% between 2019 (base year) and 2022, and it is expected that the use of this resource will be reduced by at least 33% by 2030. This is part of a comprehensive strategy that is being pursued rigorously, bringing the Group closer to achieving the goals of its "Agenda 2030".

MARKET PRICE FOR UWF PAPER BEKP PULP AND TISSUE PAPER

Imbalances in the supply/demand ratio in the BEKP, UWF paper and tissue paper markets may have a significant impact on prices and, as a consequence, on the Group's performance. The market prices of BEKP pulp, UWF and Tissue paper are defined in the world global market in perfect competition and have a significant impact on the Group's revenues and on its profitability. Cyclical fluctuations in BEKP pulp, Tissue paper and UWF Paper prices mainly arise from both changes in the world supply and demand and the financial situation of each of the international market players (producers, traders, distributors, customers, etc.), creating successive changes in equilibrium prices and raising the global market's volatility.

The BEKP pulp and UWF paper markets are highly competitive. Significant variations in existing production capacities could have a strong influence on world market prices. These factors have encouraged the Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditure to improve productivity and generate high-quality and differentiated products.

On 31 December 2022, a 10% decrease in the price per ton of BEKP pulp and of 5% in the price per ton of UWF paper and Tissue paper sold by the Navigator Group in the period, would have represented a negative impact on its operating results of approximately Euro 20,900,000 and Euro 101,400,000, respectively (31 December 2021: Euro 17,000,000 and Euro 65,400,000, respectively).

DEMAND FOR THE GROUP'S PRODUCTS

Notwithstanding the references below to the concentration of the portfolio of the Group's Customers, any decrease in demand for BEKP, UWF and tissue paper in the European and the United States markets could have a significant impact on the Navigator Group's turnover. The demand for BEKP produced by the Group also depends on the evolution of the capacity for paper production in the world, since several of the Group's major Customers are themselves paper producers.

The demand for uncoated printing and writing paper has been historically related with macroeconomic factors (e.g., GDP growth, employment, particularly in white collar jobs, confidence indices), technological (e.g., penetration of information technology and hardware / software, and demographic (e.g., population, average level of education, age structure of society). The evolution of these factors drives the demand for paper positively or negatively, and in the recent past, the trend of paper consumption is negative in the more developed countries and positive or stable in the emerging / developing countries. Naturally, the performance of the Navigator Group also depends on the evolution of demand in the various markets in which it operates.

Regarding the demand for eucalyptus market pulp, this is largely dependent on the production progress in the non-integrated producers of printing and writing paper, tissue and specialty papers. Chinese demand for this type of pulp represents more than 1/3 of the world's demand, making China one of the most breakthrough drivers of demand.

Regarding Tissue segment, the key variables affecting the demand are:

- Expected future economic growth;
- Population growth and other demographic and social changes;
- Level of development of the service sector, namely tourism;
- Product penetration levels;
- Developments in the quality of Tissue paper and product specifications; and
- Substitution effects.

Tissue paper consumption is not very sensitive to cyclical economic changes, although it tends to grow faster with higher economic growth. Conversely, an escalation of production costs and consequently sales prices may create a consumption downgrading effect.

The importance of economic growth for the consumption of Tissue is more obvious in developing countries. When the level of the income per capita is very low, the consumption of Tissue tends to be low. There is a threshold after which consumption accelerates. Economic growth allows greater penetration of the product, which is one of the main drivers of demand for such paper in the population with lower incomes. In economies highly dependent on the tourism sector, a gradual recovery in professional sector consumption is expected, as restrictions on mobility are lifted and tourism flows return to normal. The Tissue paper is a product that does not face major threats of substitution by other materials, and there are no expected changes at this level. By contrast, changes in hygiene and cleaning standards that may be associated with the current health crisis will tend to boost Tissue consumption.

Consumer preferences may have an impact on global paper demand or in certain particular types of paper, such as the demand for recycled products or products with certified virgin fibre.

Regarding this matter, and in the particular case of UWF and Tissue paper, the Group believes that the marketing strategy and branding that has been followed, combined with the significant investments made to improve productivity and produce high quality and innovative products, allow it to deliver its products in market segments that are less sensitive to variations in demand, resulting in a lower exposure to this risk.

ENERGY

The pulp and paper production process is dependent on the constant supply of electric and steam energy. The Group has several cogeneration combined heat and power production units, which ensure this supply, and redundancies have been planned between the various units in order to mitigate the risk of any unplanned shutdowns.

Moreover, the Group owns two biomass power plants that are independent of the pulp and paper production process and are dedicated to the production of renewable electricity for sale to the grid.

Under the current regulatory framework, all electricity produced by the cogeneration plants is sold on the market.

In fact, in 2022, all renewable cogeneration plants sold their entire production on the market under Decree-Law No. 119-A/2021 of 22 December, more specifically Article 35-Y Exceptional regime applicable to cogeneration activity. This diploma allowed cogenerators to move to the general regime of remuneration, sale to the market, with the possibility of later returning to the special mode of origin, under the terms of Article 6(2) of Decree-Law No. 23/2010, of 25 March, in its current wording. Furthermore, the natural gas combined cycle plant in Setúbal, which had already been selling part of its electricity, started to sell its entire production on the market during the year.

As at 31 December 2022, a 10% worsening in the price of electricity, without compensation in the contractual tariff, would have represented a negative impact on the Group's operating results of around Euro 17,300,000 (31 December 2021: Euro 10,800,000).

COUNTRY RISK – PORTUGAL

The Navigator Group has a strong presence in Portugal. Its activity is based on assets whose main location is Portugal. Likewise, about 20% of its raw material comes from Portuguese forests.

The Group is the third largest exporter in Portugal and the largest generator of National Added Value, accounting for approximately 1% of national GDP, around 3% of national exports of goods, close to 6% of total containerised cargo exported by national ports.

Although open to the world, the strong dependence of its country of origin in terms of production factors exposes the Group to Portugal's risk index.

COUNTRY RISK – MOZAMBIQUE

Due to the investment in the Mozambican project, the Navigator Group is exposed to the specific risk in this country. However, consideration has been given to investments in terms of timing, choice of suppliers/partners and geographical location, taking this risk into account, and the Group ensures that these steps are taken with reasonable certainty that there will be no effects arising from the risk.

At this moment, the Mozambique project is essentially a forestry project, with an option to develop an industrial project. The planned investment will be implemented in two phases, the first being a ship production (woodchip) project and a second phase the construction of a large-scale pulp mill. The Group is, however, prepared to move forward with the forestry plan foreseen, once the necessary conditions – most of which are under discussion with the Mozambican authorities – are met.

Until 31 December 2022, the expenses incurred in this project amount to Euro 132,688,730 (31 December 2021: Euro 124,9 million), mainly related to plantation, land preparation and forest maintenance, the social development programme, land management, environmental and social licensing and the construction of what is now one of Africa's largest forest nurseries.

Considering Navigator is still working under the conditions precedent for Phase 1 of the MoU, as mentioned above, the estimated probable liabilities have been duly provisioned.

COUNTRY RISK – USA

The US market has a significant weight in the total turnover of UWF paper, increasing the exposure to the country's specific risk.

This exposure requires a careful evaluation of the impacts resulting, for example, from changes in regulations and taxes, or even from their application and interpretation by governmental entities and tax authorities.

As with producers of other nationalities (Australia, Brazil, China and Indonesia), with regard to imports of UWF paper into the US, the Group has been subject to Anti-dumping measures imposed by the US Department of Commerce since 2015, and its products are subject to anti-dumping duties as defined by the United States Department of Commerce – see Note 4.2. Until 2022 these duties affected the Group's earnings by Euro 32,334,413 – review periods 1 to 7 (2021: Euro 30,482,935).

COMPETITION

Increased competition in the paper and pulp markets may have a significant impact in price and consequently, in the Group's profitability.

The pulp and paper markets are highly competitive and thus the entry into the market of new production units with increased available production capacity could have a relevant impact on prices worldwide.

BEKP producers from the southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs, have been gaining weight in the market, undermining the competitive position of European pulp producers. In the coming years capacity increases are planned in South America, strengthening the position of these producers in the global market.

These factors have forced the Group to make significant investments in order to keep production costs competitive and produce high-quality products as it is likely that this competitive pressure will remain strong in the future.

There has been some disinvestment in the paper sector in the US, with closures/conversions of installed capacity by some UWF producers, in a clear attempt to adjust supply according to the negative evolution of demand. On the contrary, investments in new UWF capacity in China in the short- and medium-term have occurred and are expected.

The Group has been adjusting its commercial strategy to the evolution of regional consumption patterns. The Group has a significant presence in the US, accounting for about half of European producer sales to this market.

The turnover intended to the European markets represented 65% (2021: 55%), achieving particularly strong market shares in Western European countries and relevant market shares in the other main European markets.

CONCENTRATION OF CUSTOMERS' PORTFOLIO

As at 31 December 2022, the Group's 10 main BEKP customer groups accounted for 15% of the period's production of BEKP pulp (2021: 15%) and 71% of external sales of BEKP pulp (2021: 71%). This asymmetry is a result of the strategy pursued by the Navigator Group, consisting of a growing integration of the BEKP pulp produced into the UWF paper produced and sold. Nevertheless, the Group believes there is little exposure to risks of Customer concentration in the marketing of BEKP pulp.

In 2022, the Navigator Group's increased slightly its reliance on its 10 main Customer groups for UWF paper which accounted for 39% of this product's sales during the period (2021: 37%).

The Navigator Group recorded 171 new Customers with sales in 2022. Also, regarding UWF paper, the Group follows a strategy of mitigating the risk of concentration in its Customer portfolio. The Navigator Group sells UWF paper to around 130 countries and to around 1,000 individual Customers, thereby allowing a dispersion of the risk of sales concentration in a reduced number of markets and/or Customers.

In 2021, the Navigator Group launched its omnichannel platform, NVG Hub, to improve the level of service, transparency and information provided to its customers. In 2022, the Group extended the NVG Hub platform to the Tissue Business Unit, significantly improving the user experience (UX) thanks to the 360 redesign of the portal and introducing a number of functionalities to improve customer service and process optimisation. Online quotation requests, the integration of the claims module, a new section dedicated to notifications and shipment monitoring are just some of the new features that users can now find online. The NVG Hub ended the year with a presence in 22 markets, 700 customer onboardings and a high level of activation and loyalty to the portal.

The development of the new Packaging segment also continued to show very positive signs in 2022, reflected in the growing customer base, the recognition of the quality of the Group's products and, consequently, of the gKfraft brand, which serves brands with a high profile in sectors as diverse as fashion, food retail, e-commerce, industry or agriculture. The products developed by the company for the packaging market serve the segments of flexible packaging (gKraft FLEX), the bag industry (gKraft BAG), and corrugated cardboard (gKraft BOX).

Despite the unfavourable macroeconomic context, the Group achieved sales of more than Euro 90 million in 2022, doubling its 2021 sales. The gKraft brand continues to base its growth strategy on higher value-added products, gradually asserting its differentiation and sustainability arguments, which are largely based on raw materials (eucalyptus globulus fibre) and product design (product specifications that emphasise surface characteristics, print quality, reduced paper weight with benefits for packagers and consumers, and outstanding physical performance during processing and end use).

Regarding the Tissue segment, tissue paper sales amounted to approximately Euro 198 million in 2022 (+36% compared to 2021) strongly driven by the price factor. The global customer base remained well diversified, with around 600 customers with active purchases in 2022, thus ensuring a sustainable diversification of the business.

The Group continues with the goal of expanding its commercial activity in Tissue for the foreign market, namely by increasing Navigator's presence in Spain, and by strengthening sales of finished goods.

ENVIRONMENTAL RISKS

Regulatory environment

In recent years, EU environmental legislation has become more restrictive with regard to the control of environmental emissions. The companies of the Group comply with the prevailing legislation, in its various parameters (VLEs).

On September 2014, the Commission's implementing decision 2014/687/EU approved the BREF (Best Available Technologies Reference Documents) – Conclusions on Best Available Techniques of the Reference Document – for the paper and pulp sectors containing the new limits and requirements for these sectors. The companies have four years to promote the required adjustments to its practices and equipment. Furthermore, the technical discussion on the Large Combustion Facilities Reference Document was finalised and published. This document has an impact on the Navigator Group's equipment, particularly in boilers and combustion facilities, which will be covered by the new legislation, therefore requiring new investments, such as particle filters for biomass boilers.

In 2015, an environmental strategic plan was analysed and established, aiming to adapt Navigator Group to a set of new and future requirements in the environmental area, namely to the reference document for the sector (Conclusions on Best Available Techniques of the Reference Document for the sector – BREF. Commission Implementing Decision 2014/687/EU) and for Large Combustion Facilities. The reference documents correspond to the implementation of Directive 2010/75/EU on industrial emissions. Projects are underway to implement the appropriate technological changes, as well as a new version of the Environmental Master Plan, which incorporates new environmental challenges that have arisen in the meantime.

The Environmental Strategic Plan aimed for areas other than the environmental covered by this document. It was possible to confirm that Navigator Group is broadly in compliance with this future referential and to identify some areas for improvement as well as technological solutions such as atmosphere emissions from biomass boilers.

On the other hand, under the terms set in Decree-Law 147/2008, dated 29 June that transposed directive 2004/35/CE to the national law, the Navigator Group secured the environmental insurances demanded by that law, thus guaranteeing compliance and reducing exposure to environmental risks.

With regard to the evolution of the European greenhouse gas emission allowance trading scheme (EU ETS), EU Directive 2018/410 of 14 March was approved, amending Directive 2003/87/EC to strengthen the cost-effectiveness of emission reductions and investment in low-carbon technologies. EU 2018/410 Directive sets out, among other things, the new EU ETS period to be in force between 2021-2030, which will show a reduction in the amount of CO_2 emission allowances allocated free of charge.

This development will bring increased costs for the transformation industry in general and in particular for the paper and pulp industry, without any compensation for the CO_2 that, annually, is absorbed by the forests of this industry.

In order to mitigate the impact of this change, the Group has long undertaken a series of environmental investments that, among other advantages, have allowed the continuous reduction of CO_2 emissions.

In addition, the Group has a Carbon Neutral Company Programme that aims to implement, by 2035, changes in its production processes in order to minimise the use of fossil fuels and consequently reduce their CO_2 emissions.

It should be noted that Navigator was the first Portuguese company, and one of the first in the world, to bring forward by 15 years, to 2035, its commitment to making its industrial plants carbon neutral. To that end, the Company had already defined a Roadmap in 2019 which includes projects based on the use of renewable energy sources, in particular biomass and solar energy, in order to reduce the CO_2 emissions resulting from its operations and to improve its energy performance.

In 2021, Navigator joined the Science Based Targets initiative (SBTi), following the commitment made in the "Agenda 2030", and in 2022 received SBTi approval for its greenhouse gas (GHG) emissions reduction targets. The endorsement of climate science-based targets was considered by SBTi to be a "key element" of a net-zero decarbonisation trajectory, as advocated by the Intergovernmental Panel on Climate Change (IPCC) report, with a view to achieving net-zero emissions by mid-century.

Thus, Navigator reinforces its commitment and objectives for the next decade around one of the relevant themes identified within the scope of its "Agenda 2030"[1] for responsible business management – “Climate Change and CO_2 Fixation” –, pursuing the ambition to contribute for the Sustainable Development Goal 13 (Climate Action) and make a positive impact on People and the Planet.

Also in 2022, Navigator was awarded the highest rating ("A") for world leadership in fighting climate change, a distinction awarded by Disclosure, Insight, Action – CDP. The company also participates in CDP Forest, which focuses on forest management, and for the second year its performance in this category was recognised with an "A-" rating, making it a leader in this area.

In 2022, the company's efforts to reduce its environmental impact were once again recognised in the annual assessment by the rating agency Sustainalytics, which evaluates the Environmental, Social and Corporate Governance performance of companies and issues an annual performance rating (in the context of the pulp and paper sector), and Navigator was once again rated as a "Low ESG Risk Company" for investors.

The European Commission's policy initiatives will in future include policy and legislative developments in areas such as the EU forestry and biodiversity strategies, the Renewable Energy Directive, the EU Emissions Trading System (EU ETS) as well as the EU taxonomy, the Non-Financial Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

1 http://en.thenavigatorcompany.com/2030agenda

The EU taxonomy regulation evolved during 2022, but uncertainty remains as to how much Navigator Group's economic activities will fall within the scope of the taxonomy, as the legislation evolves. Good management of financial and sustainability risks and opportunities, as well as their disclosure, will improve the likelihood of a favourable perception by the capital markets and, consequently, the cost of capital.

For more detailed information on these and other initiatives within the scope of the Navigator Group's roadmap for carbon neutrality, we advise you to consult our Chapter 4.

Climate change related risks

Navigator has been developing a number of strategies to measure and reduce its total GHG footprint, as well as to promote mitigation and adaptation to the risks generated by climate change.

In December 2015, the Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD) to develop a set of recommendations to clearly and consistently disclose information that helps financial markets understand risks and impacts related to climate change. In 2022, the Navigator Group integrated the TCFD recommendations into corporate risk management strategy and processes, taking the opportunity to assess potential financial and strategic implications arising from climate change and develop appropriate responses. More detailed information on this initiative can be found in the notes to the management report.

The Group monitors the potential impacts on its financial position, performance and cash flows arising from climate change, namely impacts on relevant accounting estimates and judgements.

Long-term changes (25 to 30 years) in rainfall patterns, periods of drought, frequent extreme weather events and higher average temperatures that increase the risk of forest fires and insect outbreaks can cause damage to the Group's operations and forests, affecting the fair value of biological assets and wood prices. More frequent extreme weather events also increase the risk of interruptions in production, logistics and raw materials and energy supplies. Uncertainties regarding climate change may also result in changes in the group's cash flow projections or in the review of the useful lives of assets.

The Group has several mechanisms in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Group has incorporated climate change considerations into its reforestation practices, such as the building and maintenance of paths and firebreaks, conservation of species biodiversity, and increased monitoring during periods of fire hazard.

At the level of property, plant and equipment, the Group periodically requests independent evaluations and reviews of the economic useful lives of its assets. As mentioned in Note 3.6, during 2022, Navigator requested an external valuation of its assets by an independent entity, which estimated the useful life of the assets, taking into account current conditions and functional obsolescence. Based on the results of the studies carried out, as well as on the Group's investment prospects for the 2023-2027 period, namely as a result of decarbonisation commitments and projects under the Recovery and Resilience Plan, Navigator reviewed the useful life of its assets with reference to 1 January 2022, which resulted in an increase of Euro 36.8 million in depreciation for the year, as a result of an average reduction of approximately 7 years in useful life.

Physical risks arising from fires and droughts are largely within the coverage of the Group's property and casualty insurance programmes. However, if the frequency and severity of such events increase as a result of climate change, the cost of such cover may increase.

The Group believes that sustainable forest management as well as responsiveness to events such as forest fires and disease play an important role in mitigating the negative impacts of climate change.

As widely disclosed, the Group's strategy, with a corporate purpose and a Responsible Management "Agenda 2030" in line with the United Nations Sustainable Development Goals, is to provide sustainable and renewable alternatives to fossil-based solutions, offering attractive growth opportunities in the future and promoting the decarbonisation of the economy. The Group's innovation, development of sustainable products and investment in energy efficiency will allow Navigator to achieve its climate targets and an adequate response to climate challenges.

Navigator continues to exhibit a remarkable free cash-flow generation and a comfortable financial position, and the Board of Directors is convinced that, given its financial and liquidity situation, no significant negative impacts are expected due to climate change that would justify the recognition of additional impairments or that would compromise the going concern principle, applied in the preparation of these financial statements.

RISKS ASSOCIATED WITH THE PRODUCTION OF ENERGY

2002 was a year of exceptionally high energy prices, especially for natural gas, which had a direct impact on electricity prices. In this context, the legal framework underwent several changes in order to cope with this exceptional context.

The production of electric energy is an important activity in the Group, allowing the valorisation of an endogenous renewable resource, the biomass generated in the BEKP production. The energy generation assets also allow the Group's wood suppliers to generate additional income from the sale of residual forest biomass from their farms, and in this way contribute to reducing the risk of fire in the country.

As a way of boosting the use of forest residual biomass made available by the forestry sector, two biomass thermoelectric plants to produce renewable electric energy were built by the Group in 2009 and are fully operational.

The Group has played a pioneering role and has been developing a market for the sale of biomass for supplying its renewable cogeneration power stations and biomass power plants. The fostering of this market in a phase prior to the start-up of the new power-generating units has enabled it to secure a sustained raw-material supply network.

The incentives in place in Portugal only consider the use of residual forest biomass, rather than the use of wood to produce electrical power.

In terms of legal framework, we highlight the following diplomas:

Decree-Law No. 68-A/2015 of 30 April, which establishes provisions on energy efficiency and cogeneration and amends Decree-Law No. 23/2010 and Order 140/2012, revised by Order 325-A/2012, applicable to the regime of PRE – Special Regime Production in cogeneration;

For the Biomass Power Plants (CTB – "Centrais Termoelétricas a Biomassa") in operation, dedicated to the production of electricity, the legal framework is supported by Decree-Law 33-A/2005 revised by Decree-Law 225/2007, which changes from 15 to 25 years the period of guaranteed remuneration in PRE – Special Regime Generation. For these assets, the legal framework thus supports a tariff framework that is expected to remain stable over the coming years.

More recently, the Decree-Law no. 120/2019 of 22 August created a special and extraordinary regime for the installation and operation of new biomass recovery plants, located near forest areas considered critical in terms of wildfire risk.

Decree-Law no. 119-A/2021, of 22 December, which amends a set of measures within the scope of the COVID-19 disease pandemic, namely within the scope of the legal and remuneration regime applicable to electric and mechanical energy and useful heat produced in cogeneration, approved by Decree-Law no. 23/2010, of 25 March, which revised the rules of access and operation of the activity, with regard to admissible technologies and production processes and the change between the different modalities of the remuneration system to mitigate the rise in prices of fossil fuels, namely natural gas, in the post-pandemic recovery period.

Decree-Law No. 33/2022, of 14 May, which sets out an exceptional and temporary mechanism for the adjustment of electricity generation costs within the framework of the Iberian Electricity Mechanism.

The progressive tariff reduction associated with the sale of electricity in special regime, may condition the economic viability of the sale to the electricity grid. Therefore, after the applicable legal periods, the cogenerations may have to operate under the self-consumption regime, i.e. directly supplying the industrial units, or alternatively sell the energy under the market regime.

The Group is seeking to mitigate this risk by constantly seeking to optimise production costs and the efficiency of generation units, analysing new renewable energy generation projects, long-term energy contracting and active risk management, as well as promoting several photovoltaic solar energy projects in the self-consumption regime.

RISKS RELATING TO THE CEMENT AND DERIVATIVES SEGMENT

SUPPLY OF RAW MATERIALS

Regarding the segment of Cement and derivatives, the main raw materials in the manufacturing process of cement are limestone and clay or marl, the extraction of which is carried out in its own quarries, located within the factory, with reserves that ensure the Group sustained operation in the coming years in a significant part of the geographical locations in which it operates.

SALE PRICE

The cement and derivatives segment develops its activity in diverse geographically markets and therefore prices depend essentially on the economic situation of each country.

DEMAND FOR THE GROUP'S PRODUCTS

The segment of Cement and derivatives' turnover is dependent on the level of activity in the building sector in each one of the geographic markets in which it operates. The construction sector tends to be cyclical, in particular in mature economies, and depends on the level of residential and commercial building, as well as on the level of investments in infrastructures.

The construction sector is sensitive to factors such as interest rates and therefore a downturn in economic activity in any specific economy may lead to a recession in this industry.

Despite the Group considering that its geographical diversification is the best means to stabilise earnings, its business, financial situation and operating profit can be negatively affected by a downswing in the construction sector, in any of the significant markets in which it operates.

COMPETITION

The companies of the segment of Cement and derivatives develop its activity in a strong competitive environment. In the case of the Portuguese market, the excess capacity of national operators combined with imports may affect performance in this segment.

The same tendency happens in Tunisia and Lebanon, countries currently in recession and with excess installed capacity that has negatively impacted prices.

ENERGY COSTS

A significant part of Secil Group's costs is dependent on energy costs. Energy is a cost factor with a substantial weight on the business carried on by Secil and its subsidiaries. The Group performs hedges, to a certain degree, against the energy price risk through the usage of alternative fuels at its factories and long-term electric power supply contracts for certain of its energy requirements. However, significant fluctuations in electricity and fuel costs can have a negative impact on the Group's business, financial situation and operating profit.

COUNTRY RISK – BRAZIL, TUNISIA AND ANGOLA

Secil is exposed to the country risk of Brazil, Tunisia and Angola, where the Group holds investments in production units.

Regarding Tunisia, it should be noted that the country continues to face significant challenges, including high external and fiscal deficits, increasing debt and insufficient growth in order to reduce unemployment. There is still some social instability and pressure on trade union demands. The state deficit is reflected in public works and the real estate sector faces challenges due to financing difficulties (due to the weakness of the banking sector), impacting the volume of construction.

In October, with the coming into office of the new government (after the resignation of the previous one in July), composed essentially of qualified individuals with no political ambitions, the country's economic and financial recovery was set in motion. Meanwhile, at the end of the year, the 2022 Finance Law was published, intended as a transitional law to prepare the various fundamental economic and social reforms that the government intends to carry out between 2022 and 2026.

COUNTRY RISK – LEBANON

In the case of Lebanon, high rates of unemployment, inflation and currency depreciation place restrictions on access to essential services by the Lebanese population and the thousands of refugees who have sought shelter in the country.

The outbreak of the COVID-19 pandemic and the restrictions imposed to contain its spread aggravated the scenario of vulnerability faced by the country. Thus the risks at the top of the priorities were the failure of national governance, the crisis of the state, unemployment and underemployment, hyperinflation and deep social instability.

2021 was further characterised by the massive printing of currency, the devaluation of the local currency, the shortage of foreign currency reserves and the deterioration of the economic context. The scarcity of foreign currency to meet the import of essential goods (e.g. medicines and food) led to capital control measures by banking and supervisory entities, which promoted the growth of the unregulated market for the purchase and sale of currency. These transactions of exchanging Lebanese pounds for other currencies carried out at a different exchange rate from the official one, which allowed local operators to ensure the maintenance of their operations, this constituting a prerogative of "force majeure", were exceptionally recognised by the Lebanese Ministry of Finance through a guideline published at the end of the 2020 financial year.

With regard to inflation, it has started its escalation since the beginning of 2020, representing in July a cumulative inflation of more than 100% over a period of 3 years, so that the country has been declared a hyperinflationary economy. Thus, companies were required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies".

In addition to the widespread inflation and scarcity of foreign exchange, most industries in Lebanon have faced power supply constraints from the state-owned electricity generation and distribution company.

It is also important to highlight the explosion that occurred in the port of Beirut, in 2020, which, in addition to all the human damage, caused a trail of destruction and widespread protests against the corruption found in the country and, consequently, the Government. These protests resulted in the resignation of the Prime Minister, increasing the risk of political instability. A new government took office in 2021 and is exploring measures to mitigate the serious crisis in the country.

ENVIRONMENTAL LEGISLATION

In 2021 the 4th period of the European Emissions Trading Scheme (EU ETS) began, with the last legislative acts still in progress for the definitive framework for the 2021-2025 sub-period.

On 14 July, the European Commission adopted a package of legislative proposals, "Fit 55", to review the EU's climate, energy, land use, transport and taxation policies in order to materialise the reduction of net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.

With these proposals, the Commission has put forward the legislative tools to achieve the objectives agreed in the European Climate Act and fundamentally transform our economy and society for a fair, green and prosperous future.

Among these legislative initiatives, we would like to highlight, due to their impact on the company, the revision of the EU ETS Directive and the creation of a Carbon Border Adjustment Mechanism aimed at balancing the CO_2 costs borne by both European and non-European producers, creating fair competition conditions between both and not leading to a relocation of the cement industry outside the EU to areas with fewer environmental and climate requirements.

The cement sector is in the front line to integrate the new mechanism which will lead, after its sedimentation, to a possible reduction in the allocation of free emissions, highlighting the challenge of decarbonisation of the production units which Secil itself has already started in its Outão unit with the CCL project.

Along the same lines, Secil subscribed to the Roadmap for Carbon Neutrality for the national cement sector published by ATIC in March this year.

Secil, aware of this new framework and the impact on the reduction of free grants receivable, began the process of technological upgrading of its production unit in Outão, Project CCL – Clean Cement Line, using more efficient and mature technologies and innovative technologies that lead to a 20% reduction in carbon emissions, a clean generation of 30% of the unit's electricity consumption, a zero use of fossil fuels and a 20% reduction in thermal consumption. This investment amounts around Euro 86 million and is expected to be concluded by 2022-2023, making this unit a European reference in energy and environmental efficiency.

CLIMATE CHANGE RELATED RISKS

The cement and derivatives segment is part of an industry with high CO_2 emissions in its production process, namely in the calcination of carbonates present in the main raw materials and the burning of fuel in the kilns. Thus, Secil has been developing a set of strategies and investments to reduce its CO_2 emissions, through gains in thermal and electrical efficiency, the use of alternative fuels and the development of new technologies for the capture and use of CO_2, in order to reduce its total footprint of greenhouse gases (GHG), as well as promoting mitigation and adaptation to the risks generated by climate change.

Changes in the regulatory environment, namely the increase in the price of CO_2 emission allowances and more frequent extreme weather events increase the risk of interruptions in production, logistics and supply of raw materials and energy. Uncertainties regarding climate change may also result in changes in the Group's cash flow projections or in the revision of the useful lives of assets.

In this challenging context within the transition to a no-carbon economy, the Group monitors the potential impacts on its financial position, performance and cash flows resulting from climate change, namely the impacts on relevant accounting estimates and judgement.

As disclosed, aware of the new framework and associated risks, Secil is developing a set of strategies and investments to reduce CO_2 emissions which will enable the Group to achieve its targets and provide an adequate response to the climate challenges in the sector. Of the investments which are currently underway, it is worth highlighting the process of technological upgrading of its production unit in Outão, Project CCL – Clean Cement Line, an investment with a total value of around Euro 86 million, which is expected to be concluded by 2023 and which places this unit as a European reference in terms of energy and environmental efficiency.

The Secil Group exhibits a good free cash-flow generation and a comfortable financial position, and the Board of Directors is convinced that, given its financial and liquidity situation, no significant negative impacts are expected due to climate change that would justify the recognition of additional impairments or that would compromise the going concern principle, applied in the preparation of these financial statements.

RISKS RELATING TO THE ENVIRONMENT SEGMENT

SUPPLY OF RAW MATERIALS

The supply of raw materials for the segment of Environment, developed by the subgroup ETSA, is conditioned by the availability of animal carcasses and waste from the food industry, particularly in slaughterhouses. This market is relatively vulnerable to the deterioration of the economic situation, as well as changes in consumption habits and ease of substitution between food products, which could limit the activity of this subgroup.

SALE PRICE

Given its nature, ETSA's business is exposed to volatility in prices of soft commodities on international markets (cereals and cereal products), since these are substitute products to those transacted by ETSA.

The correlation between ETSA's selling prices and movements in prices of soft commodities on international markets is an additional risk factor for the activity.

DEMAND FOR THE GROUP'S PRODUCTS

A decrease in demand or diminished level of activity in animal feed industry, agriculture exploitations, pet food and biodiesel may have a significant impact on group ETSA's turnover.

COMPETITION

Sub-group ETSA develops its activity in a market where it competes with other companies operating in the collection and recovery of animal by-products and other companies that produce substitutes for these products such as industries related to the production of cereals and edible oils. In this framework, any increase or decrease in competition will be reflected in the levels of profitability of the Group.

OTHER RISKS

The ITS subsidiary has a service contract with the Portuguese State regarding SIRCA, with relevance in the consolidated turnover of the ETSA Group. This contract has a limited term and its continuity depends not only on competitive factors, since it is promoted by public tender, but also on regulatory factors, since its existence and regime depend on strategic options of the Portuguese State.

RISKS RELATING TO THE ENTIRE GROUP

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In December 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) to develop a set of recommendations to clearly and consistently disclose information that helps financial markets understand the risks and impacts related to climate change.

The Recommendations comprise 4 reporting aspects:

- Governance: disclose the organisation's governance on climate risks and opportunities;
- Strategy: disclose the actual and potential impacts of climate risks and opportunities on the organisation's business, strategy and financial planning;
- Risk Management: disclose how the organisation identifies, assesses and manages climate risks;
- Metrics and Targets: disclose the metrics and targets used to assess and manage climate risks and opportunities.

The Group is working to integrate the TCFD recommendations into the corporate risk management strategy and processes, taking the opportunity to assess potential financial and strategic implications arising from climate change and develop appropriate responses.

TECHNOLOGICAL REPLACEMENT

The Group's industrial units are subject to risks of technological replacement as well as those inherent to any industrial economic activity, such as accidents, breakdowns or natural catastrophes that may lead to losses in the Group's assets or temporary shutdown in the production process.

Likewise, these risks may affect the Group's main customers and suppliers, which would have a significant impact on profitability levels if it were not possible to find other customers in order to guarantee sales levels or suppliers that would make it possible to maintain the same cost structure.

LEGAL RISKS

It should be noted that legal risks result mainly from tax and regulatory risks which are covered by the analysis of risks of an operational nature, and specific risks of overall responsibility or risks associated with the negotiation and conclusion of contractual arrangements.

These risks are controlled by legal advisory measures which are in place either at Semapa's level as a shareholding or at its subsidiaries' level, and by outsourcing external lawyers whenever the specificity of the matter, its value or other specific factors so recommend.

12 EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

BOARD OF DIRECTORS

CHAIRMAN

José Antônio do Prado Fay

FULL MEMBERS

Ricardo Miguel dos Santos Pacheco Pires

Vítor Paulo Paranhos Pereira

Filipa Mendes de Almeida de Queiroz Pereira

Mafalda Mendes de Almeida de Queiroz Pereira

Lua Mónica Mendes de Almeida de Queiroz Pereira

António Pedro de Carvalho Viana-Baptista

Paulo José Lameiras Martins

KPMG

STATUTORY AUDITORS' REPORT/AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** (the Group), which comprise the statement of financial position as at 31 December 2022 (showing a total of Euro 4,558,407,842 and total equity of Euro 1,633,625,958, including a profit for the year of Euro 307,089,834), and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the *Ordem dos Revisores Oficiais de Contas*' code of ethics.

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 financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Goodwill (Euro 338,806,427), Intangible Assets (Euro 455,064,081) and Property, plant and equipment (Euro 1,684,929,711)

See Note 1.6 Significant accounting estimates and judgements and Notes 3.1, 3.2 and 3.3 of the notes to the Financial Statements.

The Risk

The recoverability of goodwill, intangible assets and property, plant and equipment is critical due to the materiality of the amounts involved and the complexity and subjectivity associated with impairment tests, namely as a result of the uncertainty inherent to financial projections, which rely on the Board of Directors' expectations, materialised in business plans, which are based on several assumptions, associated with discount rates, expected margins, short and long term growth rates, investment plans and demand behaviour, assumptions that are not observable in the market.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls implemented by the Group related to this matter and analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in previous periods, and the integrity of the discounted cash flow model;
- We assessed the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, projected economic growth and discount rates;
- We performed sensitivity analyses of the assumptions and forecasts used;
- We involved our experts in benchmarking the average cost of capital rate; and,
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

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Fair value of biological assets (Euro 122,499,874)

See Note 1.6 Significant accounting estimates and judgements and Note 3.7 of the notes to the Financial Statements.

The Risk	Our response to the identified risk
The fair value of biological assets is determined through an internally developed model, based on economic and market projections, whose assumptions, namely forest productivity, wood sales price deducted by harvesting costs, the value of own and leased land rents, logging and transportation costs, plantation and maintenance costs and discount rate, require a high degree of estimation and judgment by the Board of Directors.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls implemented by the Group related to this matter; ▪ We tested the model's mathematical accuracy and integrity; ▪ We analysed the budgeting procedures on which projections are based; ▪ We compared the current performance of the variables underlying the model with estimates made in previous periods, on the main variables: forest productivity, the value of land rents, structure costs, logging and transportation costs, plantation and maintenance costs; ▪ We compared the internal and external assumptions used in the model, such as spot and trend price and the discount rate with market data and assessed their sensitivity; ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

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Uncertainty over income tax treatments	
See Note 1.6 Significant accounting estimates and judgements and Notes 6.1 and 6.2 of the notes to the Financial Statements	
The Risk	**Our response to the identified risk**
The application of tax law to different transactions and circumstances of uncertain tax treatment has an inherent complexity and requires judgment in determining and measuring the risks and uncertainties in defining the best estimate, by weighing all possible outcomes under its control and their associated probabilities. The estimate of possible amounts payable requires a high degree of judgment by the Board of Directors, which assesses the probability of the outcome, supported by the opinion of legal and tax advisers.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the processes for monitoring uncertain tax positions regarding the income tax treatment, including design and implementation testing of the main controls in place and inquiries to the Board of Directors and to tax managers on the basis of their estimates and judgements; ▪ We analysed ongoing tax proceedings and potential uncertain tax positions, considering the effect of uncertainty for each uncertain tax treatment, with the support of tax experts, and reviewed existing documentation; ▪ We analysed the responses to the confirmation requests received from external lawyers; ▪ We assessed the consistency of the criteria followed in the previous years; and ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

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Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the consolidated management report, the corporate governance report, the consolidated non-financial information and the remunerations' report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' 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 ISAs 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 financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, 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 management;

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- conclude on the appropriateness of management's 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 auditors' report to the related disclosures in the consolidated financial statements 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the non-financial information and the remunerations report were presented.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to article 451, no. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements. As defined in the article 451, no. 7 of the Portuguese Companies' Code, this opinion is not applicable to the non-financial statement that is included in the management report.

On the corporate governance report

Pursuant to article 451, no. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of no. 1 of that article.

On the non-financial information

Pursuant to article 451, no. 6, of the Portuguese Companies' Code, we inform that the Group has included in its management report the non-financial statement defined in article 508-G of the Portuguese Companies' Code.

On the remunerations' report

Pursuant to article 26-G, no. 6, of the Securities Code, we inform that the Group has included in the corporate governance report in a separate chapter the information defined in no. 2 of that article.

On the European single electronic format (ESEF)

The consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. for the year ended 31 December 2022 must comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format; and

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- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Entity.

In our opinion, the consolidated financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) no. 537/2014

Pursuant to article 10 of the Regulation (EU) no. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. in the shareholders general assembly held on 22 September 2017 for a first mandate from 2018 to 2021. We were reappointed as auditors in the shareholders general assembly held on 27 May 2022 for a second mandate from 2022 to 2024.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 13 April 2023.
- We declare that we have not provided any services prohibited under Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 and that we have maintained our independence from the Group during the course of the audit.

14 April 2023

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
(no. 189 and registered at CMVM with no. 20161489)
represented by
Paulo Alexandre Martins Quintas Paixão
(ROC no. 1427 and registered at CMVM with no. 20161037)

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.

Report and Opinion of the Audit Board
Consolidated Financial Statements
(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

Year 2022

Dear Shareholders,

1. As laid down by law, established in the articles of association and in carrying out the mandate entrusted to us, we hereby deliver our report on the audit activities carried out in 2022 and issue our opinion on the Management Report and the Consolidated Financial Statements submitted by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the year ended 31 December 2022.

2. During the year, we monitored the company's activity and that of its main subsidiaries and affiliated companies on a regular basis, with the frequency and to the extent that we deemed appropriate, namely through regular meetings with the Company's Management and Directors. We oversaw the reviewing of the accounting records and the supporting documents, and the efficacy of the risk management, internal control and audit systems. We ensured compliance with the law and the Articles of Association. We did not run up against any obstacles in the exercise of our duties.

3. We met several times with the statutory auditor and the external auditor, KPMG & Associados, SROC, Lda., to monitor the audits conducted and supervise their independence. We have analysed the legal Accounts Certificate and Audit Report, and merit our agreement.

4. The Audit Board analysed the proposals that were presented to it for non-audit services by the Statutory and External Auditor, having approved those that related with permitted services, did not affect the independence of the Statutory and External Auditor and fulfilled the other legal requirements.

5. Within the scope of our competences, we found that:

   a) The Consolidated Income Statement, the Consolidated Financial Statement, the Statement of Comprehensive Income, the Statement of Consolidated Changes in Equity and the Consolidated Cash Flow Statement and its Notes to the Consolidated Financial Statements give a true and fair view of the financial position of the company, in respect of its results, comprehensive income, changes in equity and cash flow;

   b) The accounting policies and valuation criteria applied are in conformity with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and ensure that a true and fair assessment of the company's assets and results is given, and the findings and recommendations of the external auditor have been followed through;

   c) The Management Report clearly shows the development of the business and the situation of the company and the subsidiaries included in the consolidation, highlighting key aspects of the activity;

   d) The Corporate Governance Report covers all of the points referred to in Article 29 H of the Securities Code and considered the recommendations on the Code of the Portuguese Corporate Governance Institute (IPCG).

6. Consequently, taking into account the information delivered by the Company's Board of Directors and Departments, and the conclusions of the Legal Accounts Certificate and Audit Report, we are of the opinion that:

   a) The Management Report should be approved;

   b) The Consolidated Financial Statements should be approved.

7. Finally, the members of the Audit Board are grateful to the Board of Directors, the key supervisors and other company staff, as well as to the statutory auditor KPMG & Associados, SROC, Lda. for their collaboration.

Lisbon, 14 April 2023

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member of the Audit Board,

Gonçalo Nuno Palha Gaio Picão Caldeira

Member of the Audit Board,

Maria da Graça Torres Ferreira da Cunha Gonçalves

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SEPARATE FINANCIAL STATEMENTS

SEPARATE INCOME STATEMENT

Amounts in Euro	Notes	2022	2021
Revenue	2.1	12,513,339	14,970,998
Other operating income	2.2	25,321	23,492
Supplies and services	2.3	(4,936,142)	(7,235,403)
Payroll costs	7.1	(7,327,658)	(7,692,886)
Other operating expenses	2.3	(437,548)	(424,736)
Depreciation, amortisation and impairment losses on non-financial assets	3.3	(232,859)	(247,525)
Operating profit / (loss)		**(395,547)**	**(606,060)**
Gains/(losses) from subsidiaries and jointly-controlled entities	10.1	302,796,742	174,637,469
Financial income and gains	5.10	126,553	423,936
Financial expenses and losses	5.10	(6,192,086)	(6,296,702)
Profit before tax		**296,335,662**	**168,158,643**
Income tax	6.1.1	10,754,172	29,969,385
Net profit for the period		**307,089,834**	**198,128,028**
Earnings per share			
Basic earnings per share	5.3	3.845	2.481
Diluted earnings per share	5.3	3.845	2.481

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 23 March 2023

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Notes	2022	2021
Net profit for the period		**307,089,834**	**198,128,028**
Items that may be reclassified to the income statement			
Other comprehensive income from subsidiaries	5.5	64,159,611	(14,326,328)
Items that may not be reclassified to the income statement			
Other comprehensive income from subsidiaries	5.5	875,988	620,447
Total other comprehensive income (net of taxes)		**65,035,599**	**(13,705,881)**
Total comprehensive income		**372,125,433**	**184,422,147**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 23 March 2023

SEPARATE STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	486,618	579,273
Right-of-use assets	3.2	282,304	240,681
Investment in associates and joint ventures	10.1	1,449,716,286	1,248,160,273
Other financial investments	8.2	23,413	93,607
Receivables and other non-current assets	4.1	28,999	24,877
Deferred tax assets	6.2	25,923,522	25,681,408
		1,476,461,141	**1,274,780,119**
Current assets			
Receivables and other current assets	4.1	7,096,663	15,272,776
Income tax	6.1.2	5,137,839	2,966,665
Cash and cash equivalents	5.8	167,920,763	58,877,632
		180,155,264	**77,117,073**
Total assets		**1,656,616,406**	**1,351,897,192**
EQUITY AND LIABILITIES			
Equity			
Share capital	5.2	81,270,000	81,270,000
Treasury shares	5.2	(15,946,363)	(15,946,363)
Reserves by applying the Equity Method	5.5	(374,212,824)	(439,079,146)
Legal reserves	5.5	16,695,625	16,695,625
Other reserves	5.5	1,221,869,880	1,164,631,426
Retained earnings		86,613,994	86,613,993
Net profit for the period		307,089,834	198,128,028
Total equity		**1,323,380,145**	**1,092,313,563**
Non-current liabilities			
Interest-bearing liabilities	5.6	141,082,665	185,798,921
Lease liabilities	5.7	188,938	156,537
Pensions and other post-employment benefits	7.2.1	687,660	794,743
Deferred tax liabilities	6.2	1,715,136	164,835
Payables and other non-current liabilities	4.2	2,800,000	-
		146,474,399	**186,915,036**
Current liabilities			
Interest-bearing liabilities	5.6	145,454,569	48,477,410
Lease liabilities	5.7	97,837	87,718
Payables and other current liabilities	4.2	39,809,455	16,255,919
Income tax	6.1.2	1,400,000	7,847,546
		186,761,861	**72,668,593**
Total liabilities		**333,236,260**	**259,583,629**
Total Equity and Liabilities		**1,656,616,406**	**1,351,897,192**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 23 March 2023

SEPARATE STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Notes	Share capital	Treasury shares	Reserves by applying the Equity Method	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total
Equity as at 1 January 2022		**81,270,000**	**(15,946,363)**	**(439,079,146)**	**16,695,625**	**1,164,631,426**	**86,613,993**	**198,128,028**	**1,092,313,563**
Net profit for the period		-	-	-	-	-	-	307,089,834	307,089,834
Other comprehensive income (net of taxes)		-	-	65,035,599	-	-	-	-	65,035,599
Total comprehensive income for the period		**-**	**-**	**65,035,599**	**-**	**-**	**-**	**307,089,834**	**372,125,433**
Appropriation of 2021 profit:									
- Transfer to reserves		-	-	-	-	157,234,909	-	(157,234,909)	-
- Dividends paid	5.4	-	-	-	-	-	-	(40,893,119)	(40,893,119)
Distribution of reserves	5.4	-	-	-	-	(99,996,455)	-	-	(99,996,455)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**57,238,454**	**-**	**(198,128,028)**	**(140,889,574)**
Other movements in equity of subsidiaries	5.5	-	-	(169,277)	-	-	-	-	(169,277)
Other movements	5.5	-	-	-	-	-	1	(1)	-
Total other operations		**-**	**-**	**(169,277)**	**-**	**-**	**1**	**(1)**	**(169,277)**
Equity as at 31 December 2022		**81,270,000**	**(15,946,363)**	**(374,212,824)**	**16,695,625**	**1,221,869,880**	**86,613,994**	**307,089,834**	**1,323,380,145**

Amounts in Euro	Notes	Share capital	Treasury shares	Reserves by applying the Equity Method	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total
Equity as at 1 January 2021		**81,270,000**	**(15,946,363)**	**(425,335,543)**	**16,695,625**	**1,098,936,466**	**86,613,994**	**106,588,079**	**948,822,258**
Net profit for the period		-	-	-	-	-	-	198,128,028	198,128,028
Other comprehensive income (net of taxes)		-	-	(13,705,881)	-	-	-	-	(13,705,881)
Total comprehensive income for the period		**-**	**-**	**(13,705,881)**	**-**	**-**	**-**	**198,128,028**	**184,422,147**
Appropriation of 2020 profit:									
- Transfer to reserves		-	-	-	-	65,694,960	-	(65,694,960)	-
- Dividends paid	5.4	-	-	-	-	-	-	(40,893,119)	(40,893,119)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**65,694,960**	**-**	**(106,588,079)**	**(40,893,119)**
Other movements in equity of subsidiaries	5.5	-	-	(37,722)	-	-	(1)	-	(37,723)
Total other operations		**-**	**-**	**(37,722)**	**-**	**-**	**(1)**	**-**	**(37,723)**
Equity as at 31 December 2021		**81,270,000**	**(15,946,363)**	**(439,079,146)**	**16,695,625**	**1,164,631,426**	**86,613,993**	**198,128,028**	**1,092,313,563**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 23 March 2023

SEPARATE STATEMENT OF CASH FLOWS

Amounts in Euro	Notes	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		16,570,425	16,366,482
Payments to suppliers		(7,184,560)	(9,154,833)
Payments to personnel		(7,507,901)	(7,702,967)
Cash flows from operations		**1,877,964**	**(491,318)**
Income tax received/ (paid)		(62,048)	(2,182,690)
Other receipts / (payments) relating to operating activities		8,713,983	8,005,843
Cash flows from operating activities (1)		**10,529,899**	**5,331,835**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Financial investments		40,502,069	40,513,335
Property, plant and equipment		612	2,500
Interest and similar income		-	582,774
Dividends from subsidiaries		177,652,996	106,267,677
		218,155,676	**147,366,286**
Outflows:			
Financial investments		(24,586,000)	(15,256,614)
Property, plant and equipment		(44,368)	(24,732)
		(24,630,368)	(15,281,346)
Cash flows from investing activities (2)		**193,525,308**	**132,084,940**
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		163,900,000	1,526,000,000
		163,900,000	**1,526,000,000**
Outflows:			
Interest-bearing liabilities		(111,160,634)	(1,566,519,241)
Amortisation of lease agreements		(103,744)	(109,824)
Interest and similar expenses		(6,758,125)	(7,068,487)
Dividends and other reserves		(140,889,574)	(40,893,119)
		(258,912,076)	(1,614,590,671)
Cash flows from financing activities (3)		**(95,012,076)**	**(88,590,671)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**109,043,131**	**48,826,104**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5.8**	**58,877,632**	**10,051,528**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5.8**	**167,920,763**	**58,877,632**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 23 March 2023

1 INTRODUCTION

The following symbols are used in the presentation of the Notes to the financial statements:

ACCOUNTING POLICIES
This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.

MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS
This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. The main estimates and judgements are presented in Note 1.6.

REFERENCE
This symbol indicates a reference to another Note or another section of the Financial Statements were more information about the items disclosed is presented.

1.1 PRESENTATION

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (Semapa or Company) located at Av. was incorporated on 21 June 1991 and its corporate purpose is to manage holdings in other companies as an indirect form of performing economic activities. The Company has been listed on NYSE Euronext Lisbon since 1995 with ISIN PTSEM0AM0004 and LEI code 549300HNGOW85KIOH584.

Semapa is the parent company of the Semapa Group (Group), comprising Semapa and Subsidiaries, as presented in the consolidated financial statements. The Group is engaged in three different business segments: pulp and paper, cement and derivatives and environment, developed under the aegis of the subsidiaries The Navigator Company (ex. Portucel, S.A. named in the present document as "Navigator" or "Navigator Group"), Secil - Companhia Geral de Cal e Cimento, S.A. ("Secil" or "Secil Group") and ETSA – Investimentos, SGPS, S.A. ("ETSA" or "ETSA Group").

In 2018, the Group launched a new venture capital business unit through its subsidiary Semapa Next, S.A., whose objective is to promote investments in start-ups and venture capital funds with high growth potential.

A more detailed description of Semapa's activities in relation to the management of its holdings is disclosed in Note 2.1 - Revenue.

Semapa is included in the consolidation perimeter of Sodim – SGPS, S.A., which is its parent company and the final controlling entity.

1.2 RELEVANT EVENTS OF THE PERIOD

INVASION OF UKRAINE BY RUSSIA

On 21 February 2022, the Russian Federation officially recognised two breakaway republics in eastern Ukraine and authorised the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a widespread military conflict began in this country entailing high material and human losses, leading to massive population displacements.

In response, multiple jurisdictions, including the European Union, United Kingdom, Switzerland, United States of America, Canada, Japan and Australia, condemned this conflict and initiated the application of several economic sanctions against Russia, several of its economic agents and, in some cases, Belarus. In turn, Russia also started retaliation with economic measures, especially affecting the operations of foreign companies located in Russia and with Russian counterparts.

The change in the European macroeconomic and geopolitical framework resulting from this conflict increased uncertainty and insecurity in global terms, witnessing: i) the suspension and/or disruption of business with entities based or originating in Russia and Ukraine; ii) increase in commodity prices, with emphasis on fossil fuels, metals and cereals; iii) increase in global economic uncertainty, with more volatility in exchange rates and interest rates and an increase in inflation rate. Possible risks of energy supply, as well as interruptions in the supply of raw materials and subsidiaries or in logistical means will continue to put pressure on the global economy and hamper the normal functioning of European industrial and transport operations.

As announced in March 2022, the subsidiary Navigator halted the sale of its products in the Russian and Belarusian markets and is following and continuously monitoring the situation in the markets where it operates geographically and throughout the supply chain – from the supply of wood, energy, raw and subsidiary materials (including logistical issues), in technical and support services provided by foreign companies and outsourcing service providers, amongst others. The remaining Semapa's subsidiaries had no commercial relations with Russia.

In view of the weight of the markets of Russia and Ukraine in the sales of Semapa's subsidiaries, which represent less than 1% as at the period ended 31 December 2021 and 0% in 2022, and the fact that these markets do not directly affect the supply chain, Semapa's direct exposure to the markets of Ukraine and Russia is not significant.

Despite the general increase in costs, Semapa's agility in conducting its business policy was able to decisively offset this increase, thanks to a responsible price adjustment policy and an effective diversification strategy, as well as to increased productivity in its industrial assets and greater efficiency in the consumption of raw and subsidiary materials.

Semapa continues to analyse the potential impacts on its financial position, performance and cash flows of its subsidiaries resulting from the military conflict in Ukraine, namely in what concerns relevant accounting estimates and judgements. No evidence of impairment resulted from this analysis.

STRENGTHENED PARTNERSHIP IN UTIS

In 2022, Semapa strengthened its partnership with Ultimate Cell by bringing together in UTIS - Ultimate Technology to Industrial Savings (the 50/50 joint venture between Semapa and its partner) all its solutions for optimising internal and continuous combustion with hydrogen injection. This strengthening of the partnership was also reflected in the investment in a new plant to replace the three old plants, enabling UTIS to increase its installed capacity and the production rate of its equipment (Note 10.1).

LIQUIDITY

Semapa and its subsidiaries currently have a comfortable liquidity position as a result of careful management of working capital.

Semapa and its subsidiaries have been working and will continue to work thoroughly within their reach, namely in their operational and commercial planning, cost efficiency, cash flow allocation and effective liquidity management to ensure they remain a going concern and the health and wellbeing of their employees. It should be noted that, as at 31 December 2022, the Semapa is in compliance with the negotiated covenants and the safety margin of these covenants is comfortable.

RECOVERABILITY OF INVESTMENTS IN SUBSIDIARIES

Semapa assessed whether there were indications of impairment due to the impacts of the war in Ukraine on its investments in subsidiaries, in accordance with current forecasts, based on projections of GDP growth and inflation in Portugal in the various geographical regions in which it operates. As a result of this operation, no impairments were identified on the investments in subsidiaries, there being a comfortable gap compared to the carrying amount of the investments in the various segments.

1.3 SUBSEQUENT EVENTS

Between 1 January 2023 and 23 March 2023 (Note 1.4) the following events occurred, which did not give rise to adjustments to the separate financial statements of 2021:

NAVIGATOR | ACQUISITION OF GC CONSUMER

Navigator has formalised an agreement for the purchase and sale of shares representing the entire share capital of Gomà-Camps Consumer, S.L.U., based in Zaragoza, Spain, which in turn holds the entire share capital of Gomà-Camps France SAS, based in Castres, France (hereinafter collectively referred to as "GC Consumer").

The acquisition of GC Consumer, which had total sales of Euro 115.6 million in 2022, is part of the Group's ambitious growth and diversification plan. The integration of this new plant will enable Navigator to position itself as the second largest tissue producer in the Iberian Peninsula, adding 35,000 tonnes of annual tissue paper production capacity, bringing the total to 165,000 tonnes per year, and increasing annual converting capacity by 60,000 tonnes to 180,000 tonnes per year. The enterprise value of this acquisition amounts to Euro 85 million.

1.4 BASIS FOR PREPARATION

AUTHORISATION TO ISSUE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 23 March 2023. However, they are still subject to approval by the General Shareholders' Meeting, in accordance with the Portuguese Commercial Companies Code.

The Company's senior management, which are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the Company.

ACCOUNTING FRAMEWORK

The separate financial statements for the period ended 31 December 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective 1 January 2022 and as adopted by the European Union.

BASIS FOR MEASUREMENT

The notes to the separate financial statements have been prepared on a going concern basis from the books and accounting records of the Company and based on historical cost, except for financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income (Note 8.2). The liability for Pension and other post- employment benefits is recognised at its present value less the respective asset.

COMPARABILITY

These financial statements are comparable in all material aspects with those of the previous period.

PRESENTATION CURRENCY AND TRANSACTIONS IN A CURRENCY OTHER THAN THE PRESENTATION CURRENCY AND HYPERINFLATIONARY ECONOMIES

The functional currency of the Company is the Euro. These separate financial statements are presented in Euro.

All the Company's monetary assets and liabilities (amounts of cash and assets and liabilities receivable or payable in fixed or determinable amounts of units of a currency) expressed in a currency other than the functional currency have been translated into Euro using the exchange rates ruling at the Financial Position date (Note 8.1.1).

The exchange differences arising from differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or at the Statement of financial position dates, are recorded as income and expenses in the period (Note 5.10).

The items Profit for the period and Other comprehensive income from subsidiaries (Note 10.1) were translated at the average exchange rate for the period, and the balances of assets, liabilities and goodwill of foreign subsidiaries were translated exchange rate prevailing at the Statement of financial position date. The exchange differences calculated were reflected in Reserves by applying the equity method (MEP - *método de equivalência patrimonial*), in Equity (Note 5.5).

For foreign operations in hyperinflationary economies, the financial statements in local currency are restated in terms of the measuring unit current at the statement of financial position date to reflect the impact of inflation before translation into the Company's presentation currency. IAS 29 – Financial Reporting in Hyperinflationary Economies requires that amounts not yet expressed in terms of the measuring unit current at the financial position date are restated by applying a general price index, leading to a potential gain or loss on the monetary position. Furthermore, the Company assesses the book value of non-current assets in accordance with IAS 36 – Impairment of Assets, so that the restated amount is reduced to the recoverable amount, ensuring that the book value reflects the economic value of the assets.

The profit and loss and financial position of foreign operations in hyperinflationary economies are translated at the closing rate at the date of the financial position. In the case of Lebanon, Semapa uses the exchange rate applicable to dividends and capital repatriation, because it is the rate at which, at the date of the financial position, the investment in the subsidiary will be recovered.

As at 31 December 2022 and 2021, the exchange rates used for the translation of assets and liabilities expressed in currencies other than Euro are detailed as follows:

	31/12/2022	31/12/2021	Valuation/ (devaluation)		31/12/2022	31/12/2021	Valuation/ (devaluation)
TND (Tunisian dinar)				DKK (Danish krone)			
Average exchange rate for the period	3.2535	3.2889	1.08%	Average exchange rate for the period	7.4396	7.4370	(0.03%)
Exchange rate for the end of the period	3.3342	3.2673	(2.05%)	Exchange rate for the end of the period	7.4365	7.4364	(0.00%)
LBP (Lebanese pound)				HUF (Hungarian forint)			
Average exchange rate for the period	44,903.90	31,316.40	(43.39%)	Average exchange rate for the period	391.4304	358.5161	(9.18%)
Exchange rate for the end of the period	44,903.90	31,316.40	(43.39%)	Exchange rate for the end of the period	400.8700	369.1900	(8.58%)
USD (US dollar)				AUD (Australian dollar)			
Average exchange rate for the period	1.0534	1.1828	10.94%	Average exchange rate for the period	1.5164	1.5749	3.71%
Exchange rate for the end of the period	1.0666	1.1326	5.83%	Exchange rate for the end of the period	1.5693	1.5615	(0.50%)
GBP (Pound sterling)				MZN (Mozambican metical)			
Average exchange rate for the period	0.8528	0.8596	0.79%	Average exchange rate for the period	67.2043	77.7469	13.56%
Exchange rate for the end of the period	0.8869	0.8403	(5.55%)	Exchange rate for the end of the period	68.1800	78.0900	12.69%
PLN (Polish zloty)				BRL (Brazilian real)			
Average exchange rate for the period	4.6867	4.5652	(2.66%)	Average exchange rate for the period	5.4409	6.3773	14.68%
Exchange rate for the end of the period	4.6808	4.5969	(1.83%)	Exchange rate for the end of the period	5.5680	6.3199	11.90%
SEK (Swedish krona)				MAD (Moroccan dirham)			
Average exchange rate for the period	10.6305	10.1465	(4.77%)	Average exchange rate for the period	10.6861	10.6728	(0.12%)
Exchange rate for the end of the period	11.1218	10.2503	(8.50%)	Exchange rate for the end of the period	11.1592	10.5165	(6.11%)
CZK (Czech koruna)				NOK (Norwegian krone)			
Average exchange rate for the period	24.5670	25.6405	4.19%	Average exchange rate for the period	10.1033	10.1633	0.59%
Exchange rate for the end of the period	24.1160	24.8580	2.98%	Exchange rate for the end of the period	10.5138	9.9888	(5.26%)
CHF (Swiss franc)				AOA (Angolan kwanza)			
Average exchange rate for the period	1.0046	1.0811	7.08%	Average exchange rate for the period	486.7246	751.3343	35.22%
Exchange rate for the end of the period	0.9847	1.0331	4.68%	Exchange rate for the end of the period	544.6434	632.4237	13.88%
TRY (Turkish lira)				MXN (Mexican peso)			
Average exchange rate for the period	17.4170	10.5124	(65.68%)	Average exchange rate for the period	21.1789	23.9852	11.70%
Exchange rate for the end of the period	19.9649	15.2335	(31.06%)	Exchange rate for the end of the period	20.8560	23.1438	9.89%
ZAR (South African rand)				AED (Dirham)			
Average exchange rate for the period	17.2081	17.4766	1.54%	Average exchange rate for the period	3.8674	4.3416	10.92%
Exchange rate for the end of the period	18.0986	18.0625	(0.20%)	Exchange rate for the end of the period	3.9171	4.1595	5.83%
EGP (Egyptian pound)				CAD (Canadian dollar)			
Average exchange rate for the period	20.1843	18.5502	(8.81%)	Average exchange rate for the period	1.3692	1.4826	7.64%
Exchange rate for the end of the period	26.3086	17.8209	(47.63%)	Exchange rate for the end of the period	1.4440	1.4393	(0.33%)

1.5 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN 2022

	Amendment
Standards and amendments endorsed by the European Union	
Reference to the Conceptual Framework (Amendments to IFRS 3)	In May 2020 the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
Property, Plant and Equipment – Proceeds before Intended Use, Amendments to IAS 16 Property, Plant and Equipment	In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss. The amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022.
Onerous Contracts - Cost of Fulfilling a Contract	In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments shall be applied for annual periods beginning on or after 1 January 2022.
Annual Improvements to IFRS Standards 2018- 2020	On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs: a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS; b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9) c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41. The amendments will be applied for annual periods beginning on or after 1 January 2022.

The above standards, amendments and interpretations had no impact on the financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS OF MANDATORY APPLICATION ON OR AFTER 1 JANUARY 2023

	Amendment	Effective date
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
Amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2: Accounting policy disclosures	Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements". The amendments are effective from 1 January 2023 but may be applied earlier.	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.	1 January 2023
Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	IASB issued on 23 January 2020 an amendment to IAS 1 – Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current. The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period. The amendments aim to: a) specify that an entity's right to defer settlement must exist at the end of the reporting period and must be material; b) clarify that the classification is not affected by the Board's intentions or expectations as to whether the entity will exercise its right to postpone settlement; c)clarify how loan conditions affect classification; and d) clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments. This amendment is effective for periods starting on 1 January 2023.	1 January 2023
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligation. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.	1 January 2023

STANDARDS AND AMENDMENTS NOT YET ENDORSED BY THE EUROPEAN UNION

	Amendment	Effective date
Standards and amendments not yet endorsed by the European Union		
Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	IASB issued on 23 January 2020 an amendment to IAS 1 – Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current. The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period. The amendments aim to: a) specify that an entity's right to defer settlement must exist at the end of the reporting period and must be material; b) Clarify that ratios that the entity is required to meet after the balance sheet date (i.e. future covenants) do not affect the classification of a liability at the balance sheet date. However, when non-current liabilities are subject to future ratios, entities should disclose information that enables users to understand the risk that those liabilities will be repaid within 12 months after the balance sheet date; and c) clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments (ex: convertible debt). This amendment is effective for periods starting on 1 January 2024.	1 January 2024
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 - Leases)	The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction. The amendments confirm that: - On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction. - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement. The amendments shall be applied for annual periods beginning on or after 1 January 2024, with earlier application permitted. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee shall apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means that it will have to identify and reassess sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that include variable lease payments.	1 January 2024

Relativamente às normas apresentadas acima, cuja entrada obrigatória em vigor ainda não ocorreu, a Semapa não concluiu ainda o apuramento de todos os impactos decorrentes da sua aplicação, pelo que optou pela sua não adoção antecipada, ainda que não se espere que tais impactos sejam significativos.

1.6 MAIN ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of estimates and judgements that affect the amounts of income, expenses, assets, liabilities and disclosures at the date of the consolidated financial position. To that end, the Board's estimates and judgements are based on:

i. the best information and knowledge of current events and in certain cases on the reports of independent experts, and

ii. the actions that the Group considers it may have to take in the future.

On the date on which the operations are realised, the outcome could differ from those estimates.

MAIN ESTIMATES AND JUDGEMENTS

The estimates and assumptions which present a significant risk of generating a material adjustment to the book value of assets and liabilities in the following financial period are presented below:

Estimates and judgements	Notes
Recoverable amount from investments in subsidiaries and jointly-controlled entities	10.1 – Investments in subsidiaries and jointly-controlled entities
Income tax	6.1 – Income tax for the period 6.2 – Deferred taxes
Actuarial assumptions	7.2 – Employee benefits
Recognition of provisions	9.1 – Provisions

2 OPERATIONAL PERFORMANCE

2.1 REVENUE

Semapa's revenue derives from the Group's centralised management activities, corresponding to services rendered by the Company to its subsidiaries in the areas of strategic planning, legal, financial, accounting and tax advisory, information systems and talent management, among others.
In providing services to Group companies, Semapa incurs essentially in payroll costs and contracting specialised services (Note 2.3).
Revenue is recognised in accordance with IFRS 15 on a monthly basis for services rendered on a regular basis over the contractual period.
Revenue is presented by business lines of subsidiaries and by geographic area, based on the country of destination of the services rendered by the Company.

REVENUE BY BUSINESS LINE OF SUBSIDIARIES, BY GEOGRAPHIC AREA AND BY RECOGNITION PATTERN

2022	Pulp and paper	Cement and derivatives	Environment	Total	Total %
Portugal	8,932,995	3,235,361	344,983	**12,513,339**	100%
%	**8,932,995**	**3,235,361**	**344,983**	**12,513,339**	**100%**
Measurement standard	8,932,995	3,235,361	344,983	12,513,339	100%
Over time					

2021	Pulp and paper	Cement and derivatives	Environment	Total	Total %
Portugal	10,043,173	4,546,728	381,097	**14,970,998**	100%
%	**10,043,173**	**4,546,728**	**381,097**	**14,970,998**	**100%**
Measurement standard	10,043,173	4,546,728	381,097	14,970,998	100%
Over time					

2.2 OTHER OPERATING INCOME

As at 31 December 2022 and 2021, Other operating income is detailed as follows:

Amounts in Euro	2022	2021
Gains on disposal of non-current assets	131	4,000
Other operating income	25,190	19,492
	25,321	**23,492**

2.3 OTHER OPERATING EXPENSES

As at 31 December 2022 and 2021, Other operating expenses is detailed as follows:

Amounts in Euro	2022	2021
Supplies and services		
Specialised services - related parties	1,688,503	1,292,009
Specialised services - other	1,660,994	4,560,327
Travel and accommodation	419,139	185,159
Energy and fluids	102,349	78,347
Materials	96,491	44,497
Related Estate expenditure - related parties (Note 10.2)	759,257	766,018
Other	209,410	309,046
	4,936,142	**7,235,403**
Payroll costs (Note 7.1)	**7,327,658**	**7,692,886**
Other operating expenses		
Taxes	219,185	179,002
Donations	114,500	86,400
Membership fees	51,772	41,861
Other expenses	52,091	117,473
	437,548	**424,736**
Total operating expenses	**12,701,348**	**15,353,025**

In 2022, short-term lease payments amounted to Euro 779,802 (2021: Euro 709,418) and low-value asset lease payments amounted to Euro 10,906 (2021: Euro 9,875).

FEES REGARDING STATUTORY AUDIT AND AUDIT SERVICES

In the year ended 31 December 2022 and 2021, the amount of fees invoiced, as well as the related expenses for the period in respect of statutory audit and audit services were as follows:

Amounts in Euro	2022		2021	
	Expenses in the period	Invoices fees	Expenses in the period	Invoices fees
KPMG (SROC) and other entities belonging to the same network				
Statutory audit and audit services	51,500	35,549	28,290	23,476
Other reliability assurance services	16,545	16,500	12,900	15,750
	68,045	**52,049**	**41,190**	**39,226**

The services indicated as Other reliability assurance services concern essentially the issue of reports on financial information, services to verify the Group's sustainability information and limited reviews relating to financial information.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors, through the Audit Board process analysis of the work proposed and careful definition of the work to be performed by the auditors.

3 INVESTMENTS

3.1 PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment includes Buildings and other constructions, essentially consisting of work on properties owned by third parties, Administrative equipment, essentially furniture and computer equipment, and Other property, plant and equipment.

Recognition and initial measurement	Property, plant and equipment are recorded at acquisition cost less accumulated depreciation and impairment losses.		
Depreciation and impairment	The straight-line method is used from the moment the asset is available for use, using the rates that best reflect its estimated useful life.		
	Average estimated useful life (years):	Buildings and other constructions	8 – 10
		Administrative equipment	3 – 10
		Other property, plant and equipment	8
	Semapa does not apply residual values to its assets. The respective useful lives are reviewed and adjusted, if necessary, at the Statement of financial position date. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is recorded (Nota 3.3).		
Subsequent costs	Major maintenance expenses are considered a component of the acquisition cost of property, plant and equipment and are fully depreciated throughout the estimated useful life. Other expenses with repairs and maintenance are recognised as an expense in the period in which they are incurred.		
Write-offs and disposals	Gains or losses arising from write-offs or disposals are determined by the difference between the proceeds from the disposals when applicable less transaction costs and the carrying amount of the asset, and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).		

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

Amounts in Euro	Buildings and other constructions	Equipment and other assets	Assets under construction	Total
Gross amount				
Balance as at 1 January 2021	**2,489,340**	**1,379,590**	**102,292**	**3,971,222**
Acquisitions	-	42,312	-	42,312
Disposals	-	(12,346)	-	(12,346)
Adjustments, transfers and write-offs	-	(4,436)	(102,292)	(106,728)
Balance as at 31 December 2021	**2,489,340**	**1,405,120**	**-**	**3,894,460**
Acquisitions	3,460	32,102	-	35,562
Disposals	-	(4,519)	-	(4,519)
Balance as at 31 December 2022	**2,492,800**	**1,432,703**	**-**	**3,925,503**
Accumulated amortisation and impairment losses				
Balance as at 1 January 2021	**(1,935,725)**	**(1,259,216)**	**(102,292)**	**(3,297,233)**
Depreciation for the period (Note 3.3)	(76,475)	(60,553)	-	(137,028)
Disposals	-	12,346	-	12,346
Adjustments, transfers and write-offs	-	4,436	102,292	106,728
Balance as at 31 December 2021	**(2,012,200)**	**(1,302,987)**	**-**	**(3,315,187)**
Depreciation for the period (Note 3.3)	(75,028)	(53,189)	-	(128,217)
Disposals	-	4,519	-	4,519
Balance as at 31 December 2022	**(2,087,228)**	**(1,351,657)**	**-**	**(3,438,885)**
Net book value as at 1 January 2021	**553,615**	**120,374**	**-**	**673,989**
Net book value as at 31 December 2021	**477,140**	**102,133**	**-**	**579,273**
Net book value as at 31 December 2022	**405,572**	**81,046**	**-**	**486,618**

3.2 RIGHT-OF-USE ASSETS

At the date the lease enters into force, the Company recognises an asset under right-of-use at its cost, which corresponds to the initial amount of the lease liability adjusted for: i) any prepayments; ii) lease incentives received; and iii) initial direct costs incurred.

To the right-of-use asset, the estimate of removing and/or restoring the underlying asset and/or its location may be added, when required by the lease agreement.

The right-of-use asset is subsequently depreciated using the straight-line method, from the start date until the lower between the end of the asset's useful life and the lease term. Additionally, the right-of-use asset is reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability. The useful life considered for each class of assets under right-of-use is equal to the useful life of Property, plant and equipment (Note 3.1) in the same class when there is a call option and the Company expects to exercise it.

SHORT-TERM LEASES AND LOW-VALUE ASSET LEASES

The Company recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than Euro 5,000 directly as operating expenses for the period (Note 2.3), on a straight-line basis.

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro	Equipment and other assets	Total
Gross amount		
Balance as at 31 December 2021	**345,517**	**345,517**
Acquisitions	176,706	176,706
Adjustments, transfers and write-offs	(75,631)	(75,631)
Balance as at 31 December 2021	**446,592**	**446,592**
Acquisitions	146,265	146,265
Adjustments, transfers and write-offs	(113,183)	(113,183)
Balance as at 31 December 2022	**479,674**	**479,674**
Accumulated amortisation, depreciation and impairment losses		
Balance as at 31 December 2021	**(171,045)**	**(171,045)**
Depreciation	(110,497)	(110,497)
Adjustments, transfers and write-offs	75,631	75,631
Balance as at 31 December 2021	**(205,911)**	**(205,911)**
Depreciation	(104,642)	(104,642)
Adjustments, transfers and write-offs	113,183	113,183
Balance as at 31 December 2022	**(197,370)**	**(197,370)**
Net book value as at 1 January 2021	**174,472**	**174,472**
Net book value as at 31 December 2021	**240,681**	**240,681**
Net book value as at 31 December 2022	**282,304**	**282,304**

The company's right-of-use assets correspond essentially to vehicles.

3.3 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	2022	2021
Depreciation of property, plant and equipment for the period (Note 3.1)	128,217	137,028
Amortisation of right-of-use assets for the period (Note 3.2)	104,642	110,497
	232,859	**247,525**

4 WORKING CAPITAL

4.1 RECEIVABLES AND OTHER CURRENT ASSETS

RECEIVABLES FROM RELATED PARTIES AND OTHER DEBTORS	
Classification	Receivables from related parties result essentially from services rendered to the Company's subsidiaries (Note 2.1), from receivables from subsidiaries within the scope of tax consolidation (Note 6.1) and from loans granted to subsidiaries. The business model followed is "hold to collect".
Initial measurement	At fair value.
Subsequent measurement	At amortized cost, less impairment losses.
Impairment	Impairment losses are recorded on the basis of the general estimated credit loss model of IFRS 9.

As at 31 December 2022 and 2021, Receivables and other current assets is detailed as follows:

	31/12/2022			31/12/2021		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Receivables - current operations with related parties	-	5,231,588	5,231,588	-	6,164,356	6,164,356
Share of profit/(losses) - related parties (Note 10.2)	-	-	-	-	618,871	618,871
Tax consolidation - related parties (Note 10.2)	-	1,556,304	1,556,304	-	8,304,774	8,304,774
Accrued income	-	78,742	78,742	-	-	-
Deferred expenses	-	205,145	205,145	-	173,481	173,481
Other	28,999	24,884	53,883	24,877	11,294	36,171
	28,999	**7,096,663**	**7,125,663**	**24,877**	**15,272,776**	**15,297,653**

As at 31 December 2022 and 2021, Deferred expenses in the amount of Euro 205,145 and Euro 173,481, respectively, are related to Supplies and services.

As at 31 December 2022, the balance of Accrued income of Euro 78,742 relates to interest receivable.

The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables and other current assets is presented in Note 8.1.4 - Credit risk.

4.2 PAYABLES AND OTHER CURRENT LIABILITIES

FINANCIAL LIABILITIES AT AMORTISED COST	
Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the income statement over the debt period under "Interest on other financial liabilities at amortised cost" (Note 5.10).

As at 31 December 2022 and 2021, Payables and other current liabilities is detailed as follows:

	31/12/2022			31/12/2021	
Amounts in Euro	Non-current	Current	Total	Current	Total
Payables - current operations with related parties (Note 10.2)	2,800,000	24,071,247	26,871,247	53,207	53,207
Tax consolidation - related parties (Note 10.2)	-	10,418,288	10,418,288	9,668,689	9,668,689
Trade payables - current account	-	350,619	350,619	135,548	135,548
Investment suppliers	-	-	-	6,485	6,485
State	-	690,300	690,300	699,897	699,897
Accrued costs	-	4,279,000	4,279,000	5,692,093	5,692,093
	2,800,000	**39 809 455**	**42,609,455**	**16,255,919**	**16,255,919**

The non-current amount of Euro 2,800,000 corresponds to the estimated amount payable to Ultimate Cell in 2024 (Note 10.1).

During the year 2022 Semapa increased its financial investment in UTIS in the amount of Euros 26,841,074 in exchange for a liability corresponding to the estimated value of the Earnout to be paid to Ultimate Cell (10.1), of which the non-current amount payable amounts to Euros 2,800,000.

State is detailed as follows:

Amounts in Euro	31-12-2022	31-12-2021
Income tax withholdings	118,266	123,858
Value Added Tax (VAT)	479,615	432,254
Contributions to Social Security	91,642	143,273
Other taxes	777	512
	690,300	**699,897**

As at 31 December 2022 and 2021, there were no overdue debts to the State.

The caption Accrued costs is detailed as follows:

Amounts in Euro	31-12-2022	31-12-2021
Payroll costs	2,818,380	3,037,278
Bank services	-	35,244
Supplies and services	1,460,620	2,614,554
Other	-	5,017
	4,279,000	**5,692,093**

5 CAPITAL STRUCTURE

5.1 CAPITAL MANAGEMENT

CAPITAL MANAGEMENT POLICY

For capital management purposes, the Company defines capital as including equity and net debt.

The Company manages the Group's corporate debt, with the main holdings of each business line having an autonomous Treasury management.

The Company's objectives regarding capital management are:

- To safeguard the Company's ability to continue as a going concern and thus provide returns for Shareholders and benefits for its remaining stakeholders;
- To keep a solid capital structure to support the growth of the Group's business; and
- To maintain an optimal capital structure that enables it to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company can adjust the amount of dividends payable to its shareholders, return capital to its shareholders, issue new shares or sell assets to lower its borrowings.

5.2 SHARE CAPITAL AND THEASURY SHARES

Semapa's share capital is fully subscribed and paid up, represented by shares with no nominal value.
Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the proceeds of the issue.
The cost directly attributable to the issue of new shares options for a business acquisition are included in the acquisition cost, as part of the purchase price.

TREASURY SHARES

Recognition	At acquisition value, as a reduction of equity.
Disposal of treasury shares	When shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in the shareholders' equity of the company's shareholders, under Other reserves (Note 5.5).
Extinction of treasury shares	The extinction of treasury shares is reflected in the financial statements, as a reduction of share capital and in the caption Treasury shares at its nominal and acquisition cost, respectively. The differential between those amounts is recorded in Other reserves.

SEMAPA'S SHAREHOLDERS

Denominação	31/12/2022 No. of shares	31/12/2022 %	31/12/2021 No. of shares	31/12/2021 %
Shares without par value				
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.94	38,959,431	47.94
Sodim, SGPS, S.A.	27,508,892	33.85	27,508,892	33.85
Bestinver Gestión, SGIIC, S.A.	2,458,623	3.03	2,458,623	3.03
Norges Bank (the Central Bank of Norway)	1,699,613	2.09	1,699,613	2.09
Cobas Asset Management, SGIIC, S.A.	1,637,038	2.01	1,637,038	2.01
Treasury shares	1,400,627	1.72	1,400,627	1.72
Other shareholders with less than 2% shareholdings	7,605,776	9.36	7,605,776	9.36
	81,270,000	**100.00**	**81,270,000**	**100.00**

TREASURY SHARES - MOVEMENTS

	2022 No. of shares	2022 Book value (Euro)	2021 No. of shares	2021 Book value (Euro)
Treasury shares held at the beginning of the period	1,400,627	15,946,363	1,400,627	15,946,363
Treasury shares at the end of the period	**1,400,627**	**15,946,363**	**1,400,627**	**15,946,363**

5.3 EARNINGS PER SHARE

The basic earnings per share are determined based on the division of profits or losses attributable to the ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. For the purpose of calculating diluted earnings per share, Semapa adjusts the profit or loss attributable to ordinary equity holders, as well as the weighted average number of outstanding shares, for the purposes of all potential dilutive common shares.

Amounts in Euro	2022	2021
Net profit attributable to the Shareholders of Semapa	**307,089,834**	**198,128,028**
Total number of shares issued	81,270,000	81,270,000
Average number of treasury shares in the portfolio	(1,400,627)	(1,400,627)
Weighted average number of shares	**79,869,373**	**79,869,373**
Basic earnings per share	**3.845**	**2.481**
Diluted earnings per share	**3.845**	**2.481**

5.4 DIVIDENDS

COMPANY DIVIDEND DISTRIBUTION POLICY

The Company favours a dividend policy that minimises the volatility of the annual amount returned to shareholders per share (Dividend Policy).

Dividends per share presented are calculated based on the number of shares outstanding on the grant date.

The distribution of dividends to shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the shareholders and up until the time of their payment.

DIVIDENDS DISTRIBUTED IN THE PERIOD

Amounts in Euro	Data	Amount distributed	Dividends
Dividends distributed in 2022 Approval of payment of dividends relating to the 2021 net profit on an individual basis in accordance with IFRS at the Annual Shareholders' Meeting of Semapa	27 May 2022	40,893,119	0.512
Dividends distributed in 2021 Approval of payment of dividends relating to the 2020 net profit on an individual basis in accordance with IFRS at the Annual Shareholders' Meeting of Semapa	30 April 2021	40,893,119	0.512

In addition, the Extraordinary Shareholders' Meeting approved the distribution of reserves amounting to Euro 99,996,455.

5.5 RESERVES AND RETAINED EARNINGS

RESERVES BY APPLYING THE EQUITY METHOD

Corresponds to the accumulated changes in equity in the Company's subsidiaries and jointly controlled entity, whose investment is measured by the equity method (Note 10.1). In accordance with the Portuguese Commercial Companies Code, these reserves are not distributable.

FAIR VALUE RESERVES

Corresponds to the accumulated change in fair value of financial investments measured at fair value through other comprehensive income (Note 8.2), net of deferred taxes. The change in fair value of financial investments recorded under this item is not recycled to profit or loss.

LEGAL RESERVES

The Portuguese Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve, until this is equal to at least 20% of the share capital. This reserve cannot be distributed, unless in the event of the Company's winding up. However, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

The legal reserve is constituted by its maximum amount in the periods presented.

OTHER RESERVES

This caption corresponds to reserves available for distribution to shareholders that were constituted through the appropriation of prior year's earnings and other movements. The part of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).

Amounts in Euro	31-12-2022	31-12-2021
Reserves by applying the Equity Method	(374,212,824)	(439,079,146)
Legal reserves	16,695,625	16,695,625
Other reserves	1,221,869,880	1,164,631,426
Retained earnings	86,613,994	86,613,993
Reserves and retained earnings	**950,966,675**	**828,861,898**

RESERVES BY APPLYING THE EQUITY METHOD – MOVEMENTS

Amounts in Euro	2022	2021
Balance at the beginning of the period	**(439,079,146)**	**(425,335,543)**
Other comprehensive income		
Items that may be reclassified to the income statement		
Fair value of financial instruments	31,631,581	1,451,828
Currency translation reserve	32,528,030	(15,778,156)
	64,159,611	**(14,326,328)**
Items that may not be reclassified to the income statement		
Actuarial gains and losses	534,034	(108,045)
Exchange differences in equity instruments	548,670	179,713
Impact of hyperinflationary economies	(206,716)	548,779
	875,988	**620,447**
Other movements	(169,277)	(37,722)
	(169,277)	**(37,722)**
Balance at the end of the period	**(374,212,824)**	**(439,079,146)**

RESERVES BY APPLYING THE EQUITY METHOD – BY SUBSIDIARY AND JOINTLY-CONTROLLED ENTITY

Amounts in Euro	31-12-2022	31-12-2021
Subsidiaries		
ETSA Investimentos, SGPS, S.A.	(9,227,389)	(9,227,390)
Secil - Companhia Geral de Cal e Cimento, S.A.	(280,100,836)	(294,338,605)
Semapa Inversiones, S.L.	(36,763,554)	(36,763,555)
Semapa Next, S.A.	86,335	(309,583)
The Navigator Company, S.A.	(47,998,968)	(98,400,881)
Jointly-controlled entity		
UTIS - Ultimate Technology to Industrial Savings, S.A.	(208,412)	(39,132)
	(374,212,824)	**(439,079,146)**

5.6 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.

Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the Separate Income Statement over the debt period under "Interest expense on other interest-bearing liabilities" in Note 5.10 - Net Financial Results, using the effective interest rate method.
Fair value	The carrying amount of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to their fair value. The fair value of interest-bearing liabilities that are remunerated at a fixed rate is disclosed in Note 8.3 - Financial assets and liabilities.
Presentation	In current liabilities, unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

COMMERCIAL PAPER

The Company has several commercial paper programmes negotiated; agreements with which issues with contractual maturity below one year and with a revolving nature are often made. Where the Company expects to extend these loans (roll over), it classifies them as non-current liabilities.

As at 31 December 2022 and 2021, interest-bearing liabilities are detailed as follows:

	31/12/2022			31/12/2021		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Bond loans	136,000,000	114,000,000	250,000,000	150,000,000	-	150,000,000
Commercial paper	6,500,000	11,750,000	18,250,000	18,250,000	36,750,000	55,000,000
Bank loans	-	18,500,000	18,500,000	18,500,000	10,500,000	29,000,000
Charges with the issue of loans	(1,417,335)	1,118,991	(298,344)	(951,079)	1,128,615	177,536
Debt securities and bank debt	**141,082,665**	**145,368,991**	**286,451,656**	**185,798,921**	**48,378,615**	**234,177,536**
Short-term loans from subsidiaries (Note 10.2)	-	85,578	85,578	-	98,795	98,795
Other interest-bearing liabilities	**-**	**85,578**	**85,578**	**-**	**98,795**	**98,795**
Total interest-bearing liabilities	**141,082,665**	**145,454,569**	**286 537 234**	**185,798,921**	**48,477,410**	**234,276,331**

Analysis of interest-bearing liabilities by maturity is presented in Note 8.1.3 - Liquidity risk.

BOND LOANS

Amounts in Euro	31/12/2022	31/12/2021	Maturity	Interest rate
Semapa 2016 / 2023	100,000,000	100,000,000	June 2023	Fixed
Semapa 2021 / 2026	50,000,000	50,000,000	July 2026	Variable rate indexed to Euribor
Semapa 2022 / 2027	100,000,000	-	October 2027	Variable rate indexed to Euribor
	250,000,000	**150,000,000**		

COMMERCIAL PAPER

31 DECEMBER 2022

	Amount used				
Contracted amount	Non-current	Current	Total	Maturity date	Interest rate
12,500,000	-	10,000,000	10,000,000	October 2023	Fixed rate
40,000,000	-	-	-	May 2024	Variable rate indexed to Euribor
80,000,000	-	-	-	July 2026	Variable rate indexed to Euribor
40,000,000	-	-	-	August 2026	Variable rate indexed to Euribor
16,500,000	6,500,000	1,750,000	8,250,000	October 2026	Variable rate indexed to Euribor
90,000,000	-	-	-	January 2027	Variable rate indexed to Euribor
20,000,000	-	-	-	March 2027	Variable rate indexed to Euribor
25,000,000	-	-	-	May 2027	Variable rate indexed to Euribor
324,000,000	**6,500,000**	**11,750,000**	**18,250,000**		

31 DECEMBER 2021

	Amount used				
Contracted amount	Non-current	Current	Total	Maturity date	Interest rate
25,000,000	-	25,000,000	25,000,000	February 2022	Fixed rate
50,000,000	10,000,000	10,000,000	20,000,000	October 2023	Fixed rate
40,000,000	-	-	-	May 2024	Variable rate indexed to Euribor
80,000,000	-	-	-	July 2026	Variable rate indexed to Euribor
20,000,000	8,250,000	1,750,000	10,000,000	October 2026	Variable rate indexed to Euribor
215,000,000	**18,250,000**	**36,750,000**	**55,000,000**		

BANK LOANS

	31/12/2022			31/12/2021		
Index	Non-current	Current	Total	Non-current	Current	Total
Fixed rate	-	16,000,000	16,000,000	16,000,000	8,000,000	24,000,000
Variable rate	-	2,500,000	2,500,000	2,500,000	2,500,000	5,000,000
	-	**18,500,000**	**18,500,000**	**18,500,000**	**10,500,000**	**29,000,000**

FINANCIAL COVENANTS IN FORCE

Given the contractual limits, in 2022 and 2021 the Company is in compliance with the covenants negotiated.

5.7 LEASE LIABILITIES

Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.

Initial measurement	At the start date of the lease, the Company recognises lease liabilities measured at the present value of future lease payments, which include fixed payments less any lease incentives, variable lease payments, and amounts expected to be paid as residual value. Lease payments also include the exercise price of call or renewal options reasonably certain to be exercised by the Company or lease termination penalty payments if the lease term reflects the Company's option to terminate the agreement. In calculating the present value of future lease payments, the Company uses its incremental financing rate if the implied interest rate on the lease transaction is not easily determinable.
Subsequent measurement	Subsequently, the value of the lease liabilities is increased by the interest amount (Note 5.10 - Net Financial Results) and decreased by the lease payments.
Presentation	In current liabilities, unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

	31/12/2022			31/12/2021		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Vehicles	188,938	97,837	286,775	156,537	87,718	244,255
	188,938	**97,837**	**286,775**	**156,537**	**87,718**	**244,255**

Analysis of interest-bearing liabilities by maturity is presented in Note 8.1.3 - Liquidity risk.

5.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months, which can be mobilised immediately without any significant risk in value fluctuations.
For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the Statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.7).

Amounts in Euro	31/12/2022	31/12/2021
Cash	350	406
Short-term bank deposits	167,920,413	58,877,226
Cash and cash equivalents	**167,920,763**	**58,877,632**

5.9 CASH FLOWS FROM FINANCING ACTIVITIES

MOVEMENTS IN LIABILITIES FOR FINANCING ACTIVITIES

Amounts in Euro	01/01/2022	Cash flows from financing activities	Transactions not affecting cash and cash equivalents				31/12/2022
			Lease recognition	Amortisation costs	Accrued interest	Other operations	
Interest-bearing liabilities (Note 5.6)							
Bond loans	150,000,000	100,000,000	-	-	-	-	250,000,000
Commercial paper	55,000,000	(36,750,000)	-	-	-	-	18,250,000
Bank loans	29,000,000	(10,500,000)	-	-	-	-	18,500,000
Loans-related charges	177,536	(6,198,350)	-	1,135,281	4,927,572	(340,383)	(298,344)
Other interest-bearing liabilities	98,795	(10,634)	-	-	32	(2,615)	85,578
Lease liabilities (Note 5.7)	244,255	(103,744)	146,265	-	-	(1)	286,775
Total	**234,520,586**	**46,437,272**	**146,265**	**1,135,281**	**4,927,604**	**(342,999)**	**286,824,009**

Amounts in Euro	01/01/2021	Cash flows from financing activities	Transactions not affecting cash and cash equivalents				31/12/2021
			Lease recognition	Amortização de encargos	Especialização de juros	Outras operações	
Interest-bearing liabilities (Note 5.6)							
Bond loans	100,000,000	50,000,000	-	-	-	-	150,000,000
Commercial paper	135,000,000	(80,000,000)	-	-	-	-	55,000,000
Bank loans	39,500,000	(10,500,000)	-	-	-	-	29,000,000
Loans-related charges	(1,008,132)	(1,033,069)	-	1,090,122	1,128,615	-	177,536
Other interest-bearing liabilities	117,895	(19,241)	-	-	141	-	98,795
Lease liabilities (Note 5.7)	177,373	(109,824)	176,706	-	-	-	244,255
Total	**273,787,136**	**(41,662,134)**	**176,706**	**1,090,122**	**1,128,756**	**-**	**234,520,586**

5.10 NET FINANCIAL RESULTS

The Company classifies as "Financial income" the income and gains resulting from treasury management activities such as: i) interest obtained from the application of cash surplus; and ii) changes in the fair value of financial instruments measured at fair value through profit or loss.

In 2022 and 2021, Net financial results are detailed as follows:

Amounts in Euro	2022	2021
Interest expense on debt securities and bank debt	(4,426,969)	(4,582,666)
Interest expense on other interest-bearing liabilities	(124)	(141)
Commissions on loans and expenses with credit facilities	(1,638,285)	(1,623,930)
Interest expense by applying the effective interest method	**(6,065,378)**	**(6,206,737)**
Interest expense on lease liabilities	(6,727)	(6,040)
Financial expenses related to the capital structure	**(6,072,105)**	**(6,212,777)**
Unfavourable exchange differences	-	-
Fair value losses on Other financial investments	(119,981)	(80,927)
Other financial expenses and losses	-	(2,998)
Financial expenses and losses	**(6,192,086)**	**(6,296,702)**
Interest income on financial assets at amortised costs	78,742	-
Fair value gains on Other financial investments	47,811	491
Other financial income and gains	-	423,445
Financial income and gains	**126,553**	**423,936**
Financial results	**(6,065,533)**	**(5,872,766)**

6 INCOME TAX

6.1 INCOME TAX FOR THE PERIOD

Current income tax is calculated based on net profit, adjusted in compliance with tax legislation in force at the Statement of financial position date.

According to the legislation in force, the gains and losses relating to investments in subsidiaries, associates and joint ventures, resulting from the application of the equity method are not relevant for tax purposes, being deducted from or added to, respectively, to the net profit of the period for the purpose of calculating taxable income. Dividends are considered, when determining the taxable income, in the year in which they are received, if the financial investments are held for less than one year or if they represent less than 10% of the share capital.

TAX BUSINESS GROUP

Semapa Group is subject to the Special Tax Regime for Groups of Companies (RETGS - *Regime Especial de Tributação de Grupos de Sociedades)*, comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in Article 69 and following of the Corporate Income Tax Code (IRC Code).

Companies included within the tax business group, calculate and recognise corporate income tax (IRC) as though they were taxed on an individual basis. Liabilities are recognised as due to the dominant entity of the Tax Business Group, currently the Company, which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity financial statements.

In the periods presented, the Tax Business Group comprises the Groups Secil and ETSA, as well as all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code.

From the tax period beginning on 1 January 2023, the dominant entity of the tax group, which includes the companies of the Semapa tax group, will be Sodim, SGPS, S.A. (Note 1.1).

The amounts the Company has receivable from or payable to other companies in the Tax Business Group in respect of their liabilities are presented under Receivables and other current assets (Note 4.1) and Payables and other current liabilities (Note 4.2).

The Company recognises liabilities for additional settlements that may result from Portuguese Tax Authorities inspections. When the final result of these inspections is different from the amounts initially recorded, the differences will have an impact on income tax in the period when the final result is known.

In Portugal, annual income statements are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented they may be subject to review by the tax authorities for a longer period.

The Board of Directors considers that any corrections to those declarations as a result of reviews/inspections by the Portuguese Tax Authorities will not have a significant impact in the Separate Financial Statements as of 31 December 2022, although the years up to and including 2018 have already been reviewed.

ADDITIONAL TAX LIABILITIES FOR UNCERTAIN TAX POSITIONS

The amount of estimated assets and liabilities recorded on account of tax proceedings arises from an assessment made by the Company, at the date of the Statement of Financial Position, regarding potential differences of interpretation against the Portuguese Tax Authorities, considering the developments in tax matters.

With respect to the measurement of uncertain tax positions, the Company takes into consideration the provisions of IFRIC 23 – "Uncertainty over income tax treatments", namely the measurement of risks and uncertainties in defining the best estimate of expenditure required to settle the obligation, by weighting all possible results controlled by the Company and their related probabilities.

6.1.1 TAX AMOUNT RECOGNISED IN THE INCOME STATEMENT

Amounts in Euro	2022	2021
Current tax	12,062,359	4,333,646
Deferred taxes	(1,308,187)	25,635,739
	10,754,172	**29,969,385**

NOMINAL TAX RATE

	2022	2021
Portugal		
Income tax treatment	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	**22.5%**
State surcharge - on taxable income between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on taxable income between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on taxable income above Euro 35,000,000	9.0%	9.0%

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE FOR THE PERIOD

Amounts in Euro	2022	2021
Profit before tax	**296,335,662**	**168,158,643**
Expected tax at nominal rate (22,5%)	66,675,524	37,835,695
Tax resulting from the applicable rate	**66,675,524**	**37,835,695**
Differences (a)	(68,111,401)	(39,244,191)
Tax for prior periods	(10,427,375)	(5,418,116)
Additional tax liabilities	(2,749,217)	-
Non-recoverable tax losses	1,435,878	1,454,165
Recoverable tax losses	1,308,187	(25,681,408)
Autonomous taxation	1,114,232	1,084,470
	(10,754,172)	**(29,969,385)**
Effective tax rate	**-3.63%**	**-17.82%**

(a) This value essentially amounts to:	**2022**	**2021**
Effect of applying the equity method (Note 10.1)	(302,796,742)	(174,637,469)
Capital gains/(losses) for tax purposes	131	4,000
Capital gains/(losses) for accounting purposes	(131)	(4,000)
Employee benefits (Note 7.2.1)	23,431	23,431
Employee benefits - pensions paid (Note 7.2.1)	(130,514)	(130,514)
Other	186,486	325,927
	(302,717,339)	**(174,418,625)**
Tax effect (22.5%)	**(68,111,401)**	**(39,244,191)**

6.1.2 TAX RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Amounts in Euro	31/12/2022	31/12/2021
Assets		
Corporate Income Tax (IRC)	5,137,839	2,966,665
	5,137,839	**2.,966,665**
Liabilities		
Corporate Income Tax (IRC)	1,400,000	7,847,546
	1,400,000	**7,847,546**

DETAIL OF CORPORATE INCOME TAX - IRC (NET)

Amounts in Euro	31/12/2022	31/12/2021
Income tax for the period	(1,114,232)	(1,084,470)
Income tax for the period of subsidiaries	(1,936,728)	(1,628,926)
Payments on account, special payments and additional payments on account	5,237,046	4,338,557
Withholding tax recoverable	163,681	214,405
Income tax recoverable from prior periods	2,788,072	1,127,099
Additional tax liabilities	(1,400,000)	(7,847,546)
	3,737,839	**(4,880,881)**

ADDITIONAL TAX LIABILITIES – LIABILITIES

Amounts in Euro	2022	2021
Balance at the beginning of the period	**7,847,546**	**7,847,546**
Amount recognised in the income statement (Note 6.1.1) - (gain) / loss)	(2,749,217)	-
Charge-offs	(3,698,329)	-
Balance at the end of the period	**1,400,000**	**7,847,546**

During 2022, several tax proceedings were concluded and, as a result, Semapa partially used the caption Additional tax liabilities in the amount of Euro 3,698,329 and reversed the excess in the amount of Euro 2,749,217.

6.2 DEFERRED TAXES

Deferred tax is calculated on the basis of the Financial position, on temporary differences between the book values of assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax.
Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased, whenever it is likely that tax losses will not be used.
Deferred taxes are recorded as an income or expense for the year, except where they result from amounts recorded directly under shareholders' equity, situation in which deferred tax is also recorded under the same caption.
Deferred tax liabilities are not recognised for taxable temporary differences relating to investments in subsidiaries to the extent that: i) the Company is able to control the timing of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not reverse in the foreseeable future.

DEFERRED TAXES RECOGNISED RELATING TO UNUSED TAX LOSSES

The Company records deferred tax liabilities on tax losses and tax benefits arising to subsidiaries that integrate the RETGS, reportable intra-group, whenever their future use by those subsidiaries is expected, on an individual basis.

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro	As at 1 January 2022	Income Statement		As at 31 December 2022
		Increases	Decreases	
Temporary differences originating deferred tax assets				
Tax losses carried forward	122,292,417	19,695,243	(18,542,318)	123,445,342
	122,292,417	**19,695,243**	**(18,542,318)**	**123,445,342**
Temporary differences originating deferred tax liabilities				
Tax losses carried forward - within group	-	(5,918,648)	-	(5,918,648)
Tax benefits carried forward - within group	(164,835)	(476,084)	168,699	(472,220)
	(164,835)	**(6,394,732)**	**168,699**	**(6,390,868)**
Deferred tax assets	**25,681,408**	**4,136,001**	**(3,893,887)**	**25,923,522**
Deferred tax liabilities	**(164,835)**	**(1,719,000)**	**168,699**	**(1,715,136)**

Amounts in Euro	As at 1 January 2021	Income Statement		As at 31 December 2021
		Increases	Decreases	
Temporary differences originating deferred tax assets				
Tax losses carried forward	-	122,292,417	-	122,292,417
	-	**122,292,417**	**-**	**122,292,417**
Temporary differences originating deferred tax liabilities				
Tax losses carried forward - within group	(21,532)	-	21,532	-
Tax benefits carried forward - within group	(114,644)	(382,210)	332,019	164,835
	(136,176)	**(382,210)**	**353,551**	**164,835**
Deferred tax assets	**-**	**25,681,408**	**-**	**25,681,408**
Deferred tax liabilities	**(119,166)**	**(382,210)**	**336,541**	**164,835**

In 2022, Semapa consumed within the tax group, of which it was the parent company, tax losses amounting to Euro 18,542,318 and additionally recognised tax losses recoverable in subsequent years, amounting to Euro 19,695,243. These operations resulted in a reduction of deferred tax assets amounting to Euro 3,893,887 and an increase in deferred tax assets amounting to Euro 4,136,001.

As at 31 December 2022, deferred tax liabilities amounting to Euro 1,715,136 (2021: Euro 164,835) relate to adjustments within group resulting from the recognition of tax losses and tax by subsidiaries included in Semapa's tax group.

In 2021, Semapa recorded deferred tax assets amounting to Euro 25,681,408 on tax losses generated in previous years within the Tax Business Group controlled by Semapa (amounting to Euro 122,292,417), to the extent that the medium-term business plans of the subsidiary Secil (integrated in Semapa's RETGS) provide for the generation of taxable income in an amount sufficient to recover this asset in the tax reporting period of those losses.

UNUSED TAX LOSSES WITHOUT RECOGNISED DEFERRED TAXES

In accordance with the provisions of Law 24-D/2022 of 30 December approving the 2023 State Budget, the carry forward of tax losses is no longer limited in time. As at 31 December 2022, Semapa has unused tax losses of Euro 126,104,440 for which no deferred tax asset has been recognised because it is unlikely that they can be recovered.

7 PAYROLL

7.1 PAYROLL COSTS

SHORT-TERM EMPLOYEE BENEFITS

ENTITLEMENTS – HOLIDAY AND HOLIDAY ALLOWANCE

In accordance with current legislation, employees are entitled to 22 working days leave, annually, as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment.

BONUSES

According to the current Performance Management System (*Sistema de Gestão de Desempenho*), employees have the right to a bonus, based on annually-defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

These liabilities are recorded in the year in which the Employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the consolidated statement of financial position is shown under the caption Payables and other current liabilities.

TERMINATION BENEFITS

The benefits arising from termination of employment are recognised when the Company can no longer withdraw the offer of such benefits or in which the Company recognises the cost of restructuring under the provisions recording. Benefits due over 12 months after the end of the reporting period are discounted to their present value.

Amounts in Euro	2022	2021
Statutory bodies remuneration (Note 7.3)	3,319,163	4,552,857
Other remunerations	2,916,769	2,084,072
Post-employment benefits (Note 7.2.1)	23,431	23,431
Compensations	88,503	80,123
Charges on remunerations	774,588	834,694
Other payroll costs	205,204	117,709
Payroll costs	**7,327,658**	**7,692,886**

Number of employees at the end of the period	**33**	**27**

7.2 EMPLOYEE BENEFITS

POST-EMPLOYMENT BENEFITS - DEFINED-BENEFIT PLAN

The Company has assumed the commitment to make payments to their Directors in the form of complementary retirement pensions, having constituted a defined-benefit plan for this purpose.

In the periods presented, the amount of the liability reflected in the statement of financial position under the item "Post-employment benefit liabilities" corresponds to Semapa's liability related to a single beneficiary, a retired employee, who did not join the revocation of the pension plan for the Company's directors, which occurred in December 2012. The Company has not set up funds relating to this liability.

Actuarial deviations resulting from changes in the estimated liabilities, as a result of changes in the financial and demographic assumptions used and experience gains, are recorded directly in the Statement of comprehensive income, in retained earnings.

The net interest corresponds to the application of the discount rate to the value of net responsibilities (value of the responsibilities deducted of fund asset's fair value) and is recognised under the caption Payroll costs.

The gains and losses generated by a settlement of a defined-benefit plan are recognised in the income statement when the settlement occurs.

ACTUARIAL ASSUMPTIONS

Liabilities relating to defined-benefit plans are calculated, based on actuarial assumptions. Changes to those assumptions can have a material impact on the previously mentioned liabilities.

As at 31 December 2022 and 2021, actuarial assumptions were as follows:

	31/12/2022	31/12/2021
Social Security Benefits Formula	Decree-Law no. 187/2007 of May 10	
Mortality table	TV 88/90	TV 88/90
Disability rate	EKV 80	EKV 80
Pension growth rate	0.75%	0.75%
Technical interest rate	1.25%	1.25%
Pension reversability rate	50.00%	50.00%
Number of complement annual payments	12	12

7.2.1 NET PENSION LIABILITIES

Valores em Euros	2022		2021	
	No. Benef.	Amount	No. Benef.	Amount
Group liabilities for past services				
Retired employees	1	687,660	1	794,743
Unfunded pension liabilities	**1**	**687,660**	**1**	**794,743**

EVOLUTION OF PENSION LIABILITIES

Amounts in Euro	Opening balance	Net interest (Note 7.1)	Payments	Closing balance
2022	794,743	23,431	(130,514)	687,660
2021	901,825	23,431	(130,513)	794,743

7.3 REMUNERATION OF CORPORATE BODIES

The remuneration of corporate bodies, including the estimate for the management premium for the years ended 31 December 2022 and 2021, was as follows:

Amounts in Euro	2022	2021
Board of Directors		
Remunerations	1,587,023	2,433,027
Management premium	1,624,100	2,037,830
Supervisory Board and other statutory bodies	108,040	82,000
Total (Note 7.1)	**3,319,163**	**4,552,857**

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All details of the remuneration policy of the members of Semapa's Board of Directors are disclosed in the Company's Corporate Governance Report, Part I - Section D.

As at 31 December 2022 and 2021, with respect to the members of the Board of Directors of Semapa, there were no: i) additional liabilities allocated to other long-term benefits, ii) benefits arising from termination of employment, iii) payments based on allocated shares: The outstanding balances with members of the Board of Directors of Semapa are disclosed in Note 10.2.

8 FINANCIAL INSTRUMENTS

8.1 FINANCIAL RISK MANAGEMENT

The Company, as a holding company develops direct and indirect managing activities over its subsidiaries. Thus, the fulfilment of the obligations undertaken by the Company depends on the cash flows generated by its subsidiaries, which include the distribution of dividends, payment of interest, repayment of loans granted and payment for services rendered by the Company. The ability of Semapa's subsidiaries to generate positive cash flows and to make funds available to the holding company will depend on their respective earnings, available reserves and financial structure.

The Semapa Group has a risk-management programme, which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Group's financial performance. Risk management is undertaken by the Financial Management of the Company and main subsidiaries, in accordance with the policies approved by the Board of Directors and monitored by the Company's Risks and Control Committee/Internal Control Committee.

The Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the exchange rate risk and interest rate risk.

In the context of the separate financial statements, the Company's exposure to financial risk resulting from the Group's activity is mainly associated with external Interest-bearing liabilities/interest-bearing liabilities denominated in foreign currency (Note 5.6).

8.1.1 FOREIGN EXCHANGE RISK

EXCHANGE RATE RISK MANAGEMENT POLICY

In the context of separate financial statements, the exchange rate risk to which the Company is directly exposed in terms of financial assets and liabilities is not significant.

However, an unfavourable change in the exchange rates associated to the relevant geographies for its subsidiaries can cause a significant decrease in the value of assets and profit or loss of subsidiaries and in the distribution of dividends to the Company. The Group seeks to mitigate this risk by constantly monitoring exposure to each currency and by using natural hedges, as well as by contracting hedging derivative financial instruments, as presented in the consolidated financial statements.

8.1.2 INTEREST RATE RISK

INTEREST RATE RISK MANAGEMENT POLICY

A significant share of the Company's financial liabilities cost are indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Company's income statement.

SENSITIVITY ANALYSIS
Semapa carries out sensitivity analysis in order to assess the impact on the income statement and equity caused by an increase or decrease in market interest rates, considering all other factors unchanged. This is a mere illustrative analysis, since changes in market rates rarely occur separately.

EXPOSURE TO INTEREST RATE RISK

Amounts in Euro	31/12/2022	31/12/2021
0.5% increase in market interest rates		
Impact on profit before tax - increase / (decrease)	(804,178)	(325,494)

The fixed rate (which does not expose the Company to interest rate risk) and variable rate (which expose the Company to interest rate risk) financial assets and liabilities are detailed as follows:

As at 31 December 2022	Fixed rate						Total
Amounts in Euro	Amount	%	Below 3 months	3-12 months	Total	%	interest-borne
Assets							
Non-current							
Receivables and other current assets (Note 4.1)	-	0%	28,999	-	28,999	100%	28,999
Current							
Receivables and other current assets (Note 4.1)	7,096,663	100%	-	-	-	0%	7,096,663
Cash and cash equivalents (Note 5.8)	167,920,763	100%	-	-	-	0%	167,920,763
Total financial assets	**175,017,426**	**100%**	**28,999**	**-**	**28,999**	**0%**	**175,046,425**
Liabilities							
Non-current							
Interest-bearing liabilities	-	0%	142,500,000		142,500,000	100%	142,500,000
Lease liabilities (Note 5.7)	188,938	100%	-	-	-	0%	188,938
Payables and other current liabilities (Note 4.2)	2,800,000	100%	-	-	-	0%	2,800,000
Current							
Interest-bearing liabilities	126,000,000	87%	4,250,000	14,085,578	18,335,578	13%	144,335,578
Lease liabilities (Note 5.7)	97,837	100%	-	-	-	0%	97,837
Payables and other current liabilities (Note 4.2)	39,809,455	100%	-	-	-	0%	39,809,455
Total financial liabilities	**168,896,229**	**51%**	**146,750,000**	**14,085,578**	**160,835,578**	**49%**	**329,731,807**
Net financial position	**6,121,197**		**(146,721,001)**	**(14,085,578)**	**(160,806,578)**		**(154,685,382)**

As at 31 December 2021	Fixed rate						Total
Amounts in Euro	Amount	%	Below 3 months	3-12 months	Total	%	interest-borne
Assets							
Non-current							
Receivables and other current assets (Note 4.1)	-	0%	24,877	-	24,877	100%	24,877
Current							
Receivables and other current assets (Note 4.1)	15,272,776	100%	-	-	-	0%	15,272,776
Cash and cash equivalents (Note 5.8)	58,877,632	100%	-	-	-	0%	58,877,632
Total financial assets	**74,150,408**	**100%**	**24,877**	**-**	**24,877**	**0%**	**74,175,285**
Liabilities							
Non-current							
Interest-bearing liabilities (Note 5.6)	126,000,000	67%	52,500,000	8,250,000	60,750,000	33%	186,750,000
Lease liabilities (Note 5.7)	156,537	100%	-	-	-	0%	156,537
Current							
Interest-bearing liabilities (Note 5.6)	43,000,000	91%	2,500,000	1,848,795	4,348,795	9%	47,348,795
Lease liabilities (Note 5.7)	87,718	100%	-	-	-	0%	87,718
Payables and other current liabilities (Note 4.2)	16,255,919	100%	-	-	-	0%	16,255,919
Total financial liabilities	**185,500,174**	**74%**	**55,000,000**	**10,098,795**	**65,098,795**	**26%**	**250,598,969**
Net financial position	**(111,349,766)**		**(54,975,123)**	**(10,098,795)**	**(65,073,918)**		**(176,423,684)**

8.1.3 RISCO DE LIQUIDEZ

LIQUIDITY RISK MANAGEMENT POLICY

The Company manages liquidity risk in two ways:

- by ensuring that its financial debt has a high medium and long-term component with maturities appropriate to the Company's activity as a holding company, considering the characteristics of the industries in which its subsidiaries operate, and
- through the contracting with financial institutions of credit facilities available at all times, for an amount that guarantees adequate liquidity.

AVAILABLE BUT NOT USED CREDITS

The Company's policy is to maintain credit facilities at adequate levels to meet i) potential business acquisitions and ii) cash requirements for scheduled repayments of loans as per the cash budget and actual execution.

CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES (UNDISCOUNTED CASH FLOWS, INCLUDING INTEREST)

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	Total
As at 31 December 2022					
Liabilities					
Interest-bearing liabilities					
Bond loans	388,956	-	118,829,586	148,541,146	267,759,688
Commercial paper	-	-	12,110,759	6,892,361	19,003,120
Bank loans	1,273,415	-	17,404,528	-	18,677,943
Other loans	-	-	85,578	-	85,578
Lease liabilities	8,763	16,589	78,444	194,782	298,578
Payables and other current liabilities (Note 4.2)	1,833,912	697,800	37,277,742	2,800,000	42,609,455
Total liabilities	**3,505,046**	**714,389**	**185,786,637**	**158,428,289**	**348,434,362**
Of which interest (at the rates prevailing)	**412,892**	**991**	**5,363,181**	**12,976,153**	**18,753,217**
As at 31 December 2021					
Liabilities					
Interest-bearing liabilities					
Bond loans	306,667	-	2,981,667	154,040,972	157,329,306
Commercial paper	-	25,409,549	12,272,314	18,754,886	56,436,749
Bank loans	1,292,524	-	9,639,688	18,674,732	29,606,944
Other loans	-	-	98,795	-	98,795
Lease liabilities	9,493	17,686	65,503	161,668	254,350
Payables and other current liabilities (Note 4.2)	2,808,326	741,626	12,705,967	-	16,255,919
Total liabilities	**4,417,010**	**26,168,861**	**37 763 934**	**191,632,258**	**259,982,063**
Of which interest (at the rates prevailing)	**349,191**	**409,549**	**3,893,669**	**4,720,590**	**9,372,998**

The undiscounted cash flows of interest-bearing liabilities and other payables included above are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Below 12 months	**190,360,760**	**68,349,805**
1 to 2 years	23,077,739	132,811,602
2 to 3 years	44,771,900	2,638,663
3 to 4 years	44,867,727	27,712,304
4 to 5 years	45,710,923	28,469,689
1 to 5 years	**158,428,289**	**191,632,258**
Total	**348,789,049**	**259,982,063**

The contractual maturity of interest-bearing liabilities requires the compliance with financial covenants, as detailed in Note 5.6 – Interest-bearing liabilities.

AVAILABLE AND UNDRAWN CREDIT FACILITIES

Amounts in Euro	31/12/2022	31/12/2021
Undrawn credit facilities		
Commercial paper	305,750,000	175,000,000
Other credit facilities	9,750,000	9,750,000
	315,500,000	**184,750,000**
Commercial paper used (Note 5.6)	18,250,000	55,000,000
Other credit facilities used (Note 5.6)	18,500,000	29,000,000
Contracted credit facilities (nominal value)	**352,250,000**	**268,750,000**

8.1.4 CREDIT RISK

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at cost as detailed in Note 8.3.1 - Categories of financial instruments of the Company.

RECEIVABLES FROM SUBSIDIARIES

Receivables from subsidiaries are subject to the general impairment model of IFRS 9 (3-step model).

As the subsidiaries' credit risk is considered low, due to the reduced risk of uncollectibility and their ability to repay on demand, the impairment estimate corresponds to the first step of the model with the assessment of the uncollectibility risk of the cash flows of the following 12 months.

OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS

Financial assets are derecognised when there is no real expectation of receipt. The Company classifies a receivable to be derecognised when the debtor fails to make the contractual payments due. After being derecognised, the Company continues to take steps to recover the amounts due. In cases of success with the recovery of amounts, such amounts are recognised in profit for the period.

LIQUIDITY RISK MANAGEMENT POLICY

The Company has no significant commercial activity other than the management of the Group's financial investments and the rendering of services to subsidiaries.

In the context of the separate financial statements, the credit risk in respect of financial assets to which the Company is directly exposed derives mainly from loans granted to and other receivables from subsidiaries (Note 4.1), and cash and cash equivalents (Note 5.8) balances.

RECEIVABLES FROM SUBSIDIARIES

Regarding the receivables from subsidiaries related to the services rendered to them by the Company and the loans granted to them, the Company did not record impairment in the periods presented.

RECEIVABLES AND OTHER CURRENT ASSETS

Receivables and other current assets are initially recorded at fair value and are subsequently measured at their amortised cost, net of impairment losses, so as to state them at their expected net realisable value.

Impairment losses are recorded in accordance with the expected credit losses throughout the respective duration, whenever, at each reporting date, there is a significant increase in the credit risk since the initial recognition of receivables and other current assets.

It is considered as default the payments after a delay of 180 days or more, resulting from the experience of actual historical losses over the period considered statistically relevant.

MAXIMUM EXPOSURE TO CREDIT RISK

Amounts in Euro	31/12/2022	31/12/2021
Non-current		
Other financial investments (Note 8.2)	23,413	93,607
Receivables and other current assets (Note 4.1)	28,999	24,877
Current		
Cash and cash equivalents (Note 5.8)	167,920,763	58,877,632
	167,973,175	**58,996,116**

The credit quality as at 31 December 2022 and 2021 of Financial Assets (Cash and cash equivalents) whose counterparties are financial institutions is as follows:

Amounts in Euro	31/12/2022	31/12/2021
A+	82,000,000	-
A-	82,204,433	-
BBB+	3,301,665	19,356,770
BBB	-	31,491,780
BBB-	-	7,003,717
Other	414,315	1,024,959
	167,920,413	**58,877,226**

8.2 OTHER FINANCIAL INVESTMENTS

This Note includes equity instruments held by the Company relating to companies over which it has no control or significant influence. Other financial investments are measured at fair value through profit or loss when the Company holds them for trading purposes. The Company records the remaining financial investments as financial assets at fair value through other comprehensive income.

Amounts in Euro	31/12/2022	31/12/2021
Financial assets at fair value through profit or loss		
Ynvisible, SA	23,413	93,607
	23,413	**93,607**

8.3 FINANCIAL ASSETS AND LIABILITIES

8.3.1 CATEGORIES OF FINANCIAL INSTRUMENTS OF THE COMPANY

The financial instruments included in each caption of the statement of financial position are classified as follows:

Amounts in Euro	Notes	Financial assets at amortised costs	Financial assets at fair value through profit or loss	Financial asset outside the scope of IFRS 9	Non-financial assets	Total
31 December 2022						
Other financial investments	8.3	-	23,413	-	-	23,413
Receivables and other current assets	4.1	7,167,461	28,999	78,742	205,145	7,480,348
Cash and cash equivalents	5.8	167,920,763	-	-	-	167,920,763
Total assets		**175,088,224**	**52,412**	**78,742**	**205,145**	**175,424,524**
31 December 2021						
Other financial investments	8.2	-	93,607	-	-	93,607
Receivables and other current assets	4.1	15,099,295	24,877	-	173,481	15,297,653
Cash and cash equivalents	5.8	58,877,632	-	-	-	58,877,632
Total assets		**73,976,927**	**118,484**	-	**173,481**	**74,268,892**

Amounts in Euro	Notes	Financial liabilities at amortised cost	Non-financial liabilities	Total
31 December 2022				
Interest-bearing liabilities	5.6	286,537,234	-	286,537,234
Lease liabilities	5.7	286,775	-	286,775
Payables and other current liabilities	4.2	41,919,154	690,300	42,609,455
Total liabilities		**328,743,163**	**690,300**	**329,433,463**
31 December 2021				
Interest-bearing liabilities	5.6	234,276,331	-	234,276,331
Lease liabilities	5.7	244,255	-	244,255
Payables and other current liabilities	4.2	15,556,022	699,897	16,255,919
Total liabilities		**250,076,608**	**699,897**	**250,776,505**

8.3.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of financial instruments is classified in accordance with the fair value hierarchy of IFRS 13 - Fair value measurement:

Level 1	Fair value is based on active markets quotations, at the reporting date.
Level 2	Fair value is determined using valuation models, whose main inputs of the models used are observable in the market.
Level 3	Fair value is determined using valuation models, whose main inputs are not observable in the market.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The Company considers that the carrying amount of loans at variable rates, as well as financial assets and liabilities measured at amortised cost in the remaining captions (Note 8.3.1), is close to their fair value.

9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1 PROVISIONS

Recognition and initial measurement	Provisions are recognised whenever: (i) the Company has a legal or constructive obligation, as a result of past events; (ii) it is likely that a cash outflow and/or resources will be required to settle the obligation; and (iii) the amount has been reliably estimated
Subsequent measurement	Provisions are reviewed on the Statement of financial position date and are adjusted so as to reflect the best estimate at that date.

INVESTMENTS IN SUBSIDIARIES

Provisions are recognised for the Company's liabilities for losses on investments in subsidiaries (Note 10.1), after the related carrying amount has been reduced to zero, to the extent that the Company may have incurred legal or constructive obligations or made payments on behalf of such subsidiaries.

TAX PROCEEDINGS

The balances of additional tax liabilities for the Company's uncertainty over income tax are disclosed in Note 6.1 - Income tax.

LEGAL PROCEEDINGS

These provisions were made in accordance with the risk assessments carried out internally by the Company with the support of its legal advisors, based on the likelihood of the decision being favourable or unfavourable to the Company.

9.2 COMMITMENTS

In the periods ended 31 December 2022 and 2021, Semapa has no commitments other than those already disclosed above.

9.3 CONTINGENT ASSETS AND LIABILITIES

In the periods ended 31 December 2022 and 2021, Semapa has not identified any disclosable contingent assets and liabilities.

10 GROUP STRUCTURE

10.1 INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

SUBSIDIARIES

Subsidiaries are all entities over which the Company has control, which occurs when the Company is exposed or entitled to the variable returns resulting from its involvement with the entities and has the capacity to affect that return through the exercise of power over the entities, regardless of the percentage they hold over equity.

The existence and the effect of potential voting rights which are currently exercisable, or convertible are considered when the Company assesses whether it has control over another entity.

JOINTLY-CONTROLLED ENTITIES

A jointly-controlled entity is a joint venture involving the establishment of a company, partnership or other entity in which the Group has an interest.

MEASUREMENT

Investments in subsidiaries and jointly-controlled entities are accounted under the equity method.

In accordance with the equity method, the financial investments are initially recorded at their cost and adjusted by the amount corresponding to the share of the net profit of subsidiaries and jointly-controlled entities against the "Gains/(losses) from subsidiaries and jointly-controlled entities", by the dividends received and by other changes in their equity against "Other comprehensive income". Additionally, investments in subsidiaries and jointly-controlled entities may also be adjusted through the recognition of impairment losses.

The accounting policies subsidiaries and jointly-controlled entities are amended, when necessary, to ensure that they are applied consistently with those of the Company.

When the Company's share in the losses of the subsidiaries and jointly-controlled entities is equal to or exceeds its investment in the subsidiary, the Company ceases to recognise additional losses, except where it has assumed liability or made payments in the subsidiary's name, as detailed in Note 9.1 - Provisions. If they subsequently report profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of unrecognised losses.

RECOVERABLE AMOUNT FROM INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

The Company performs impairment tests on investments in subsidiaries and jointly-controlled entities annually and on dates when it determines that there are indications that the investments may be impaired.

In the separate financial statements, Goodwill included in the measurement of financial investments is not presented separately, and the impairment tests are based on the total carrying amount of the investment tested.

These projections result from budgets for the following year and estimates of cash flows for a subsequent period of four years, reflected in the approved Medium/Long-Term Plans, approved by the Board of Directors.

Cash flows are discounted at WACC (Weighted Average Cost of Capital) rates based on CAPM (Capital Asset Pricing Model) and based on weighted average debt and equity costs, estimated according to the segments where CGUs are inserted. The risk-free interest rate considered are the result of market information on medium-term sovereign debt. The beta and leverage of the sectors are based on information from a broad set of comparable companies subject to an annual review. All this information is gathered from international and independent sources, including Reuters and rating agencies (S&P, Moody's and Fitch).

The growth rate in perpetuity reflects the Board's medium and long term vision for the different CGU's, taking into account the inflation objectives of the respective Central Banks, estimates of future inflation rates, the macroeconomic outlook, as well as the foreseeable evolution of the Markets where the Group operates. The sources of macroeconomic forecasts are the IMF and Banco de Portugal.

The assumptions that were the basis of the business plans are detailed as follows:

ASSUMPTIONS ON THE BASIS OF THE BUSINESS PLANS

Assumptions (CAGR 2023-2027)	Pulp and Paper	Cement and derivatives*	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and Clinker	Fat [3.5]
CAGR Sales in quantity (kt)	-0.1%	-1.3% to 6.0%	-3.5%
Average Sales Price LC/t			
Reference	UWF paper	Grey cement in the Internal market	Fat [3.5]
CAGR Average selling price LC/t	-1.8%	2.5% to 21.3%	-7.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-6.25%	3.8% to 24.0%	0.91%

** Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola*

Assumptions (CAGR 2022-2026)	Pulp and Paper	Cement and derivatives*	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and Clinker	Fat [3.5]
CAGR Sales in quantity (kt)	0.7%	-0.8% to 7.3%	-0.5%
Average Sales Price LC/t			
Reference	UWF paper	Grey cement in the Internal market	Fat [3.5]
CAGR Average selling price LC/t	-1.2%	0.6% to 9.6%	-3.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-1.90%	-0.40% to 19.28%	0.69%

** Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola*

MACROECONOMIC AND FINANCIAL ASSUMPTIONS

The main assumptions considered at macroeconomic level are projections of GDP growth rate and inflation in the markets where the Group operates (Portugal for all CGUs and also Tunisia, Lebanon, Brazil and Angola in the Cement and Derivatives segment). The sources of forecasts are the IMF and Banco de Portugal.

The perpetuity growth rate reflects the Boards of Directors' vision in the medium and long-term for the different CGUs, bearing in mind the macroeconomic assumptions.

Financial assumptions	31/12/2022				31/12/2021			
	Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate	Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate
Pulp and Paper								
Portugal								
Explicit Planning Period	2.94%	6.76%	-	27.50%	0.30%	4.46%	-	27.50%
Perpetuity	2.94%	6.76%	0.00%	27.50%	2.31%	6.34%	0.00%	27.50%
Cement and Derivatives								
Portugal								
Explicit Planning Period	2.94%	6.48%	-	27.50%	0.30%	4.47%	-	27.50%
Perpetuity	2.94%	6.48%	1.85%	27.50%	2.31%	6.30%	1.71%	27.50%
Environment								
Portugal								
Explicit Planning Period	2.94%	7.70%	-	25.50%	0.30%	4.59%	-	25.50%
Perpetuity	2.94%	7.70%	1.25%	25.50%	2.31%	6.50%	1.25%	25.50%

Note: In Cements and derivatives WACC rates in Euro between 6.48% and 20.50% were also considered for Brazil, Tunisia, Angola and Lebanon
* Includes the Country Risk Premium

IMPAIRMENT TESTS

As a result of the impairment tests performed in 2022 and 2021, no impairment loss was identified in Goodwill.

SENSITIVITY ANALYSIS

A sensitivity analysis was performed to the assumptions regarded as key (independently for each assumption), WACC rate and free cash flow, which did not determine any impairment for the goodwill allocated to each CGU.

VARIATION OF SEMAPA EQUITY BY A CHANGE IN THE WACC RATE:

	31/12/2022				31/12/2021			
WACC Rate Sensitivity Analysis	-50bps	+50bps	-1%	+1%	-50bps	+50bps	-1%	+1%
Pulp and Paper								
Explicit Planning Period	2%	-2%	5%	-5%	3%	-3%	6%	-5%
Perpetuity	7%	-6%	15%	-11%	8%	-7%	18%	-13%
Explicit Planning and Perpetuity	10%	-8%	21%	-16%	11%	-10%	25%	-18%
Cement and other building materials								
Explicit Planning Period	3%	-3%	6%	-6%	3%	-3%	6%	-6%
Perpetuity	11%	-9%	25%	-17%	11%	-9%	25%	-16%
Explicit Planning and Perpetuity	14%	-12%	32%	-22%	14%	-12%	32%	-21%
Environment								
Explicit Planning Period	2%	-2%	4%	-4%	2%	-2%	5%	-4%
Perpetuity	6%	-5%	13%	-10%	9%	-7%	19%	-13%
Explicit Planning and Perpetuity	8%	-7%	18%	-13%	11%	-9%	25%	-17%

VARIATION OF SEMAPA EQUITY BY A CHANGE IN FREE CASH FLOW:

	31/12/2022				31/12/2021			
FCF sensitivity analysis	-5%	+5%	-10%	+10%	-5%	+5%	-10%	+10%
Pulp and Paper	-6%	6%	-11%	11%	-6%	6%	-12%	12%
Cement and other building materials	-7%	7%	-14%	14%	-7%	7%	-13%	13%
Environment	-5%	5%	-9%	9%	-5%	5%	-10%	10%

As at 31 December 2022 and 2021, the caption Investments in joint ventures recorded by the equity method in the statement of financial position, including goodwill, were as follows:

Company name	31/12/2022				31/12/2021		
	Head Office	Equity	% held	Balance*	Equity	% held	Balance*
Subsidiaries							
Aphelion, S.A.	Portugal	41,924	100.00%	41,924	42,788	100.00%	42,788
ETSA Investimentos, SGPS, S.A.	Portugal	89,239,196	99.99%	89,228,278	78,163,518	99.99%	78,154,783
Secil - Companhia Geral de Cal e Cimento, S.A.	Portugal	305,643,031	100.00%	439,800,168	319,542,839	100.00%	453,701,588
Semapa Inversiones, S.L.	Spain	101,045	100.00%	101,045	113,250	100.00%	113,250
Semapa Next, S.A.	Portugal	48,124,114	100.00%	48,124,114	20,479,500	100.00%	20,479,500
The Navigator Company, S.A.	Portugal	1,017,963,740	69.97%	834,597,262	814,453,263	69.97%	692,200,264
Jointly-controlled entity							
UTIS - Ultimate Technology to Industrial Savings, S.A.	Portugal	21,964,842	50.00%	37,823,495	6,936,200	50.00%	3,468,100
				1,449,716,286			**1,248,160,273**

* Includes Goodwill

The subsidiary The Navigator Company, SA is a public company listed on Euronext Lisbon and included in the PSI20, the main reference index of the Portuguese stock market. As at 31 December 2022, Navigator's share price was Euro 3.454 (Euro 3.35 at 31 December 2021).

During the year 2022, Ultimate Cell, a partner of Semapa in UTIS, with an equal 50% capital share in the company, transferred the activity carried out by its subsidiary, Ultimate Power, to UTIS by selling stocks, patents, and transferring personnel to the latter. Simultaneously, it carried out a capital increase in UTIS. In order to maintain the 50/50 proportion in this joint venture, Semapa decided to accompany this capital increase operation, and an Earnout (to be paid by Semapa to Ultimate Cell) was contractually established, based on the projected EBITDA generated by UTIS (including the activity of Ultimate Power until then) in 2022 and 2023.

Thus, Semapa increased its financial investment by EUR 26,841,074 in exchange for a liability corresponding to the estimated value of the Earnout to be paid to Ultimate Cell (Note 4.2), which essentially corresponds to the Goodwill provisionally determined following the identification of synergies. This Earnout will be settled after the annual general meetings of 2023 (estimated amount of EUR 24,041,074 recorded as current payable in accordance with Note 4.2) and 2024 (estimated amount of EUR 2,800,000 recorded as non-current payable in accordance with Note 4.2), based on UTIS annual accounts approved and certified by the auditor.

SUMMARY FINANCIAL INFORMATION ON THE SUBSIDIARIES AND THE JOINTLY-CONTROLLED ENTITY

31 December 2022	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Profit for the period	Net profit	Comprehensive income
Subsidiaries							
Aphelion, S.A.	43,133	-	1,209	-	-	(865)	(865)
ETSA Investimentos, SGPS, S.A.	38,818,129	70,952,253	18,103,625	2,041,900	54,622,984	12,226,376	12,226,376
Secil - Companhia Geral de Cal e Cimento, S.A.	294,988,271	910,245,638	476,617,248	409,648,399	602,980,604	12,625,862	25,114,647
Semapa Inversiones, S.L.	101,633	-	588	-	-	(12,205)	(12,205)
Semapa Next, S.A.	108,120	48,816,663	800,670	-	1,365,301	2,708,696	3,104,614
The Navigator Company, S.A.	1,157,172,956	1,564,734,047	789,789,174	918,856,112	2,464,624,691	381,467,056	464,581,395
Jointly-controlled entity							
UTIS - Ultimate Technology to Industrial Savings, S.A.	31,290,402	2,060,397	11,385,958	-	40,420,414	17,508,759	17,508,759

31 December 2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Profit for the period	Net profit	Comprehensive income
Subsidiaries							
Aphelion, S.A.	43,292	-	504	-	-	(691)	(691)
ETSA Investimentos, SGPS, S.A.	29,450,539	66,179,305	14,649,137	2,485,172	39,972,442	8,918,331	8,918,331
Secil - Companhia Geral de Cal e Cimento, S.A.	258,552,365	812,459,616	373,831,381	360,264,481	495 863 777	52,504,091	40,714,195
Semapa Inversiones, S.L.	115,386	-	2,136	-	-	(19,433)	(19,433)
Semapa Next, S.A.	210,531	21,168,292	899,323	-	1,119,074	713,713	1,005,409
The Navigator Company, S.A.	744,723,485	1,607,738,526	558,184,283	979 537 569	1,595,870,445	160,339,581	168,462,477
Jointly-controlled entity							
UTIS - Ultimate Technology to Industrial Savings, S.A.	14,831,733	991,313	8,886,846	-	17,388,598	5,302,022	5,302,022

The amounts shown for each subsidiary may differ from those shown individually for each one in its statutory financial statements, following harmonisation adjustments and others resulting from the application of the accounting standards in force.

RECONCILIATION OF THE EQUITY OF MATERIAL SUBSIDIARIES AND OF THE JOINTLY-CONTROLLED ENTITY WITH THE BALANCE OF THE FINANCIAL INVESTMENT

31 December 2022 Amounts in Euro	Aphelion, S.A.	ETSA Investimentos, SGPS, S.A.	Secil - Companhia Geral de Cal e Cimento, S.A.	Semapa Inversiones, S.L.	Semapa Next, S.A.	The Navigator Company, S.A.	UTIS - Ultimate Technology to Industrial Savings, S.A.
Equity	41,924	89,239,196	305,643,031	101,045	48,124,114	1,017,963,740	21,964,842
% held	100%	99.99%	100%	100%	100%	70%	50%
	41,924	**89,228,278**	**305,634,863**	**101,045**	**48,124,114**	**712,272,816**	**10,982,421**
Goodwill	-	-	134,165,305	-	-	122,324,446	26,841,074
Financial investment	**41,924**	**89,228,278**	**439,800,168**	**101,045**	**48,124,114**	**834,597,262**	**37,823,495**

31 December 2021 Amounts in Euro	Aphelion, S.A.	ETSA Investimentos, SGPS, S.A.	Secil - Companhia Geral de Cal e Cimento, S.A.	Semapa Inversiones, S.L.	Semapa Next, S.A.	The Navigator Company, S.A.	UTIS - Ultimate Technology to Industrial Savings, S.A.
Equity	42,788	78,163,518	319,542,839	113,250	20,479,500	814,453,263	6,936,200
% held	100.00%	99.99%	100.00%	100.00%	100.00%	69.97%	50.00%
	42,788	**78,154,783**	**319,536,283**	**113,250**	**20,479,500**	**569,875,818**	**3,468,100**
Goodwill	-	-	134,165,305	-	-	122,324,446	-
Financial investment	**42,788**	**78,154,783**	**453,701,588**	**113,250**	**20,479,500**	**692,200,264**	**3,468,100**

MOVEMENTS IN INVESTMENTS IN SUBSIDIARIES

Amounts in Euro	2022	2021
Opening balance	**1,248,160,273**	**1,219,396,344**
Acquisitions		
Shareholding in UTIS - Ultimate Technology to Industrial Savings, S.A.	46,000	4,411,614
Goodwill of UTIS - Ultimate Technology to Industrial Savings, S.A.	26,841,074	-
Additional capital contributions		
Semapa Next, S.A.	24,540,000	10,845,000
Acquisitions and capital increases	**51,427,074**	**15,256,614**
Repayment of share premium		
Repayment of additional capital contributions		
Secil – Companhia Geral de Cal e Cimento, S.A	(40,500,000)	**(40,500,000)**
Capital decreases, disposals and liquidations	**(40,500,000)**	**(40,500,000)**
Share of profits - equity method		
Aphelion, S.A.	(865)	(691)
ETSA Investimentos, SGPS, S.A.	12,073,382	8,917,335
Secil - Companhia Geral de Cal e Cimento, S.A.	12,360,811	52,503,014
Semapa Inversiones, S.L.	(12,205)	(19,433)
Semapa Next, S.A.	2,708,696	713,713
The Navigator Company, S.A.	266,912,541	112,190,170
UTIS - Ultimate Technology to Industrial Savings, S.A.	8,754,382	333,361
Net profit	**302,796,742**	**174,637,469**
Dividends		
The Navigator Company, S.A.	(174,917,457)	(104,648,918)
ETSA Investimentos, SGPS, S.A.	(999,888)	(999,888)
UTIS - Ultimate Technology to Industrial Savings, S.A.	1,116,780	1,237,742
Dividends distributed	**(177,034,125)**	**(106,886,548)**
Other comprehensive income	64,866,322	(13,743,603)
Other movements	-	(3)
Other equity changes of subsidiaries	**64,866,322**	**(13,743,606)**
Closing balance	**1,449,716,286**	**1,248,160,273**

10.2 TRANSACTIONS WITH RELATED PARTIES

BALANCES WITH RELATED PARTIES

Amounts in Euro	31/12/2022				
	Receivables and other current assets (Note 4.1)	Receivables and other current assets - RETGS (Note 4.1)	Payables and other current liabilities (Note 4.2)	Payables and other current liabilities - RETGS (Note 4.2)	Interest-bearing liabilities (Note 5.6)
Shareholders					
Sodim, SGPS, S.A.	745	-	-	-	-
	745	**-**	**-**	**-**	**-**
Subsidiaries - direct shareholdings (Note 10.1)					
Aphelion, S.A.	66	-	-	328	42,042
ETSA Investimentos, SGPS, S.A.	-	-	-	34,539	-
Secil - Companhia Geral de Cal e Cimento, S.A.	4,288,777	-	-	9,561,646	-
Semapa Inversiones, S.L.	-	-	16	-	43,536
Semapa Next, S.A.	84,301	48,486	229	-	-
	4,373,144	**48,486**	**245**	**9,596,513**	**85,578**
Other subsidiaries of the Semapa Group					
Abapor - Comércio e Indústria de Carnes, S.A.	-	25,085	-	-	-
Argibetão - Soc. de Novos Prod. de Argila e Betão, S.A.	185,046	-	-	550,968	-
Beto Madeira - Betões e Britas da Madeira, S.A.	-	-	-	40	-
Betotrans II - Unipessoal, Lda.	-	1,542	-	-	-
Biological - Gestão de Resíduos Industriais, Lda.	-	57,649	-	-	-
Brimade - Sociedade de Britas da Madeira, S.A.	26,891	-	-	18,240	-
Cimentos Madeira, Lda.	-	-	-	65,795	-
Ciminpart - Investimentos e Participações, SGPS, S.A.	-	-	-	6,640	-
ETSA Log, S.A.	-	22,189	-	-	-
Florimar- Gestão e Participações, S.G.P.S., Lda.	-	-	-	3,531	-
ITS - Indústria Transformadora de Subprodutos, S.A.	-	100,141	-	-	-
Sebol - Comércio e Indústria de Sebo, S.A.	-	1,112,926	-	-	-
Secil - Britas, S.A.	327,162	73,163	-	-	-
Secil Brands - Marketing, Publicidade, Gestão e Desenvolv. de Marcas, Lda.	71,480	-	-	85,871	-
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	244,981	115,124	-	-	-
Unibetão - Indústrias de Betão Preparado, S.A.	-	-	-	90,690	-
	855,560	**1,507,818**	**-**	**821,774**	**-**
Other related parties					
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	-	-	7,380	-	-
Hotel Ritz, S.A.	-	-	8,433	-	-
Letras Criativas, Unipessoal, Lda.	-	-	6,150	-	-
Sociedade Agrícola da Herdade dos Fidalgos, Unipessoal, Lda.	-	-	710	-	-
Ultimate Cell, Lda.	-	-	26,841,074	-	-
Members of the Board of Directors	2,139	-	7,255	-	-
	2,139	**-**	**26,871,001**	**-**	**-**
	5,231,588	**1,556,304**	**26,871,247**	**10,418,288**	**85,578**

Amounts in Euro	31/12/2021				
	Receivables and other current assets (Note 4.1)	Receivables and other current assets - RETGS (Note 4.1)	Payables and other current liabilities (Note 4.2)	Payables and other current liabilities - RETGS (Note 4.2)	Interest-bearing liabilities (Note 5.6)
Shareholders					
Sodim, SGPS, S.A.	512	-	-	-	-
	512	**-**	**-**	**-**	**-**
Subsidiaries - direct shareholdings (Note 10.1)					
Aphelion, S.A.	-	-	-	328	42,028
ETSA Investimentos, SGPS, S.A.	36,281	-	-	36,283	-
Secil - Companhia Geral de Cal e Cimento, S.A.	4,382,879	-	34,513	9,105,898	-
Semapa Inversiones, S.L.	-	-	-	-	56,767
Semapa Next, S.A.	441,607	31,470	-	-	-
The Navigator Company, S.A.	1,023,084	6 447 546	-	-	-
	5,883,851	**6,479,016**	**34,513**	**9,142,509**	**98,795**
Other subsidiaries of the Semapa Group					
Abapor - Comércio e Indústria de Carnes, S.A.	-	59,287	-	-	-
Argibetão - Soc. de Novos Prod. de Argila e Betão, S.A.	-	431,129	-	-	-
Beto Madeira - Betões e Britas da Madeira, S.A.	-	-	-	14	-
Betotrans II - Unipessoal, Lda.	-	5,446	-	-	-
Biological - Gestão de Resíduos Industriais, Lda.	-	100,634	-	-	-
Brimade - Sociedade de Britas da Madeira, S.A.	-	42,932	-	-	-
Cimentos Madeira, Lda.	-	-	-	64,770	-
Ciminpart - Investimentos e Participações, SGPS, S.A.	-	-	-	17,805	-
ETSA Log, S.A.	-	18,974	-	-	-
ITS - Indústria Transformadora de Subprodutos, S.A.	-	99,865	-	-	-
Sebol - Comércio e Indústria de Sebo, S.A.	-	836,471	-	-	-
Secil - Britas, S.A.	-	221,029	-	-	-
Secil Brands - Marketing, Publicidade, Gestão e Desenvolv. de Marcas, Lda.	-	-	-	29,101	-
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	279,993	9,991	-	-	-
Unibetão - Indústrias de Betão Preparado, S.A.	-	-	-	414,490	-
	279,993	**1,825,758**	**-**	**526,180**	**-**
Other related parties					
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	-	-	7,380	-	-
Nofigal, Lda.	-	-	4,059	-	-
UTIS - Ultimate Technology to Industrial Savings, S.A.	618,871	-	-	-	-
Members of the Board of Directors	-	-	7,255	-	-
	618,871	**-**	**18,694**	**-**	**-**
	6,783,227	**8,304,774**	**53,207**	**9,668,689**	**98,795**

As at 31 December 2022 and 2021, interest-bearing liabilities from shareholding companies and subsidiaries relate to short-term treasury operations that bear interest at market rates, debited quarterly.

TRANSACTIONS WITH RELATED PARTIES

Amounts in Euro	2022				
	Purchases of goods and services	Sales and services rendered	Financial income/ (expense)	Amount of loans granted	Amount of loans obtained
Subsidiaries - direct shareholdings (Note 10.1)					
Aphelion, S.A.	-	-	(55)	-	14
ETSA Investimentos, SGPS, S.A.	-	344,983	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	-	3,235,361	-	-	-
Semapa Inversiones, S.L.	-	-	(69)	-	18
Semapa Next, S.A.	(1,365,301)	-	-	-	-
The Navigator Company, S.A.	-	8,932,995	-	-	-
	(1,365,301)	**12,513,339**	**(124)**	**-**	**32**
Other related parties					
Bestweb, Lda.	(22,022)	-	-	-	-
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	(72,000)	-	-	-	-
Hotel Ritz, S.A.	(97,571)	-	-	-	-
José Fernando Morais Carreira de Araújo	(30,785)	-	-	-	-
Letras Criativas, Unipessoal, Lda.	(60,000)	-	-	-	-
Nofigal, Lda.	(39,600)	-	-	-	-
Sociedade Agrícola da Herdade dos Fidalgos, Lda.	(1,224)	-	-	-	-
Sonagi - Imobiliária, S.A.	(759,257)	-	-	-	-
	(1,082,459)	**-**	**-**	**-**	**-**
	(2,447,760)	**12,513,339**	**(124)**	**-**	**32**

Amounts in Euro	2021				
	Purchases of goods and services	Sales and services rendered	External services recharge	Financial income/ (expense)	Amount of loans obtained
Shareholders (Note 5.2)					
Sodim, SGPS, S.A.	-	-	4,219	-	-
	-	**-**	**4,219**	**-**	**-**
Subsidiaries - direct shareholdings (Note 10.1)					
Aphelion, S.A.	-	-	-	(57)	57
ETSA Investimentos, SGPS, S.A.	-	381,097	-	-	
Secil - Companhia Geral de Cal e Cimento, S.A.	(28,059)	4,546,728	-	-	-
Semapa Inversiones, S.L.	-	-	-	(84)	84
Semapa Next, S.A.	(1,119,074)	-	43,977	-	-
The Navigator Company, S.A.	-	10,043,173	-	-	-
	(1,147,133)	**14,970,998**	**43,977**	**(141)**	**141**
Other related parties					
Bestweb, Lda.	(22,022)	-	-	-	-
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	(57,000)	-	-	-	-
Hotel Ritz, S.A.	(31,453)	-	-	-	-
Letras Criativas, Unipessoal, Lda.	(60,000)	-	-	-	-
Nofigal, Lda.	(23,100)	-	-	-	-
Sonagi - Imobiliária, S.A.	(766,018)	-	503	-	-
	(1,147,133)	**14,970,998**	**48,196**	**(141)**	**141**
	(2,294,266)	**29,941,996**	**96,392**	**(282)**	**282**

In previous years, lease agreements were signed between Semapa and Sonagi - Imobiliária. S.A. relating to the lease of several office floors in the building which it owns and operates the head office of Semapa at Av. Fontes Pereira de Melo, no. 14, in Lisbon.

RECEIVABLES AND PAYABLES - TAX CONSOLIDATION (RETGS)

The balances receivable from and payable to the subsidiaries included in the Company's Tax Business Group related to the RETGS operations (Note 6.1) are of the following nature:

Amounts in Euro	31/12/2022		31/12/2021	
	Receivable	Payable	Receivable	Payable
Income tax on subsidiaries	5,618,221	1,989,724	4,866,603	1,631,970
Corporate Income Tax receivables	(4,127,130)	(12,166,335)	(3,009,182)	(10,998,870)
Withholding tax recoverable	(331)	(8,632)	(193)	(59,494)
International double taxation	-	(233,045)	-	(242,295)
Corporate Income Tax from prior periods	65,544	-	6,447,546	-
	1,556,304	**(10,418,288)**	**8,304,774**	**(9,668,689)**

OTHER RELATED PARTY DISCLOSURES

In 2018, the subsidiary Semapa Next, S.A., entered into an agreement to perform an investment of USD 12 million in the "Alter Venture Partners Fund 1", entity in which a member of the executive team is also a non-executive board member of Semapa.

The remuneration of the Company's key management personnel is detailed in Note 7.3 – Remuneration of corporate bodies.

11. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

Lisbon, 23 March 2023

CERTIFIED ACCOUNTANT

Paulo Jorge Morais Costa

BOARD OF DIRECTORS

CHAIRMAN

José Antônio do Prado Fay

FULL MEMBERS

Ricardo Miguel dos Santos Pacheco Pires

Vítor Paulo Paranhos Pereira

Filipa Mendes de Almeida de Queiroz Pereira

Mafalda Mendes de Almeida de Queiroz Pereira

Lua Mónica Mendes de Almeida de Queiroz Pereira

António Pedro de Carvalho Viana-Baptista

Paulo José Lameiras Martins

STATUTORY AUDITORS' REPORT/AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** (the Entity), which comprise the statement of financial position as at 31 December 2022 (showing a total of Euro 1,656,616,406 and total equity of Euro 1,323,380,145, including a profit (loss) for the year of Euro 307,089,834), and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of financial investments (Euro 1,449,716,286)	
See Note 1.6 Significant accounting estimates and judgements and Note 10.1 of the notes to the Financial Statements	
The Risk	**Our response to the identified risk**
The valuation of the Entity's financial investments requires a high degree of estimate and judgement by the Board of Directors, namely with regard to the calculation of the recoverable value of the investments made when signs of impairment are identified.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls implemented by the Entity and analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in previous periods, and the integrity of the discounted cash flow model; ▪ We assessed the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, projected economic growth and discount rates; ▪ We performed sensitivity analyses of the assumptions and forecasts used; ▪ We involved our experts in benchmarking the average cost of capital rate; and ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

KPMG

Responsibilities of Management and the Supervisory Body for the Financial Statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the management report, the corporate governance report and the remunerations' report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' 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 ISAs 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 financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's 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

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the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the remunerations report was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451, no. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment of the Entity, we have not identified any material misstatements.

On the corporate governance report

Pursuant to article 451, no. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Entity to provide under article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of no. 1 of that article.

On the remunerations' report

Pursuant to article 26-G, no. 6, of the Securities Code, we inform that the Group has included in the corporate governance report in a separate chapter the information defined in no. 2 of that article.

On the European single electronic format (ESEF)

The financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. for the year ended 31 December 2022 must comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format;
- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Entity.

In our opinion, the financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) no. 537/2014

Pursuant to article 10 of the Regulation (EU) no. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of the Entity in the shareholders general assembly held on 22 September 2017 for a first mandate from 2018 to 2021. We were reappointed as auditors of the Entity in the shareholders general assembly held on 27 May 2022 for a second mandate from 2022 to 2024.

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- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Entity on 13 April 2023.
- We declare that we have not provided any services prohibited under Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014, and that we have maintained our independence from the Entity during the course of the audit.

14 April 2023

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
(no. 189 and registered at CMVM with no. 20161489)
represented by
Paulo Alexandre Martins Quintas Paixão
(ROC no. 1427 and registered at CMVM with no. 20161037)

SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.

Report and Opinion of the Audit Board
Separate Financial Statements
(Free translation from a report originally issued in Portuguese language.
In case of doubt the Portuguese version will always prevail.)

Year 2022

Dear Shareholders,

1. As laid down by law, established in the articles of association and in carrying out the mandate entrusted to us, we hereby deliver our report on the audit activities carried out in 2022 and issue our opinion on the Management Report and the Separate Financial Statements submitted by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the year ended 31 December 2022.

2. During the year, we monitored the company's activity on a regularly basis, with the frequency and to the extent that we deemed appropriate, namely through regular meetings with the Company's Management and Directors. We oversaw the reviewing of the accounting records and the supporting documents, and the efficacy of the risk management, internal control and audit systems. We ensured compliance with the law and the Articles of Association. We did not run up against any obstacles in the exercise of our duties.

3. We met several times with the Statutory Auditor and the External Auditor, KPMG & Associados, SROC, Lda., to monitor the audits conducted and supervise their independence. We have analysed the legal Accounts Certificate and Audit Report, and merit our agreement.

4. The Audit Board analysed the proposals that were presented to it for non-audit services by the Statutory and External Auditor, having approved those that related with permitted services, did not affect the independence of the Statutory and External Auditor and fulfil the other legal requirements.

5. Within the scope of our competences, we find that:

   a) The separate Income Statement, the separate Financial Statement, the separate Statement of Comprehensive Income, the separate Statement of Changes in Equity and the separate Cash Flow Statement and its Notes to the separate financial statements give a true and fair view of the financial position of the company, in respect of its results, comprehensive income, changes in equity and cash flow;

   b) The accounting policies and valuation criteria applied are in conformity with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and ensure that a true and fair assessment of the company's assets and results is given, and the findings and recommendations of the external auditor have been followed through;

   c) The Management Report clearly shows the development of the business and the situation of the company, highlighting key aspects of the activity;

   d) The Corporate Governance Report covers all of the points required under the terms of Article 29 H of the Securities Code and considered the recommendations to the Code of the Portuguese Corporate Governance Institute (IPCG).

6. We are of the opinion that the allocation of profits as proposed by the Board of Directors does not run counter to the applicable legal or statutory provisions.

7. Consequently, taking into account the information delivered by the company's Board of Directors and Departments, and the conclusions of the legal Accounts Certificate and Audit Report, we are of the opinion that:

   a) The Management Report should be approved;

   b) The separate Financial Statements should be approved;

   c) The allocation of results as proposed by the Board of Directors should be approved.

8. Finally, the members of the Audit Board are grateful to the Board of Directors, the key supervisors and other company staff, as well as to the statutory auditor KPMG & Associados, SROC, Lda. for their collaboration.

Lisbon, 14 April 2023

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member of the Audit Board,

Gonçalo Nuno Palha Gaio Picão Caldeira

Member of the Audit Board,

Maria da Graça Torres Ferreira da Cunha Gonçalves

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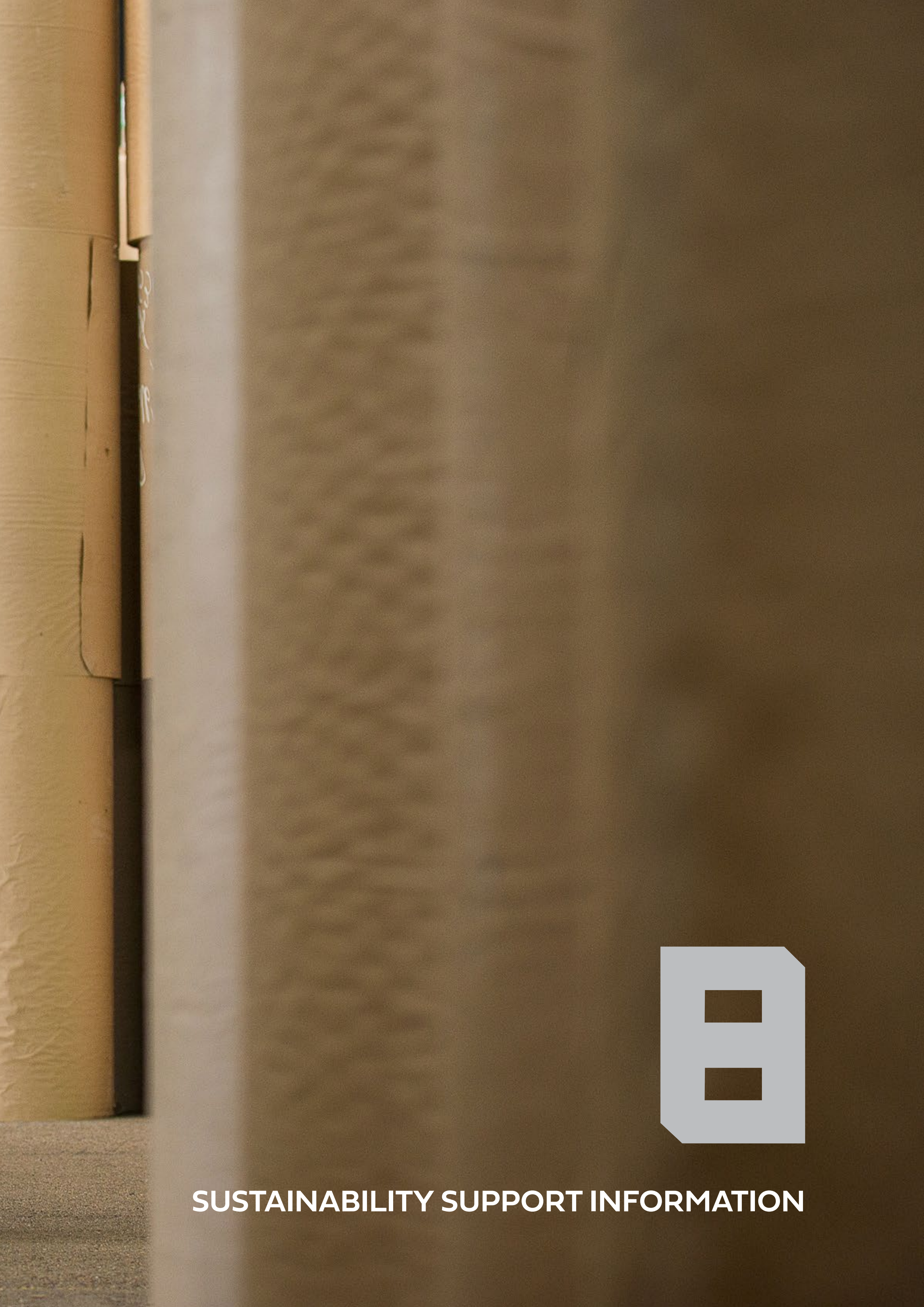

SUSTAINABILITY SUPPORT INFORMATION

Contents

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8.1. SUSTAINABILITY SUPPORT INFORMATION

This Sustainability Report has been drawn up in accordance with the 2021 version of the Global Reporting Initiative (GRI) standards. It includes information from the Holding Company and its subsidiaries – Navigator, Secil, ETSA and Semapa Next. The information from the Holding Company and Semapa Next are presented together, and in the case of Navigator, all the indicators are consolidated, except for Mozambique, whose operations are described throughout this document, whenever applicable.

Through the present document a response is given to the legal requirements introduced by Decree-Law No. 89/2017, of 28th July, regarding the disclosure, by large companies and groups, of non-financial information and diversity information.

Attached are the GRI Index, the content correspondences between this document and the reporting model for disclosure of non-financial information defined by the CMVM - Portuguese Securities Market Commission, as well as the World Economic Forum's (WEF) framework Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, published in 2020, in its core option, and to which the Semapa Group voluntarily subscribed last year.

The sustainability information contained in this report was subject to external verification, conducted by KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., which issued an independent report with limited assurance of reliability.

The sustainability information is presented below. Changes and reformulations in comparison with the previous year's report are indicated in the methodological notes for each indicator.

8.1.1 GOVERNANCE DISCLOSURES

GRI 2: GOVERNANCE

GRI 2-14: Role of the highest governance body in sustainability reporting

The approval of the sustainability report (including material topics) is made by the Board of Directors. The Executive Committee reviews it after submission by the Sustainability Committee. If in agreement it is sent for approval to the Board of Directors.

GRI 2-21: Annual compensation ratio

The Holding Company's annual compensation ratio in 2022 was 22.40.

STRATEGIES, POLICIES AND PRACTICES

GRI 2-27: Compliance with laws and regulations

There were no significant occurrences nor fines paid resulting from non-compliance with laws and/or regulations.

STAKEHOLDER ENGAGEMENT

GRI 2-28: Memberships in associations

Semapa Holding takes an active part in the following associations::

- AEM - Association of Companies Issuing Listed Securities
- Business Roundtable Association Portugal
- Portuguese Institute of Corporate Governance

In addition to these, Group companies also take part in other sector associations and in sustainability, available in their respective sustainability reports (Navigator and Secil).

8.1.2 ECONOMIC DISCLOSURES

GRI 201: ECONOMIC PERFORMANCE

GRI 201-1: Direct economic value generated and distributed (€)				
	Description	2020	2021	2022
Semapa Group	**Direct economic value generated**	**1,966,260**	**2,228,306**	**3,287,321**
	Revenues	1,966,260	2,228,306	3,287,321
	Economic value distributed	**1,628,916**	**1,792,879**	**2,541,464**
	Operating costs	1,288,514	1,389,223	1,930,102
	Employee wages and benefits	217,299	248,317	281,789
	Payments to providers of capital	126,887	125,027	274,823
	Payments to government	-6,127	28,019	52,303
	Community investments	2,343	2,294	2,446
	Economic value retained	**337,344**	**435,426**	**745,857**

GRI 201-2: Financial implications and other risks and opportunities due to climate change				
Company/ Affiliated	Description	2020	2021	2022
Navigator	Number of CO_2 emission licences (unit)	516,319	620,805	574,122
	Market value (thousand €)	16,909	50,068	46,785
Secil	Number of CO_2 emission licences (unit)	2,423,234	2,349,520	2,326,945
	Market value (thousand €)	79,288	189,489	189,623

The Semapa Group is committed to decarbonising its operations and is implementing roadmaps to decarbonisation of emissions in each of the subsidiaries. These roadmaps are presented as the Group's main plans not only to contribute on the possible scale to global decarbonisation and thus contribute to greater stability of the energy grid, but also to avoid costs associated with emissions licences.

The possible increase in the cost of energy acquisition (fuel or electric), associated with the decarbonization of the economy, is one of the financial implications that the Group may face in the coming years. Another financial implication that the Group must consider are the costs arising from the costs incurred through the ETS (EU Emissions Trading System) market, namely with the CO_2 allowances (shown in the table above). If ETSA is not currently covered by the ETS, in the future the legislation may change, and small installations, not currently covered, may start paying also for CO_2 emissions.

It should be noted that in 2022, Navigator started the project to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has designed a roadmap for developing activities over the next few years which will enable it to achieve alignment with this initiative. The aim is to be able to integrate the TCFD recommendations into the corporate risk management strategy and processes, taking the opportunity to assess potential financial and strategic implications arising from climate change, and to develop appropriate responses.

GRI 201-3: Obligations with defined benefit plans and other retirement plans

This information is available in the Annual Reports of the respective subsidiaries.

GRI 201-4: Financial assistance received from government				
Company/ Affiliated	Description	2020	2021	2022
Semapa Group	Tax incentives/Credits (thousand €)	6,589	11,472	5,226
	Subsidies (thousand €)	440	562	13,413
	Support for research and R&D (thousand €)	2,355	2,560	1,533

Note: The 2020 and 2021 figures for tax/credit incentives have been corrected compared to what was published in the previous report.

GRI 202: PRESENÇA NO MERCADO

GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Men	1.12	1.07	1.13
	Women	1.12	1.07	1.13
Secil	Men	-	1.00	1.00
	Women	-	1.00	1.00
ETSA	Men	-	1.03	1.01
	Women	-	1.03	1.01
Holding	Men	-	1.72	1.64
	Women	-	1.26	1.56

Note 1: Secil, ETSA and the Holding Company began reporting on this indicator in 2021.

Note 2: The data presented refers only to Portugal.

Note 3: The form of presentation of the figures reported in 2020 and 2021 has been adjusted to ratio format instead of percentage.

GRI 203: INDIRECT ECONOMIC IMPACTS

GRI 203-1: Investments in infrastructure and services provided

At Group level, indirect economic impacts resulting from investments in infrastructure and services were not systematically evaluated. The values corresponding to the investment in the community are presented in indicator 201-1.

GRI 203-2: Significant indirect economic impacts

At Group level, the indirect economic impacts resulting from its activity have not been systematically assessed. However, it should be noted that by 2022, the Group will have more than 5,800 Employees (GRI 2-7), having distributed around 281.8 million euros[1] in salaries and benefits (GRI 201-1). In addition to its Employees, the Group companies distribute its purchasing volume to several thousand suppliers, most of which are national, worth more than 2 million euros (GRI 204-1). These figures generate an indirect economic impact, not only through the income of Employees' families, but also in the indirect generation of employment and income for companies and private suppliers.

It should also be noted that Navigator is one of Portugal's largest companies – representing around 1% of GDP and occupying 3rd place[2] on the list of Portugal's largest exporters. More than 90% of its products are sold outside Portugal, to more than 130 countries. By incorporating natural endogenous resources generated by planted forests into its value chain and by creating income and employment in the country, where it acquires most raw materials and services, it occupies 1st place in the list of exporting companies with the greatest contribution to National Value Added through its activities, with more than 30,000 direct, indirect and induced jobs generated.[3]

1 These figures are not consolidated for the Group and refer, as an indication, to the sum of the subsidiaries.
2 Source: Data released by INE - Statistics Portugal for 2021
3 Source: KPMG Study - 2016

GRI 204: PROCUREMENT/SUPPLY PRACTICES

GRI 204-1: Proportion of spending on local suppliers				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Number of suppliers	6,756	7,172	7,303
	Local suppliers (%)	76%	74%	73%
	Foreign Suppliers (%)	24%	26%	27%
	Total costs with suppliers (thousands €)	1,158,577	1,382,341	1,934,460
	Percentage of purchases made from local suppliers (%)	77%	74%	72%
	Percentage of purchases made from foreign suppliers (%)	23%	26%	28%
Secil	Number of suppliers	7,576	7,759	5,771
	Local suppliers (%)	92%	92%	89%
	Foreign Suppliers (%)	8%	8%	11%
	Total costs with suppliers (thousands €)	476,527	553,397	501,304
	Percentage of purchases made from local suppliers (%)	79%	78%	72%
	Percentage of purchases made from foreign suppliers (%)	21%	22%	28%
ETSA	Number of suppliers	701	864	938
	Local suppliers (%)	95%	96%	94%
	Foreign Suppliers (%)	5%	4%	6%
	Total costs with suppliers (thousands €)	13,723	17,570	26,873
	Percentage of purchases made from local suppliers (%)	98%	98%	94%
	Percentage of purchases made from foreign suppliers (%)	2%	2%	6%
Holding	Number of suppliers	166	223	240
	Local suppliers (%)	84%	83%	88%
	Foreign Suppliers (%)	16%	17%	12%
	Total costs with suppliers (thousands €)	6,905	7,110	8,180
	Percentage of purchases made from local suppliers (%)	85%	87%	95%
	Percentage of purchases made from foreign suppliers (%)	15%	13%	5%

GRI 205: ANTI-CORRUPTION

GRI 205-1: Operations subject to a corruption risk assessment

Semapa Holding started in 2019 to develop and implement a risk management and control system applicable to the entire Group, and the description of this plan may be found briefly in this document and in greater detail in the Corporate Governance Report and Sustainability Information contained in Semapa's annual financial statements. In addition, within the Group and in view of the most recent legislative and regulatory changes, policies and systems have also been prepared and developed to control and prevent corruption and related infractions.

In 2022, no specific operations in the Semapa Group were subject to corruption risk assessment.

GRI 205-2: Communication and training on anti-corruption policies and procedures

The Semapa Group has developed risk management and control systems and informed its Employees of procedures and policies for combating corruption, although in the last year, the Group provided no specific training in this area to its subsidiaries. Navigator has continued to develop its ethics and compliance training programme, which covers anti-corruption issues.

The Semapa Group has also implemented Whistleblowing Channels, including any alleged breach of community rules, legal, regulatory and/or statutory provisions, with guaranteed anonymity and confidentiality for whistle-blowers, and has also updated the respective procedures and regulations for reporting irregularities within the Group.

GRI 205-3: Confirmed incidents of corruption and actions taken

In the year 2022 there was no record of any corruption case.

In the case of Navigator and following the events that occurred in 2020 and 2021, supported by the criminal investigation of 2020 regarding alleged corruption in the wood receiving activity of one of our mills, which led to the dismissal with just cause of the workers involved in that activity, legal proceedings in the labour and criminal areas are still ongoing. In fact, during the year 2022 and because of this investigation, Navigator has been following up with the competent labour courts the legal actions challenging the regularity and lawfulness of the dismissals of 28 employees. On the other hand, in the criminal courts, Navigator, as an assistant, followed the prosecution brought by the Public Prosecutor's Office regarding the suppliers and workers involved in the criminal proceedings, having also made the appropriate request for civil compensation.

GRI 206: UNFAIR COMPETITION

GRI 206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

An anti-dumping proceeding was initiated against Portugal (in particular in this case against Navigator as the only domestic producer) by the United States Department of Commerce, which began on 21 January 2014 when a group of US office paper producers and a number of industry unions filed a complaint seeking to investigate alleged dumping practices in imports of various formats of paper from five countries, namely Australia, Brazil, China, Indonesia and Portugal.

Currently, because of this process, an anti-dumping tax is applied to exports from Portugal to the United States of certain types of paper marketed by Navigator.

At the end of 2021, the final rate for the 4th review period (2019-2020) was determined, which was set at 2.21%. The determination of this final rate led to the return to Navigator, in 2022, of amounts of deposits made in excess. In mid-2022, the final rate for the 5th review period (2020-2021) was determined, which was set at 5.81%. This is also the rate that is being used for the deposits that Navigator must make in each export, although subject to subsequent adjustments, depending on the effective rates calculated for subsequent periods.

Note: The report on this indicator refers only to Navigator.

GRI 207: TAXATION

GRI 207-1: Fiscal approach

During their business, the companies in the Semapa Group incur a multiplicity of taxes, duties and contributions, and the Group is an important contributor to state revenues in Portugal and, in this way, to achieving social goals and national development. Thus, tax policy has a significant impact on the business fabric, affecting the Group's entire value chain.

The Semapa Group's tax policy[4] is aligned with its business strategy for development, defined in accordance with the economic substance of its operations. This is why the tax treatment of the Group's transactions is conducted in response to its economic activity, and the tax implications of these transactions are only one of the many economic reasons to be considered in the Semapa Group's management decisions.

The tax policy is reviewed and approved by the Executive Committee and Board of Directors. Regular meetings are held with CFO - Chief Financial Officer to analyse the implementation of the Semapa Group's tax policy.

GRI 207-2: Fiscal governance, control, and risk management

The Semapa Group's tax policy[4] is aligned with the corporate strategy for development of the Group, and this policy is therefore defined in accordance with the economic substance of its operations. The CFO - Chief Financial Officer is responsible for tax policy compliance. For the identification, management and monitoring of tax risks, liaison is made with the Department responsible for identifying the company's general risks and their regular monitoring in conjunction with the Tax Department.

Compliance with the governance structure and fiscal control is assessed regularly with the CFO and annually at Board level.

Reporting concerns about unethical or illegal behaviour and the integrity of the organisation in relation to taxes is done through direct reporting to the CFO and head of internal audit of the company.

The Tax Department prepares memoranda for analysis of transactions with materiality, as well as the internal review of periodic income statements to verify compliance with company tax policy.

GRI 207-3: Stakeholder engagement and management of tax issues

The Semapa Group takes a proactive stance in its dealings with the Tax Authority, in particular with the Large Contributor Unit teams (in terms of both inspection and tax justice) and by submitting Binding Information Requests on matters where there are doubts as to the application of tax legislation.

Additionally, it presents an active participation through Employees of the company/Group in organizations such as the Forum of Large Taxpayers under the auspices of the AT and participation in various associations and their tax sections (such as the Business Roundtable Portugal, the Issuers Association (AEM) or the Portuguese Tax Association), as well as active participation in academic initiatives of Employees - either as speakers or as participants (such as IDEFF of the Faculty of Law of the University of Lisbon and Católica Tax of the Portuguese Catholic University at national level and the WU Wien and the International Tax Center of Leiden at international level). Active participation at the level of associations and academic institutions allows close contact with internal and external stakeholders, in which the Group's opinion and tax strategy is confronted, discussed, and developed in discussion with these stakeholders.

4 https://www.semapa.pt/sites/default/files/participacoes/TAXPOLICY_0.pdf

GRI 207-4: Country Report

Regarding the geographical distribution of its tax footprint worldwide, in terms of corporate income tax (IR), with the latest aggregate data available for 2021 obtained in compliance with the Group's country-by-country tax reporting obligations, calculated on a cash flow basis, the Semapa Group paid a total of 41.1 million euros, broken down geographically in the table below, identifying income tax payments by jurisdiction/country:

	Tax jurisdiction	Profit before income taxes (adjusted) 2020	Income tax paid (on a cash basis) 2021	% Income tax paid (on a cash basis) 2021
ES	Spain	2,084,921	1,172,971	2.85%
NL	Netherlands	1,285,756	202,841	0.49%
PT	Portugal	304,235,827	25,918,413	63.06%
CV	Cape Verde	1,621,494	462,247	1.12%
MZ	Mozambique	15,513,296	1,016	0.00%
FR	France	-282,312	32,620	0.08%
TN	Tunisia	5,801,263	771,906	1.88%
AO	Angola	-5,839,750	0	0.00%
BR	Brazil	-1,233,534	8,512,628	20.71%
LB	Lebanon	403,962	29,015	0.07%
DE	Germany	538,513	20,836	0.05%
AT	Austria	29,551	11,279	0.03%
UAE	United Arab Emirates	10,708	0	0.00%
US	United States of America	4,697,171	306,846	0.75%
IT	Italy	135,810	17,380	0.04%
MA	Morocco	14,337	1,592	0.00%
MX	Mexico	10,311	6,692	0.02%
PL	Poland	5,939,204	2,945,849	7.17%
GB	United Kingdom	1,572,739	306,101	0.74%
RU	Russia	24,218	0	0.00%
TR	Turkey	7,062	4,353	0.01%
EG	Egypt	14,775	2,176	0.01%
IE	Ireland	1,506,747	375,032	0.91%
	Total	**338,092,069**	**41,101,793**	**100%**

Therefore, in the context of compliance with the country-by-country tax reporting obligations presented by the Group, it is evident that in 2021, the Group paid in Portugal 63.03% of the overall corporate income tax supported among the 23 jurisdictions where it is represented.

8.1.3 ENVIRONMENTAL INDICATORS

GRI 301: MATERIALS

GRI 301-1: Materials used by weight or volume (t)				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Renewable materials used	4,253,717	4,558,516	4,619,939
	Non-renewable materials used	453,128	506,399	536,904
	Subtotal	**4,706,846**	**5,064,915**	**5,156,843**
Secil	Renewable materials used	14,169	18,241	61,442
	Non-renewable materials used	16,826,554	18,769,901	17,343,204
	Subtotal	**16,840,723**	**18,788,142**	**17,404,646**
ETSA	Renewable materials used	131,400	135,500	142,656
	Non-renewable materials used	-	-	-
	Subtotal	**131,400**	**135,500**	**142,656**
Semapa Group	Renewable materials used	**4,399,287**	**4,712,257**	**4,824,037**
	Non-renewable materials used	**17,279,682**	**19,276,300**	**17,880,108**
	Total	**21,678,968**	**23,988,557**	**22,704,145**

GRI 301-2: Recycled input materials used (%)				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Total input materials used	1,129,903	1,282,318	1,344,105
	Total recycled input materials used	465	201	84
	Percentage of recycled input materials used (%)	0.04%	0.02%	0.01%
Secil	Total input materials used	16,840,723	18,788,142	17,404,646
	Total recycled input materials used	1,311,141	997,523	694,684
	Percentage of recycled input materials used (%)	7.79%	5.31%	3.99%
ETSA	Total input materials used	131,400	135,500	142,656
	Total recycled input materials used	131,400	135,500	142,656
	Percentage of recycled input materials used (%)	100%	100%	100%

Note: It should be noted that for this indicator Navigator only considers recycled fibre materials in relation to the total fibre used.

Note 2: It should be noted that the value of recycled materials used (%) at Secil for 2020 has been updated in relation to the one published in previous reports.

GRI 302: ENERGIA

GRI 302-1: Energy consumption within the organization (GJ)				
Company/ Affiliated	Description	2020	2021	2022
Navigator	Non-renewable fuel consumed	12,264,687	9,811,472	9,825,584
	Renewable fuel consumed	29,101,758	31,962,573	31,802,148
	Electricity, heating, cooling, and steam purchased for consumption	4,893,745	4,651,165	4,910,655
	Electricity, heating, cooling, and steam sold	5,959,408	5,178,509	5,372,917
	Subtotal	**40,300,782**	**41,246,701**	**41,165,471**
Secil	Non-renewable fuel consumed	15,582,007	16,519,257	13,423,212
	Renewable fuel consumed	203,703	305,704	1,242,167
	Electricity, heating, cooling, and steam purchased for consumption	2,087,856	2,119,988	1,917,994
	Electricity, heating, cooling, and steam sold	-	-	-
	Subtotal	**17,873,566**	**18,944,949**	**16,583,373**
ETSA	Non-renewable fuel consumed	120,340	143,952	116,539
	Renewable fuel consumed	269,229	268,724	303,299
	Electricity, heating, cooling, and steam purchased for consumption	29,480	30,841	33,821
	Electricity, heating, cooling, and steam sold	-	-	-
	Subtotal	**419,049**	**443,517**	**453,659**
Holding	Non-renewable fuel consumed	1,017	1,308	1,221
	Renewable fuel consumed	-	-	-
	Electricity, heating, cooling, and steam purchased for consumption	461	400	495
	Electricity, heating, cooling, and steam sold	-	-	-
	Subtotal	**1,478**	**1,708**	**1,716**
Semapa Group	**Non-renewable fuel consumed**	**27,968,051**	**26,475,989**	**23,366,557**
	Renewable fuel consumed	**29,574,690**	**32,537,001**	**33,347,614**
	Electricity, heating, cooling, and steam purchased for consumption	**7,011,542**	**6,2,394**	**6,862,965**
	Electricity, heating, cooling, and steam sold	**5,959,408**	**5,178,509**	**5,372,917**
	Total	**58,594,875**	**60,636,875**	**58,204,219**

Note: At Navigator and since 2021, renewable primary energy consumed includes power produced by solar facilities. As from 2022, energy figures now include consumption of petrol and propane at other Company facilities, as well as fuel for the vehicle fleet.

GRI 302-3: Energy intensity (TJ/ turnover M€)				
Company/ Affiliated		**2020**	**2021**	**2022**
Navigator	Absolute energy consumption (GJ)	46,260,190	46,425,210	46,538,387
	Turnover (M€)	1,385	1,596	2,465
	Energy intensity (TJ/ turnover M€)	33.4	29.1	18.9
Secil	Absolute energy consumption (GJ)	17,873,566	18,944,949	16,583,373
	Turnover (M€)	451	496	603
	Energy intensity (TJ/ turnover M€)	39.6	38.2	27.5
ETSA	Absolute energy consumption (GJ)	419,049	443,517	453,659
	Turnover (M€)	31	40	55
	Energy intensity (TJ/ turnover M€)	13.3	11.1	8.3
Semapa Group	**Absolute energy consumption (GJ)**	**64,552,805**	**65,813,676**	**63,575,419**
	Turnover (M€)	**1,867**	**2,132**	**3,122**
	Energy intensity (TJ/ turnover M€)	**34.6**	**30.9**	**20.4**

Note 1: Semapa Holding's energy consumption is considered immaterial, which is why it has not been included in the calculation of the intensity indicator.

Note 2: At Navigator, the calculation of energy intensity by turnover considered energy consumption by primary sources and purchased electricity.

GRI 302-3: Energy intensity – Specific activity indicators				
Navigator	Energy intensity (GJ/t produced)	13.40	12.50	12.00
Secil	Energy intensity (tCO_2e/t clinker production) – Cement	3.24	3.44	3.23
ETSA	Energy intensity (GJ/t of raw material collected and transformed)	3.19	3.27	3.18

Note: At Navigator, the calculation of energy intensity took into consideration consumption by primary resources (excluding primary energy from Biomass Power Plants - BPP) and the total quantity of products manufactured. The energy used by BPPs is included in total energy consumed, but these figures are not included in the calculation of energy intensity, because that consumption is not allocated to the production process.

GRI 302-4: Reduction of energy consumption (GJ/t)			
Company/ Affiliated	**2020**	**2021**	**2022**
Navigator	48,524	51,184	65,682

Note: Calculation of reductions in energy consumption is based on energy efficiency projects concluded in 2022. Figures are calculated for one year of operation, based on project information, using a methodology validated in connection with the Energy Management System certified under ISO 50001.

GRI 303: WATER AND EFFLUENTS

GRI 303-3: Water withdrawal (m³)				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Surface water	39,299,457	38,894,889	36,313,333
	Groundwater	25,197,713	25,921,968	25,489,359
	Third-party water	66,000	59,038	54,125
	Produced water	0	0	0
	Subtotal	**64,563,170**	**64,875,895**	**61,856,817**
Secil	Surface water	205,421	196,853	176,295
	Groundwater	1,390,009	1,331,554	1,316,803
	Third-party water	85,974	172,197	192,606
	Produced water	0	0	3,520
	Subtotal	**1,681,404**	**1,700,604**	**1,689,224**
ETSA	Surface water	0	0	0
	Groundwater	68,365	77,395	82,031
	Third-party water	2,202	2,470	19,335
	Produced water	43,043	45,061	45,837
	Subtotal	**113,610**	**124,926**	**147,203**
Holding	Surface water	0	0	0
	Groundwater	0	0	0
	Third-party water	584	670	762
	Produced water	0	0	0
	Subtotal	**584**	**670**	**762**
Semapa Group	**Surface water**	**39,504,878**	**39,091,742**	**36,489,628**
	Groundwater	**26,656,087**	**27,330,917**	**26,888,193**
	Third-party water	**154,760**	**234,375**	**266,828**
	Produced water	**43,043**	**45,061**	**49,357**
	Total	**66,358,768**	**66,702,095**	**63,694,006**

Note 1: At ETSA, produced water corresponds to evaporated water resulting from raw material processing

Note 2: At Secil, produced water refers to water from quarries.

GRI 303-4: Water discharge (m³)			
Company/ Affiliated	**2020**	**2021**	**2022**
Navigator	54,487,237	54,301,834	52,160,502
Secil	372,282	375,713	180,568
ETSA	91,708	96,349	98,622
Holding	526	603	686
Semapa Group	**54,951,753**	**54,774,499**	**52,440,377**

Note 1: To calculate the Holding's water disposal, a 0.90 inflow factor to the network was used, since only water is used in the offices. For this, article 123 of Regulatory Decree no. 23/95, of 23 August was used as a reference.

Note 2: At ETSA, treated effluents include evaporated water resulting from the processing of raw materials, after the condensation process in the aerocondensers.

GRI 303-5: Water consumption (m^3)			
Company/ Affiliated	**2020**	**2021**	**2022**
Navigator	10,076,152	10,574,061	9,696,315
Secil	1,309,122	1,324,892	1,508,656
ETSA	21,902	28,577	48,481
Holding	58	67	76
Semapa Group	**11,407,234**	**11,927,596**	**11,253,629**

GRI 304: BIODIVERSITY

GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (ha)			
Company/ Affiliated	**2020**	**2021**	**2022**
Navigator	53,492	53,563	53,738
Secil	491	491	491
ETSA	0	0	0
Holding	0	0	0
Semapa Group	**53,983**	**54,054**	**54,229**

GRI 304-3: Protected or restored habitats

In 2022, Navigator was responsible for protecting and restoring 4,314 ha of habitats. On the other hand, Secil is responsible for restoring 56 hectares of habitat in Portugal.

GRI 304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Critically endangered	4	4	5
	Endangered	13	13	13
	Vulnerable	31	36	39
	Near threatened	20	21	24
	Least concern	180	182	195

Note: This indicator is answered using Navigator data only. In 2021 and 2022, most of the increase was due to the identification of more species included in the Red List of the Vascular Flora of Portugal.

GRI 305: EMISSIONS

GRI 305-1: Direct (Scope 1) GHG emissions (tCO_2e)			
Company/ Affiliated	2020	2021	2022
Navigator	741,188	584,090	596,980
Secil	3,632,933	3,610,679	3,046,168
ETSA	9,705	11,395	9,503
Semapa Group	**4,383,826**	**4,206,164**	**3,652,651**

Note 1: At Navigator and at the date of publication of this report, the figures have not been verified under EU ETS and PRTR (Pollutant Release and Transfer Register) (N_2O and CH_4); those figures are therefore provisional. The 2021 figures have been revised in line with verifications after publication of the 2021 Sustainability Report. Figures previously published for 2020 and 2021 have been revised to include the category of fertilisers and phyto-fertilisers in soil. The figures for 2021 have been revised in the categories of fluorinated gases, fuel associated with travel and kilometres travelled, and other fuel, based on information that became available after publication of the 2021 Sustainability Report. The scope 1 inventory does not consider the international offices, due to the low significance of the data (these emissions account for less than 0.2%).

Note 2: Data from Secil's are already post-ETS verification.

GRI 305-2: Energy indirect (Scope 2) GHG emissions (tCO_2) (market based method)			
Company/ Affiliated	2020	2021	2022
Navigator	281,701	246,860	308,832
Secil	184,175	161,481	145,551
ETSA	2,230	1,557	2,008
Semapa Group	468,106	409,898	456,391

Note 1: At Navigator, market-based emissions are being reported for the first time, based on the suppliers' emission factors. The 2022 figures are provisional, as the final values of the emission factors are not yet available. In 2022, Navigator assured the supply of 115 GWh/year under a PPA contract – Power Purchase Agreement, with a supply of 100% renewable energy. The scope 2 inventory does not consider international offices, due to the low significance of the data (< 0.02%).

GRI 305-4: GHG emissions intensity (tCO_2e/turnover M€)				
Company/ Affiliated		2020	2021	2022
Navigator	Absolute GHG emissions (Scope 1+2) (t CO_2e)	1,022,889	830,950	905,812
	Turnover (M€)	1,385	1,596	2,465
	GHG emissions intensity (t CO_2/turnover M€)	738.3	520.7	367.5
Secil	Absolute GHG emissions (Scope 1+2) (t CO_2e)	3,817,108	3,772,160	3,191,719
	Turnover (M€)	451	496	603
	GHG emissions intensity (t CO_2e/turnover M€)	8,463.7	7,606.7	5,293.1
ETSA	Absolute GHG emissions (Scope 1+2) (t CO_2e)	11,935	12,952	11,511
	Turnover (M€)	31	40	55
	GHG emissions intensity (t CO_2e/turnover M€)	380.1	323.8	210.8
Semapa Group	**Absolute GHG emissions (Scope 1+2) (tCO_2e)**	4,851,932	4,616,062	**4,109,042**
	Turnover (M€)	1,867	2,132	**3,122**
	GHG emissions intensity (tCO_2e/turnover M€)	2,598.2	2,165.6	**1,316.2**

Note 1: At Navigator, the methodology for calculating the intensity of emissions by business volume considers total scope 1 and 2 emissions.

Note 2: Semapa Holding's emissions are considered immaterial, which is why it has not been included in the calculation of the intensity indicator.

GRI 305-4: GHG emissions intensity – Specific activity indicators				
		2020	2021	2022
Navigator	GHG emissions intensity (tCO_2e/t produced)	0.26	0.19	0.18
Secil	GHG emissions intensity (tCO_2e/t clinker production) – Cement	881.27	878.02	829.03
ETSA	GHG emissions intensity (tCO_2e/t of raw material collected and transformed)	0.09	0.10	0.08

Note 1: At Navigator, the methodology for calculating emissions intensity per ton of output was revised for the three years. Scope 1 emissions (excluding BPP emissions) and the total quantity of products manufactured are considered, in line with the calculation of energy intensity.

Note 2: The emissions of scope 1 Semapa Holding are not available and in scope 2 these are considered immaterial, which is why they were not included in the calculation of the intensity indicator.

Note 3: At Secil the methodology for calculating the intensity of emissions per tonne produced was revised for the three years, considering scope 1 emissions only for clinker production.

Note 4: At ETSA, the figures for calculating the intensity of emissions per tonne of raw material processed have been revised for 2020 and 2021.

GRI 305-5: Reduction of GHG emissions (tCO_2e)			
Company/ Affiliated	2020	2021	2022
Navigator	246,353	384,598	338,974

Note: The calculation of the reduction in GHG emissions refers to emissions avoided through sale of highly efficient renewable electrical energy.

GRI 305-6: Emissions of ozone-depleting substances (ODS)

Navigator and ETSA recorded no emissions of ozone-depleting substances in 2022. No data is available for Secil.

GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions (t)				
Company/ Affiliated	Description	2020	2021	2022
Navigator	NO_x	1,540	1,687	1,737
	SO_x	687	76	83
	Particulate matter (PM)	266	262	261
	Other	-	-	-
Secil	NO_x	5,546	6,919	6,207
	SO_x	1,040	1,197	1,143
	Particulate matter (PM)	80	101	157
	Other	-	6,233	5,594
ETSA	NO_x	-	48	47
	SO_x	-	47	50
	Particulate matter (PM)	-	10	9
	Other	-	6	8
Semapa Group	**NO_x**	**7,086**	**8,653**	**7,991**
	SO_x	**1,727**	**1,319**	**1,276**
	Particulate matter (PM)	**346**	**373**	**427**

Note 1: At Navigator, for emissions sources subject to continuous monitoring, reporting data is obtained through online monitoring of flow and pollutant parameters. There are low emissions sources where emissions are counted through occasional monitoring, conducted twice a year, by an Accredited Laboratory. The findings from this occasional monitoring may be influenced in each instance by the type of fuels used. When a facility is not subject to monitoring in the year in question, (for example, sources monitored every 3 years), annual emissions are calculated based on the last monitoring, taking into account the operating hours in the years to which the emissions relate. In 2022, the reporting and emissions scope for NOx and Particles was extended to the BPPs, and the 2021 figures corrected accordingly. In 2022, there was an increase in emissions because the reporting scope was widened, and now includes emissions from Biomass Power Stations, which, while not contributing to emissions from pulp and paper operations, are part of the industrial complexes.

Note 2: At Secil, the “other” category includes atmospheric emissions of Carbon Monoxide (CO), Ammonia (NH3), Hydrogen Chloride (HCl), Hydrogen Fluoride (HF) and Total Organic Compounds (TOC). At ETSA, the other category includes Volatile Organic Compounds (VOC).

GRI 306: WASTE

GRI 306-3: Waste generated (t)					
Company/ Affiliated	Description		2020	2021	2022
Navigator	Hazardous waste		1,269	563	684
	Non-hazardous waste		394,228	397,439	410,007
		Subtotal	395,498	398,001	**410,692**
Secil	Hazardous waste			746	421
	Non-hazardous waste			26,126	28,237
		Subtotal	-	26,872	**28,658**
ETSA	Hazardous waste		244	259	375
	Non-hazardous waste		13,702	12,916	14,568
		Subtotal	13,946	13,175	**14,943**
Semapa Group	**Hazardous waste**		**1,513**	**1,568**	**1,480**
	Non-hazardous waste		**407,930**	**436,480**	**452,812**
		Total	**409,444**	**438,048**	**454,293**
Company/ Affiliated	**Description**		**2020**	**2021**	**2022**
Navigator	Recovery		345,386	280,579	279,846
	Disposal		50,112	126,485	133,332
		Subtotal	395,498	407,064	**413,178**
Secil	Recovery			25,156	18,698
	Disposal			1,716	9,960
		Subtotal	-	26,872	**28,658**
ETSA	Recovery		12,348	11,588	13,249
	Disposal		1,598	1,587	1,694
		Subtotal	13,946	13,175	**14,943**
Semapa Group	**Recovery**		**357,734**	**317,323**	**311,793**
	Disposal		**51,710**	**129,788**	**144,986**
		Total	**409,444**	**447,111**	**456,779**

Note 1: At Navigator, there is a difference between waste generated and the total sum of waste sent for recovery and disposal operations, because of recovery in 2022 of waste from 2021, which had been stored. In addition, some of the waste generated in 2022 was temporarily stored on our premises, as permitted under the respective environmental licenses and the new Legal Framework for Waste Management (Decree-Law -102D/2020).

Note 2: Secil began to record this indicator in 2021.

GRI 306-4: Waste diverted from disposal (t)				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Hazardous waste	-	394	530
	Non-hazardous waste	-	280,185	279,317
	Subtotal	-	**280,579**	**279,846**
Secil	Hazardous waste	-	596	366
	Non-hazardous waste	-	24,560	18,332
	Subtotal	-	**25,156**	**18,698**
ETSA	Hazardous waste	-	-	-
	Non-hazardous waste	12,348	11,588	13,249
	Subtotal	**12,348**	**11,588**	**13,249**
Semapa Group	**Hazardous waste**	**-**	**991**	**896**
	Non-hazardous waste	**12,348**	**316,333**	**310,898**
	Total	**12,348**	**317,323**	**311,793**

Note: 2021 was the first year in which Navigator and Secil responded to the 2018 version of the GRI 306 indicator. This is why only data from this year onwards are presented.

GRI 306-5: Waste directed to disposal (t)				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Hazardous waste	NA	168.4	155
	Non-hazardous waste	NA	126,316	133,177
	Subtotal	-	**126,485**	**133,332**
Secil	Hazardous waste	NA	149.7	55
	Non-hazardous waste	NA	1,566	9,905
	Subtotal	-	**1,716**	**9,960**
ETSA	Hazardous waste	244.0	259.0	375
	Non-hazardous waste	9,301	9,028	10,023
	Subtotal	**9,545**	**9,287**	**10,398**
Semapa Group	**Hazardous waste**	**244.0**	**577.2**	**585**
	Non-hazardous waste	**9,301**	**136,911**	**153,105**
	Total	**9,545**	**137,488**	**153,690**

Note: 2021 was the first year in which Navigator and Secil responded to the 2018 version of the GRI 306 indicator. This is why only data from this year onwards are presented.

GRI 308: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

GRI 308-1: New suppliers selected based on environmental criteria

Among the practices of the participated companies are the existence of codes of conduct for suppliers and the definition of qualification criteria, among others. In accordance with the certifications that the companies have, they are committed to exercising their capacity of influence, increasingly involving and making the various suppliers (including service providers and subcontractors) aware of critical aspects linked to environmental, as well as safety, business integrity, quality, among other issues. The approval of the Human Rights Policy should also be noted. It should be noted that in 2022 ETSA assessed 22.0% of its new suppliers based on social criteria. In this year raw material suppliers were included, and the data of a company acquired by ETSA at the end of 2021 (Tribérica) was included.

8.1.4 SOCIAL INDICATORS

GRI 2-7: Employees					
Company/ Affiliated	Type of Contract	Gender	2020	2021	2022
Navigator	Permanent contract	Men	2,525	2,459	2,470
		Women	462	461	496
		Subtotal	**2,987**	**2,920**	**2,966**
	Fixed-term contract	Men	61	56	101
		Women	8	12	13
		Subtotal	**69**	**68**	**114**
	Temporary	Men	29	13	13
		Women	21	20	22
		Subtotal	**50**	**33**	**35**
	Trainees	Men	0	0	0
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
	Non-guaranteed hours employees	Men	0	0	0
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
		Total	**3,106**	**3,021**	**3,115**
Secil	Permanent contract	Men	2,103	1,873	1,864
		Women	285	275	288
		Subtotal	**2,388**	**2,148**	**2,152**
	Fixed-term contract	Men		200	202
		Women		7	13
		Subtotal	**0**	**207**	**215**
	Temporary	Men	48	0	0
		Women	1	0	0
		Subtotal	**49**	**0**	**0**
	Trainees	Men		*4*	*0*
		Women		3	0
		Subtotal	**0**	**7**	**0**
	Non-guaranteed hours employees	Men	0	0	0
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
		Total	**2,437**	**2,362**	**2,367**

GRI 2-7: Employees					
Company/ Affiliated	**Type of Contract**	**Gender**	**2020**	**2021**	**2022**
ETSA	Permanent contract	Men	184	182	188
		Women	49	51	61
		Subtotal	**233**	**233**	**249**
	Fixed-term contract	Men	40	39	56
		Women	7	8	9
		Subtotal	**47**	**47**	**65**
	Temporary	Men	0	0	0
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
	Trainees	Men	*0*	*0*	*0*
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
	Non-guaranteed hours employees	Men	0	0	0
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
		Total	**280**	**280**	**314**
Holding	Permanent contract	Men	15	13	13
		Women	13	18	24
		Subtotal	**28**	**31**	**37**
	Fixed-term contract	Men	0	0	0
		Women	0	1	1
		Subtotal	**0**	**1**	**1**
	Temporary	Men	0	0	0
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
	Trainees	Men	*0*	*0*	*0*
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
	Non-guaranteed hours employees	Men	0	0	0
		Women	0	0	0
		Subtotal	**0**	**0**	**0**
		Total	**28**	**32**	**38**

GRI 2-7: Employees					
Company/ Affiliated	**Type of Contract**	**Gender**	**2020**	**2021**	**2022**
Semapa Group	**Permanent contract**	**Men**	4,827	4,527	**4,535**
		Women	809	805	**869**
		Total	5,636	5,332	**5,404**
	Fixed-term contract	**Men**	101	295	**359**
		Women	15	28	**36**
		Total	116	323	**395**
	Temporary	**Men**	77	13	**13**
		Women	22	20	**22**
		Total	99	33	**35**
	Trainees	**Men**	0	4	**0**
		Women	0	3	**0**
		Total	0	7	**0**
	Non-guaranteed hours employees	**Men**	0	0	**0**
		Women	0	0	**0**
		Total	0	0	**0**
		Total	5,851	5,695	**5,834**

Note 1: In the case of Navigator, data from Portucel Moçambique (131 in 2022) are excluded.

Note 2: Secil's 2022 data do not include Secil Angola (3) and Trancim Lebanon (18).

GRI 2-8: Non-employee workers

As of 31 December 2022, the Semapa Group's subsidiaries had the following employees who are not Employees: Navigator - 10,324; Secil - 1,861; ETSA - 0; Holding - 1. These include workers who entered the plants as temporary workers and service providers whose duties include cleaning, maintenance and work associated with annual and operational stoppages, amongst others.

GRI 2: STAKEHOLDER ENGAGEMENT

GRI 2-30: Collective bargaining agreements				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Number of employees	-	3,021	3,115
	Number of employees covered by collective bargaining agreements	-	2,944	3,039
	Percentage of employees covered by collective bargaining agreements	-	97.5%	97.6%
Secil	Number of employees	2,437	2,362	2,367
	Number of employees covered by collective bargaining agreements	2,087	2,231	2,266
	Percentage of employees covered by collective bargaining agreements	85.6%	94.5%	95.7%
ETSA	Number of employees	280	280	314
	Number of employees covered by collective bargaining agreements	0	0	0
	Percentage of employees covered by collective bargaining agreements	0.0%	0.0%	0.0%
Holding	Number of employees	28	32	38
	Number of employees covered by collective bargaining agreements	0	0	0
	Percentage of employees covered by collective bargaining agreements	0.0%	0.0%	0.0%
Semapa Group	**Number of employees**	**-**	**5,695**	**5,834**
	Number of employees covered by collective bargaining agreements	**-**	**5,175**	**5,305**
	Percentage of employees covered by collective bargaining agreements	**-**	**90.9%**	**90.9%**

Note: Until 2020, Navigator's Employees corresponded to the universe of unionised Employees. The methodology was changed to include all Employees with collective bargaining agreements, so that data for 2021 and 2022 are not comparable with those reported in previous years.

GRI 401: EMPLOYMENT

GRI 401-1: New employee hires and employee turnover

Company/ Affiliated	Gender	2020						2021						2022					
		Entries			Exits			Entries			Exits			Entries			Exits		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Navigator	Men	38	49	4	12	35	60	47	62	5	14	65	120	127	111	6	20	69	100
	Women	19	23	1	18	14	10	23	23	1	10	22	13	56	45	1	10	45	10
	Subtotal	**57**	**72**	**5**	**30**	**49**	**70**	**70**	**85**	**6**	**24**	**87**	**133**	**183**	**156**	**7**	**30**	**114**	**110**
Secil	Men	28	105	35	21	91	117	58	151	16	21	90	74	65	122	29	34	107	86
	Women	13	14	1	12	13	7	14	28	0	9	21	1	25	28	1	10	28	4
	Subtotal	**41**	**119**	**36**	**33**	**104**	**124**	**72**	**179**	**16**	**30**	**111**	**75**	**90**	**150**	**30**	**44**	**135**	**90**
ETSA	Men	6	14	3	3	7	9	6	25	4	5	22	11	19	46	10	14	30	8
	Women	3	4	0	0	1	2	3	4	1	3	1	1	1	13	4	2	5	0
	Subtotal	**9**	**18**	**3**	**3**	**8**	**11**	**9**	**29**	**5**	**8**	**23**	**12**	**20**	**59**	**14**	**16**	**35**	**8**
Holding	Men	1	1	1	0	1	2	0	0	0	0	0	0	0	1	0	0	0	1
	Women	0	0	0	0	2	0	1	5	0	0	0	1	3	4	2	2	1	1
	Subtotal	**1**	**1**	**1**	**0**	**3**	**2**	**1**	**5**	**0**	**0**	**0**	**1**	**3**	**5**	**2**	**2**	**1**	**2**
Semapa Group	Men	73	169	43	36	134	188	111	238	25	40	177	205	**211**	**280**	**45**	**68**	**206**	**195**
	Women	35	41	2	30	30	19	41	60	2	22	44	16	**85**	**90**	**8**	**24**	**79**	**15**
	Total	**108**	**210**	**45**	**66**	**164**	**207**	**152**	**298**	**27**	**62**	**221**	**221**	**296**	**370**	**53**	**92**	**285**	**210**
Navigator	Men	15%	3%	0%	5%	2%	7%	20%	4%	1%	6%	4%	16%	44%	7%	1%	7%	4%	14%
	Women	29%	8%	1%	27%	5%	8%	36%	7%	1%	16%	7%	12%	62%	14%	1%	11%	14%	9%
	Subtotal	**18%**	**4%**	**1%**	**10%**	**3%**	**7%**	**24%**	**5%**	**1%**	**8%**	**5%**	**15%**	**48%**	**8%**	**1%**	**8%**	**6%**	**13%**
Secil	Men	15%	9%	4%	12%	8%	14%	36%	13%	2%	13%	8%	10%	41%	11%	4%	22%	9%	11%
	Women	30%	8%	1%	24%	8%	10%	27%	14%	0%	18%	11%	2%	47%	16%	1%	19%	16%	6%
	Subtotal	**19%**	**9%**	**4%**	**14%**	**8%**	**14%**	**34%**	**13%**	**2%**	**14%**	**8%**	**9%**	**43%**	**11%**	**4%**	**21%**	**10%**	**11%**
ETSA	Men	21%	12%	4%	10%	6%	11%	25%	22%	5%	21%	19%	13%	95%	34%	11%	70%	22%	9%
	Women	38%	13%	0%	0%	3%	12%	43%	12%	5%	43%	3%	5%	25%	31%	17%	50%	12%	0%
	Subtotal	**24%**	**12%**	**3%**	**8%**	**6%**	**11%**	**29%**	**20%**	**5%**	**26%**	**16%**	**12%**	**83%**	**33%**	**13%**	**67%**	**20%**	**7%**
Holding	Men	100%	9%	33%	0%	9%	67%	---	0%	0%	---	0%	0%	---	8%	0%	---	0%	50%
	Women	0%	0%	0%	0%	40%	0%	50%	56%	0%	0%	0%	14%	100%	31%	25%	67%	8%	13%
	Subtotal	**50%**	**6%**	**10%**	**0%**	**19%**	**20%**	**50%**	**25%**	**0%**	**0%**	**0%**	**10%**	**100%**	**20%**	**20%**	**67%**	**4%**	**20%**
Semapa Group	Men	**16%**	**6%**	**2%**	**8%**	**5%**	**11%**	**27%**	**9%**	**2%**	**10%**	**6%**	**13%**	**45%**	**10%**	**3%**	**15%**	**7%**	**13%**
	Women	**30%**	**8%**	**1%**	**24%**	**6%**	**9%**	**33%**	**11%**	**1%**	**18%**	**8%**	**8%**	**56%**	**16%**	**4%**	**16%**	**14%**	**7%**
	Total	**19%**	**6%**	**2%**	**11%**	**5%**	**10%**	**28%**	**9%**	**2%**	**11%**	**7%**	**12%**	**48%**	**11%**	**3%**	**15%**	**8%**	**12%**

GRI 401-2: Benefits for full-time employees that are not provided to temporary or part-time employees

Some of the Group's companies such as Semapa Holding and Navigator have specific benefits for full-time Employees that are not offered to temporary Employees or those on the premises on a part-time basis, such as: Life insurance, health insurance, pension fund or education support allowances.

GRI 401-3: Parental leave

Company/ Affiliated	Description	Gender	2020	2021	2022
Navigator	Number of employees who started parental leave in the reporting period	Men	98	117	111
		Women	26	34	33
		Subtotal	**124**	**151**	**144**
	Total number of employees that returned to work after parental leave ended	Men	98	117	111
		Women	26	34	33
		Subtotal	**124**	**151**	**144**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Men	95	115	104
		Women	20	33	31
		Subtotal	**115**	**148**	**135**
	Return to work rate	Men	100.0%	100.0%	100.0%
		Women	100.0%	100.0%	100.0%
		Subtotal	**100.0%**	**100.0%**	**100.0%**
	Retention rate (12 months)	Men	96.9%	98.3%	93.7%
		Women	76.9%	97.1%	93.9%
		Subtotal	**92.7%**	**98.0%**	**93.8%**
Secil	Number of employees who started parental leave in the reporting period	Men		32	46
		Women		12	10
		Subtotal	**0**	**44**	**56**
	Total number of employees that returned to work after parental leave ended	Men		32	46
		Women		12	6
		Subtotal	**0**	**44**	**52**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Men		29	42
		Women		10	8
		Subtotal	**0**	**39**	**50**
	Return to work rate	Men	-	100.0%	100.0%
		Women	-	100.0%	60.0%
		Subtotal	**-**	**100.0%**	**92.9%**
	Retention rate (12 months)	Men	-	90.6%	91.3%
		Women	-	83.3%	80.0%
		Subtotal	**-**	**88.6%**	**89.3%**

GRI 401-3: Parental leave					
Company/ Affiliated	**Description**	**Gender**	**2020**	**2021**	**2022**
ETSA	Number of employees who started parental leave in the reporting period	Men	5	2	10
		Women	2	2	3
		Subtotal	7	4	**13**
	Total number of employees that returned to work after parental leave ended	Men	5	2	10
		Women	2	2	3
		Subtotal	7	4	**13**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Men	5	2	10
		Women	2	2	3
		Subtotal	7	4	**13**
	Return to work rate	Men	100.0%	100.0%	100.0%
		Women	100.0%	100.0%	100.0%
		Subtotal	100.0%	100.0%	**100.0%**
	Retention rate (12 months)	Men	100.0%	100.0%	100.0%
		Women	100.0%	100.0%	100.0%
		Subtotal	100.0%	100.0%	**100.0%**
Holding	Number of employees who started parental leave in the reporting period	Men	0	1	2
		Women	2	3	1
		Subtotal	2	4	**3**
	Total number of employees that returned to work after parental leave ended	Men	0	1	2
		Women	2	3	1
		Subtotal	2	4	**3**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Men	0	1	2
		Women	2	3	1
		Subtotal	2	4	**3**
	Return to work rate	Men	-	100.0%	100.0%
		Women	100.0%	100.0%	100.0%
		Subtotal	100.0%	100.0%	**100.0%**
	Retention rate (12 months)	Men	-	100.0%	100.0%
		Women	100.0%	100.0%	100.0%
		Subtotal	100.0%	100.0%	**100.0%**
Semapa Group	Number of employees who started parental leave in the reporting period	**Men**	103	152	**169**
		Women	30	51	**47**
		Total	133	203	**216**
	Total number of employees that returned to work after parental leave ended	**Men**	103	152	**169**
		Women	30	51	**43**
		Total	133	203	**212**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	**Men**	100	147	**158**
		Women	24	48	**43**
		Total	124	195	**201**
	Return to work rate	**Men**	100.0%	100.0%	**100.0%**
		Women	100.0%	100.0%	**91.5%**
		Total	100.0%	100.0%	**98.1%**
	Retention rate (12 months)	**Men**	97.1%	96.7%	**93.5%**
		Women	80.0%	94.1%	**91.5%**
		Total	93.2%	96.1%	**93.1%**

Note: The data on the rate of return to work for the Group for 2021 has been corrected, as in the previous report it was over 100%.

GRI 403: HEALTH AND SAFETY AT WORK

GRI 403-1: Occupational Health and Safety Management System

Some of the Group's companies, namely Navigator and Secil (except Brazil), have Occupational Health and Safety Management Systems (OSHMS) certified in accordance with ISO 45001.

GRI 403-2: Hazard identification, risk assessment and incident investigation

PULP AND PAPER SEGMENT

Risk identification	In the field of Hazard Identification and Risk Assessment, Navigator has a procedure (PG 138) - applicable across all the Company's forestry units and areas - whose objectives are: to identify the hazards associated with all the activities carried out in the Company; and to assess and control the associated risks, by providing guidelines for identifying, assessing and recording them and defining levels of prioritisation that will allow them to be managed.
Quality of the process	Portuguese legislation defines that only duly certified Superior Occupational Safety Technicians (TSST) (Grade IV and VI) can carry out this assessment. However, this process must be carried out with the participation of all employees who perform tasks daily and are exposed to the resulting hazards. Thus, this identification of Hazards and Risk Assessment is always carried out by the operational teams responsible for the activities, with the coordination of a Security element qualified for this purpose, using, whenever necessary, internal, and external consulting services.
Integration of the results of the processes in the improvement of the OSHMS	In terms of methodological approach, the evaluation carried out is translated into risk evaluation matrixes that are reviewed periodically (at least once a year) or in specific situations, namely when incidents occur, when there are new raw materials, processes or products, when there are changes in legislation, among others. It should be noted that, in those cases in which they do not participate directly in the revision of the matrix, the employees involved are informed of the respective changes.
Hazard reporting processes available to employees	Regarding reporting, all Employees may report any hazards, dangerous situations or safety incidents, nominally or anonymously.
Processes that allow employees to protect themselves from situations that they believe may cause injury or illness	All employees are aware that they can refuse to carry out tasks where the risk is high, and which could lead to injuries without implementing the necessary mitigation measures. In this context, several procedures have been implemented to serve as a guide for these situations. Of note is PG 55, a procedure that defines the authorisation to carry out work, safeguarding a prior risk assessment in which the entire team involved is made aware of the measures to be adopted.
In what ways are employees protected against possible reprisals for denunciations of the two previous points	Navigator uses several procedures, such as PG 28 - Incident Reporting and Investigation, and also the Codes of Ethics and Conduct, which safeguard Employees against possible reprisals. There are also OSH Committees and/or trade unions that collect the concerns of Employees regarding OSH and transmit them in meetings called for this purpose.
Incident investigation procedure	Work incidents are analysed through the PG 28, as well as through the Hazard Identification and Risk Assessment procedures. The PG 28 determines how incidents are to be classified and reported, which investigation team is appointed, the root causes that led to the incident and the corrective measures to be implemented, with the respective responsible parties and deadlines for implementation. These reports are widely disseminated throughout the Company, allowing the different industrial complexes, with similar operations and tasks, to evaluate and debate both the possibility of similar situations occurring and the application of the actions identified. In many situations, as a result of these reports, lessons are learned, whose analysis and implementation of actions is mandatory throughout the Company.

SEGMENTO CIMENTO

Risk identification	Through the Hazard and Risk Assessment implemented at each site.
Quality of the process	Qualified training for OSH technicians and OSH training for workers.
Integration of the results of the processes in the improvement of the OSHMS	Within the scope of the Management Systems, internal and external audits are carried out. In case of work accidents, implementation of new equipment/projects or improvements, the assessment of hazards and risks is revised. Additionally, there is a periodic review of this assessment in order to continuously improve it.
Hazard reporting processes available to employees	Through the safety procedures, namely the reporting of incidents or near misses, there is, in the various countries, a restricted Committee with a defined composition, which assesses work accident situations, guaranteeing decision-making in the management of consequences and in the implementation of measures, should it be necessary.
Processes that allow employees to protect themselves from situations that they believe may cause injury or illness	There is a STOP and GO card policy that aims to give authority to all workers to identify what should not be done and may have consequences for their health and safety. The right to refuse is integrated into the philosophy of this policy.
In what ways are employees protected against possible reprisals for denunciations of the two previous points	Through the safety procedures, namely the reporting of incidents or near misses, there is, in the various countries, a restricted Committee with a defined composition, which assesses work accident situations, guaranteeing decision-making in the management of consequences and in the implementation of measures, should it be necessary.
Incident investigation procedure	For each accident there is an accident investigation report, which establishes the mandatory requirements and rules to be followed for the reporting, classification and investigation of safety events. Recommendations and lessons learned are drawn up and disseminated through alerts to the whole Group. Additionally, there are periodic OHS meetings at various levels of the company where this information is presented and discussed.

ENVIRONMENT SEGMENT

Risk identification	The Identification of Hazards and Risk Evaluation is carried out according to a methodology based on the analysis and observation of tasks, workers' behaviour during the execution of their functions, interviews with workers, and information and documentation supplied by ETSA. The risk assessment considers the risk control measures already implemented and foresees 4 levels of risk - low, moderate, high and very high - with security measures being defined for moderate, high and very high-risk levels. In this sense, the list of security measures (built based on risk assessment, security audits and legal requirements) prioritises the implementation of actions associated with higher risk levels. The actions to be implemented are defined by giving priority to technical, organisational, and collective protection measures, to the detriment of the others. Risk assessment is reviewed annually or whenever: changes occur in processes, equipment, workplaces (with repercussions on safety); work accidents / occupational illnesses; or whenever the results of monitoring so justify. The monitoring of the implementation of safety measures is carried out internally through meetings between the heads of each area/unit, and through periodic audits, carried out by the company providing occupational safety services. The dissemination of information about hazards and risks is done through training and online publication of relevant documents. In the case of foreign workers, and in order to overcome the language barrier, simple language is used in communications with them.
Quality of the process	Company providing security services duly authorised by the Authority for Working Conditions (ACT). The technical team has a Professional Aptitude Certificate (CAP) for Advanced Technician in Occupational Safety. The people in charge of each unit are trained: Employer's Representative (with a programme drawn up in accordance with ACT).
Integration of the results of the processes in the improvement of the OSHMS	The organisation does not have an Occupational Health and Safety Management System (OSHMS).
Hazard reporting processes available to employees	During the safety visits/audits, as well as during the training actions, the workers are consulted about the safety conditions. In addition, consultation with workers is carried out, as foreseen in the legal regime for the promotion of Health and Safety at Work (OSH&H) - and other specific legislation concerning OSH. The MAIS ETSA programme is also implemented (based on the collection of improvement suggestions from the workers on infrastructures, equipment, processes, etc.).
Processes that allow employees to protect themselves from situations that they believe may cause injury or illness	The general obligations of the employer (considering what is foreseen in the legal regime of promoting OSH) are known by the workers and the managers - of area/ of each unit - and have been transmitted through training sessions on the subject.
In what ways are employees protected against possible reprisals for denunciations of the two previous points	ETSA is committed to ensuring legal compliance in all aspects of its activity, namely in its OSH obligations.

Incident investigation procedure	1. In the event of an incident/accident, the employee and the person responsible prepare an internal record of the accident - to be sent to Human Resources (HR) and to the occupational safety service company. 2. If applicable, HR ensures that the report is completed and sent to the insurer. 3. The company providing safety services contacts the injured party and, when necessary, goes to the site to assess the causes of the accident/incident, also discussing safety measures to be implemented. 4. The final report includes: description of the accident, analysis of causes, safety measures to be implemented and respective responsible parties, and the need to review the risk assessment. A list of accidents/incidents is drawn up where, for each occurrence, actions are associated, which enables the status of the implementation of measures to be monitored. Internal meetings (involving the heads of each area/unit) are held periodically to ensure the monitoring of implementation. Within the scope of external security activities and services, this monitoring is also carried out periodically.

SEMAPA HOLDING

Semapa Holding, despite having its employees exposed to considerably lower levels of risk, also keeps safety at work as one of the items on its agenda.

Work-related hazards are identified and presented in the annual OHS report, prepared by a contracted company. These are presented to the Company's Management and an action plan is defined, with the measures to be implemented and the deadline for implementing the corrections.

Semapa also subcontracts specialized companies in this area in order to detect opportunities for improvement.

In order that all Employees may participate in this process, although there is no specific procedure defined, they are invited to report the hazards or potential hazards directly to their line manager.

Semapa annually analyses the annual OSH report comparing developments with the previous year's version.

GRI 403-3: Health Services			
	Pulp and Paper	**Cement**	**Environment**
Health services	At Navigator we have several corporate initiatives aimed at improving working practices, procedures and conditions across the board, in order to make operations healthier and safer. Together, the Medical and OHS teams make periodic visits to the industrial units, which represent an opportunity to jointly assess conditions and validate the measures to be implemented	Health services are ensured, to a large extent, by occupational medicine. The safety services ensure the monitoring of health-related risks, such as: (a) monitoring of total, respirable dust and silica; (b) noise; and (c) vibrations, maintaining an action plan in order to eliminate or reduce the risks.	Health services are ensured through: (a) evaluation and control of occupational risks inherent to each work position; (b) carrying out the initial / periodic / occasional clinical evaluation with the purpose of ensuring the professional's aptitude to perform his/her functions; (c) prevention of diseases in the professional exercise; (d) development of health promotion activities; (e) issuing aptitude sheets, organising and keeping up-to-date the clinical records and other information relating to the worker; (f) collaborating in risk control activities, suggesting prevention and protection measures; and (g) monitoring the working conditions of workers in more vulnerable situations.

GRI 403-3: Health Services	Pulp and Paper	Cement	Environment
Quality assurance	Quality assurance The relationship between the OHS teams and Occupational Medicine ensures full sharing of information, ranging from risk assessment to the results of agent monitoring (chemical, physical, biological and ionising radiation). This sharing ensures that the medical teams are aware of the risks to which each employee is subject, making it possible to monitor other complementary parameters in periodic consultations. Together, the Medical and OHS teams make periodic visits to the industrial units, which represent an opportunity to jointly assess conditions and validate the measures to be implemented.	The quality of this service is ensured through: internal and external audits; communication to the workers about the dangers, risks and occupational illnesses to which they may be subjected; regular meetings with the workers; and the monitoring of the defined action plans.	To ensure the quality of this service, it is provided by a specialised external company with accredited skills to carry it out. Access to the service by workers is done through clinical evaluation and with specific recommendations for each workstation.

SEMAPA HOLDING

A medical fitness sheet is made annually, after complementary diagnostic tests, electrocardiogram and follow-up consultation.

Every year, the company also schedules a visit to its facilities by a medical team that collects blood for analysis and carries out complementary diagnostic tests. These are analysed by the doctor in a subsequent consultation, which is also during working hours. When there are situations that require permanent monitoring, the employee is referred to his/her family doctor.

GRI 403-4: Employee Involvement, Consultation and Communication on Safety and Health at Work

PULP AND PAPER SECTOR

Since 2020 Navigator has conducted an online survey to consult all its Employees. This survey is conducted twice a year and is widely publicised in order to encourage as many people as possible to take part. The questions address various aspects of OSH, namely in terms of hazards and risks, workplace conditions, communication of monitoring results, knowledge of procedures, training needs, quality of personal protective equipment (PPE), among others. The results of this consultation are published so that everyone has access to the information and knowledge of the actions defined according to the answers obtained.

In addition to this, consultations may also be held with the Health and Safety Committees at each of the industrial complexes. All the complexes (except Vila Velha de Ródão and the forestry areas) have Health and Safety Committees. The meetings are periodic and take place at least once a year. These committees are responsible for discussing risk assessments, hazards, and procedures, as well as transmitting employee concerns. Portuguese legislation defines the composition of these committees, with the Company guaranteeing compliance and application.

CEMENT SEGMENT

At Secil, there are various ways implemented to guarantee communication with employees, in particular: the regular carrying out of employee surveys; meetings of the workers' commission or with workers' representatives on OHS issues; and also the existence of safety boards posted in the units with relevant information.

There are joint management-worker committees in the various geographies, at intervals defined locally. In general, these have the responsibility to assess all OSH issues. Some examples are: to recommend penalty/recognition actions arising from work accidents or other situations observed; to suggest corrective and preventive actions with a view to reducing risks, work accidents and improving employees' health; to suggest or give an opinion about OHS prevention and monitoring programmes; to promote and suggest training actions in the health and safety area; and to discuss the quality and comfort of Personal Protective Equipment (PPE).

ENVIRONMENT SEGMENT

The organisation does not have an OSH management system. Regarding information/communication, this is ensured by sharing OSH documentation through online consultation points and by posting documents on the premises and on the personnel management boards. Communication is also ensured through training sessions held on the subject.

During the safety visits/audits, as well as during the training actions, the workers are consulted in relation to safety conditions. In addition, consultation with workers is carried out in accordance with the legal regime for the promotion of Health and Safety at Work (OSH&H) - and other specific legislation concerning OSH. The MAIS ETSA programme is also implemented (based on the collection of improvement suggestions from the workers regarding infrastructures, equipment, processes, etc.). It should be noted that there are no joint committees of workers.

GRI 403-5: Occupational health and safety training of employees

PULP AND PAPER SEGMENT

Navigator provides a range of mandatory training courses - as stipulated in Portuguese legislation -, with complementary training provided on an occasional basis. The Learning Center provides Employees with a range of training courses covering a number of safety issues. Some of the modules of the online training provided will be considered mandatory attendance, and other modules are being developed using new technologies (augmented reality, for example) to motivate Employees to participate in these actions. If the training takes place outside working hours, Employees are compensated through additional remuneration. In more critical areas, where the risks of the activities are higher, there is reinforced training in this area by the local OHS team.

At the onboarding of all new Employees there is an induction programme in which the various safety topics are addressed.

Outside workers receive specific compulsory training developed by CELPA - Associação da Indústria Papeleira (Paper Industry Association), called CSIP - Cartão de Segurança da Indústria Papeleira (Paper Industry Safety Card). In situations of work or projects considered special, training is developed dedicated to the most relevant safety issues.

Navigator and the Training Department have also been developing a skills matrix by function, identifying for each employee, and in accordance with the tasks assigned to him or her, the mandatory training to be provided. This is the project which is due for further development in 2023.

CEMENT SEGMENT

In OHS matters, compulsory training is carried out, arising from legal requirements and other voluntary training, namely around behavioural and safety leadership training. Additionally, there is induction training in OSH for new internal and external employees. The results of risk assessment are also communicated.

ENVIRONMENT SEGMENT

All workers have received training in Occupational Safety and Health (OSH), covering the following content: Legal Framework; Basic Concepts of Safety and Health at Work; Duties and Responsibilities of Workers and the Employer; Statistics of Accidents at Work; Hazards and Risks of the Workplace; Prevention and Protection Measures; Manual Handling of Loads; Personal Protective Equipment; Safety Instructions; and Safety Signage; Safety Data Sheets. Within the scope of specific hazards, the following were also addressed: chemical risks, biological risks, safety of machinery and work equipment, and manual handling of loads.

ETSA also assesses the training needs through the actions of consultation with the workers, foreseen in the legal regime of OSH promotion (and other legislation in this matter). The external safety services prepare a training programme based on the legal requirements for training (listed in the various diplomas related to occupational safety and health), considering the information transmitted by the workers (collected in training sessions, audits, etc.), and based on the knowledge of the activities developed. The programme is managed by Human Resources. External services support the prioritisation of the actions to be delivered.

All training is free of charge and always during working hours.

SEMAPA HOLDING

Self-protection measures are currently being implemented, including fire drills (evacuation exercises) and training in first aid. It should also be noted that all training needs by Semapa Holding's Employees are assessed annually, after receipt of the annual OHS report. All training in this area is free of charge and during working hours.

GRI 403-6: Promotion of Employee Health

PULP AND PAPER SEGMENT

Navigator has an occupational health team (OHS), curative medicine and a permanent nursing team in the industrial and forestry areas, and all Navigator's employees have access to these services. The industrial units have a Medical Centre accessible to all employees, allowing them to discuss their needs with health professionals. The nursing team provides permanent assistance (24 hours) to Employees, except for Vila Velha de Ródão, where nurses are available only during daytime hours.

The OS team consists of a psychologist, a nutritionist, a social worker and five physiotherapists at each plant. This team, in partnership with the medical team (occupational and curative), develops health and well-being programmes, assessing and monitoring Employees who need support in any of the areas. The resident team provides its services at the medical posts and develops more comprehensive programmes with the Employees, such as, for example, physical activity at work, sleep analysis, meals during shifts, social responses, among others. Every year, in the month of October, we celebrate health month by promoting various initiatives of greater contact and proximity with the operations, and the feedback received is very positive.

CEMENT SEGMENT

At Secil, there are medical services at work for all workers, and there is a medical post at the factories and, in some cases, in addition to occupational medicine, there is curative medicine. To complement the action around health promotion, the company provides health insurance in general.

There is also a plan for periodic consultations and examinations, which is monitored, and measures are taken regarding identified deviations to ensure full compliance.

ENVIRONMENT SEGMENT

The company makes the curative medicine service available in all its establishments and to all its workers.

This service facilitates access to medical services, without the need for workers to go to Health Centres or other doctors, and without the need to travel.

SEMAPA HOLDING

Employees have access to a very comprehensive health insurance policy that can be extended to the other members of the household for an additional payment below the market price.

Additionally, there is a general practitioner available weekly for prescriptions and complementary examinations.

GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly related to business relationships

PULP AND PAPER SEGMENT

The Company's approach to preventing or mitigating significant negative occupational health and safety impacts directly linked to its operations is not differentiated, as OHS is a cross-company and cross-company coordinated function, although each complex has a local OHS and coordination team.

CEMENT SEGMENT

Secil has a zero-harm policy for its Employees, contractors and the community in which it operates. The identification of hazards and the assessment of risks arising from its activities is the cornerstone for the prevention and mitigation of negative impacts on all employees. Its revision and updating is relevant and it is through the implementation of the action plan of the measures considered necessary that the reduction of negative impacts is guaranteed.

ENVIRONMENT SEGMENT

It was found that a considerable number of accidents in the logistics area (involving drivers) occurred mainly at collection points, where workers go to collect raw materials. Many of these accidents were associated with the conditions of access to the collection points, cleanliness and organisation, the operation and maintenance of the equipment used for storing the raw material, and the way in which it is packaged. The external safety services and those responsible for the logistics and commercial area drew up a self-adhesive poster, which was affixed at the collection points, drawing attention to good practices in terms of access to the locations, maintenance and cleaning of the equipment and packaging of the raw material. The poster appeals to the contribution of the collection points for ETSA to ensure that its workers have a safe and healthy working environment.

GRI 403-8: Workers covered by an occupational health and safety management system			
Company/ Affiliated	**Description**	**2021**	**2022**
Navigator	Total number of employees	3,021	3,115
	Total number of other workers	14,293	10,324
	Employees covered by the OSHMS	3,021	3,115
	Other workers covered by the OSHMS	14,293	10,324
	Total (employees and other workers) covered by the OSHMS	**17,314**	**13,439**
	Percentage of employees covered by the OSHMS	100%	100%
	Percentage of other workers covered by the OSHMS	100%	100%
	Percentage of employees and other workers covered by the OSHMS	**100%**	**100%**
	Employees covered by the OSHMS - certified	2,780	2,904
	Other workers covered by the OSHMS - certified	13,896	10,324
	Total (employees and other workers) covered by the OSHMS - certified	**16,676**	**13,228**
	Percentage of employees covered by the OSHMS - certified	92%	93%
	Percentage of other workers covered by the OSHMS - certified	97%	100%
	Percentage of employees and other workers covered by the OSHMS - certified	**96%**	**98%**
Secil	Total number of employees	2,362	2,367
	Total number of other workers	1,838	1,861
	Employees covered by the OSHMS	2,362	2,367
	Other workers covered by the OSHMS	1,838	1,861
	Total (employees and other workers) covered by the OSHMS	**4,200**	**4,228**
	Percentage of employees covered by the OSHMS	100%	100%
	Percentage of other workers covered by the OSHMS	100%	100%
	Percentage of employees and other workers covered by the OSHMS	**100%**	**100%**
	Employees covered by the OSHMS - certified	1,809	1,819
	Other workers covered by the OSHMS - certified	1,614	1,642
	Total (employees and other workers) covered by the OSHMS - certified	**3,423**	**3,461**
	Percentage of employees covered by the OSHMS - certified	77%	77%
	Percentage of other workers covered by the OSHMS - certified	88%	88%
	Percentage of employees and other workers covered by the OSHMS - certified	**82%**	**82%**

GRI 403-8: Workers covered by an occupational health and safety management system			
Company/ Affiliated	**Description**	**2021**	**2022**
ETSA	Total number of employees	280	314
	Total number of other workers	0	0
	Employees covered by the OSHMS	0	0
	Other workers covered by the OSHMS	0	0
	Total (employees and other workers) covered by the OSHMS	**0**	**0**
	Percentage of employees covered by the OSHMS	0%	0%
	Percentage of other workers covered by the OSHMS	---	---
	Percentage of employees and other workers covered by the OSHMS	**0%**	**0%**
	Employees covered by the OSHMS - certified	0	0
	Other workers covered by the OSHMS - certified	0	0
	Total (employees and other workers) covered by the OSHMS - certified	**0**	**0**
	Percentage of employees covered by the OSHMS - certified	0%	0%
	Percentage of other workers covered by the OSHMS - certified	---	---
	Percentage of employees and other workers covered by the OSHMS - certified	**0%**	**0%**
Holding	Total number of employees	32	38
	Total number of other workers	2	1
	Employees covered by the OSHMS	32	38
	Other workers covered by the OSHMS	0	0
	Total (employees and other workers) covered by the OSHMS	**32**	**38**
	Percentage of employees covered by the OSHMS	100%	100%
	Percentage of other workers covered by the OSHMS	0%	0%
	Percentage of employees and other workers covered by the OSHMS	**94%**	**97%**
	Employees covered by the OSHMS - certified	32	38
	Other workers covered by the OSHMS - certified	0	0
	Total (employees and other workers) covered by the OSHMS - certified	**32**	**38**
	Percentage of employees covered by the OSHMS - certified	100%	100%
	Percentage of other workers covered by the OSHMS - certified	0%	0%
	Percentage of employees and other workers covered by the OSHMS - certified	**94%**	**97%**

GRI 403-8: Workers covered by an occupational health and safety management system			
Company/ Affiliated	**Description**	**2021**	**2022**
Semapa Group	**Total number of employees**	5,695	**5,834**
	Total number of other workers	16,133	**12,186**
	Employees covered by the OSHMS	5,415	**5,520**
	Other workers covered by the OSHMS	16,131	**12,185**
	Total (employees and other workers) covered by the OSHMS	21,546	**17,705**
	Percentage of employees covered by the OSHMS	95%	**95%**
	Percentage of other workers covered by the OSHMS	100%	**100%**
	Percentage of employees and other workers covered by the OSHMS	99%	**98%**
	Employees covered by the OSHMS - certified	4,621	**4,761**
	Other workers covered by the OSHMS - certified	15,510	**11,966**
	Total (employees and other workers) covered by the OSHMS - certified	20,131	**16,727**
	Percentage of employees covered by the OSHMS - certified	81%	**82%**
	Percentage of other workers covered by the OSHMS - certified	96%	**98%**
	Percentage of employees and other workers covered by the OSHMS - certified	92%	**93%**

GRI 403-9: Work-related injuries				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
Navigator	Number of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	6	3	1
	Number of recordable work-related injuries	195	147	262
	No. accidents resulting in absence	78	64	74
	Number of workdays lost	2,330	3,443	2,667
	Number of hours worked	9,551,086	9,724,952	10,173,190
	Normalisation factor of the number of hours worked	1,000,000	1,000,000	1,000,000
	Rate of fatalities as a result of work-related injury	0.0	0.0	0.0
	Rate of high-consequence work-related injuries (excluding fatalities)	0.6	0.3	0.1
	Rate of recordable work-related injuries	20.4	15.1	25.8
	Lost time injury frequency rate	8.2	6.6	7.3
	Injury severity rate	244.0	354.1	262.2
Secil	Number of fatalities as a result of work-related injury	0	2	0
	Number of high-consequence work-related injuries (excluding fatalities)	6	4	2
	Number of recordable work-related injuries	92	88	85
	No. accidents resulting in absence	57	53	42
	Number of workdays lost	1,744	1,394	1,348
	Number of hours worked	7,628,944	7,911,743	7,985,446
	Normalisation factor of the number of hours worked	1,000,000	1,000,000	1,000,000
	Rate of fatalities as a result of work-related injury	0.0	0.3	0.0
	Rate of high-consequence work-related injuries (excluding fatalities)	0.8	0.5	0.3
	Rate of recordable work-related injuries	12.1	11.1	10.6
	Lost time injury frequency rate	7.5	6.7	5.3
	Injury severity rate	228.6	176.2	168.8

GRI 403-9: Work-related injuries				
Company/ Affiliated	**Description**	**2020**	**2021**	**2022**
ETSA	Number of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	0	1
	Number of recordable work-related injuries	29	26	30
	No. accidents resulting in absence	29	26	28
	Number of workdays lost	939	1,088	754
	Number of hours worked	514,456	494,331	546,844
	Normalisation factor of the number of hours worked	1,000,000	1,000,000	1,000,000
	Rate of fatalities as a result of work-related injury	0.0	0.0	0.0
	Rate of high-consequence work-related injuries (excluding fatalities)	0.0	0.0	1.8
	Rate of recordable work-related injuries	56.4	52.6	54.9
	Lost time injury frequency rate	56.4	52.6	51.2
	Injury severity rate	1,825.2	2,201.0	1,378.8
Holding	Number of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	0	0
	Number of recordable work-related injuries	0	0	0
	No. accidents resulting in absence	0	0	0
	Number of workdays lost	0	0	0
	Number of hours worked	43,744	45,944	70,696
	Normalisation factor of the number of hours worked	1,000,000	1,000,000	1,000,000
	Rate of fatalities as a result of work-related injury	0.0	0.0	0.0
	Rate of high-consequence work-related injuries (excluding fatalities)	0.0	0.0	0.0
	Rate of recordable work-related injuries	0.0	0.0	0.0
	Lost time injury frequency rate	0.0	0.0	0.0
	Injury severity rate	0.0	0.0	0.0

GRI 403-9: Work-related injuries				
Company/ Affiliated	Description	2020	2021	2022
Semapa Group	Number of fatalities as a result of work-related injury	0	2	**0**
	Number of high-consequence work-related injuries (excluding fatalities)	12	7	**4**
	Number of recordable work-related injuries	316	261	**377**
	No. accidents resulting in absence	164	143	**144**
	Number of workdays lost	5,013	5,925	**4,769**
	Number of hours worked	17,738,230	18,176,970	**18,776,176**
	Normalisation factor of the number of hours worked	1,000,000	1,000,000	**1,000,000**
	Rate of fatalities as a result of work-related injury	0.0	0.1	**0.0**
	Rate of high-consequence work-related injuries (excluding fatalities)	0.7	0.4	**0.2**
	Rate of recordable work-related injuries	17.8	14.4	**20.1**
	Lost time injury frequency rate	9.2	7.9	**7.7**
	Injury severity rate	282.6	326.0	**254.0**

Note 1: For the calculation of safety indicators, Navigator includes both internal and external employees. It should also be noted that Secil changed its methodology in 2021, bringing safety reporting into line with GCCA's (the industry association) guidelines, and no longer records off-site accidents.

Note 2: Several Navigator's activities are not covered by the certified OHS systems, namely Forest Management, Wood Supply and RAIZ. However, the activities carried on in these areas follow the same principles and procedures.

Methodological notes on the calculations:

Formulas Single Report:

- Lost time injury frequency rate = (No. of accidents with sick leave / No. of hours effectively worked) x 1,000,000
- Injury severity rate = (No. days lost / No. hours effectively worked) x 1,000,000

GRI formulas:

- Ratio of fatalities resulting from accidents at work = (No. of deaths resulting from accidents at work/No. of hours worked) x 1,000,000
- Serious occupational accidents ratio (1: = (serious occupational accidents (excluding fatalities)/No. of hours worked) x 1,000,000
- Ratio of work accidents with mandatory reporting (2: = (work accidents/No. of hours worked) x 1,000,000

GRI 403-10: Work-related ill health				
Company/ Affiliated	Description	2020	2021	2022
Navigator	Number of fatalities as a result of work-related ill health	0	0	0
	Number of cases of recordable work-related ill health	11	1	10
	Number of cases of confirmed work-related ill health	11	1	0
Secil	Number of fatalities as a result of work-related ill health	0	0	0
	Number of cases of recordable work-related ill health	0	8	3
	Number of cases of confirmed work-related ill health	0	1	0
ETSA	Number of fatalities as a result of work-related ill health	0	0	0
	Number of cases of recordable work-related ill health	0	0	0
	Number of cases of confirmed work-related ill health	0	0	0
Holding	Number of fatalities as a result of work-related ill health	0	0	0
	Number of cases of recordable work-related ill health	0	0	0
	Number of cases of confirmed work-related ill health	0	0	0
Semapa Group	**Number of fatalities as a result of work-related ill health**	**0**	**0**	**0**
	Number of cases of recordable work-related ill health	**11**	**9**	**13**
	Number of cases of confirmed work-related ill health	**11**	**2**	**0**

Note: It should be noted that the figures presented above refer only to company Employees and not to external Workers. It should also be noted that in the case of the indicator "Number of confirmed work-related ill health" Navigator only has data for 2020 and 2021.

GRI 404: EDUCATION AND TRAINING

GRI 404-1: Average hours of training per year per employee						
Company/ Affiliated	**Description**			**2020**	**2021**	**2022**
Navigator	**Total number of training hours provided to employees**	Top management	Men	312	290	528
			Women	156	268	104
		Senior management	Men	7,643	14,191	17,116
			Women	4,713	9,047	9,459
		Middle management	Men	3,358	3,657	5,530
			Women	1,017	1,313	1,950
		Administrative	Men			
			Women			
		Operatives	Men	104,019	87,827	88,809
			Women	2,489	7,655	5,390
		Subtotal	**Men**	**115,332**	**105,965**	**111,983**
			Women	**8,375**	**18,283**	**16,904**
	Average training hours per employee	Top management	Men	7	12	16
			Women	22	54	26
		Senior management	Men	21	37	43
			Women	23	42	36
		Middle management	Men	14	14	21
			Women	18	15	19
		Administrative	Men	---	---	---
			Women	---	---	---
		Operatives	Men	53	47	47
			Women	11	42	33
		Total	**Men**	**44**	**42**	**43**
			Women	**17**	**37**	**32**
			Total	**40**	**41**	**41**

GRI 404-1: Average hours of training per year per employee						
Company/ Affiliated	Description			2020	2021	2022
Secil	Total number of training hours provided to employees	Top management	Men		616	503
			Women		194	98
		Senior management	Men		3,378	1,087
			Women		1,192	764
		Middle management	Men		5,404	3,866
			Women		1,748	869
		Administrative	Men		4,908	3,064
			Women		1,582	1,095
		Operatives	Men		24,716	18,904
			Women		419	331
		Subtotal	**Men**	**0**	**39,022**	**27,424**
			Women	**0**	**5,135**	**3,157**
	Average training hours per employee	Top management	Men	---	15	12
			Women	---	24	12
		Senior management	Men	---	42	14
			Women	---	66	40
		Middle management	Men	---	24	16
			Women	---	20	10
		Administrative	Men	---	19	11
			Women	---	10	8
		Operatives	Men	---	17	13
			Women	---	10	7
		Total	**Men**	**---**	**19**	**13**
			Women	**---**	**17**	**10**
			Total	**---**	**19**	**13**

GRI 404-1: Average hours of training per year per employee						
Company/ Affiliated	**Description**			**2020**	**2021**	**2022**
ETSA	**Total number of training hours provided to employees**	Top management	Men	98	39	251
			Women	24	9	18
		Senior management	Men	89	157	302
			Women	19	21	36
		Middle management	Men	160	134	338
			Women	0	-	-
		Administrative	Men	176	312	327
			Women	531	447	736
		Operatives	Men	914	1,896	2,684
			Women	63	44	282
		Subtotal	**Men**	**1,437**	**2,538**	**3,902**
			Women	**637**	**521**	**1,072**
	Average training hours per employee	Top management	Men	49	20	126
			Women	24	9	18
		Senior management	Men	22	39	101
			Women	19	21	36
		Middle management	Men	23	19	48
			Women	---	---	---
		Administrative	Men	9	17	18
			Women	20	16	26
		Operatives	Men	5	10	15
			Women	2	2	9
		Total	**Men**	**7**	**12**	**19**
			Women	**11**	**9**	**17**
			Total	**7**	**11**	**18**

GRI 404-1: Average hours of training per year per employee						
Company/ Affiliated	Description			2020	2021	2022
Holding	Total number of training hours provided to employees	Top management	Men	0	56	272
			Women	3	69	318
		Senior management	Men	0	13	42
			Women	0	78	206
		Middle management	Men	0	13	14
			Women	0	13	8
		Administrative	Men	0	0	0
			Women	0	0	0
		Operatives	Men	0	0	0
			Women	0	4	97
		Subtotal	**Men**	**0**	**82**	**328**
			Women	**3**	**164**	629
	Average training hours per employee	Top management	Men	0	8	45
			Women	1	17	64
		Senior management	Men	0	4	8
			Women	0	10	26
		Middle management	Men	0	13	14
			Women	0	13	8
		Administrative	Men	---	---	---
			Women	---	---	---
		Operatives	Men	0	0	0
			Women	0	1	10
		Total	**Men**	**0**	**6**	**23**
			Women	**0**	**9**	**26**
			Total	**0**	**8**	**25**

GRI 404-1: Average hours of training per year per employee						
Company/ Affiliated	**Description**			**2020**	**2021**	**2022**
Semapa Group	Total number of training hours provided to employees	Top management	Men	410	1,001	**1,554**
			Women	183	539	**538**
		Senior management	Men	7,732	17,739	**18,547**
			Women	4,732	10,338	**10,465**
		Middle management	Men	3,518	9,208	**9,748**
			Women	1,017	3,074	**2,827**
		Administrative	Men	176	5,220	**3,391**
			Women	531	2,029	**1,831**
		Operatives	Men	104,933	114,439	**110,397**
			Women	2,552	8,122	**6,100**
		Subtotal	Men	116,769	147,607	**143,637**
			Women	9,015	24,102	**21,761**
	Average training hours per employee	Top management	Men	7	14	**18**
			Women	17	30	**30**
		Senior management	Men	21	38	**39**
			Women	23	43	**36**
		Middle management	Men	14	19	**19**
			Women	18	17	**15**
		Administrative	Men	9	19	**11**
			Women	20	11	**11**
		Operatives	Men	49	33	**31**
			Women	10	31	**24**
		Total	Men	41	31	**29**
			Women	16	27	**24**
			Total	37	30	**29**

Note 1: Note that this indicator does not include members of the Board of Directors (BD). In 2022, the members of the BD at Holding received 38 hours of training (average of 6 hours per person), at Navigator 77 hours of training (average of 6 hours per person), at Secil 393 hours of training (average of 26 hours per person), at ETSA 141 hours of training (average of 35 hours per person).

Note 2: It should also be noted that up to 2020 ETSA reported the administrative functions to the executors. From 2021 onwards, ETSA separated the two functions.

GRI 404-3: Percentage of employees receiving regular performance and career development reviews					
Company/ Affiliated	**Description**		**2020**	**2021**	**2022**
Navigator		Men	92%	68%	100%
	Top management	Women	71%	80%	100%
		Subtotal	**89%**	**70%**	**100%**
		Men	100%	98%	100%
	Senior management	Women	97%	100%	99%
		Subtotal	**99%**	**99%**	**99%**
		Men	100%	99%	100%
	Middle management	Women	82%	100%	98%
		Subtotal	**97%**	**99%**	**99%**
		Men	---	---	---
	Administrative	Women	---	---	---
		Subtotal	**---**	**---**	**---**
		Men	97%	100%	97%
	Operatives	Women	97%	97%	96%
		Subtotal	**97%**	**99%**	**97%**
Secil		Men	---	85%	69%
	Top management	Women	---	88%	88%
		Subtotal	**---**	**85%**	**72%**
		Men	---	79%	64%
	Senior management	Women	---	94%	74%
		Subtotal	**---**	**82%**	**66%**
		Men	---	80%	69%
	Middle management	Women	---	98%	90%
		Subtotal	**---**	**85%**	**75%**
		Men	---	98%	81%
	Administrative	Women	---	67%	69%
		Subtotal	**---**	**86%**	**77%**
		Men	---	61%	64%
	Operatives	Women	---	79%	80%
		Subtotal	**---**	**61%**	**65%**
ETSA		Men	100%	100%	100%
	Top management	Women	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
		Men	100%	100%	100%
	Senior management	Women	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
		Men	100%	100%	100%
	Middle management	Women	---	---	---
		Subtotal	**100%**	**100%**	**100%**
		Men	100%	100%	100%
	Administrative	Women	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
		Men	100%	100%	100%
	Operatives	Women	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**

GRI 404-3: Percentage of employees receiving regular performance and career development reviews					
Company/ Affiliated	**Description**		**2020**	**2021**	**2022**
Holding	Top management	Men	---	100%	100%
		Women	---	100%	100%
		Subtotal	**---**	**100%**	**100%**
	Senior management	Men	---	100%	100%
		Women	---	100%	88%
		Subtotal	**---**	**100%**	**92%**
	Middle management	Men	---	100%	100%
		Women	---	100%	100%
		Subtotal	**---**	**100%**	**100%**
	Administrative	Men	---	---	---
		Women	---	---	---
		Subtotal	**---**	**---**	**---**
	Operatives	Men	---	100%	100%
		Women	---	100%	60%
		Subtotal	**---**	**100%**	**67%**
Semapa Group	**Top management**	**Men**	92%	81%	**83%**
		Women	75%	89%	**94%**
		Total	90%	83%	**85%**
	Senior management	**Men**	100%	95%	**93%**
		Women	97%	100%	**96%**
		Total	99%	96%	**94%**
	Middle management	**Men**	100%	90%	**86%**
		Women	82%	99%	**94%**
		Total	97%	93%	**88%**
	Administrative	**Men**	100%	98%	**82%**
		Women	100%	72%	**74%**
		Total	100%	88%	**80%**
	Operatives	**Men**	97%	83%	**83%**
		Women	97%	94%	**93%**
		Total	97%	84%	**84%**

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

GRI 405-1: Diversity of governance bodies and employees							
Company/ Affiliated	Description				2020	2021	2022
Navigator	Gender	Governance bodies		Men	78.6%	76.9%	75.0%
				Women	21.4%	23.1%	25.0%
		Top management		Men	87.3%	83.3%	89.5%
				Women	12.7%	16.7%	10.5%
		Senior management		Men	64.2%	64.2%	59.8%
				Women	35.8%	35.8%	40.2%
		Middle management		Men	80.9%	74.3%	72.2%
				Women	19.1%	25.7%	27.8%
		Administrative		Men	33.0%	---	---
				Women	67.0%	---	---
		Operatives		Men	95.1%	91.0%	92.2%
				Women	4.9%	9.0%	7.8%
			Subtotal	**Men**	**84.2%**	**83.7%**	**82.9%**
				Women	**15.8%**	**16.3%**	**17.1%**
	Age group	Governance bodies		<30	0.0%	0.0%	0.0%
				30-50	21.4%	15.4%	0.0%
				>50	78.6%	84.6%	100.0%
		Top management		<30	0.0%	0.0%	0.0%
				30-50	30.9%	50.0%	31.6%
				>50	69.1%	50.0%	68.4%
		Senior management		<30	8.6%	8.2%	11.8%
				30-50	64.6%	64.5%	62.4%
				>50	26.8%	27.3%	25.8%
		Middle management		<30	4.3%	5.7%	7.7%
				30-50	44.5%	50.9%	53.4%
				>50	51.2%	43.4%	38.8%
		Administrative		<30	5.3%	---	---
				30-50	44.7%	---	---
				>50	50.0%	---	---
		Operatives		<30	12.2%	11.1%	13.3%
				30-50	59.9%	62.7%	62.8%
				>50	27.9%	26.2%	23.9%
			Subtotal	**<30**	**10.1%**	**9.7%**	**12.2%**
				30-50	**57.7%**	**61.4%**	**61.0%**
				>50	**32.2%**	**28.9%**	**26.9%**

GRI 405-1: Diversity of governance bodies and employees						
Company/ Affiliated	**Description**			**2020**	**2021**	**2022**
Secil	**Gender**	Governance bodies	Men	92.6%	100.0%	87.5%
			Women	7.4%	0.0%	12.5%
		Top management	Men	86.8%	83.3%	84.0%
			Women	13.2%	16.7%	16.0%
		Senior management	Men	81.0%	81.8%	80.2%
			Women	19.0%	18.2%	19.8%
		Middle management	Men	74.2%	72.5%	73.1%
			Women	25.8%	27.5%	26.9%
		Administrative	Men	69.3%	63.2%	66.1%
			Women	30.7%	36.8%	33.9%
		Operatives	Men	97.2%	97.1%	97.0%
			Women	2.8%	2.9%	3.0%
		Subtotal	**Men**	**88.3%**	**86.9%**	**87.3%**
			Women	**11.7%**	**13.1%**	**12.7%**
	Age group	Governance bodies	<30	0.0%	0.0%	0.0%
			30-50	14.8%	33.3%	12.5%
			>50	85.2%	66.7%	87.5%
		Top management	<30	0.0%	0.0%	0.0%
			30-50	30.2%	27.1%	26.0%
			>50	69.8%	72.9%	74.0%
		Senior management	<30	4.6%	2.0%	0.0%
			30-50	52.9%	55.6%	53.1%
			>50	42.5%	42.4%	46.9%
		Middle management	<30	12.1%	11.7%	10.2%
			30-50	65.1%	69.6%	70.3%
			>50	22.9%	18.7%	19.5%
		Administrative	<30	15.0%	14.9%	16.7%
			30-50	49.6%	50.2%	49.2%
			>50	35.4%	34.9%	34.1%
		Operatives	<30	8.5%	7.5%	7.4%
			30-50	54.0%	56.6%	56.6%
			>50	37.5%	35.9%	36.0%
		Subtotal	**<30**	**9.5%**	**9.0%**	**8.9%**
			30-50	**53.7%**	**56.5%**	**56.2%**
			>50	**36.8%**	**34.5%**	**34.9%**

GRI 405-1: Diversity of governance bodies and employees						
Company/ Affiliated	Description			2020	2021	2022
ETSA	**Gender**	Governance bodies	Men	100.0%	100.0%	100.0%
			Women	0.0%	0.0%	0.0%
		Top management	Men	66.7%	66.7%	66.7%
			Women	33.3%	33.3%	33.3%
		Senior management	Men	80.0%	80.0%	80.0%
			Women	20.0%	20.0%	20.0%
		Middle management	Men	100.0%	100.0%	100.0%
			Women	0.0%	0.0%	0.0%
		Administrative	Men	42.6%	39.1%	40.0%
			Women	57.4%	60.9%	60.0%
		Operatives	Men	87.4%	86.6%	84.5%
			Women	12.6%	13.4%	15.5%
		Subtotal	**Men**	**80.0%**	**78.9%**	**77.7%**
			Women	**20.0%**	**21.1%**	**22.3%**
	Age group	Governance bodies	<30	0.0%	0.0%	0.0%
			30-50	33.3%	33.3%	50.0%
			>50	66.7%	66.7%	50.0%
		Top management	<30	0.0%	0.0%	0.0%
			30-50	33.3%	33.3%	33.3%
			>50	66.7%	66.7%	66.7%
		Senior management	<30	0.0%	0.0%	0.0%
			30-50	80.0%	80.0%	80.0%
			>50	20.0%	20.0%	20.0%
		Middle management	<30	0.0%	0.0%	0.0%
			30-50	85.7%	85.7%	71.4%
			>50	14.3%	14.3%	28.6%
		Administrative	<30	14.9%	13.0%	10.0%
			30-50	53.2%	54.3%	58.0%
			>50	31.9%	32.6%	32.0%
		Operatives	<30	14.0%	11.6%	7.8%
			30-50	50.2%	50.5%	56.3%
			>50	35.8%	38.0%	35.9%
		Subtotal	**<30**	**13.2%**	**11.1%**	**7.6%**
			30-50	**51.8%**	**52.1%**	**57.0%**
			>50	**35.0%**	**36.8%**	**35.4%**

GRI 405-1: Diversity of governance bodies and employees						
Company/ Affiliated	**Description**			**2020**	**2021**	**2022**
Holding	**Gender**	Governance bodies	Men	72.7%	72.7%	66.7%
			Women	27.3%	27.3%	33.3%
		Top management	Men	62.5%	63.6%	54.5%
			Women	37.5%	36.4%	45.5%
		Senior management	Men	63.6%	27.3%	38.5%
			Women	36.4%	72.7%	61.5%
		Middle management	Men	50.0%	50.0%	50.0%
			Women	50.0%	50.0%	50.0%
		Administrative	Men	---	---	---
			Women	---	---	---
		Operatives	Men	28.6%	25.0%	16.7%
			Women	71.4%	75.0%	83.3%
		Subtotal	**Men**	**59.0%**	**48.8%**	**42.6%**
			Women	**41.0%**	**51.2%**	**57.4%**
	Age group	Governance bodies	<30	0.0%	0.0%	0.0%
			30-50	36.4%	36.4%	55.6%
			>50	63.6%	63.6%	72.5%
		Top management	<30	0.0%	0.0%	0.0%
			30-50	87.5%	72.7%	32.6%
			>50	12.5%	27.3%	67.4%
		Senior management	<30	18.2%	9.1%	15.4%
			30-50	45.5%	72.7%	69.2%
			>50	36.4%	18.2%	15.4%
		Middle management	<30	0.0%	0.0%	0.0%
			30-50	50.0%	0.0%	0.0%
			>50	50.0%	100.0%	100.0%
		Administrative	<30	---	---	---
			30-50	---	---	---
			>50	---	---	---
		Operatives	<30	0.0%	12.5%	8.3%
			30-50	42.9%	50.0%	66.7%
			>50	57.1%	37.5%	25.0%
		Subtotal	**<30**	**5.1%**	**4.7%**	**6.4%**
			30-50	**51.3%**	**55.8%**	**63.8%**
			>50	**43.6%**	**39.5%**	**29.8%**

GRI 405-1: Diversity of governance bodies and employees							
Company/ Affiliated	Description				2020	2021	2022
Semapa Group	Gender	Governance bodies		Men	85.5%	84.2%	78.8%
				Women	14.5%	15.8%	21.2%
		Top management		Men	84.9%	80.4%	82.4%
				Women	15.1%	19.6%	17.6%
		Senior management		Men	67.8%	66.2%	62.1%
				Women	32.2%	33.8%	37.9%
		Middle management		Men	77.7%	73.6%	72.8%
				Women	22.3%	26.4%	27.2%
		Administrative		Men	56.7%	60.7%	63.3%
				Women	43.3%	39.3%	36.7%
		Operatives		Men	95.4%	93.0%	93.3%
				Women	4.6%	7.0%	6.7%
			Subtotal	Men	85.5%	84.5%	84.1%
				Women	14.5%	15.5%	15.9%
	Age group	Governance bodies		<30	0.0%	0.0%	0.0%
				30-50	21.8%	27.8%	24.2%
				>50	78.2%	72.2%	75.8%
		Top management		<30	0.0%	0.0%	0.0%
				30-50	34.5%	40.2%	33.3%
				>50	65.5%	59.8%	66.7%
		Senior management		<30	7.9%	7.3%	10.3%
				30-50	62.0%	63.5%	61.4%
				>50	30.2%	29.2%	28.2%
		Middle management		<30	8.2%	8.4%	8.8%
				30-50	55.4%	59.9%	61.3%
				>50	36.4%	31.7%	29.9%
		Administrative		<30	12.1%	14.7%	16.0%
				30-50	48.4%	50.7%	50.1%
				>50	39.4%	34.6%	33.9%
		Operatives		<30	10.8%	9.7%	10.6%
				30-50	56.9%	59.6%	60.0%
				>50	32.3%	30.7%	29.4%
			Subtotal	<30	10.0%	9.4%	10.6%
				30-50	55.7%	58.9%	58.9%
				>50	34.3%	31.7%	30.6%

GRI 405-2: Ratio of basic salary and remuneration of women to men				
Company/ Affiliated	**Employee category**	**2020**	**2021**	**2022**
Navigator	Governance bodies	---	0.28	0.31
	Top management	---	0.68	0.74
	Senior management	---	0.75	0.68
	Middle management	---	0.66	0.66
	Administrative	---	---	---
	Operatives	---	0.88	0.89
Secil	Governance bodies	---	---	0.09
	Top management	---	---	1.13
	Senior management	---	---	0.92
	Middle management	---	---	0.84
	Administrative	---	---	0.93
	Operatives	---	---	0.95
ETSA	Governance bodies	---	---	-
	Top management	---	---	0.84
	Senior management	---	---	1.32
	Middle management	---	---	-
	Administrative	---	---	0.78
	Operatives	---	---	0.74
Holding	Governance bodies	---	0.43	0.26
	Top management	---	1.18	1.19
	Senior management	---	0.95	0.68
	Middle management	---	0.83	0.84
	Administrative	---	---	---
	Operatives	---	1.76	1.30

Note: Only Portuguese salaries are taken into consideration for the calculation of this indicator. The Semapa Group does not differentiate salaries between men and women, and entry salaries are the same for both genders, men and women. The salary ratio presented considers the macro-level framework aggregator, so that, naturally, and for each of these levels, there are different framework subgroups and different career paths, which impact on the average values obtained for the salary ratio and, as such, on the reported values.

GRI 406: DISCRIMINATION

GRI 406-1: Discriminatory incidents and corrective actions taken

No incidents of discrimination were recorded.

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 407-1: Operations and suppliers where freedom of association and collective bargaining may be at risk

Based on the existing irregularities channels, no complaints about impacts at this level were received.

GRI 408: CHILD LABOUR

GRI 408-1: Operations and suppliers with significant risk for incidents of child labour

Based on the existing irregularities channels, no complaints about impacts at this level were received.

GRI 409: FORCED OR SLAVE LABOUR

GRI 409-1: Operations and suppliers with significant risk of incidents of forced or compulsory labour

Based on the existing irregularities channels, no complaints about impacts at this level were received.

GRI 410: SAFETY PRACTICES

GRI 410-1: Security personnel trained in human rights policies or procedures

Respect for human rights is intrinsic to the activities of all Group companies and is extended to service providers and suppliers, mirrored in guiding documents such as the codes of conduct. Group companies contract these types of services. In Semapa's case, security guards receive comprehensive training in 5-year cycles.

GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS

GRI 414-1: New suppliers selected based on social criteria

Among the practices of the participated companies are the existence of codes of conduct for suppliers and the definition of qualification criteria, among others. In accordance with the certifications that the companies have, they are committed to exercising their capacity of influence, increasingly involving and making the various suppliers (including service providers and subcontractors) aware of critical aspects linked to safety, as well as the environment, business integrity, quality, among other issues. The approval of the Human Rights Policy should also be noted.

It should be noted that in 2022 ETSA assessed 15.9% of its new suppliers based on social criteria. In this year raw material suppliers were included, and the data of a company acquired by ETSA at the end of 2021 (Tribérica) was included.

GRI 415: PUBLIC POLICIES

GRI 415-1: Political contributions

The Semapa Group does not make contributions to political parties.

GRI 417: MARKETING AND LABELLING

GRI 417-1: Requirements on product and service information and labelling

In the Semapa Group, product labelling and information requirements are an important factor due to the nature of the products. Whilst Secil and ETSA require all packaged products to be labelled, Navigator does not require this, except for the Tissue product and products bearing logos such as Ecolabel, FSC and PEFC, amongst others.

GRI 417-2: Incidents of non-compliance related to product and service labelling

The Semapa Group identified no cases of non-compliance relating to labelling of products and services.

GRI 417-3: Incidents of non-compliance related to marketing communications

The Semapa Group has not identified any cases of non-compliance related to marketing communications.

INDEPENDENT LIMITED ASSURANCE REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

Introduction

We were appointed by the Board of Directors of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** (the Entity) to provide limited assurance on the sustainability information included in chapter 8 of the Annual Report for the year ended 31 December 2022, prepared in accordance with the requirements of the Global Reporting Initiative Standards (GRI Standards).

Responsibilities of Management

Management is responsible for:

- Prepare the sustainability information, included in chapter 8 of the Annual Report 2022, in accordance with the Global Reporting Initiative Standards ("sustainability information");
- Designing, implementing and maintaining an appropriate information and internal control system to enable the preparation of sustainability information that is free from material misstatement, whether due to errors or fraud;
- Preventing and detecting fraud, errors and for identifying and ensuring that the Entity complies with laws and regulations applicable to its activities;
- Ensuring that Management and staff involved with the preparation of the Information are properly trained.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed.

We conducted our engagement in accordance with International Standard on 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 the other standards and technical guidance issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). These Standards require that we plan and perform our work in order to obtain limited assurance about whether nothing has come to our attention that causes us to believe that the sustainability information included in chapter 8 of the Annual Report for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with GRI Standards. Accordingly, this work included, among other procedures, the following:

- Interviews with senior management and relevant staff, at corporate and operational level, regarding the sustainability strategy and policies for materially relevant aspects, and their implementation across the different business areas;

- Interviews with relevant staff responsible for preparing the sustainability information included in chapter 8 of the Annual Report for the year ended 31 December 2022;
- Comparing the information presented in chapter 8 of Semapa's Annual Report for the year ended 31 December 2022, with the relevant sources of information to determine whether all relevant information included in such sources of information has been included in the Report; and
- Reading the information presented in chapter 8 of Semapa's Annual Report 2022, in order to determine whether it is in line with our overall understanding of the Entity.

The procedures selected depend on our understanding of compliance with the requirements of the GRI standards and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Quality and Independence

We applied ISQM 1, which requires that a comprehensive quality management system be designed, implemented, and maintained including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for the Portuguese Institute of Statutory Auditors (OROC) and the International Code of Ethics for Professional Accountants (including international independence standards), (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behaviour.

Conclusion

Our conclusion has been formed based on, and is subject to, the matters outlined in this report.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the in chapter 8 of the Annual Report for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards and that the Entity has not applied, in the sustainability information included in the Sustainability Report for the year ended 31 December 2022, the GRI Standards.

Restriction on Use

This independent limited assurance report is issued solely for the information and use of the Board of Directors of **Semapa - Sociedade de Investimento e Gestão, SGPS, S.A**. in connection with the release of the Annual Report 2022 and should not be used for any other purpose. We accept or assume no responsibility and deny any liability to any party other than the Entity for our work, for this independent limited assurance report, or for the conclusions we have reached.

Lisbon, 14 April 2023

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
(no. 189 and registered at CMVM with no. 20161489)
represented by
Paulo Alexandre Martins Quintas Paixão
(ROC no. 1427 and registered at CMVM with no. 20161037)

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ANNEXS

1 GRI content index

Statement of use	**Semapa Group has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2022.**
GRI 1 used	**GRI 1: Foundation 2021**
Applicable GRI Sector Standard(s)	**N.A.**

GRI Standard	Content	Location and Observations
General disclosures		
GRI 2: General Disclosures 2021		
2-1	Organizational details	Chap. 2.4 Where We Are **(Page 24-25)** Technical Specifications **(Page 528)**
2-2	Entities included in the organization's sustainability reporting	Chap. 8 Sustainability Support Information **(Page 462)**
2-3	Reporting period, frequency and contact point	Technical Specifications **(Page 528)**
2-4	Restatements of information	Chap. 8 Sustainability Support Information **(Page 462)**
2-5	External assurance	Chap. 8.2 Independent Limited Assurance Report **(Page 512-514)**
2-6	Activities, value chain and other business relationships	Chap. 2.3 What We Do **(Page 23)** Chap. 4.1.5 Sustainable Value Creation **(Page 100-111)**
2-7	Employees	Chap. 4.3 Human Capital **(Page 135-136)** Chap. 8.1.4 Social indicators **(Page 479-481)**
2-8	Workers who are not employees	Chap. 8.1.4 Social indicators **(Page 481)**
2-9	Governance structure and composition	Chap. 2.5 Governance Model **(Page 26-27)** Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)**
2-10	Nomination and selection of the highest governance body	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II.Management and supervision | A) Composition **(Page 189-202)**
2-11	Chair of the highest governance body	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)**
2-12	Role of the highest governance body in overseeing the management of impacts	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)**
2-13	Delegation of responsibility for managing impacts	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)**
2-14	Role of the highest governance body in sustainability reporting	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)** Chap. 8.1.1 Governance disclosures **(Page 462)**

GRI Standard	Content	Location and Observations
2-15	Conflicts of interest	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | E. Related party transactions conflicts of interest **(Page 236-238)**
2-16	Communication of critical concerns	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | C. Internal organization | II. Comunicação de Irregularidades **(Page 219-221)**
2-17	Collective knowledge of the highest governance body	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)**
2-18	Evaluation of the performance of the highest governance body	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | B) Functioning **(Page 203-207)**
2-19	Remuneration policies	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | D. Remunerations and the remuneration report **(Page 227-235)**
2-20	Process to determine remuneration	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | D. Remunerations and the remuneration report **(Page 227-235)**
2-21	Annual total compensation ratio	Chap. 8.1.1 Governance disclosures **(Page 462)**
2-22	Statement on sustainable development strategy	Chap. 1 Overview 2022 | 1.1 Message from the Chairman and CEO **(Page 8-11)**
2-23	Policy commitments	Chap. 2 The Semapa Group | 2.1 Purpose, Mission, Strategic Principles and Values Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)**
2-24	Embedding policy commitments	Chap. 3 Strategic Framework | 3.5 Business Ethics Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | B. Corporate bodies and committees | II. Management and supervision | A) Composition **(Page 189-202)**
2-25	Processes to remediate negative impacts	Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | C. Internal organization | III.Internal control and risk management **(Page 221-226)**
2-26	Mechanisms for seeking advice and raising concerns	Chap. 3.5 Business Ethics **(Page 48-54)** Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | C. Internal organization | II. Comunicação de Irregularidades **(Page 219-221)** Chap. 5 Corporate Governance Report | PART I – Information on capital structure, organization and corporate governance | C. Internal organization | III.Internal control and risk management **(Page 221-226)**
2-27	Compliance with laws and regulations	Chap. 8.1.1 Governance disclosures **(Page 462)**
2-28	Membership associations	Chap. 8.1.1 Governance disclosures **(Page 462)**
2-29	Approach to stakeholder engagement	Chap. 3.4 Our Relationship with Stakeholders **(Page 46-47)**
2-30	Collective bargaining agreements	Chap. 8.1.4 Social indicators **(Page 481)**

GRI Standard	Content	Location and Observations
Material topics		
GRI 3: Material topics 2021		
3-1	Process to determine material topics	Chap. 3.3 Our Material Topics **(Page 44-45)**
3-2	List of material topics	Chap. 3.3 Our Material Topics **(Page 44-45)**
3-3	Management of material topics	Chap. 3.3 Our Material Topics **(Page 44-45)** Chap. 3.6 Strategic Risk Management **(Page 55-61)** Chap. 4.1.5 Sustainable Value Creation **(Page 100-111)** Chap. 4.2 Natural Capital **(Page 112-134)** Chap. 4.3 Human Capital **(Page 135-147)** Chap. 4.4.1 Community engagement **(Page 148-153)**
Economic Performance		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Chap. 4.1.5 Sustainable Value Creation **(Page 100-101)** Chap. 4.4.1 Community engagement **(Page 149)** Chap. 8.1.2 Economic disclosures **(Page 463)**
201-2	Financial implications and other risks and opportunities due to climate change	Chap. 8.1.2 Economic disclosures **(Page 463)**
201-3	Defined benefit plan obligations and other retirement plans	Chap. 8.1.1 Governance disclosures **(Page 463)**
201-4	Financial assistance received from government	Chap. 8.1.2 Economic disclosures **(Page 463)**
GRI 202: Market Presence 2016		
202-1	Direct economic value generated and distributed	Chap. 8.1.2 Economic disclosures **(Page 464)**
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Chap. 8.1.2 Economic disclosures **(Page 464)**
203-2	Significant indirect economic impacts	Chap. 8.1.2 Economic disclosures **(Page 464)**
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Chap. 4.1.5 Sustainable Value Creation **(Page 100)** Chap. 8.1.2 Economic disclosures **(Page 465)**
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Chap. 8.1.2 Economic disclosures **(Page 465)**
205-2	Communication and training about anti-corruption policies and procedures	Chap. 8.1.2 Economic disclosures **(Page 466)**
205-3	Confirmed incidents of corruption and actions taken	Chap. 3.5 Business Ethics **(Page 48)** Chap. 8.1.2 Economic disclosures **(Page 466)**
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Chap. 8.1.2 Economic disclosures **(Page 466)**

GRI Standard	Content	Location and Observations
GRI 207: Tax 2019		
207-1	Approach to tax	8.1.2 Economic disclosures **(Page 467)**
207-2	Tax governance, control, and risk management	8.1.2 Economic disclosures **(Page 467)**
207-3	Stakeholder engagement and management of concerns related to tax	8.1.2 Economic disclosures **(Page 467)**
207-4	Country-by-country reporting	8.1.2 Economic disclosures **(Page 468)**
Environmental performance		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Chap. 4.2.3 Circular economy **(Page 126)** Chap. 8.1.3 Environmental indicators **(Page 469)**
301-2	Recycled input materials used	Chap. 8.1.3 Environmental indicators **(Page 469)**
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Chap. 4.2.1 Climate change and energy **(Page 115-116)** Chap. 8.1.3 Environmental indicators **(Page 470)**
302-3	Energy intensity	Chap. 8.1.3 Environmental indicators **(Page 471)**
302-4	Reduction of energy consumption	Chap. 8.1.3 Environmental indicators **(Page 471)**
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Chap. 4.2.2 Water management **(Page 121-124)**
303-2	Management of water discharge-related impacts	Chap. 4.2.2 Water management **(Page 121-124)**
303-3	Water withdrawal	Chap. 4.2.2 Water management **(Page 121)** Chap. 8.1.3 Environmental indicators **(Page 472)**
303-4	Water discharge	Chap. 8.1.3 Environmental indicators **(Page 472)**
303-5	Water consumption	Chap. 4.2.2 Water management **(Page 112, 121)** Chap. 8.1.3 Environmental indicators **(Page 473)**
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Chap. 8.1.3 Environmental indicators **(Page 473)**
304-2	Significant impacts of activities, products, and services on biodiversity	Chap. 4.2.4 Conservation of biodiversity and ecosystem services **(Page 131-134)**
304-3	Habitats protected or restored	Chap. 8.1.3 Environmental indicators **(Page 473)**
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Chap. 8.1.3 Environmental indicators **(Page 473)**

GRI Standard	Content	Location and Observations
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Chap. 4.2.1 Climate change and energy **(Page 116)** Chap. 8.1.3 Environmental indicators **(Page 474)**
305-2	Energy indirect (Scope 2) GHG emissions	Chap. 4.2.1 Climate change and energy **(Page 116)** Chap. 8.1.3 Environmental indicators **(Page 474)**
305-4	GHG emissions intensity	Chap. 8.1.3 Environmental indicators **(Page 475)**
305-5	Reduction of GHG emissions	Chap. 8.1.3 Environmental indicators **(Page 476)**
305-6	Emissions of ozone-depleting substances (ODS)	Chap. 8.1.3 Environmental indicators **(Page 476)**
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Chap. 8.1.3 Environmental indicators **(Page 476)**
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Chap. 4.2.3 Circular economy **(Page 125-130)**
306-2	Management of significant waste-related impacts	Chap. 4.2.3 Circular economy **(Page 125-130)**
306-3	Waste generated	Chap. 4.2.3 Circular economy **(Page 126)** Chap. 8.1.3 Environmental indicators **(Page 477)**
306-4	Waste diverted from disposal	Chap. 4.2.3 Circular economy **(Page 126)** Chap. 8.1.3 Environmental indicators **(Page 478)**
306-5	Waste directed to disposal	Chap. 4.2.3 Circular economy **(Page 126)** Chap. 8.1.3 Environmental indicators **(Page 478)**
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Chap. 8.1.3 Environmental indicators **(Page 478)**
Social performance		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Chap. 8.1.4 Social indicators **(Page 482)**
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chap. 8.1.4 Social indicators **(Page 483)**
401-3	Parental leave	Chap. 8.1.4 Social indicators **(Page 483-484)**
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Chap. 8.1.4 Social indicators **(Page 485)**
403-2	Hazard identification, risk assessment, and incident investigation	Chap. 8.1.4 Social indicators **(Page 485-488)**
403-3	Occupational health services	Chap. 8.1.4 Social indicators **(Page 488-489)**
403-4	Worker participation, consultation, and communication on occupational health and safety	Chap. 8.1.4 Social indicators **(Page 489-490)**
403-5	Worker training on occupational health and safety	Chap. 8.1.4 Social indicators **(Page 490)**
403-6	Promotion of worker health	Chap. 8.1.4 Social indicators **(Page 491)**

GRI Standard	Content	Location and Observations
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chap. 8.1.4 Social indicators **(Page 491)**
403-8	Workers covered by an occupational health and safety management system	Chap. 8.1.4 Social indicators **(Page 492-494)**
403-9	Work-related injuries	Chap. 4.3.3 Occupational health, safety and well-being **(Page 144-145)** Chap. 8.1.4 Social indicators **(Page 494-496)**
403-10	Work-related ill health	Chap. 8.1.4 Social indicators **(Page 497)**
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Chap. 4.3.1 Human Capital and Talent **(Page 137)** Chap. 8.1.4 Social indicators **(Page 498-502)**
404-2	Programs for upgrading employee skills and transition assistance programs	Chap. 4.3.1 Human Capital and Talent **(Page 137-141)**
404-3	Percentage of employees receiving regular performance and career development reviews	Chap. 8.1.4 Social indicators **(Page 503-504)**
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Chap. 8.1.4 Social indicators **(Page 505-509)**
405-2	Ratio of basic salary and remuneration of women to men	Chap.1.4 Social indicators **(Page 510)**
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Chap. 3.5 Business Ethics **(Page 48-54)**
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Chap. 3.5 Business Ethics **(Page 48-54)**
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Chap. 3.5 Business Ethics **(Page 48-54)** Chap. 4.1.5 Sustainable Value Creation **(Page 106-108)**
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Chap. 3.5 Business Ethics **(Page 48-54)** Chap. 4.1.5 Sustainable Value Creation **(Page 106-108)** Chap. 8.1.4 Social indicators **(Page 511)**
GRI 410: Security Practices2016		
410-1	Security personnel trained in human rights policies or procedures	Chap. 8.1.4 Social indicators **(Page 511)**

GRI Standard	Content	Location and Observations
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Chap. 4.4.1 Community engagement **(Page 148-153)**
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Chap. 8.1.4 Social indicators **(Page 511)**
GRI 415: Public Policy 2016		
415-1	Political contributions	Chap. 8.1.4 Social indicators **(Page 511)**
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Chap. 8.1.4 Social indicators **(Page 511)**
417-2	Incidents of non-compliance concerning product and service information and labeling	Chap. 8.1.4 Social indicators **(Page 511)**
417-3	Incidents of non-compliance concerning marketing communications	Chap. 8.1.4 Social indicators **(Page 511)**

2 Correspondance table of The World Economic Forum core Stakeholder capitalism metrica

Pillar	Theme	Metrics	Alignment to GRI
Governance	Governing purpose	Setting purpose	GRI 2-12
	Quality of governing body	Governance body composition	GRI 2-9, 405-1
	Stakeholder engagement	Material issues impacting Stakeholders	GRI 2-12, 2-29, 3-2
	Ethical behaviour	Anti-corruption	GRI 205-2/3
		Protected ethics advice and reporting mechanisms	GRI 2-26
	Risks and opportunity oversight	Integrating risk and opportunity into business process	No associated GRI
Planet	Climate Change	Greenhouse Gas (GHG) Emissions	GRI 305-1/2/3
		TCFD implementation	No associated GRI
	Nature loss	Land use and ecological sensitivity: Land use and ecological sensitivity focused on protected areas or with high biodiversity value	GRI 304-1
	Freshwater availability	Water consumption and withdrawal in waterstressed areas	GRI 303-3/5
People	Dignity and equality	Diversity and inclusion: Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	GRI 405-1
		Pay equality: Wage gap between men and women, ethnic minorities and majorities, and other relevant equality areas.	GRI 405-2
		Wage level: Ratios of standard entry level wage by gender compared to local minimum wage.	GRI 202-1
		Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	GRI 2-21
		Risk of incidents of child labour forced or compulsory labour	GRI 408-1, 409-1
	Health and well-being	Health and safety: The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.	GRI 403-9
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	GRI 403-6
	Skills for the future	Training (no.) hours of training per employee	GRI 404-1
		Training (€) investment in training per employee	No associated GRI

Pillar	Theme	Metrics	Alignment to GRI
Prosperity	Employment and wealth generation	Absolute number and rate of employment: Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region and Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	GRI 201-1
		Economic contribution: Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: Revenues, Operating costs, Employee wages and benefits, Payments to providers of capital and Payments to government.	GRI 201-4
		Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	No associated GRI
		Financial investment contribution: Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.	No associated GRI
		Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	GRI 201-1
	Innovation of better products and services	Total R&D expenses	No associated GRI
		Total costs related to research and development	No associated GRI
	Community and social vitality	Total tax paid: The total overall tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	GRI 201-1, 207-4

3 DNFI correspondence table (disclosure of non-financial information)

PART I - INFORMATION ON THE POLICIES ADOPTED

Chapters	Subchapters	Correspondence of Content
A. Introduction	1. Description of the Company's overall sustainability policy, highlighting any changes to the previously approved policy.	Chap. 2.1 Purpose, Mission, Strategic Principles And Values Chap. 3.1 Global Framework Chap.3.2 Our Contribution to the Sustainable Development Goals
	2. Description of the methodology and the grounds for applying it to the reporting of non-financial information, as well as any changes that have occurred in relation to previous years and the reasons for them.	Chap. 8 Sustainability Support Information GRI 2-4
B. Corporate Model	1. General description of the Company's/Group's business model and form of organisation, indicating the main businessareas and markets in which it operates (ifpossible, with recourse to organisationalcharts, graphs or functional tables).	Chap. 2.2 Who We Are Chap. 2.3 What We Do
C. Core Risk Factors	1. Identification of the main risks associated with the subjects reported and arising from the Company's activities, products, services or business relationships, including, where appropriate and whenever possible, the supply and subcontracting chains.	Chap. 3.6 Strategic Risk Management GRI 2-12, 2-13
	2. Indication of how these risks are identified and managed by the Company.	
	3. Explanation of the internal functional division of responsibilities, including the corporate bodies, commissions, committees or departments responsible for identifying and managing/monitoring the risks.	
	4. Explicit statement of the new risks identified by the Company in relation to what was reported in previous years, and the risks that are no longer reported.	
	5. Statement and brief description of the main opportunities that are identified by the Company in the context of the topics reported.	

Chapters	Subchapters	Correspondence of Content
D. Policies Implemented		
i. Environmental policies	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	Chap. 4.2 Natural Capital
	2. Description of key performance indicators set.	Chap. 4.2 Natural Capital GRI 301-1 to GRI 306-5
	3. Assessment of the degree of realization of such objectives, in relation to the previous year, at least by reference to:	
	i. Sustainable use of the resources	Chap. 4.2.1 Climate change and energy Chap. 4.2.2 Water management Chap. 4.2.3 Circular economy GRI 301-1/2, 302-1/3, 303-1/2/3/4/5/6
	ii. Pollution and climate change	Chap.4.2.1 Climate change and energy GRI 305-1/2/3/4/5/6/7
	iii. Circular economy and waste management	Chap. 4.2.3 Circular economy GRI 301-1/2, 306-3/4/5
	iv. Biodiversity protection	Chap. 4.2.4 Conservation of biodiversity and ecosystem services GRI 304-1/2/3/4
ii. Social and tax policies	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	Chap. 4.1.5 Sustainable Value Creation
	2. Description of key performance indicators set.	Chap. 4.1.5 Sustainable Value Creation GRI 2-25, 201-1, 203-1, 204-1, 207-4, 308-1, 413-1, 414-1
	3. Assessment of the degree of realization of such objectives, in relation to the previous year, at least by reference to:	
	i. Community engagement	Chap. 4.4.1 Community engagement GRI 413-1
	ii. Subcontracting and suppliers	Chap. 4.1.5 Sustainable Value Creation GRI 2-6, 204-1, 308-1/2, 414-1/2
	iii. Consumers	Chap. 4.1.5 Sustainable Value Creation GRI 417-1/2/3
	iv. Responsible investment	Chap. 4.1.5 Sustainable Value Creation GRI 201-1, 204-1
	v. Stakeholders	Chap. 3.4 Our Relationship with Stakeholders GRI 2-29
	vi. Taxes	Chap. 4.1.5 Sustainable Value Creation GRI 201-1, 207-1/2/3/4

Chapters	Subchapters	Correspondence of Content
iii. Employees and gender equality and non-discrimination	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	Chap. 3.5 Business Ethics Chap. 4.3 Human Capital
	2. Description of key performance indicators set.	Chap. 3.5 Business Ethics Chap. 4.3 Human Capital GRI 2-7, 2-30, 202-1, 401-1/3, 403-1/2/3/4/5/6/7/9/9/10, 404-1/3, 405-1/2, 406-1
	3. Assessment of the degree of realization of such objectives, in relation to the previous year, at least by reference to:	
	i. Employment	Chap. 4.3.1 Human Capital and Talent GRI 2-7, 2-20, 404-1, 405-1/2, 401-1, 406-1
	ii. Labour organisation	Chap. 3.5 Business Ethics Chap. 4.3.1 Human Capital and Talent Chap. 4.3.2 Culture and motivation in the group GRI 401-2/3
	iii. Health and safety	Chap. 4.3.3 Occupational health, safety and well-being GRI 403-1/2/3/4/5/6/7/8/9/10
	iv. Social relations	GRI 2-30
	v. Training	Chap. 4.3.1 Human Capital and Talent GRI 404-1/2/3
	vi. Equality:	Chap. 3.5 Business Ethics GRI 401-3, 405-1/2
iv. Human Rights	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	Chap. 3.5 Business Ethics Chap. 4.1.5 Sustainable Value Creation GRI 2-23, 406-1, 407-1, 408-1, 409-1, 410-1
	2. Description of key performance indicators set.	
	3. Assessment of the degree of realisation of such objectives, in relation to the previous year: i. Due diligence procedures ii. Risk prevention measures iii. Legal proceedings	

Chapters	Subchapters	Correspondence of Content
v. Fighting corruption and attempted bribery	1. Preventing corruption: measures and instruments adopted to prevent corruption and bribery; policies implemented to deter employees and suppliers from adopting such practices; information on the compliance system indicating the respective function supervisors, if any; indication of legal proceedings involving the Company, its directors or employees related to corruption or bribery; public procurement measures adopted, if relevant.	Chap. 3.5 Business Ethics GRI 2-23, 2-26, 205-1/2/3
	2. Prevention of money laundering (for issuers subject to this regime): measures to combat money laundering; indication of the number of cases reported annually.	
	3. Codes of ethics: indication of any code of ethics which the company has signed or implemented; indication of the respective mechanisms for its implementation and monitoring of compliance, if applicable.	
	4. Management of conflicts of interest: measures to manage and monitor conflicts of interest, namely requiring managers and employees to sign declarations of interest, conflicts and impediments.	GRI 2-15

PART II - INFORMATION ON STANDARDS/GUIDELINES FOLLOWED

Chapters	Subchapters	Correspondence of Content
1. Identification Of Standards/ Guidelines Followed For Reporting Non-Financial Information	Identification of the standards/guidelines followed in the preparation of the non-financial information, including the respective options and other principles considered in the Company's performance, if applicable. If the Company mentions the Sustainable Development Goals (SDGs) of the United Nations Agenda 2030, highlight those which the Company is committed to achieving, indicating the measures taken each year to meet the goals set for each of these SDGs. In other words, identify actions, projects or concrete investments for meeting the SDGs.	Chap. 3.2 Our Contribution to the Sustainable Development Goals Chap. 8 Sustainability Support Information
2. Identification Of Scope And Methodology For Calculating The Indicators	Description of the scope and methodology (including calculation formula) for calculating the indicators provided, and of the reporting constraints. Whenever possible, presentation of a table of correspondence between the indicators presented and the principles or objectives considered, indicating the site where the information is detailed (e.g., the page of the separate report for the disclosure of non-financial information, the annual report, other documents or the Company's website).	Chap. 8 Sustainability support information Chap. 9.1 GRI content index
3. Explanation For Not Implementing Policies	Where the Company does not implement policies with respect to one or more topics, the reporting of non-financial information provides an explanation for this.	Not applicable
4. Other Information	Additional items or information that are not addressed in the previous paragraphs, but are relevant for understanding, contextualising and justifying the importance of the non-financial information disclosed, particularly with regard to networks/consortia of entities linked to issues of sustainability and responsibility of the organisations that it is a member of/ belongs to, whether at national or international level, and sustainability commitments that the Company has voluntarily undertaken, at local or global level.	GRI 2-28

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MAKING IT BETTER SEMAPA

PUBLICATION CYCLE AND PERIOD COVERED BY THE REPORT

This report refers to the activities carried out during the year 2022 (from 1 January to 31 December 2022) and is published annually.

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April 2023.

ESG TECHNICAL SUPPORT

Stravillia Sustainability Hub

DESIGN AND DEVELOPMENT

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OPINION AND CONTACTS

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