ANNUAL REPORT 2023

NON-ESEF VERSION • NON-ESEFVERSION •

MAKING IT BETTER SEMAPA

ETSA
Proteína e Energia

Leading company in the rendering sector in Portugal, transforming animal waste into sustainable products.

THE NAVIGATOR COMPANY

Integrated producer of forest, pulp, paper, tissue, packaging and bioenergy. With exports to 130 countries, it is one of Portugal's strongest presences in the world.

SECIL

A reference company in the cement sector, present in 8 countries spread across 4 continents.

Semapa NEXT

Venture capital firm that invests in startups from Series A to late-stage funding.

TRIANGLE'S

A pioneering company in the electric mobility sector, being the main European player in the production of frames for electric bicycles.

UTiS

Company that produces and sells solutions for optimizing internal combustion and continuous combustion processes, contributing to the reduction of energy consumption and polluting emissions.

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OVERVIEW 2023

01

MESSAGE FROM THE CHAIRMAN AND CEO

JOSÉ FAY
Chairman of the Board of Directors

RICARDO PIRES
Chairman of the Executive Board (CEO)

Dear Stakeholders,

2023 was a challenging year due to the global macroeconomic context, with small or even negative growth forecasts for the major developed economies. On the geopolitical front, besides the war in Ukraine and tensions between China and Taiwan, the conflict in the Middle East has triggered a climate of uncertainty in global markets.

In this complex environment, the Semapa Group's results are exceptionally good. Firstly, we would like to thank all of the Group's employees, who have shown an unparalleled sense of dedication and commitment in such an extraordinary year. In the face of an adverse economic climate, the teams had the incredible capacity to adapt, to implement measures to optimise and enhance operational efficiency, productivity and cost control, achieving results that make us proud. Such actions have strengthened the Group's resilience vis-a-vis future challenges with a solid competitive position and much ambition.

In 2023, the Group continued to pursue its strategy of diversifying investments and acquired 100 per cent of Triangle's Cycling Equipments in June, a world reference in the automated production of e-bike frames. Having acquired the company Semapa intends to accelerate its growth, through investment in the expansion of installed capacity and continued commitment to technological development, with the ambition of transforming it into a platform for the future in a high-growth sector.

With regard to our subsidiaries, Navigator's acquisition of Gomà-Camps in Spain enabled the company to position itself as the second largest Iberian tissue manufacturer. The integration of this new plant is part of the Company's growth plan and reinforces its strategic position in the tissue market.

Excluding Ejea, Navigator also invested 186.5 million euros, 57% of that amount in sustainability projects, kicking off with an ambitious investment plan in 2023 that brings forward its intermediate emissions targets by three years. It thus believes it will meet at the end of 2026 the targets it had set in its Decarbonisation Roadmap for 2029.

Secil has also invested 61.3 million euros, of which 15.4 million euros concerns the CCL - Clean Cement Line project at the Outão cement plant. Currently in the start-up phase the project will reduce CO2 emissions by 20 per cent, increase energy efficiency by 20 per cent and produce 30 per cent of electricity by recovering heat from the process itself. The low carbon clinker resulting from this process will enable the company to respond competitively to demand for green procurement on the market.

On the other hand, we are looking forward to the recognition of Verdi Zero Concrete, the first carbon-neutral concrete in Portugal, a product of Secil innovation. This is yet another important step on the path to decarbonisation at Secil, with the aim of achieving carbon neutrality by 2050, in line with the commitments made to reduce CO2 emissions from its operations.

ETSA also continues to invest in high-value products for the international market and has continued to build a new factory in Coruche, as a result of strong investment in innovation. It is expected to open in the second half of 2024.

For its part, UTIS has extended its UC3 technology to other sectors of activity and increased its product portfolio through internal combustion technology. Geographical expansion, strengthening the commercial and marketing structure, technological development and new patents with enhanced and diversified links to universities are essential for its long-term development.

Semapa Next had an overall positive year, having reinforced investment in several companies and funds, including Overstory and Kencko, and Flecto.

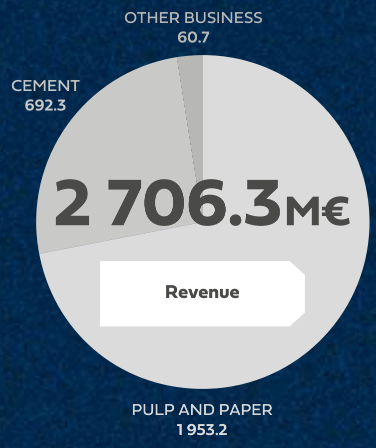
Semapa in turn continues committed to training and developing our employees. In 2023, partnerships were established with renowned entities that resulted in programmes aimed at both young talent and first line managers. As part of our commitment, we carried out the first Semapa-wide Corporate Climate Survey, involving all the Group's companies, with the participation of more than 4 300 employees. We have also launched the "Grow With Semapa" platform; employees may find out about internal mobility opportunities in the Group's various companies and thus diversify their experiences and develop new skills.

The macroeconomic scenario shows signs of moderating inflation at a global level for 2024, but interest rates are still expected to remain high in the longer term. The combination of geopolitical events and electoral cycles, given that more than 40 countries have elections scheduled for 2024, considerably increases uncertainty, which is why it is so important to rigorously assess and anticipate risks, while maintaining the ability to respond strategically to market conditions.

The Semapa Group will continue to identify long-term value-generating opportunities to build a diversified portfolio of companies that are capable of creating sustainable growth cycles. At the same time, we are strongly committed to the Group's talent, which we believe to be the pillar of our purpose of "Making it Better".

"WE WOULD LIKE TO THANK ALL OF THE GROUP'S EMPLOYEES, WHO HAVE SHOWN AN UNPARALLELED SENSE OF DEDICATION AND COMMITMENT IN SUCH AN EXTRAORDINARY YEAR."

LEADING INDICATORS OF THE GROUP

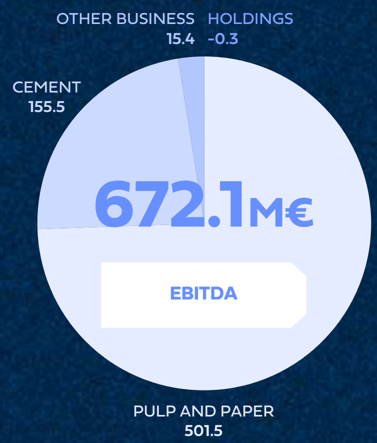


REVENUE

2 706.3M€

2022: 3 122.0 M€

-13.3%



EBITDA

672.1M€

2022: 894.2 M€

-24.8%

EBITDA MARGIN

24.8%

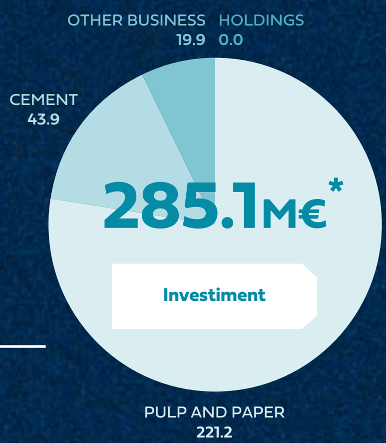
2022: 28.6%

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

244.5M€

2022: 307,1 M€

-20.4%



INVESTMENT IN TANGIBLE FIXED ASSETS

285.1M€*

2022: 167.0 M€

+69.7%

* Includes €43.3 million of acquisitions made through business combinations.

ACCIDENT FREQUENCY RATE

6.8

2022: 7.7

RENEWABLE ENERGY CONSUMPTION

(%total energy consumption)

58%

NO. HOURS OF TRAINING/ EMPLOYEE

56.0

2022: 29.0

NO. OF EMPLOYEES

6 549

2022: 5 986

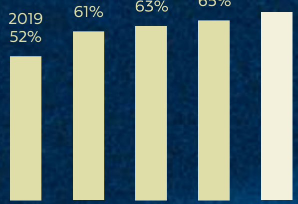
+9.4%

KG CO_2 PER T/ CEMENTITIOUS

-13.2%

vs. 1990 emissions

Secil



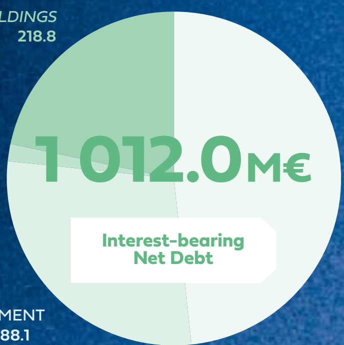
% NATIONAL CERTIFIED WOOD

68%

2022: 65%

Navigator

Product	No.	Capacity
BEKP Pulp	3	1.55 MtAD
UWF Paper	2	1.57 Mt
Cement	8	9.75 Mt



INTEREST-BEARING NET DEBT

1 012.0M€

2022: 794.2 M€

+27.4%

BUSINESS INDICATORS

Million Euros	2019	2020	2021	2022	2023
Income Statement					
Revenue	2 228.5	1 867.4	2 131.4	3 122.0	2 706.3
EBITDA	**486.8**	419.3	508.7	894.2	672.1
EBITDA margin (%)	21.8%	22.5%	23.9%	28.6%	24.8%
Operational results	241.0	199.2	310.1	641.8	440.1
EBIT margin (%)	10.8%	10.7%	14.5%	20.6%	16.3%
Profit for the year	162.7	142.2	250.0	422.1	335.9
Attributable to Semapa's Shareholders	124.1	106.6	198.1	307.1	244.5
Per share					
Closing market price, Eur/share	13.720	9.000	11.700	12.360	13.400
Dividends per share, Eur (paid in n+1)	0.125	0.512	1.764	0.950	0.626
Basic earnings per share, Eur	1.540	1.333	2.481	3.845	3.061
Cash Flow					
Cash Flow	408.6	362.3	448.5	674.4	567.9
Investments					
Capital Expenditure	202.9	108.9	120.3	168.0	285.1
Balance Sheet					
Consolidated shareholders' equity	960.9	948.8	1 092.3	1 323.4	1 471.4
Total equity	1 261.7	1 208.0	1 345.4	1 633.6	1 806.5
Interest-bearing net debt	1 470.7	1 215.7	1 015.6	794.2	1 012.0
Interest-bearing net debt + IFRS 16	1 545.8	1 295.9	1 112.3	895.4	1 116.0

Note:
2023 dividends per share refers to the proposed allocation of profit presented in this report to be paid in 2024

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THE SEMAPA GROUP

02

CONTENTS

2.1 SEMAPA IDENTITY

PURPOSE AND VALUES

GRI 2.23

PURPOSE

MAKING IT BETTER

We are an investment company dedicated to sustain growth and to long-term value creation. Our starting point is a profound respect for our legacy, but always keeping our eyes on the future. We understand that only this way can we attract the best talent to build a strong and diversified portfolio of companies.

Our goal is to have a positive impact on individuals, the community, the environment, and the future. To achieve this, we work as one, combining forces to make things happen.

SEMAPA VALUES

Integrity, ethics and honesty are non-negotiable principles in Semapa's way of being and operating. They are present in all operations and businesses within our Group, anywhere the world where have a presence, ensuring compliance with legislation and with the commitments made to all our stakeholders.

Our mode of operation is characterised by:

- Simplicity, proximity and discretion;
- Social and environmental awareness;
- Orientation to action;
- Continuous improvement with innovation and entrepreneurship.

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, Mobility, 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

WHAT WE DO

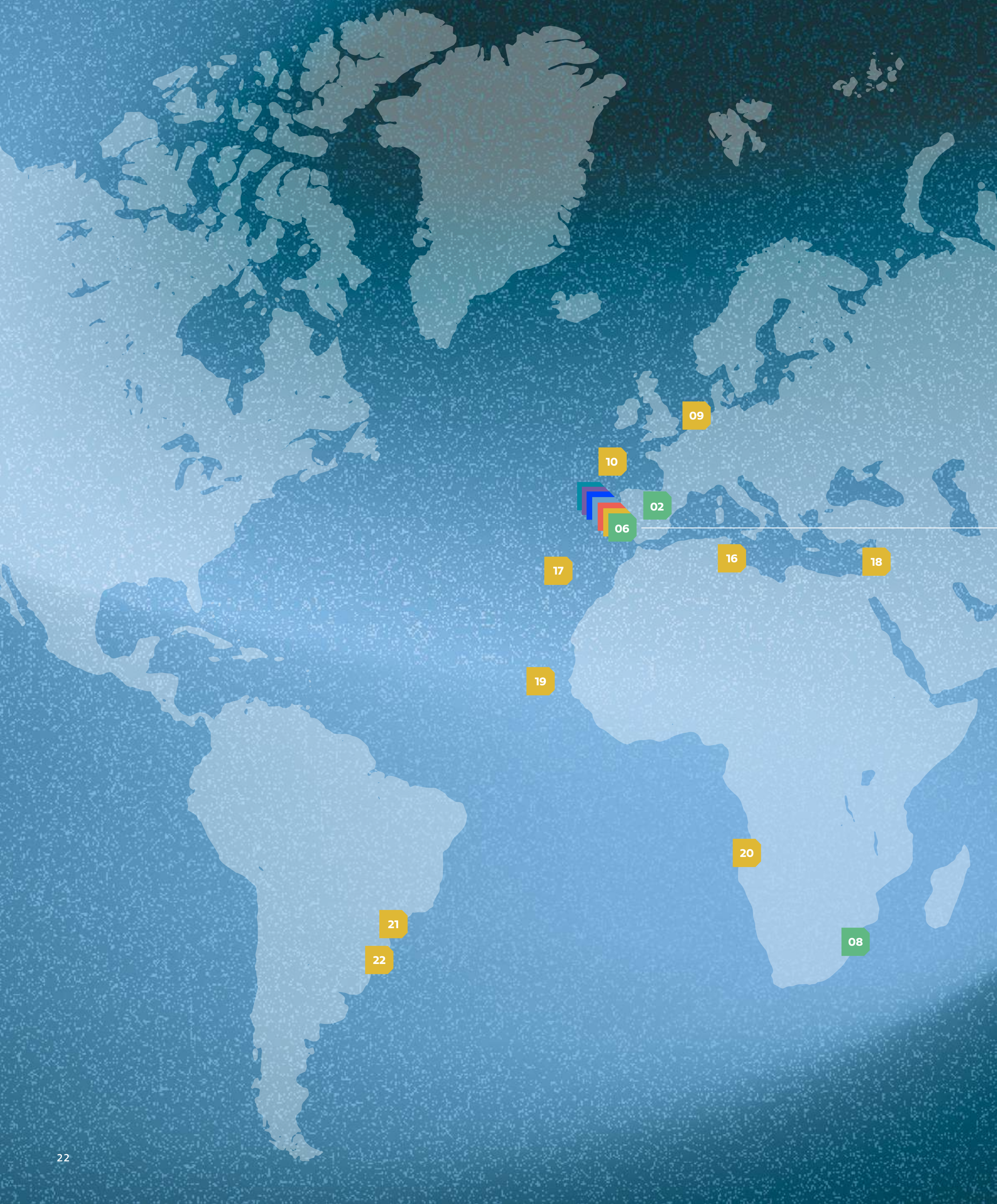
SEMAPA

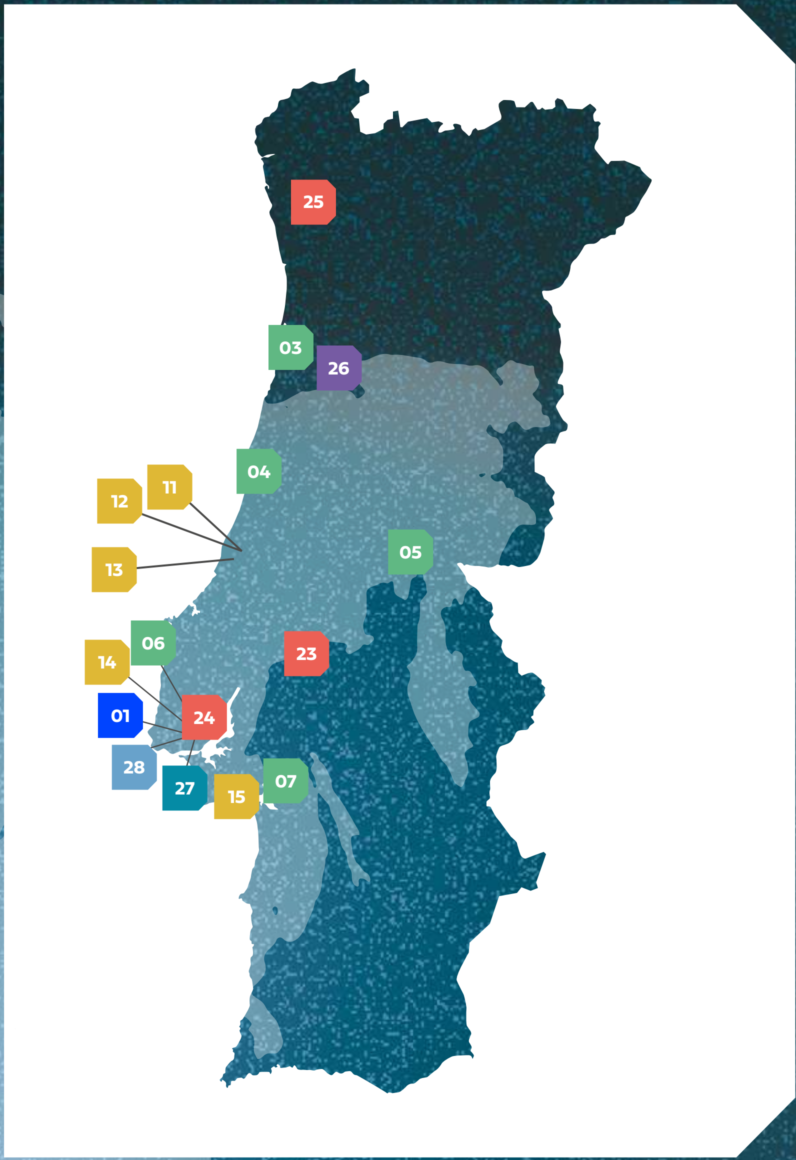
% Share Capital

NAVIGATOR	PULP AND PAPER **69.97%**
SECIL	CEMENT AND OTHER BUILDING MATERIALS **100%***
ETSA	ENVIRONMENT **100%***
TRIANGLE'S	MOBILITY **100%**
SEMAPA NEXT	VENTURE CAPITAL **100%**
UTIS	HYDROGEN FOR ENERGY EFFICIENCY AND DECARBONIZATION **50%**

* Approximate value

WHERE WE ARE





HOLDING
SEMAPA

01 Lisboa Office

PULP AND PAPER
NAVIGATOR

02 Tissue Ejea de los Caballeros Plant
03 Aveiro Plant
04 Figueira da Foz Plant
05 Tissue Vila Velha de Rodão Plant
06 Lisboa Office
07 Setúbal Plant
08 Maputo Office

CEMENT
SECIL

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

ENVIRONMENT
ETSA

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

MOBILITY
TRIANGLE'S

26 Águeda Plant

VENTURE CAPITAL
SEMAPA NEXT

27 Lisboa Office

ENERGY EFFICIENCY
UTIS

28 São Domingos de Rana Plant

2.2 STRATEGIC LINES

Semapa is an investment holding focused on long-term value creation, supported by ambition and innovation.

We seek to add value to our portfolio companies, contributing to its sustainable growth.

INVESTMENT STRATEGY

Semapa aims to expand and diversify its portfolio of companies. For this purpose, it is actively looking for new investment opportunities, which allow long-term value creation, combining strong growth potential and a positive contribution to the environment and to communities.

In the coming investment cycle, Semapa will strengthen its portfolio, targeting investments up to EUR 500 million, in Portuguese or European companies that would benefit from the Group's competences to support their development.

Semapa will target controlling or shared control participations as this strategy excludes investments in minority stakes of a merely financial character.

The target companies should already have a relevant dimension or a high potential in their market and visible perspectives for growth, stemming from a privileged and defensible competitive position. Every investment should offer an attractive return for Semapa and a positive impact on society and on the environment.

Some of the sectors considered on the investment strategy (non-exhaustive list):

- Sustainable solutions in the packaging sector;
- Energy transition and efficiency;
- Sustainable fine chemistry;
- Industrial companies with a strong exports profile.

INVESTMENT CRITERIA

Relevant dimension their market

Robust competitive advantages that translate into an above-avergade profitability

Potential to gain scale and internationalize

Strong exporting capacity

SEMAPA

Positive contribution to the enviroment to society

OUR VALUE PROPOSITION

Built upon a privileged foundation, boasting a legacy and a robust portfolio of companies, Semapa leverages its experience alongside renewed ambition to fortify a winning portfolio that is future-proof and promises a positive impact for future generations. Our aim is to assist promising companies in unlocking their potential and become excellent ones generating financial, social, and human value.

Semapa Group value proposition centers around four fundamental pillars, to which we are fully committed:

TALENT

Selection, appreciation, and recruitment of key-functions

STRATEGY

Definition, monitoring, and coordination of strategic plans

Management of the implementation of strategic initiatives

INDUSTRIAL KNOW-HOW

Experience, resources and access to clients, markets, and commodities

INTERNATIONAL KNOW-HOW

Identification and penetration in key masters, experience in B2B relations, logistical management, and creation of an international network of customers and suppliers

2.3 GOVERNANCE MODEL

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 independentes
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

5 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

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 Members
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., representada por
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

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

SKILL MATRIX BOARD OF DIRECTORS

ACADEMIC EDUCATION	
ENGINEERING	25%
ECONOMICS	13%
MANAGEMENT	25%
MATHEMATICS	13%
OTHER EDUCATION	75%

SKILLS	
BUSINESS ADMINISTRATION AND MANAGEMENT	100%
GOVERNANCE	100%
MERGERS AND ACQUISITIONS	63%
INTERNATIONALIZATION	63%
ENTREPRENEURSHIP/ VENTURE CAPITAL	75%
ACADEMIC	25%
TALENT MANAGEMENT	63%
INFORMATION TECHNOLOGIES	38%
ENVIRONMENT AND SUSTAINABILITY	25%
INDUSTRY AND SERVICES	100%

EXECUTIVE OFFICERS COMMITTEE

RICARDO PIRES (CEO)

VÍTOR PARANHOS PEREIRA (CFO)

HUGO PINTO (CSO)

ISABEL VIEGAS (CPO)

TIAGO DE NORONHA (CIO)

2.4 STRATEGIC RISK MANAGEMENT

The dynamism of the context in which the Semapa Group operates requires continuous monitoring of the main factors that influence its activity, both internal and external. These factors represent constant challenges for the fulfillment of Semapa's strategic plans and objectives. As an economic agent, Semapa is subject 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 intrinsically linked to the performance of its subsidiaries.

Semapa's approach, which promotes the autonomy and accountability of the companies in which it holds stakes, results in exposure to a set of risks. These risks not only affect each company individually but can also spread to Semapa itself and other companies in the Group.

With regard to the management of strategic risks, Semapa has been consolidating its risk management and control system, comprising processes that cover the entire life cycle of the risk, from its identification, through analysis and evaluation, treatment and reporting, in accordance with best practices and benchmark methods such as COSO - Committee of Sponsoring Organizations of the Treadway Commission and the ISO 31000 Standard, which follows the recommendations of the Corporate Governance Code issued by the Portuguese Institute of Corporate Governance (IPCG) and the Portuguese Securities Market Commission (CMVM).

The Group follows an annual risk monitoring model that involves several steps:

- Collection and Filling: Detailed information is collected about each risk. This information is recorded in individual files, which include the identification of the risk and the monitoring of existing mitigation measures.

- Discussion and Approval: Risk registers are discussed and reviewed. Approval occurs to ensure that all relevant information is correct and that mitigation strategies are appropriate.

- Risk Risk Indicators (KRIs): In addition, the Group developed Key Risk Indicators (KRIs). These indicators allow the continuous monitoring of risks and the anticipation of events that could cause significant disruptions.

In summary, the Group is committed to proactively managing risks, ensuring that mitigation measures are effective and that adverse events are identified and dealt with in a timely manner.

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, 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 impact 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 stakeholder 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 2023

In this context, Semapa continued to consolidate and operationalise the risk management and control system and implemented several actions that enhanced the maturity 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.

During 2023, Semapa advanced with another annual cycle of monitoring its strategic risks. The objective was to consolidate the existing model and increase its efficiency, making proactive management and reporting of risks easier for the various stakeholders in the process.

The first steps were also taken to incorporate Triangle's into the risk management system.

STRATEGIC RISKS IDENTIFIED AND MONITORED

The work carried out in 2023 resulted in the maintenance of the risks already monitored, as well as the inclusion of the three climate and ESG factors. 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 is an investment company, focused on sustainable 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 total assets, EBITDA and net profit.
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.	Implementing good corporate governance practices. Implementing a Code of Ethics and Conduct. Implementing internal audit departments in Subsidiaries. Implementing policies and procedure manuals Groupwide. Implementing 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. Implementing cybersecurity policies and strategies in the Group. Implementing robust software to support all the information processed at Board level. Training and awareness-raising through regular training for the Group's Employees.

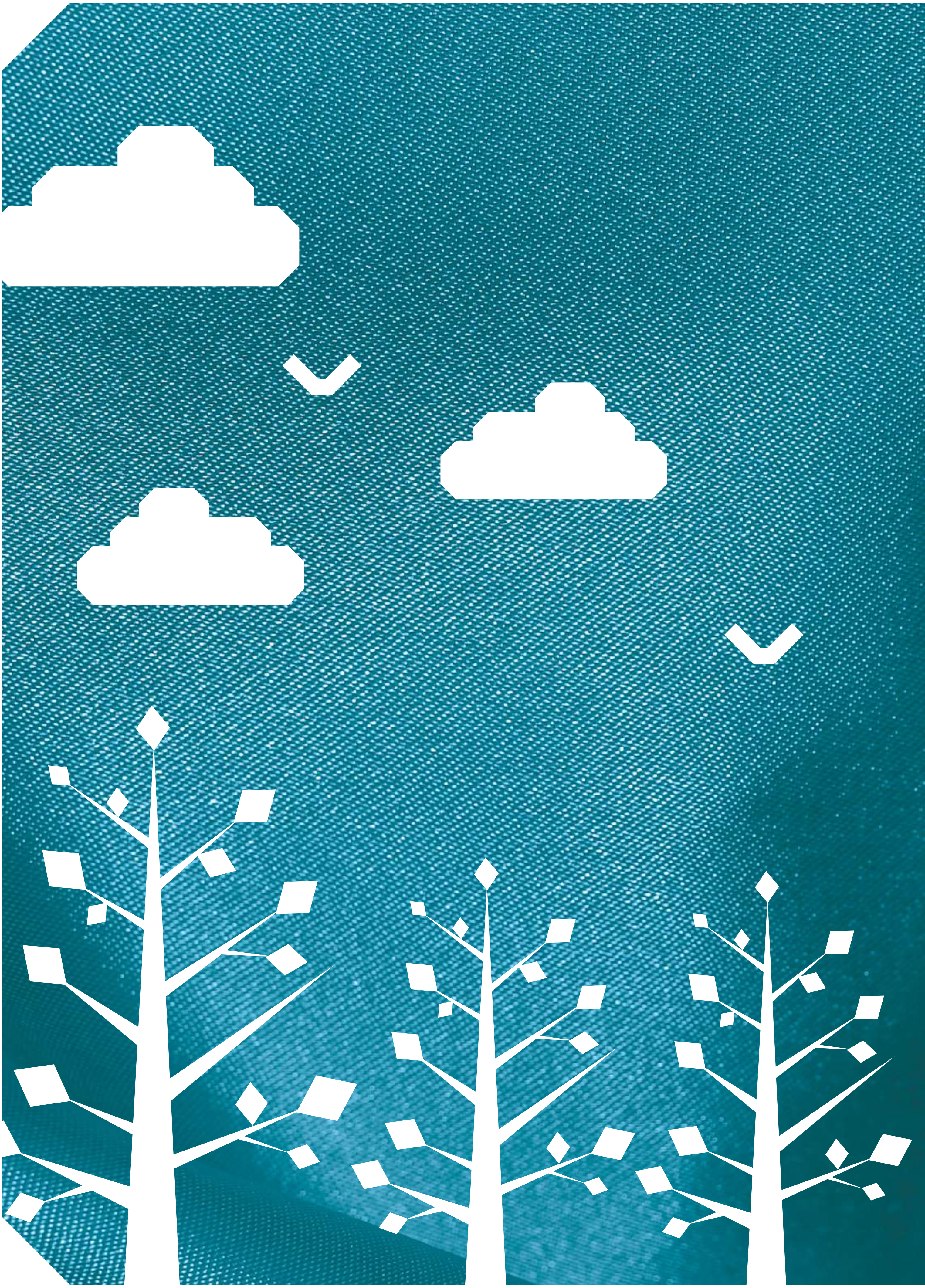
Risk	Description/Impact	Risk Management
Unnatural Environmental Disasters	The Group, which is essentially industrial in nature, has assets and operations that, in the event of an accident, may cause significant damage to the environment. Events from unnatural causes, whether of internal or external origin, 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.
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.

Risk	Description/Impact	Risk Management
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

Semapa, together with its Subsidiaries, is also developing work to analyse and map existing mitigation measures, additional mitigation measures that may be eventually necessary, and impacts and opportunities with regard to the three new strategic risks mapped in 2022 (ESG Performance, Climate Transition and Adverse Climatic Events). It is therefore expected that its development will continue throughout 2024, as a result not only of internal reflection and analysis (in relation to mitigation measures and KRI) but also of the expected evolution in the regulatory context that affects these realities and the requirements for information to be shared and reported by companies.

In 2024, the incorporation of Triangle's into the Risk Management System will be completed, with specific details of the company, as well as the review of the Group's risk tolerance and acceptance limits based on historical KRIs.



BUSINESS PERFORMANCE

03

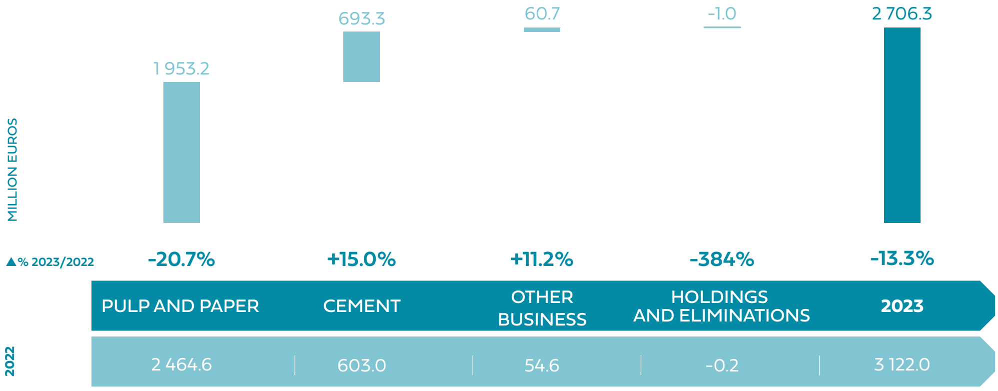
CONTENTS

3.1 OVERVIEW OF SEMAPA GROUP OPERATIONS

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2023	2022	Var.
Revenue	**2 706.3**	**3 122.0**	**-13.3%**
EBITDA	**672.1**	**894.2**	**-24.8%**
EBITDA margin (%)	24.8%	28.6%	-3.8 p.p.
Depreciation, amortisation and impairment losses	(224.3)	(248.4)	9.7%
Provisions	(7.6)	(3.9)	-94.4%
EBIT	**440.1**	**641.8**	**-31.4%**
EBIT margin (%)	16.3%	20.6%	-4.3 p.p.
Income from associates and joint ventures	7.8	7.5	3.4%
Net financial results	(59.1)	(92.7)	36.2%
Net monetary position	14.5	1.0	>1000%
Profit before taxes	**403.3**	**557.6**	**-27.7%**
Income taxes	(67.3)	(135.6)	50.3%
Net profit for the period	335.9	422.1	-20.4%
Attributable to Semapa shareholders	**244.5**	**307.1**	**-20.4%**
Attributable to non-controlling interests (NCI)	91.4	115.0	-20.5%
Cash flow	567.9	674.4	-15.8%
Free Cash Flow	(69.2)	443.6	-115.6%
	31/12/2023	**31/12/2022**	**Dez23 vs. Dez22**
Equity (before NCI)	1 471.4	1 323.4	11.2%
Interest-bearing net debt	**1 012.0**	**794.2**	**27.4%**
Lease liabilities (IFRS 16)	104.0	101.2	2.7%
Total	**1 116.0**	**895.4**	**24.6%**

REVENUE



In 2023 the Semapa Group recorded consolidated revenue of 2 706.3 million euros (-13.3% year-on-year). Exports and sales abroad for the same period amounted to 1 997.4 million euros, accounting for 73.8% of revenue.

NAVIGATOR - PULP AND PAPER: 1 953 MILLION EUROS ▼ 20.7%

The Pulp and Paper segment's revenue in 2023 was 1 953 million euros, the second-best result in the company's history, with 2022 reaching an all-time high of 2 465 million euros. paper sales accounting for around 61% of the total (vs. 70% year on year), pulp sales 13% (vs. 8%), tissue sales 15% (vs. 8%), energy sales 9% (vs. 10%), and packaging sales 2% (vs. 4%)

In this segment, the expansion of the tissue business revenue by 49% (benefiting from the increase in market share and positive synergies with the integration of the new tissue factory in Zaragoza), the growth in pulp business revenue by 26% (despite the drop in demand of cellulose pulp in Europe) and the flexibility of operational management in production and sales made it possible to partially offset the 32% drop in paper revenue (as a result of the drop in international demand for paper).

SECIL - CEMENT: 693.3 MILLION EUROS ▲ 15.0%

In 2023, Secil's revenue amounted to 693 million euros, up 15.0% year-on-year, corresponding to an increase of 90.4 million euros. This increase is essentially the result of positive developments in the Portuguese, Tunisian and Lebanese markets. The foreign exchange variation of the currencies of the different countries had a negative effect of about 5.4 million euros on Secil's revenue (excluding the effect of the depreciation of the Lebanese pound).

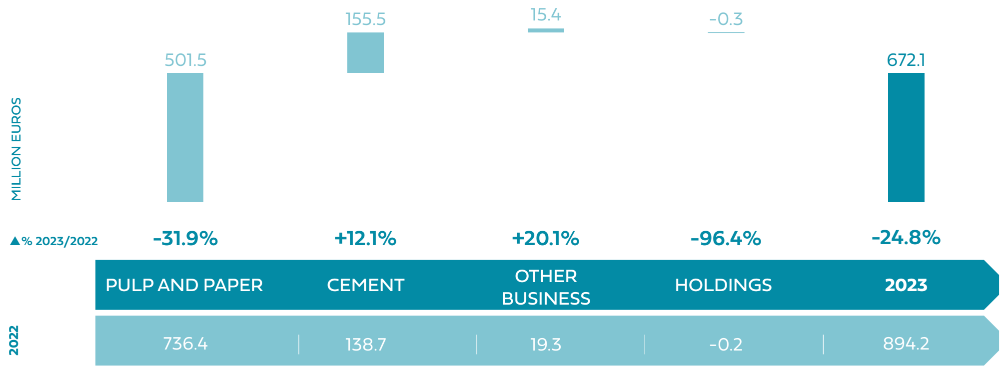
OTHER BUSINESS[1]: 60.7 MILLION EUROS ▲ 11.2%

In 2023 revenue amounted to approximately 60.7 million euros, up by around 11.2% against the previous year. It should be noted that these figures in 2023 already include 6 months of Triangle's activity.

1 As at 31 December 2023, Other Business includes Triangle's and ETSA's business.

EBITDA

In 2023, EBITDA totalled 672.1 million euros (-24.8% year on year). The consolidated EBITDA margin of 24.8% was -3.8 p.p. below that in the same period in 2022



NAVIGATOR - PULP AND PAPER: 501.5 MILLION EUROS ▼ 31.9%

EBITDA totalled 502 million euros, thanks to efficient cost management combined with price level resilience offsetting the fall in demand. The EBITDA margin stood at 25.7%.

SECIL - CEMENT: 155.5 MILLION EUROS ▲ 12.1%

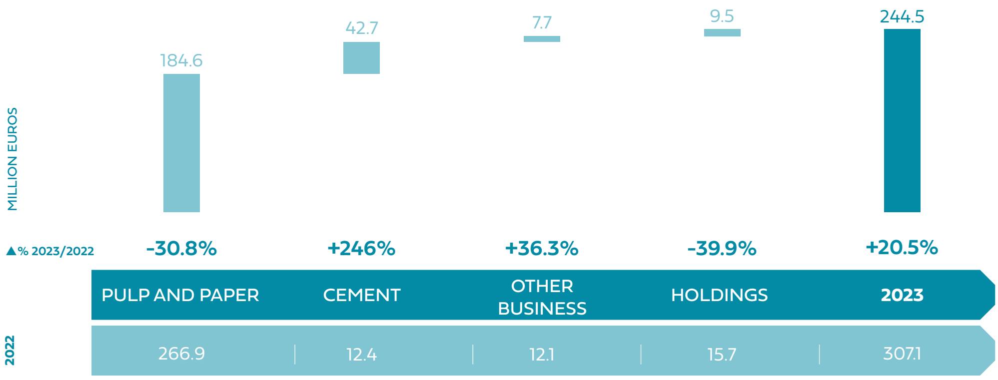
Secil's consolidated EBITDA amounted to 155.5 million euros, up by 16.8 million euros (+12.1%) compared to the previous year. Such performance resulted from the very positive contribution of business in Portugal and, to a lesser extent, business in Lebanon, which offset the less positive performance of business in Brazil and Tunisia. The EBITDA margin stood at 22.4%, a decrease 0.6 p.p. on the margin in 2022..

OTHER BUSINESS: 15.4 MILLION EUROS ▼ 20.1%

EBITDA totalled approximately 15.4 million euros in 2023, representing a reduction of 3.9 million euros in comparison with the same period in the previous year. Such trend is essentially the result of the reduction in ETSA's revenue and the increase in the purchase price of class 3 raw materials, as well as staff costs, combined with the positive effect of incorporating 6 months of Triangle's activity. EBITDA margin stood at 25.4%, down by around 10 p.p. over the previous year.

NET PROFIT ATTRIBUTABLE TO SEMAPA SHAREHOLDERS

Net profit attributable to Semapa shareholders at the end of 2023 stood at 244.5 million euros (vs. 307.1 million euros in 2022).



NAVIGATOR - PULP AND PAPER: 184.6 MILLION EUROS ▼ 30.8%

Net profit attributable to Semapa shareholders in the pulp and paper segment was 184.6 million euros, corresponding to a year-on-year decrease of 30.8% (2022: 266.9 million euros).

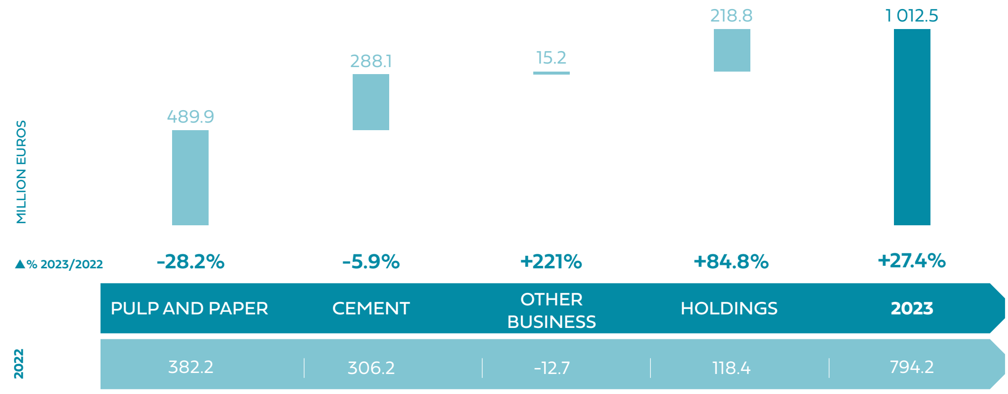
SECIL - CEMENT: 42.7 MILLION EUROS ▼ 245.8%

Net income attributable to Semapa shareholders in the cement and other construction materials segment was 42.7 million euros, 245.8% more than the previous year (2022: 12.4 million euros).

OTHER BUSINESS: 7.7 MILLION EUROS ▲ 36.3%

Net profit attributable to Semapa shareholders in the Other Business segment totalled approximately 7.7 million euros in 2023, representing a year-on-year decrease of about 36.3% (2022: 12.1 million euros).

INTEREST-BEARING NET DEBT



As at 31 December 2023, consolidated net debt stood at 1 012 million euros, representing an increase of 217.8 million euros over the figure recorded at year-end 2022. Including the effect of IFRS 16, net debt would have been 1 116 million euros, 220.6 million euros above the figure at the end of 2022.

As at 31 December 2023, total consolidated cash and equivalents amounted to 281.2 million euros, in addition to committed and undrawn credit lines for the Group, thus ensuring a strong liquidity position.

BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Other business		Holdings		Consolidated
	2023	23/22	2023	23/22	2023	23/22	2023	23/22	2023
Revenue – External	**1 953.2**	**-20.7%**	**692.3**	**14.8%**	**60.7**	**11.2%**	**-**	**-**	**2 706.3**
Revenue	**1 953.2**	**-20.7%**	**693.3**	**15.0%**	**60.7**	**11.2%**	**(1.0)**	**-383.7%**	**2 706.3**
EBITDA	**501.5**	**-31.9%**	**155.5**	**12.1%**	**15.4**	**-20.1%**	**(0.3)**	**-96.4%**	**672.1**
EBITDA margin (%)	25.7%	-4.2 p.p.	22.4%	-0.6 p.p.	25.4%	-10.0 p.p.	-	-	24.8%
Depreciation, amortisation and impairment losses	(151.5)	14.2%	(63.9)	6.4%	(8.7)	-160.4%	(0.3)	-10.8%	(224.3)
Provisions	1.0	162.0%	(9.0)	-287.2%	0.3	-	-	100.0%	(7.6)
EBIT	**351.1**	**-37.1%**	**82.6**	**21.4%**	**7.0**	**-56.0%**	**(0.6)**	**-47.1%**	**440.1**
EBIT margin (%)	18.0%	-4.7 p.p.	11.9%	0.6 p.p.	11.6%	-17.7 p.p.	-	-	16.3%
Income from associates and joint ventures	-	-	0.1	105.4%	-	-	7.7	-11.8%	7.8
Net financial results	(19.3)	66.1%	(27.0)	16.2%	(0.3)	-106.8%	(12.5)	-275.4%	(59.1)
Net monetary position	-	-	14.5	>1000%	-	-	-	-	14.5
Profit before taxes	**331.8**	**-33.8%**	**70.1**	**97.2%**	**6.8**	**-57.3%**	**(5.4)**	**-208.0%**	**403.3**
Income taxes	(67.9)	43.3%	(15.1)	34.2%	0.8	122.0%	14.9	38.4%	(67.3)
Net profit for the period	263.9	-30.8%	55.0	336.0%	7.6	-38.2%	9.5	-39.9%	335.9
Attributable to Semapa shareholders	**184.6**	**-30.8%**	**42.7**	**245.8%**	**7.7**	**-36.3%**	**9.5**	**-39.9%**	**244.5**
Attributable to non-controlling interests (NCI)	79.3	-30.8%	12.3	>1000%	(0.1)	-182.5%	-	-	91.4
Cash flow	414.3	-26.0%	127.9	53.7%	16.0	2.5%	9.7	-39.2%	567.9
Free Cash Flow	92.3	-80.0%	61.0	>1000%	2.0	-62.9%	(224.6)	<-1000%	(69.2)
Interest-bearing net debt	**489.9**		**288.1**		**15.2**		**218.8**		**1 012.0**
Lease liabilities (IFRS 16)	70.0		32.4		1.1		0.5		104.0
Total	**559.9**		**320.5**		**16.3**		**219.3**		**1 116.0**

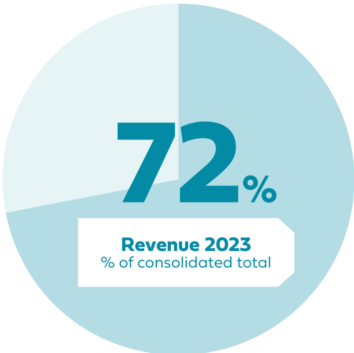
Note1:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.
Note 2:
Semapa acquired on 19 June 2023 100% of Triangle's shares through its subsidiary Aphelion. As at 31 December 2023, the Other Business includes Triangle's and ETSA's business.

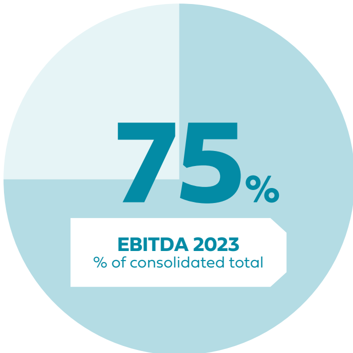
SUMMARY TABLE OF OPERATING INDICATORS

	Unit.	2023	2022	Var.
Navigator - Pulp and Paper				
BEKP Sales (pulp)	1 000 t	462	255	80.9%
UWF Sales (paper)	1 000 t	1 131	1 499	-24.5%
Total sales of tissue	1 000 t	142	102	39.9%
Secil - Cement				
Sales of Grey Cement	1 000 t	5 003	4 925	1.6%
Sales of Ready-mix	1 000 m^3	1 977	1 986	-0.4%
ETSA - Environment				
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1 000 t	133	130	1.8%

3.2 PERFORMANCE OF THE SEMAPA GROUP BUSINESS UNITS

3.2.1. OVERVIEW OF NAVIGATOR ACTIVITY



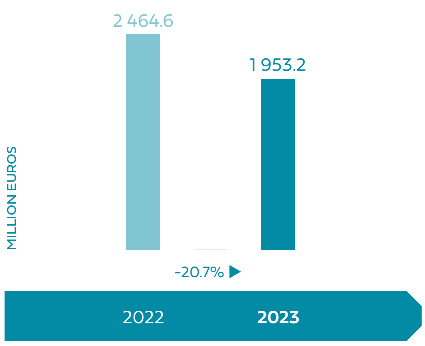


HIGHLIGHTS IN 2023 (VS. 2022)

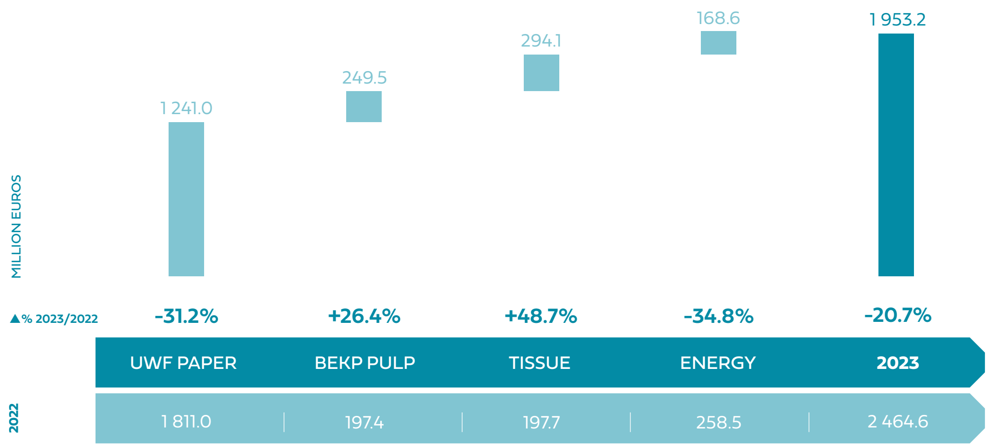
- Revenue in 2023 amounted to 1 953 million euros, second best result in the company's history, having hit an all-time high of 2 465 million euros in 2022.

- The expansion of the tissue business and the flexibility of operational management in production and sales made it possible to offset both the fall in international demand for paper and the fall in demand for cellulose pulp in Europe, with pulp revenue up 26% and tissue revenue up 49%, offsetting the 32% drop in paper revenue.

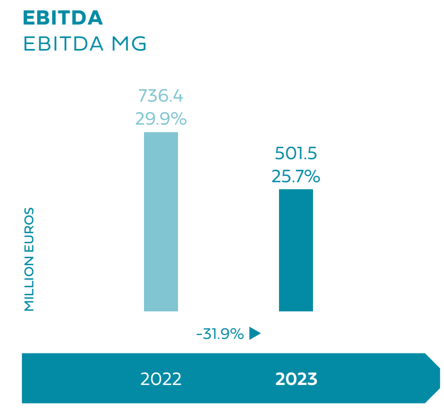
REVENUE



REVENUE BREAKDOWN BY SEGMENT



- EBITDA totalled 502 million euros, thanks to efficient cost management combined with price level resilience offsetting the fall in demand. The EBITDA margin stood at 25.7%.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2023	2022	Var.
Revenue	**1 953.2**	**2 464.6**	**-20.7%**
EBITDA	**501.5**	**736.4**	**-31.9%**
EBITDA margin (%)	25.7%	29.9%	-4.2 p.p.
Depreciation, amortisation and impairment losses	(151.5)	(176.5)	14.2%
Provisions	1.0	(1.6)	162.0%
EBIT	**351.1**	**558.2**	**-37.1%**
EBIT margin (%)	18.0%	22.6%	-4.7 p.p.
Net financial results	(19.3)	(57.0)	66.1%
Profit before taxes	**331.8**	**501.2**	**-33.8%**
Income taxes	(67.9)	(119.7)	43.3%
Net profit for the period	263.9	381.5	-30.8%
Attributable to Navigator shareholders	**263.9**	**381.5**	**-30.8%**
Attributable to non-controlling interests (NCI)	0.0	0.0	>1000%
Cash flow	414.3	559.6	-26.0%
Free Cash Flow	92.3	462.6	-80.0%
	31/12/2023	**31/12/2022**	
Equity (before NCI)	1 062.7	1 018.0	
Interest-bearing net debt	**489.9**	**382.2**	
Lease liabilities (IFRS 16)	70.0	61.6	
Total	**559.9**	**443.9**	

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

OVERVIEW OF NAVIGATOR ACTIVITY

A reduction in cash costs in all segments over the year 2023 and the resilience in international prices for printing paper, packaging and tissue, combined with the sales strategy, product and market diversification and skilful adjustment of production levels, enabled Navigator to achieve good results, in an international context of a very sharp downturn in international demand in most of the segments in which it operates.

Furthermore, Navigator revenue totalled 1 953 million euros, paper sales accounting for around 61% of the total (vs. 70% year on year), pulp sales 13% (vs. 8%), tissue sales 15% (vs. 8%), energy sales 9% (vs. 10%), and packaging sales 2% (vs. 4%).

PAPER

in 1 000 t	2023	2022	Var.
UWF Sales	**1 131**	**1 499**	**-24.5%**
Foex – A4- BCOPY Eur/t	**1 206**	**1 216**	**-0.8%**

The first half of 2023, in particular, featured a slow reduction in accumulated stocks across the distribution chain. This imbalance significantly affected producer demand in all paper segments, with the exception of the tissue segment. The improvement in the market context in the 3rd quarter continued in the final quarter. Although initially slow, the destocking process across the distribution chain seems to have dissipated, which has led to a consistent increase in the level of new orders to European manufacturers, significantly offsetting the seasonal factors normally faced by the industry.

In 4th quarter, the level of new orders recorded by Navigator from all markets increased by 18% over the previous quarter, and orders from Europe rosed by 25%.

The industry recorded a significant adjustment in capacity utilisation rates in 2023, and Navigator likewise steadied the pace of production. The average utilisation rate for the year stood at 78%, which compares to the European average of 71%, driven by the increase in the 4th quarter, with Navigator at 85% (vs. the industry average of 80%).

In a global context of sharply falling apparent demand (down 11%), UWF paper remains the most resilient, as usual due to the versatility of its uses, with a reduction of almost 6%, as compared to CWF papers, for which demand dropped by 17%. Demand for paper produced from mechanical pulp also contracted by 18%. In Europe in particular, apparent demand for UWF paper dropped by 20%, all the while maintaining the more resilient grade. It should be noted that apparent demand for UWF between 2013 and 2023 evolved on average -4.7%per year (CAGR). In the United States, demand declined more slowly than in Europe, down by 14% in November. Apparent consumption of UWF in other world regions decreased 2%, while China's consumption of UWF in November was up by 6% compared to 2022.

The office paper benchmark in Europe - PIX A4 B-copy - averaged 1 206 €/t in 2023 (vs. 1 216 €/t), only 0.8% variation compared to 2022, although the benchmark index ended the year at 1 092 €/t, a change of -18% compared to the figure at the start of the year (1 334 €/t). It should be noted that the 18% fall in the index over the course of the year is also in line with the sharp correction in the pulp index in dollars, which in spite of the recovery in the second half of the year had accumulated a sharp fall of 27% since the start of the year.

Navigator's paper and packaging sales totalled 1 131 thousand tonnes in the year, down by 25% on the previous year. It should be noted that mill brands represented close to 80% of the year's sales, a clear illustration of the resilience of the brand strategy. The proportion of premium products, whilst lower than in the same period in the previous year, remains high (57%).

PACKAGING PAPER

In the Packaging business, which is still in the process of developing a consolidated base in the international market, the adverse conditions of a year marked by excess stocks across the distribution chain were also felt, reflected in slower and irregular demand. In particular, bag consumption – one of Navigator's key segments – fell by around 40% once it became mandatory to charge consumers for bags in the shops.

Nonetheless, the development of our Packaging business continues to show considerable promise, with a growing customer base, recognition of the quality of our products, based on eucalyptus globulus fibre, and consequently of the gKraft™ brand. Our products are being used by high profile brands in sectors ranging from fashion to food retail, e-commerce, manufacturing and farming.

This recognition was confirmed by growth in the clients base, now more than 230 active clients in 30 countries, since starting up in 2021. Recognition of the commercial success and more: last June Navigator received the National Innovation Award for its work in the field of sustainable packaging solutions. In turn, the mobilising agenda "From Fossil to Forest - Sustainable Packaging Products to Replace Fossil Plastic" led by Navigator was distinguished by Deloitte Portugal in the category "Transformation Award - Transformation and innovation projects with market impact".

Navigator bases its packaging paper offer on three large gKraft™ segments: BAG, FLEX and BOX, which are subdivided into 12 segments for different uses, respectively addressing the markets for Bags (retail, consumer and industrial bags), Flexible Packaging (serving a wide variety of flexible packaging), and boxes (corrugated cardboard boxes for value-added products and food packaging, including paperboard for producing paper cups, and food trays). The innovative introduction of the properties of eucalyptus fibre has been crucial in securing the wide acceptance these products already enjoy in the market.

Over the course of 2023, Navigator worked on developing new product ranges for the food industry and a multitude of consumer products, whose testing and market introduction phase underway involves a large-scale operation to approach new customers, supported by the conducting of 220 market trials in 2023. Developments included the creation of new product ranges, particularly innovative 100% eucalyptus products, totalling 31 new grades.

As part of the diversification of the Packaging business, progress has continued as planned in the project for integrated production of eucalyptus-based moulded cellulose components, designed to substitute single-use plastic packaging in the food service and food packaging market, and production is planned to start up in the 2nd half of 2024, under gKraft™ Bioshield brand. The facility will have a production capacity for approximately 100 million units a year, making it one of the largest in Europe and the first integrated plant in Southern Europe moving into a fast growing, high-potential market. Operations will start operating with 4 products for the food sector, and the facility offers production flexibility and scalability in order to exploit the various opportunities opening up for substituting plastics.

PULP

in 1 000 t	2023	2022	Var.
BEKP Sales	**462**	**255**	**80.9%**
Foex – BHKP Usd/t	**1 037**	**1 291**	**-19.7%**
Foex – BHKP Eur/t	**959**	**1 232**	**-22.1%**

The first half of 2023 was marked by a sharp reduction in prices compared to historical highs; the hardwood pulp benchmark index – PIX BHKP in dollars – achieved an all-time high in 2022 (1 380 USD/t). In the 2nd quarter, we saw prices rally in China and in Europe - prices in China bottomed out in May (475 USD/t) and ended 2023 at 653 USD/t, whilst in Europe they fell to their lowest level in August (800 USD/t), recovering by December to 1 008 USD/t.

Falling pulp prices in the first half of the year could be traced to (i) the YoY reduction in demand globally, and in particular in Europe; (ii) rising stocks along the supply chain in late 2022 and early 2023; (iii) easing of the logistical constraints experienced during 2022; and (iv) growth in supply, due to new capacity coming online, especially in Latin America, where one venture started up in December 2022 (1.6 Mt) and another during the second half of 2023 (2.1 Mt).

In the second half of the year, there was a reversal in pulp demand; global demand for eucalyptus pulp (EUCA) performed better than in the first half of the year (where growth was practically nil). China is the main driver of this recovery, as stocks were replenished after prices hit a low in May.

World demand for short fibre (HW) followed the positive trend in the second half, culminating in growth of 8.0% HW and 6.5% eucalyptus short fibre (EUCA) in 2023, compared to the first half (+3.1% HW, +0.6% EUCA).

Stocks at producers and ports were also high in the first half of the year and normalised in the second half. In fact, comparing the level of stocks in the second half of the year with the first half of the year, we see that the stocks of chemical pulp and short fibre producers fell by 7% and 6% respectively, and stocks in ports adjusted by -11% in China and corrected considerably in Europe (-35%).

In the year Navigator had a greater volume of pulp available for sale, resulting from a lower integration in paper. Pulp sales stood at 462 thousand tonnes, up 81% YoY, with revenue being conditioned by the current price level, thus sustaining growth of around 26% YoY.

TISSUE

in 1 000 t	2023	2022	Var.
Total sales of tissue	**142**	**102**	**39.9%**

The tissue business in 2023 was in the spotlight with the acquisition of the plant Zaragoza in early Q2. The integration of this new plant is part of Navigator's ambitious growth and diversification plan and strengthens its strategic position in the tissue market, making it the 2nd largest Iberian player in just eight years, with an annual production capacity of 165 thousand tonnes and an annual processing capacity of 180 thousand tonnes.

In 2023, tissue sales showed significant resilience, with sustained growth in demand for Navigator's finished product, despite less demand in Western Europe (-2.9% in 11 months), especially in the second half of the year.

Tissue sales volume (finished product and reels) reached 142 thousand tonnes in 2023, which translated into a 40% volume increase compared to 2022, with revenue growth of 49%. This development benefited from the integration of the new plant, called Navigator Tissue Ejea, which took place at the beginning of the 2nd quarter. In addition to boosting sales growth, it also broadened the customer base and generated significant gains in unification synergies.

In 2023, sales of Navigator brands were up 25% compared to 2022. Similarly, sales of more differentiated and innovative products continued to hit new highs in 2023, growing by 64% compared to 2022.

Consumers recognised Navigator's focus on innovation and differentiation, which had it win the "5 Star Award" for the third year running. Consequently, it strengthened its presence with customers, particularly through the use of the manufacturer's brand, which in 2023 accounted for 24% of total sales volume of finished products.

ENERY

In 2023, the sales of electrical power totalled about 169 million euros, which represents a reduction of 35% year on year. Of particular note is the production of 1 436 GWh of electricity in 2023, 76% of which from renewable energy sources.

This result is essentially due to: (i) the reduction in market price (OMIE), which made it advantageous to switch renewable cogeneration to the special remuneration regime (when in 2022 they sold their production under the market regime, benefiting from a better OMIE price), (ii) less sales of the Setúbal Natural Gas Combined Cycle Power Plant due to the fact that in 2023 it started operating with just one generator set (there was a reduction in the operating margin of this power plant dictated by the difference between the price of energy and natural gas market prices), which made it possible to reduce fossil fuel consumption, and (iii) the reduction in paper machine activity (which led to less heat requirement for drying paper, subsequently reducing cogeneration activity, which in turn reduced electricity production).

In 2023 the Group's industrial units remained in the Regulated Reserve Band Market, an important service provided by qualified electricity consumers to the electricity transmission grid operator, intended to help secure energy supply in the National Electricity System.

In 2023 the start of the construction of the new self-consumption photovoltaic plants at the Figueira da Foz, Aveiro and Vila Velha de Ródão industrial sites is also worthy of note, since it will triple the installed capacity at Navigator's sites from the current 12 MW to around 38 MW.

In the third phase, in 2024-25, there are plans to install 8 and 15 MWp of new solar PV capacity, which will bring Navigator's total installed capacity up to 46-53 MWp, thus becoming number 1 player in installed solar PV capacity for self-consumption in Portugal..

EBITDA

Variable costs decreased significantly last year, bringing down unit cash costs in all segments. Paper price management, particularly in the higher value-added segments, offered additional protection to results in a context of a strong shortage of paper sales volumes. These factors, combined with the commercial strategy of enhancing own brands and diversifying products and markets, drove EBITDA up to 502 million euros.

The positive evolution in unit cash costs cut across the year, although more intensely in the second half. When comparing the 2nd half of 2023 with the 2nd half of 2022, there is a sharp drop in costs, with a reduction of 15% to 20% in all pulp and paper segments (printing and writing, tissue and packaging).

Navigator remains focused not only on managing variable costs, but also on maximising efficiency in the consumption of raw and subsidiary materials by reducing specific consumption, particularly in pulp and of all kinds of paper, while also maintaining its efforts to contain fixed costs.

The control of total fixed costs resulted in a 5% reduction in 2023 compared to 2022, despite the inclusion of the Ejea Tissue unit in the 2nd quarter. The cost containment effort is quite significant, with maintenance and operating costs increasing by less than 1% in 2023, well below the inflation recorded for the year (4.3%) and the salary increases, particularly at Navigator, where the average salary increase in 2023 was 5.3%.

In this framework, Navigator achieved an EBITDA of 502 million euros in 2023 and an EBITDA margin of 26% (-4.2 p.p. year on year). The net negative impact of the exchange rate on EBITDA of about 16 million euros is worth noting, with an average EUR/USD in 2023 of 1.08 vs. 1.05 in 2022.

The **financial results** amounted to -19 million euros (vs. -57 million euros in 2022). It should be noted that in the same period of the previous year, financial results were hit by one-off (non-cash) impacts, resulting from the recognition of unfavourable exchange differences in the income statement, essentially associated with the repayment of loans granted to the subsidiary Portucel Moçambique (-34 million euros).

Excluding these non-recurrent impacts, performance YoY was 4.6 million euros higher. This resulted from the rise in interest rates, which made it possible to optimise cash management, with a positive impact of 3.7 million euros. On the other hand, the policy of hedging interest rate risk – currently 95% of the debt is issued at a fixed rate (directly or through derivative instruments) – has allowed the average financing rate to remain stable despite the rapid rise in index rates, which, combined with the reduction in gross debt, has also led to a positive evolution of 1.1 million euros in financing costs.

Net profit attributable to Navigator shareholders in 2023 totalled 263.9 million euros (vs. 381.5 million euros year-on-year).

The generation of free **cash flow** in 2023 was around 92 million euros (vs. around 463 million euros in 2022), which reflects the impact of the disbursement on the acquisition of the tissue unit in the 1st quarter (85 million euros), the tight schedule on which the investment plan under the Recovery and Resilience Plan (PRR) must be executed and the additional payment of 108 million euros in income tax (IRC), which reflects the exceptional results achieved in the previous year, as well as the final distribution of bonuses to Employees. These payments are closely linked to company's good performance in 2022.

Contributing to this development was a significant reduction in the value of inventories and receivables from customers, more than offsetting the reduction in payables to suppliers, as part of a policy to support our partners' liquidity.

In 2023, the total amount of **investments in fixed assets** was 187 million euros (vs. 113 million euros in 2022). This is mainly made up of investments aimed at maintaining production capacity, revamping equipment and achieving efficiency gains, and for structural and safety projects.

Investments include ongoing projects of the new high-efficiency recovery boiler in Setúbal and the new tower and washing presses in Aveiro, which will help speed up Navigator's decarbonisation plan, investment in wastewater treatment (WWT plant in Setúbal), the new wood yard in Figueira da Foz and ash treatment facility at the recovery boiler in Aveiro.

In the coming two years, Navigator will step up investment, in particular under the Recovery and Resilience Plan (RRP), with a focus on the From Fossil to Forest Agenda - "Sustainable packaging products to replace fossil plastic", which includes inter alia the current projects: i) to develop high yield chemical pulp and brown paper; ii) to develop moulded pulp for rigid packaging; iii) biocomposites, and iv) paper with barrier properties. The Decarbonisation Agenda has also been launched, which includes, among others, the projects already underway: i) new turbine at the Figueira da Foz cogeneration plant, ii) new lime and biomass kiln at Figueira da Foz, iii) new recovery boiler at Setúbal, iv) incineration of non-condensed gases at the new Setúbal recovery boiler, v) new cogeneration plant at Tissue Aveiro, vi) new photovoltaic plant at Tissue Aveiro, vii) new bleaching tower and pulp washing presses at Aveiro; viii) new cogeneration plant in Vila Velha de Ródão. In the Transform Agenda, we highlight the projects already underway: i) genetic improvement and seed-producing orchards at Viveiros Aliança and Raiz; ii) remote sensing data for sustainable and resilient forest management; iii) boosting the adoption of electric motorisation in the forestry sector in Portugal and iv) recovering industrial waste to produce fertilisers.

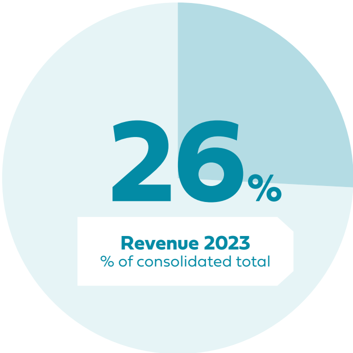
For eligible investments under the PRR, an incentive rate of around 40% is envisaged, which corresponds to close to 100 million euros, of which the company received around 21 million euros in 2023.

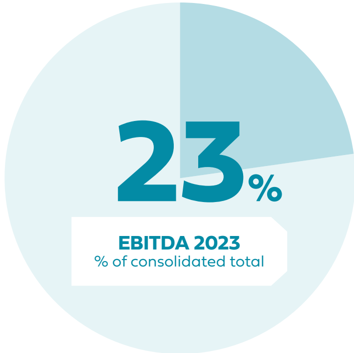
The company therefore continues to conduct innovation programmes for the efficiency of its operations, programmes for the development of sustainable packaging solutions, investing in decarbonisation and improving its environmental impact.

In February 2024, but in relation to the year 2023, Navigator was once again distinguished as a leader in the fight against climate change, and also in forest management by **CDP - Disclosure Insight Action**, which awarded the company an A- rating. On the other hand, the work carried out by Navigator in 2023 to reaffirm its commitment to sustainable development, corporate responsibility and the defence of human and labour rights culminated in the Company joining the **United Nations Global Compact** and taking part in the Business & Human Rights Accelerator Programme.

Taking into account the performance in 2023, Navigator's Board of Directors announced in the annual report and account that it will submit for approval by the General Shareholders Meeting the distribution of profits earned in 2023 in the amount of 0.21091 euros per share, corresponding to a total number of approximately 150 million euros.

3.2.2. OVERVIEW OF SECIL ACTIVITY



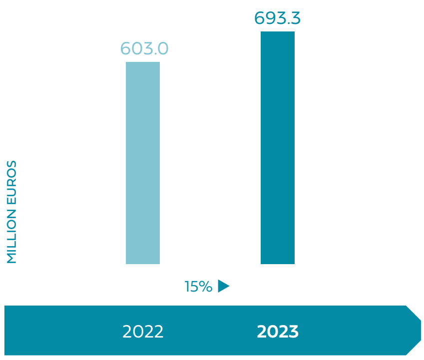


HIGHLIGHTS IN 2023 (VS. 2022)

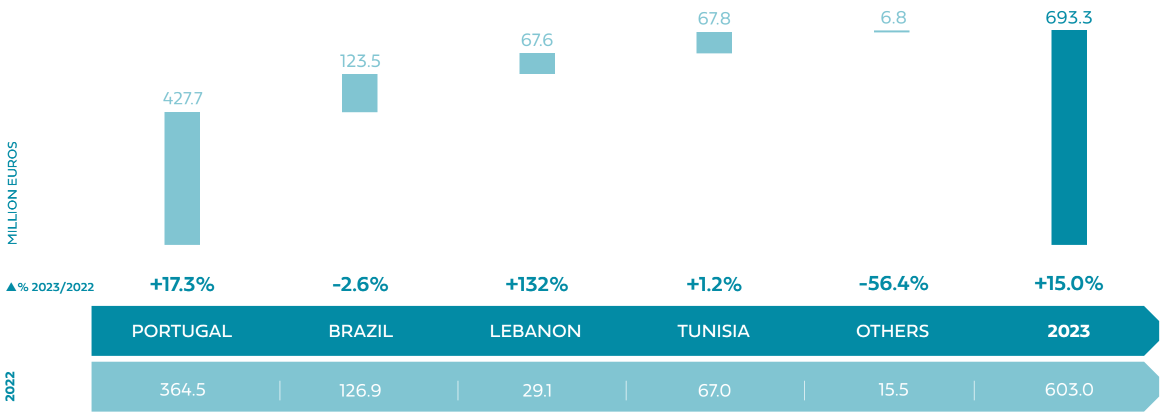
- Accumulated revenue in Q4 2023 of Secil amounted to 693.3 million euros, 15.0% above that in the same period in the previous year, representing an increase of 90.4 million euros.

- This increase is essentially the result of positive developments in the Portuguese, Tunisian and Lebanese markets. The foreign exchange variation of the currencies of the different countries had a negative effect of about 5.4 million euros on Secil's revenue (excluding the effect of the depreciation of the Lebanese pound).

REVENUE



REVENUE BREAKDOWN BY COUNTRY

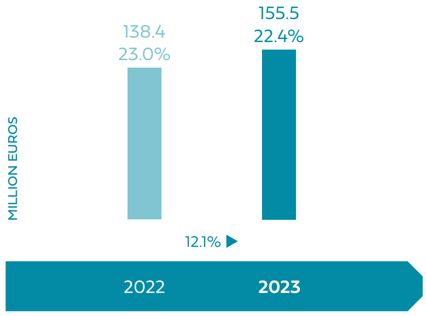


Note:
Other includes Angola, Trading, Other and Eliminations.

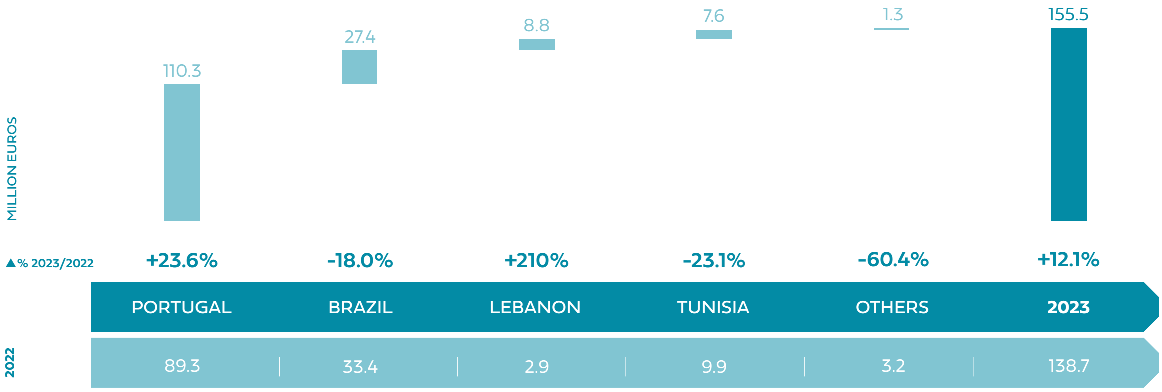
■ Consolidated EBITDA amounted to 155.5 million euros, up by 16.8 million euros (+12.1%) compared to the previous year. Such performance resulted from the very positive contribution of business in Portugal and, to a lesser extent, business in Lebanon, which offset the less positive performance of business in Brazil and Tunisia.

■ The impact of the increase in production costs, especially energy, as a result of the sharp rise in fuel prices and the inflationary trend seen in all economies following the exit from the global health crisis and the ongoing war in Ukraine, was more than 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** improved year on year, to -27.0 million euros vis-a-vis -32.3 million euros. This improvement is mainly due to the decrease in the net cost of financing in Brazil. In addition, the positive effect of the net monetary position in Lebanon should be emphasised (+13.5 million euros compared to the previous year).

Net profit attributable to Secil shareholders totalled 42.7 million euros, i.e. 30.4 million euros more than in the same period of the previous year. In addition to the increase in EBITDA, the change in the net monetary position in Lebanon (+13.5 million) and the reduction in taxes (+7.9 million) also contributed positively. The reduction in profit tax is mainly due to the recording of deferred tax assets (8.1 million euros from SIFIDE 2022 and 0.6 million euros from the recovery of tax losses) and the recovery of tax relating to the 2006 proceedings (1.3 million euros).

In 2023, Secil **invested** 61.3 million euros in fixed assets against 72.4 million euros over the same period in the previous year. It is worth highlighting the investment in the Clean Cement Line project of 15.4 million euros, which is the first to combine a set of mature and innovative technologies and 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.

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2023	2022	Var.
Revenue	**693.3**	**603.0**	**15.0%**
EBITDA	**155.5**	**138.7**	**12.1%**
EBITDA margin (%)	22.4%	23.0%	-0.6 p.p.
Depreciation, amortisation and impairment losses	(63.9)	(68.3)	6.4%
Provisions	(9.0)	(2.3)	-287.2%
EBIT	**82.6**	**68.1**	**21.4%**
EBIT margin (%)	11.9%	11.3%	0.6 p.p.
Income from associates and joint ventures	0.1	(1.2)	105.4%
Net financial results	(27.0)	(32.3)	16.2%
Net monetary position	14.5	1.0	>1000%
Profit before taxes	**70.1**	**35.6**	**97.2%**
Income taxes	(15.1)	(22.9)	34.2%
Net profit for the period	55.0	12.6	336.0%
Attributable to Secil shareholders	**42.7**	**12.4**	**245.8%**
Attributable to non-controlling interests (NCI)	12.3	0.3	>1000%
Cash flow	127.9	83.2	53.7%
Free Cash Flow	61.0	(4.1)	>1000%
	31/12/2023	**31/12/2022**	
Equity (before NCI)	429.0	398.0	
Interest-bearing net debt	**288.1**	**306.2**	
Lease liabilities (IFRS 16)	32.4	38.0	
Total	**320.5**	**344.2**	

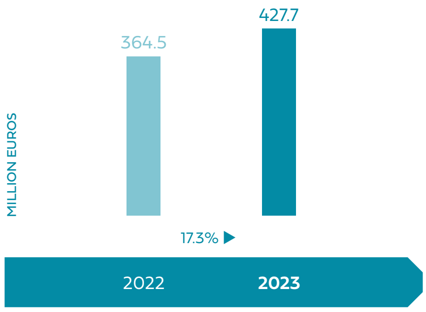
Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

LEADING OPERATING INDICATORS

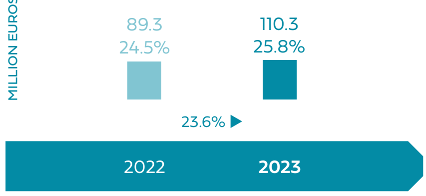
in 1 000 t	2023	2022	Var.
Annual cement production capacity	**9 750**	**9 750**	**0.0%**
Production			
Clinker	3 758	3 838	-2.1%
Cement	5 061	4 979	1.6%
Sales			
Cement and Clinker			
Grey cement	5 003	4 925	1.6%
White cement	73	72	1.2%
Clinker	57	108	-46.9%
Other Building Materials			
Aggregates	4 662	4 665	-0.1%
Mortars	297	265	12.2%
in 1 000 m^3			
Ready-mix	1 977	1 986	-0.4%

PORTUGAL

REVENUE



EBITDA
EBITDA MG



KEY OPERATING INDICATORS

	Unit	2023	2022	Var.
Clinker Production	**1 000 t**	**1 645**	**1 628**	**1.0%**
Cement Production	**1 000 t**	**2 072**	**2 051**	**1.0%**
Cement and Clinker Sales				
Internal Market	1 000 t	1 602	1 606	-0.3%
Exports**	1 000 t	417	440	-5.4%
Total	**1 000 t**	**2 018**	**2 046**	**-1.4%**
Ready-mix Sales*	1 000 m^3	1 626	1 585	2.6%
Aggregates Sales*	1 000 t	4 662	4 665	-0.1%
Mortars Sales*	1 000 t	297	265	12.2%
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.

The Bank of Portugal (Boletim Económico – December 2023) has estimated economic growth for **Portugal** in 2023 of 2.1%. According to the INE Statistical Office publication on Construction production, employment and wage indices in December 2023, the construction production index increased by 5.4% in December, having grown 5.8% in 2023 vs. 2.3% in 2022. Cement consumption in Portugal is estimated to have grown in accumulated terms about 1% compared to the previous year.

Secil revenue in Portugal in 2023 stood at 427.7 million euros, 17.3% up in relation to the same period in 2022.

Revenue of the Cement business unit in Portugal grew by 15.8% year on year (+33.0 million euros). Such development is the result of favourable average prices combined with a reduction in quantities sold, in the domestic and export markets and the Secil terminals supplied from Portugal.

In the other business units with operations based in Portugal (Ready-mix concrete, Aggregates and Mortars), revenue amounted to 205.0 million euros, up by 18.2% year on year, explained primarily by the increase in average sales prices, boosted by the increase in volumes sold.

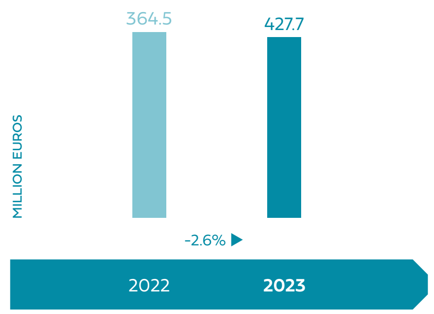
The **EBITDA** of the activities in Portugal amounted to 110.3 million euros, representing a growth of 23.6% year on year.

EBITDA of the Cement business unit amounted to 102.0 million euros, i.e. higher than that of same period last year by 9.6 million euros (+10.4%), positively impacted by the increase in the revenue that surpassed the rise in the production costs due to the higher prices and late start of the CCL project.

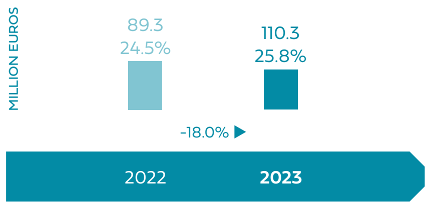
The EBITDA of construction material business units overall was up by 9.4 million euros (+57%). The positive evolution in volumes sold, together with the positive variation in sales prices helped to compensate with a positive margin the rise in the variable production costs.

BRAZIL

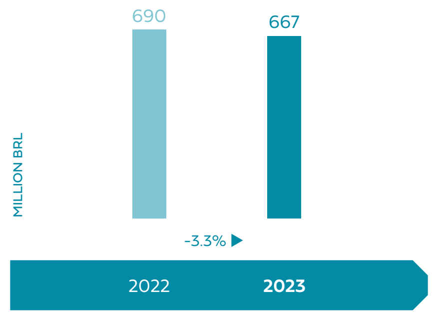
REVENUE (EUR)



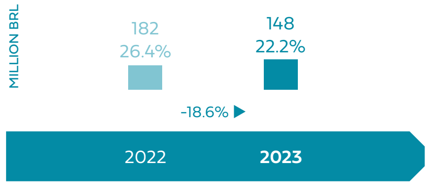
EBITDA (EUR)
EBITDA MG



REVENUE (BRL)



EBITDA (BRL)
EBITDA MG



Note:
Average exchange rate EUR-BRL 2022 = 5.4409 / Average exchange rate EUR-BRL 2023 = 5.4011

KEY OPERATING INDICATORS

	Unit	2023	2022	Var.
Clinker Production	**1 000 t**	**1 066**	**1 112**	**-4.1%**
Cement Production	**1 000 t**	**1 434**	**1 568**	**-8.5%**
Cement and Clinker Sales				
Internal Market	1 000 t	1 430	1 557	-8.1%
Exports	1 000 t	0	12	-100.0%
Total	**1 000 t**	**1 430**	**1 569**	**-8.8%**
Ready-mix Sales*	1 000 m3	209	212	-1.5%

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

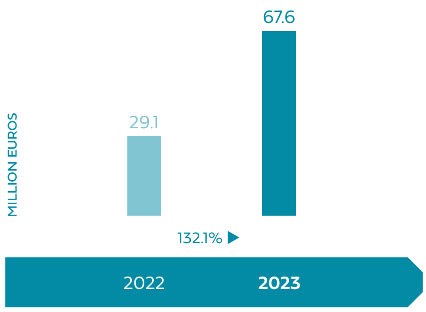
According to the estimates of SNIC (Preliminary Results December 2023), cement sales by local producers in Brazil in December increased 0.8% against the same period in the previous year. In cumulative terms, sales have fallen by 1.4% compared to 2022. The situation was aggravated further by the continued 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. In addition, the prolonged period of heavy rainfall in various regions of the country (especially in the south) also had a negative impact on the sector.

Revenue of combined operations in the country stood at 123.5 million euros in 2023, 2.6% down on revenue recorded year on year. The volume of cement sales was down by 8.8% on the same period last year, impacted not only by the negative evolution of the cement market, but also by some technical production constraints, while average sales prices were up.

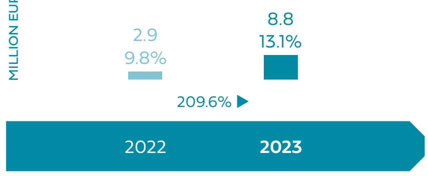
EBITDA of activities in Brazil totalled 27.4 million euros, which compares with 33.4 million euros in the same period in the previous year, i.e. down by 18.0%. In addition to the decrease in volumes sold, the result reflects the negative impact of higher variable production costs, energy in particular, and the fixed costs, including maintenance and staff.

LEBANON

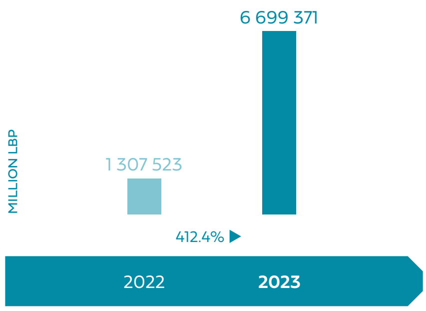
REVENUE (EUR)



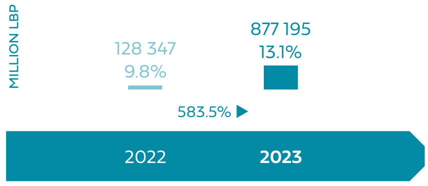
EBITDA (EUR)
EBITDA MG



REVENUE (LBP)



EBITDA (LBP)
EBITDA MG



Note:
Exchange rate EUR-LBP 2022 = 44 903.9 / Exchange rate EUR-LBP 2023 = 99 118.5

KEY OPERATING INDICATORS

	Unit	2023	2022	Var.
Clinker Production	**1 000 t**	**304**	**165**	**83.8%**
Cement Production	**1 000 t**	**581**	**298**	**94.8%**
Cement and Clinker Sales				
Internal Market	1 000 t	597	370	61.3%
Total	**1 000 t**	**597**	**370**	**61.3%**
Ready-mix Sales*	1 000 m3	46	62	-26.6%
Precast Sales*	1 000 t	13	11	11.2%

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 forces to stabilise the situation, the Covid-19 pandemic, the lingering war in Ukraine and more recently the conflict on the Gaza strip 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 and benefiting from the rise in prices, **revenue** of combined operations in Lebanon grew 132.1%, compared to the previous year, rising from 29.1 million euros to 67.6 million euros. Revenue would have been 81.6 million euros higher if the effect of the exchange rate depreciation had been removed. Note that the Lebanese pound ended the fourth quarter of 2023 at 99 118.5 LBP per 1 EUR, which compares with 44 903.9 LBP per 1 EUR year on year.

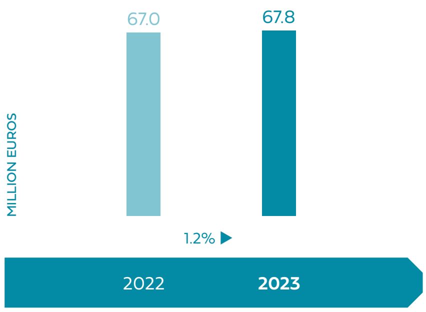
Revenue in the cement business was up 149.7%, which is essentially the result of the adjustment of sales prices in local currency to the hyperinflation situation and the rapid depreciation of the currency, associated with higher volumes of cement sold to the domestic market (61.3% compared to the same period the previous year), impacted by the rise in the Lebanese cement market, estimated at 16%. The supply of electricity has had a negative impact on the results of the operation, although less compared to the same period last year, especially in the last quarter.

In the Concrete segment, on the other hand, there was a year-on-year decrease in revenue (-5.7%), as a result of the decrease in quantities sold (-26.6%). Average sales price in euros, taking into account the scenario of hyperinflation, increased 27%.

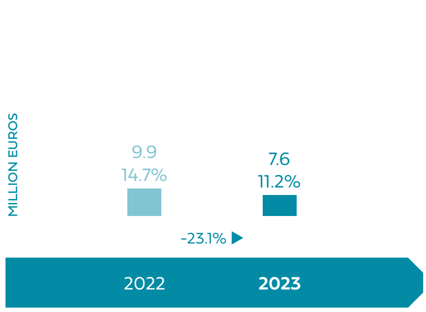
EBITDA generated from operations in Lebanon stood at 8.8 million euros, up by 209.6% in relation to the same period last year. This evolution is positively impacted by the effect of domestic market price and higher volumes sold, which more than offset the negative effects of the higher production costs, as a result of the increase in inflation in the local economy, reflected mostly in the cost of raw materials, electricity and fixed costs.

TUNISIA

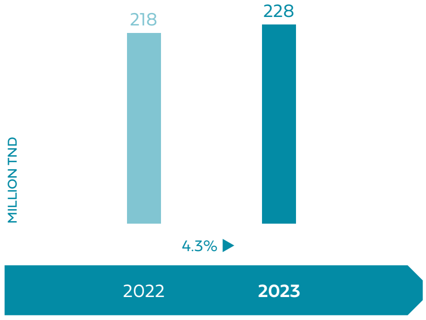
REVENUE (EUR)



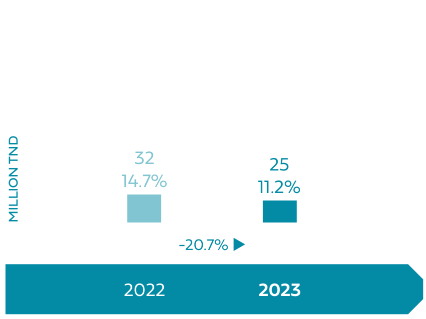
EBITDA (EUR)
EBITDA MG



REVENUE (TND)



EBITDA (TND)
EBITDA MG



Note:
Average exchange rate EUR-TND 2022 = 3.2535 / Average exchange rate EUR-TND 2023 = 3.3548

KEY OPERATING INDICATORS

	Unit	2023	2022	Var.
Clinker Production	**1 000 t**	**743**	**932**	**-20.2%**
Cement and Lime Production	**1 000 t**	**885**	**943**	**-6.1%**
Cement and Clinker Sales				
Internal Market	1 000 t	547	561	-2.5%
Exports	1 000 t	453	474	-4.3%
Total	**1 000 t**	**1 000**	**1 035**	**-3.3%**
Ready-mix Sales*	1 000 t	96	127	-24.3%

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 dropped approximately 10% in comparison with the same period in 2022, and is still subject to strong competition due to excess installed capacity.

It should also be noted that in October a fire broke out at the Gabès cement plant. Although the material damage was not very significant, the electrical supply equipment of the production lines was impacted. As a result, 2023 ended with a reduction in cement production activity. Secil has already activated the relevant insurance coverage to obtain compensation for the damage caused by the hazard. Normal operations are expected to resume at the beginning of the 2nd quarter of 2024.

Despite this context, the revenue from the operations carried out in Tunisia showed a positive variation of 1.2% (67.8 million euros in total) compared with the same period of the previous year.

Revenue of the Cement business increased by about 2.6% to 65.2 million euros, reflecting the increased prices in the domestic and external markets and the drop in volumes sold to the domestic market (-2.5%) and the external market (- 4.3%).

The Concrete business revenue compared negatively by 20.8% to the same period in the previous year, as a result of a drop in the volumes sold.

EBITDA of the activities in Tunisia amounted to 7.6 million euros, 23.1% below that of 2022 (9.9 million euros), as a result of the reduction in volumes sold to the domestic market, increase in production costs (mostly electricity, raw material and fixes costs), in spite of positive price developments. The accident that occurred in October was decisive for the negative evolution of operational indicators and EBITDA in 2023.

OTHERS

ANGOLA'S KEY OPERATING INDICATORS

	Unit	2023	2022	Var.
Cement Production	1 000 t	88	119	-25.6%
Cement and Clinker Sales	1 000 t	87	119	-26.5%

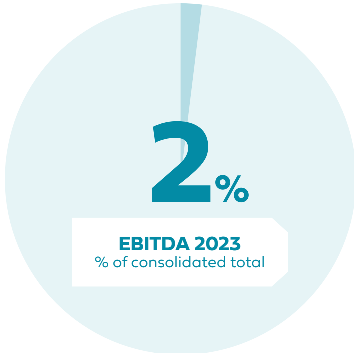
Note:
* Sales volumes concern total sales of each business unit, do not exclude intragroup values.

According to the latest figures available, it is estimated that in 2023 the Angolan cement market had negative growth of 3% year on year.

Cement volumes sold by Secil fell by 26.5%. Throughout the year, Secil Lobito has had some difficulty in following the pricing policy recently adopted, which was reflected in real reduction in the average selling price in euros. In this context, **revenue** totalled 7.9 million euros, 45.9% below the figure recorded in the same period in 2022.

EBITDA in 2023 amounted to 1.6 million euros, which, compared to 3.4 million euros recorded over the same period in the previous year, represents a drop of 52.4%, resulting from the downward trend in revenue.

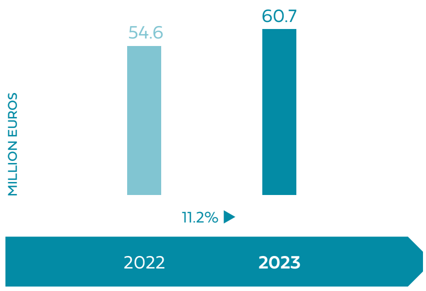
3.2.3. OVERVIEW OF OTHER BUSINESS ACTIVITY[2]



HIGHLIGHTS IN 2023 (VS. 2022)

- In 2023 revenue amounted to approximately 60.7 million euros, up by around 11.2% against the previous year. It should be noted that these figures in 2023 already include 6 months of Triangle's activity

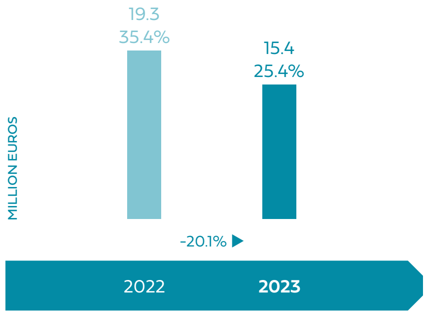
REVENUE



- EBITDA totalled approximately 15.4 million euros in 2023, representing a reduction of 3.9 million euros in comparison with the same period in the previous year.

- Such trend is essentially the result of the reduction in ETSA's revenue and the increase in the purchase price of class 3 raw materials, as well as staff costs, combined with the positive effect of incorporating 6 months of Triangle's activity.

EBITDA
EBITDA MG



2 As at 31 December 2023, Other Business includes Triangle's and ETSA's business

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2023	2022	Var.
Revenue	**60.7**	**54.6**	**11.2%**
EBITDA	**15.4**	**19.3**	**-20.1%**
EBITDA margin (%)	25.4%	35.4%	-10.0 p.p.
Depreciation, amortisation and impairment losses	(8.7)	(3.3)	-160.4%
Provisions	0.3	-	-
EBIT	**7.0**	**16.0**	**-56.0%**
EBIT margin (%)	11.6%	29.3%	-17.7 p.p.
Net financial results	(0.3)	(0.1)	-106.8%
Profit before taxes	**6.8**	**15.8**	**-57.3%**
Income taxes	0.8	(3.6)	122.0%
Net profit for the period	7.6	12.2	-38.2%
Attributable to ETSA shareholders	**7.7**	**12.1**	**-36.4%**
Attributable to non-controlling interests (NCI)	(0.1)	0.2	-183.9%
Cash flow	16.0	15.6	2.5%
Free Cash Flow	2.0	5.4	-62.9%
	31/12/2023	**31/12/2022**	
Equity (before NCI)	152.2	97.7	
Interest-bearing net debt	**15.2**	**(12.7)**	
Lease liabilities (IFRS 16)	1.1	1.3	
Total	**16.3**	**(11.4)**	

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	2023	2022	Var.
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1 000 t	133	130	1.8%
Sales - Animal fats and used food oil	1 000 t	18	17	7.8%
Sales - Meal (categories 1, 2 and 3)	1 000 t	24	23	0.6%

OTHER BUSINESS ACTIVITY - ACTIVITY OVERVIEW[3]

In 2023 revenue amounted to approximately 60.7 million euros, up by around 11.2% against the previous year. Excluding the impact of the acquisition of Triangle's, there would have been a drop of 11.9%.

This negative variation results from a decrease in ETSA sales compared to last year, stemming essentially from lower price of class 3 fat.

Services provided, compared to the same period of the previous year, increased slightly by 0.1% from a mix of variations in the different types of services provided by ETSA.

EBITDA in 2023 totalled approximately 15.4 million euros, which represented a decrease of approximately 20.1% compared to the previous year, explained essentially by the reduction in the revenue of ETSA, but also by the 33.7% increase in the purchase price of class 3 raw materials and personnel costs of 8%. The acquisition of Triangle's has made a positive contribution in the last six months to alleviating this decline.

EBITDA margin stood at 25.4%, down by around 10.0 p.p. over the previous year.

Financial results fell due to the incorporation of Triangle's, totalling -0.3 million euros.

Net profit attributable to shareholders of this business segment was approximately 7.7 million euros in 2023, i.e. a decrease of 36.4% in relation to the previous year.

Investment in 2023 in fixed assets totalled 14.9 million euros, 12.0 million euros of which from ETSA, reflecting the construction of the new plant in Coruche (called ETSA ProHy), which is intended to manufacture mostly premium products, at a higher end than current production, stemming from strong investment in innovation.

Other business includes ETSA and Triangle's, a company acquired by Semapa on 19 June 2023. Triangle's was incorporated in 2015 and began operations in 2017, with the aim of establishing itself in the bicycle frame sector using very high levels of automation unrivalled in the market. As a result of its strong commitment to R&D, Triangle's is currently a world reference in the production of e-bike frames, with a customer portfolio consisting of several of the industry's prestigious brands.

With this acquisition, Semapa intends to accelerate Triangle's growth, by investing in the expansion of installed capacity and a continued commitment to technological development, with the ambition of transforming it into a platform for the future in a high-growth sector.

The objectives outlined are based on promoting the consolidation of the company as a global benchmark and contributing to the development of electric mobility, whose impact on decarbonisation and healthy and sustainable communities is fully aligned with Semapa's goal - Making it better.

3.2.4. OVERVIEW OF SEMAPA NEXT ACTIVITY

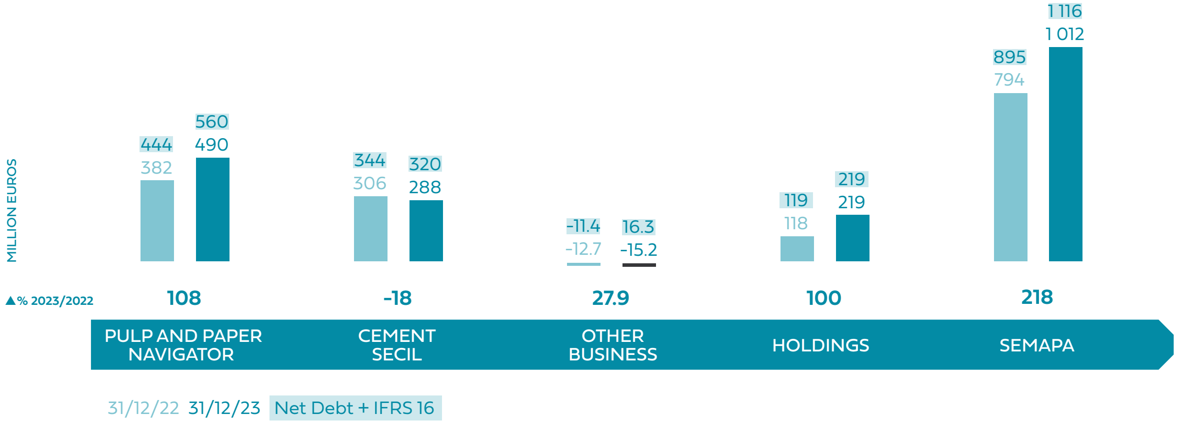
The year 2023 was positive overall for Semapa Next, with a greater focus on monitoring the portfolio and strengthening its position in some of its subsidiaries, namely Kencko, Overstory and Flecto. Additionally, Semapa Next enhanced its portfolio with a new investment in early 2023 at Soyeren, a cybersecurity company that develops solutions to prevent and correct privacy and security breaches. Besides focussing on the investment area, Semapa Next also attended various European conferences to follow up on new market trends and strengthen the Semapa Next brand

3 As at 31 December 2023, Other Business includes Triangle's and ETSA's business.

3.3 SEMAPA GROUP FINANCIAL AREA

3.3.1. INDEBTEDNESS

NET DEBT



As at 31 December 2023, **consolidated net debt** stood at 1 012 million euros, representing an increase of 217.8 million euros over the figure recorded at year-end 2022. Including the effect of IFRS 16, net debt would have been 1 116 million euros, 220.6 million euros above the figure at the end of 2022. Besides the operating cash flow generated, these variations are explained by:

- Navigator: +107.7 million euros, stemming from the acquisition of a tissue plant in the 1st quarter, the distribution of 200 million euros in dividends in the 2nd quarter, the volume of tax payments, which reflects the exceptionally high income in 2022, and the tight investment schedule under the Recovery and Resilience Plan (RRP);

- Secil: -18.1 million euros, including investments in fixed assets of about 61.3 million euros, payment of dividends and repayment of supplementary payments of 41 million euros to Semapa;

- Other Business: +27.9 million euros significantly influenced by the incorporation of Triangle's net debt at the time of the acquisition (13.9 million euros) and the payment of dividends from ETSA totalling 16 million euros; and,

- Holdings: +100.4 million euros, including dividends received (Navigator: 140 million euros; Secil: 41 million euros, ETSA: 16 million euros and UTIS: 3 million euros), and dividends paid out (76 million euros). In addition, halfway through the year Semapa acquired 100% of Triangle's share capital for approximately 180 million euros, including 12 million euros of shareholder credits, and paid an earn out related to the acquisition of UTIS of around 24 million euros. Semapa Next invested around 6.8 million euros in the period.

As at 31 December 2023, total consolidated cash and equivalents amounted to 281.2 million euros, in addition to committed and undrawn credit lines for the Group, thus ensuring a strong liquidity position.

The Semapa Group has taken important steps in sustainable finance in the past years, by seeking financing options directly linked to compliance with sustainable development objectives or ESG – Environmental, Social and Governance performance indicators. The Semapa Group's green debt at the end of the year accounted for around 30% of all debt and 25% of the total amount used.

In the 4th quarter, Navigator signed a long-term financing agreement with the European Investment Bank (EIB) for 115 million euros, which can be disbursed in up to 3 tranches within 18 months of signing the contract, with maturities of up to 12 years. The loan is intended to support the project to build and operate the high-efficiency recovery boiler at the Setúbal Industrial Complex, a key step in the decarbonisation roadmap. This green loan is part of the REPowerEU Plan, which aims to boost the financing of green energy and support the autonomy and competitiveness of the European Union.

In early 2023, Secil engaged for the first time in sustainable financing, via two bond loans called "Secil Green Bonds 2030 - fixed rate" and "Secil Green Bonds 2030 – variable rate", totalling 75 million euros, intended to refinance the Clean Cement Line Project being rolled out at the Outão plant in Setúbal, under the Green Bond Framework of Secil. Secil thus became the first European cement company to contract this type of financing associated with a specific project.

Additionally, in July 2023 Secil released the Sustainability Linked Financing Framework (**https://www.secil-group.com/en/sustainability/sustainability-at-secil/sustainability-linked-financing---secil-group**). This document provides a framework for sustainable financing in Portugal, Brazil and Tunisia.

As at 31 December 2023, approximately 46% of Navigator's total debt was sustainable financing (42% of the total issued). Secil's sustainable financing is around 35% of the total number of lines contracted to date, with three sustainable financing lines in Portugal and two in Brazil, 209 million euros in total.

3.3.2. NET PROFIT

After an extraordinary year of 2022, especially for Navigator, when prices reached historic highs due to an unparalleled imbalance between supply and demand in all products, the **net profit attributable to Semapa shareholders** in 2023 was 244.5 million euros, down by 62.6 million euros compared to the same period in the previous year, explained essentially by the combined effect of the following factors:

- 222 million euro decrease in EBITDA, mainly due to the reduction of 234.8 million euros in the Pulp and Paper segment;

- An improvement in net financial results by about 33.6 million euros. It should be noted that in the same period in the previous year, financial results were hit by one-off impacts (non-cash) of approximately -40 million euros;

- Increase in results from subsidiaries and joint ventures (+0.3 million euros). This item includes part of the results of UTIS[4], which is a 50/50 joint venture[5] between Semapa and Ultimate Cell;

- The net monetary position increased by about 13.5 million euros. The implementation of accounting standard IAS 29 (Hyperinflationary Economies), combined with the strong currency depreciation of the Lebanese pound, led Secil to recognise a positive Net Monetary Position of 14.5 million euros in its results;

- Approximately 68.9 million euros less corporate income tax chiefly owing to less profit.

4 UTIS is a company that develops disruptive technology for optimising internal and continuous combustion processes, thus helping to reduce companies' ecological footprint and energy costs

5 UTIS is a 50/50 joint-venture between Semapa and Ultimate Cell. 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".

3.3.3. DIVIDENDS

Semapa distributed dividends, on 1 June 2023, in the amount of 75.9 million euros, corresponding to a gross value of 0.95 euros per share.

On 31 May 2023 Navigator distributed dividends in the amount of 200 million euros, corresponding to a gross amount of 0.2812 euros per share.

On 6 July Secil paid 8.8 million euros in dividends, corresponding to a gross value of 0.18 euros per share.

During 2023, ETSA paid dividends in the amount of 16 million euros and the dividends paid by UTIS to Semapa amounted to approximately 3 million euros.

3.4 SEMAPA SHARE PERFORMANCE

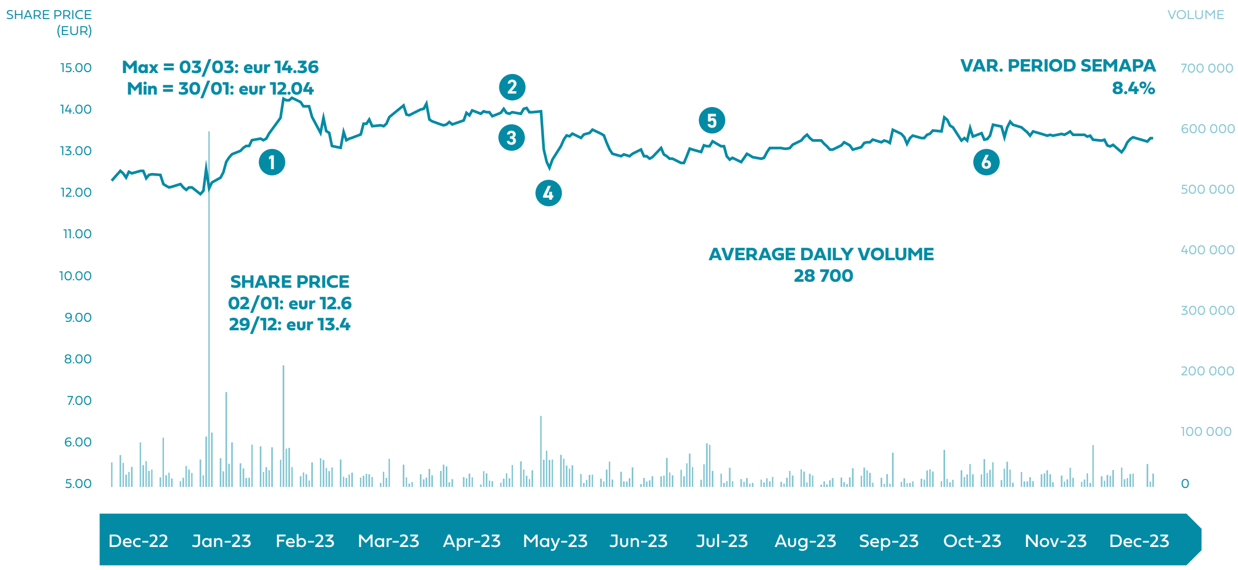
3.4.1. SEMAPA SHARE PERFORMANCE

During 2023, several geopolitical tensions impacted the world scenario, notably the war in Ukraine and the Middle East and tensions between China and Taiwan, with persistent risks of escalation that caused moments of significant risk aversion during the year.

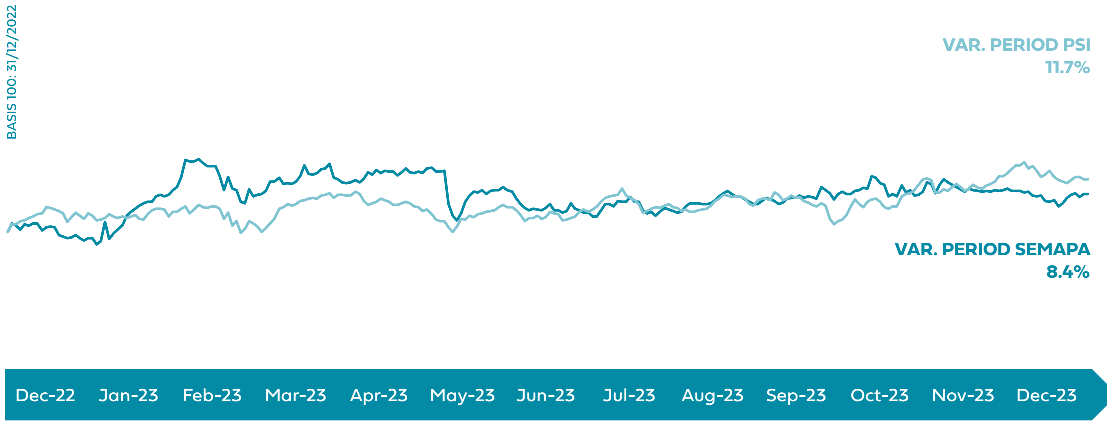
The global macroeconomic situation was, at the beginning of 2023, quite discouraging, with forecasts of low, or even occasionally negative, growth rates for the main advanced economies. However, the year's result was clearly more favourable than initial expectations: the year ended with growth of around 2.5% (USA) and 0.5% (Euro Area), according to the World Economic Outlook Update of the IMF from January 2024. In the case of the Portuguese economy, the Bank of Portugal (Economic Bulletin December 2023) projected growth of 2.1% for 2023, when a year ago it was expected to be around 1.5%.

Stock indices followed the evolution of expectations, and thus, despite the high levels of volatility recorded, the year ended up being positive for the majority of financial markets. The year ended with widespread gains in the main stock indices, both in developed and emerging markets, notably the Nasdaq 100, S&P 500 and Eurostoxx, while Chinese shares were in negative territory. The PSI registered an appreciation of 11.7%.

In this context, during the period under analysis, Semapa shares appreciated by 8.4%. Semapa's share price registered a minimum value of 12.04 euros on 30 January, reaching its maximum value of 14.36 euros on 3 March. The average daily volume of Semapa shares traded was 28 700.

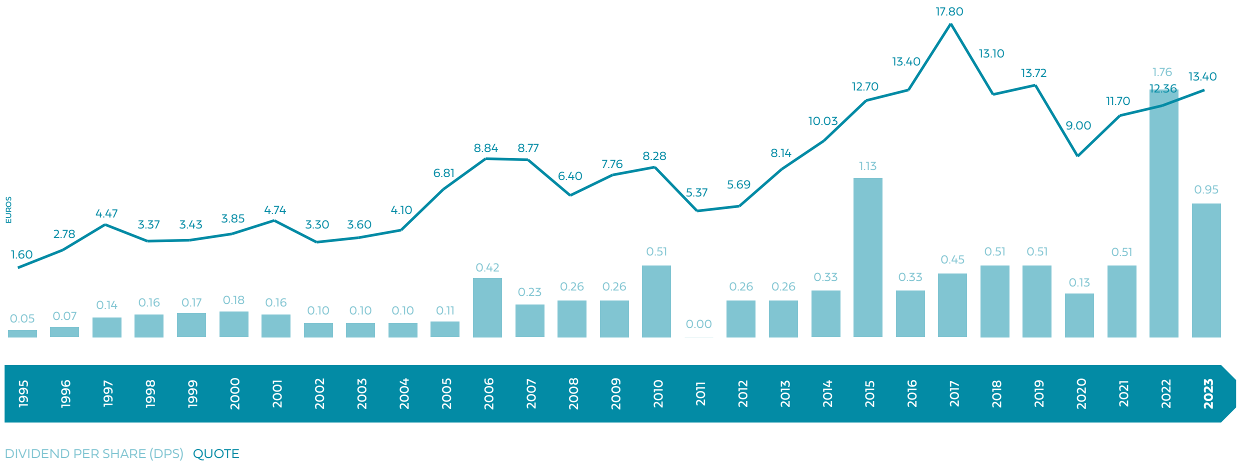


1 Disclosure of 2022 results
2 Announcement of payment of 2022 dividends
3 Disclosure of Q1 2023 results
4 Ex-dividend date
5 Disclosure of 2023 half-yearly results
6 Disclosure of results for the first 9 months of 2023



Note:
Closing prices

ANNUAL SHAREHOLDER RETURN = 18.5%



3.5 OUTLOOK

The global macroeconomic and geopolitical outlook for 2024 hints at lingering complex challenges and opportunities. On the one hand, despite the resilience seen in services, there are palpable signs of inflation moderating at a global level, including in wages, as the labour market begins to cool. On the other hand, market dynamics are still adapting to the "new normal", based on the expectation of higher interest rates for a longer period of time. Although central banks are unlikely to risk cutting rates prematurely, rates may go down in the second half of 2024, or even earlier.

In its January 2024 World Economic Outlook Update, the IMF estimates moderate inflation and constant growth for 2024 and 2025, which is a slight improvement on the October forecast. These projections suggest that the world economy will grow by 3.1% in 2023 and 2024 (less than the 3.5% in 2022) and 3.2% in 2025, i.e. below the historical annual average (2000-2019) of 3.8%.

The IMF's World Economic Outlook Update, published in January 2024, estimates that GDP for the Euro Zone will increase 0.5% in 2023 (downward review by 0.2 p.p. compared to the October update) and an increase of 0.9% in 2024 (downward review by 0.3 p.p.) and 1.7% in 2025.

The Bank of Portugal (March 2024 Economic Bulletin) expects the Portuguese economy to have grown 2.3% in 2023, to slow down to 2.0% in 2024 and grow by 2.3% in 2025 and 2.2% in 2026. Activity will pick up gradually over the next year, benefiting from the acceleration in external demand, the effect of lower inflation on household income and the boost in investment from European funds. In 2025 and 2026, growth will benefit from the gradual dissipation of the impact of rising interest rates.

Inflation should continue its downward trajectory, falling from 5.3% in 2023 to 2.4% in 2024 and to 2.0% in 2025 and 1.9% in 2026. This decrease reflects the lagged effects of the reduction in production costs and the European Central Bank's monetary policy decisions.

Persistent geopolitical tensions in regions such as Ukraine, the Middle East, and the ongoing standoff between China and Taiwan present risks of escalation and supply shocks. Geopolitical uncertainties combined with the electoral cycles (more than 40 countries are holding elections in 2024) further complicates the range of potential outcomes, emphasising the need for differentiated risk assessment and strategic foresight.

As it navigates the complexities of 2024, the Semapa Group will remain pliable and forward-thinking, prepared to react in response to changing macroeconomic and geopolitical dynamics.

Semapa will remain determined to build a diversified portfolio of companies and products capable of creating sustainable, long-term growth cycles with a positive impact. The detection of new growth and investment opportunities, as well as a strong investment in the Group's people, will continue to be the motto in 2024.

NAVIGATOR

The pulp business is expected to continue in Q1 the track of progressive and gradual recovery that it started in the third quarter of 2023. However, caution is advised in the current context of uncertainty concerning how the market will evolve the rest of the year. A cautious outlook is further advisable in view of a volatile Chinese market, the key driver of short fibre consumption, and a new mill in Latin America (2.6 Mt/year) in 2024, which will be one of the 3 largest short fibre pulp mills in the world, thus introducing more uncertainty regarding the supply/demand balance.

In the paper segment, the positive evolution of the order book since September 2023 is expected to continue in the 1st quarter. Along with the influx of orders, delivery times from plants to distributors have expanded and are currently above 2021 levels. In addition to the expected normalisation, the crisis in the Suez Canal is also impacting delivery times (for volumes coming from Asia). Despite the current context of economic slowdown and high uncertainty, improved demand, reduced supply in Europe and strong pressure on costs are expected to sustain a reversal of the fall in paper prices in Europe and some international markets.

In Europe, announcements of temporary or permanent capacity reductions in the paper sector have materialised. Almost 400 thousand tonnes of annual UWF production capacity will leave Europe in 2023 and 2024. Such is the result of both announcements of permanent closure of operations and announcements of conversion of capacity to packaging grades. Conversely, China increased its net capacity by 1.4 million tonnes in 2023 and in the coming years net UWF capacity is expected to grow a further 5.4 million tonnes (2.5 million of which is still uncertain). This move will be positive for the Pulp market, but it could also put pressure on the paper markets, less in Europe and more overseas.

Demand in Navigator's tissue continues to show interesting growth rates. Navigator has capitalised on the synergies and economies of scale associated with business growth, particularly from the acquisition of Navigator Tissue Ejea.

Despite efforts and commitment to reducing costs, both by optimising specific consumption and by negotiating logistics, raw and subsidiary material and energy prices, the latter are still well above pre-pandemic levels. The current level of costs naturally puts pressure on the prices of final products, and are not expected to return to the levels seen in the past.

Similarly, Navigator is looking into the possibility of investing in batteries (electrical storage), mainly to provide regulation reserve system services. Investment in up to three batteries of 10 MW / 2 hours each is on the table. If it proves to be attractive, it could represent an investment ranging from 7 to 21 million euros.

From a more medium-long term perspective, Navigator continues to analyse the attractiveness of investing in green fuels, both biofuels (medium term) and e-fuels or synthetic fuels (medium-long term). In terms of biofuels, investments may be made in the production of second-generation bioethanol (using eucalyptus bark as a raw material) and the production of kraft biomethanol (through the recovery and purification of the biomethanol by-product produced in pulp mills) for use as fuel or in the chemical industry.

Finally, in terms of e-fuels, investment projects to produce e-methanol and e-jetfuel continue to be assessed. They are different projects, involving a range of technologies and potential partners, and for both of them biogenic CO2 – which is a by-product in pulp production processes – is essential. In a nutshell, these are synthesising processes of CO2 (biogenic) and green H2 (produced via water electrolysis) with a view to producing sustainable carbon-neutral hydrocarbons (e-methanol, e-kerosene) for the maritime and/or aviation sectors, where electric engines are not an option.

However, taking into account the evolution of European regulation on e-SAFs, which made incorporation of e-SAFs into traditional fuels mandatory only by 2030, there is consequently a need for a rescheduling of priorities. As a result, the previously announced project with P2X Europe (to produce e-fuels/e-SAFs), which was scheduled to start in 2026, will not go ahead as originally planned. However, both companies reiterate their interest in continuing to analyse possible new opportunities in the area of power-to-liquids, bearing in mind the new timetable set by the EU.

Thanks to the agility and flexibility of Navigator's teams in managing all operations – from forest to all of the group's production units, including commercial strategies focusing on diversifying products and geographies, along with strict cost control programmes and efficiency in specific consumption, as well as the company's financial soundness, outputs in different market contexts have been consistent and stable. We are confident that all of the above, together with development focused on diversifying the group's activity base, will help to enhance further the resilience of Navigator's business model.

SECIL

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.

Investment in the Clean Cement Line (CCL) in Outão, which aims at being a pioneer in combining mature technologies with innovative ones, is getting off the ground and will enable a 20% reduction in CO2 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 market demand for green procurement.

On the other hand, it is expected that the market embrace Verdi Zero Concrete, launched by Secil in July 2022, the first carbon-neutral concrete in Portugal, a product based on Secil innovation in product development that guarantees a significant reduction in CO2 emissions from the outset. Verdi Zero Concrete is therefore a less carbon-intensive concrete that promotes a small circular economy as it incorporates recycled waste and uses less volume of 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, with the aim of achieving carbon neutrality by 2050, in line with the commitments made to reduce CO2 emissions from Secil operations.

For **Brazil**, after two consecutive years of decline, the Brazilian cement industry expects to grow next year, partly influenced by progress in infrastructure projects, already signalled by the government for 2024, and in urban development, in particular housing and sanitation.

The IMF World Economic Outlook Update released in January 2024 growth forecasts of 3.1% of the Brazilian economy in 2023 (against 3.0% in 2022), 1.7% in 2024 and 1.9% in 2025. Projected levels of inflation (World Economic Outlook, October 2023) are 4.7% in 2023 and down to 4.5% in 2024.

In **Lebanon**, the economic outlook remains highly uncertain and dependent on policy measures taken by the authorities. Geopolitical instability in the Middle East, with the outbreak of the recent conflict in the Gaza Strip in October and more recently the crisis in the Red Sea, has made it even more difficult for the economy to recover, compounded by potential security, social and political risks. Secil is closely monitoring developments.

The year 2024 remains subject to high uncertainty, with restrictions in the banking sector and limited electricity supply. The exchange rate depreciation in 2023 and the high inflation rate are the type of obstacles and difficulties preventing economic activity from picking up.

According to the World Economic Outlook published in October 2023, the IMF expects the GDP of Tunisia to grow 1.3% in 2023 and 1.9% in 2024. Inflation in 2023 is 9.4% (higher than that in 2022, which was 8.3%), rising to 9.8% in 2024.

The political scene in Tunisia has not evolved significantly, even after a new parliament was elected. The economic context remains difficult and social tensions are rising. The negotiations with the IMF were interrupted again, among other reasons due to the persistent question of compensations (subsidies).

As mentioned above, in October there was a fire at the Gabès cement plant. Secil has already activated the relevant insurance coverage to receive compensation for the damage. The plant is expected to resume operations at the beginning of the 2nd quarter of 2024.

The outlook for **Angola** (World Economic Outlook, IMF October 2023) hints at GDP growth of 1.3% in 2023, followed by 3.3% growth in 2024. In regard to inflation, the forecast is that there will be a sharp drop to 13.1% in 2023 (down from 21.4% in 2022). It should be noted that inflation is expected to rise again in 2024 (22.3%).

OTHER BUSINESS

ETSA looks to the future with confidence due to its continued commitment for high added-value products to be placed on the international market. Accordingly, exports accounted for about 57.1% of the overall value of accumulated sales on 31 December 2023, and construction continued on a new production plant in Coruche, result of the strong investment in innovation, called ETSA ProHy, which is expected to open in the second half of 2024.

At Triangle's, Semapa's plans for the company include carrying out the capacity expansion plan to manufacture 600 thousand bicycle frames (project under the RRP), reinforcing commercial efforts to gain market share and position itself to benefit from the expected sector growth.

UTIS

UTIS is still extending its UC3 technology to other sectors of activity/business, namely, biomass, power plants, chemical industries, incineration, among others, including hydrogen production for HRS - Hydrogen Refueling Stations. Identifying priority geographies, commercial and marketing enhancement, new patent development with increased and diversified links with Universities, lifelong 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.

SEMAPA NEXT

In 2024, Semapa Next will continue its investment strategy and activity, with several opportunities under analysis and discussions well advanced. 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 strengthening the Semapa Next brand.

3.6 EVENTS AFTER THE BALANCE SHEET DATE

Navigator, through its subsidiary Navigator Paper UK Limited, launched, on 22 March 2024, a public all-cash firm offer (Offer) to acquire the entire issued and to be issued share capital of Accrol Group Holdings plc (Accrol), a tissue paper converter based in the United Kingdom (UK).

Accrol is a leading tissue converter and supplier of toilet tissues, kitchen rolls, facial tissues, and wet wipes to many of the UK's leading discounters and grocery retailers. In the year ended 30 April 2023, Accrol posted revenues of 242 million pounds, EBITDA of 15.6 million pounds and Net Debt (pre-IFRS16) of 26.8 million pounds.

Navigator believes that the Offer represents a compelling opportunity to enter the UK market through the acquisition of a leading UK independent tissue paper converter, with competitive advantages, complementary values, and strong alignment with Navigator. Navigator sees Accrol as a key pillar in its strategy of sustained expansion of its tissue business in the Western European market.

The Offer price was 38 pence (GBX) per share, which represents a premium of approximately 11.8% compared to the closing price on 21 March 2024, the last day of trading immediately prior to the announcement of the Offer. The Offer values Accrol's entire issued and to be issued share capital at approximately 127.5 million pounds.

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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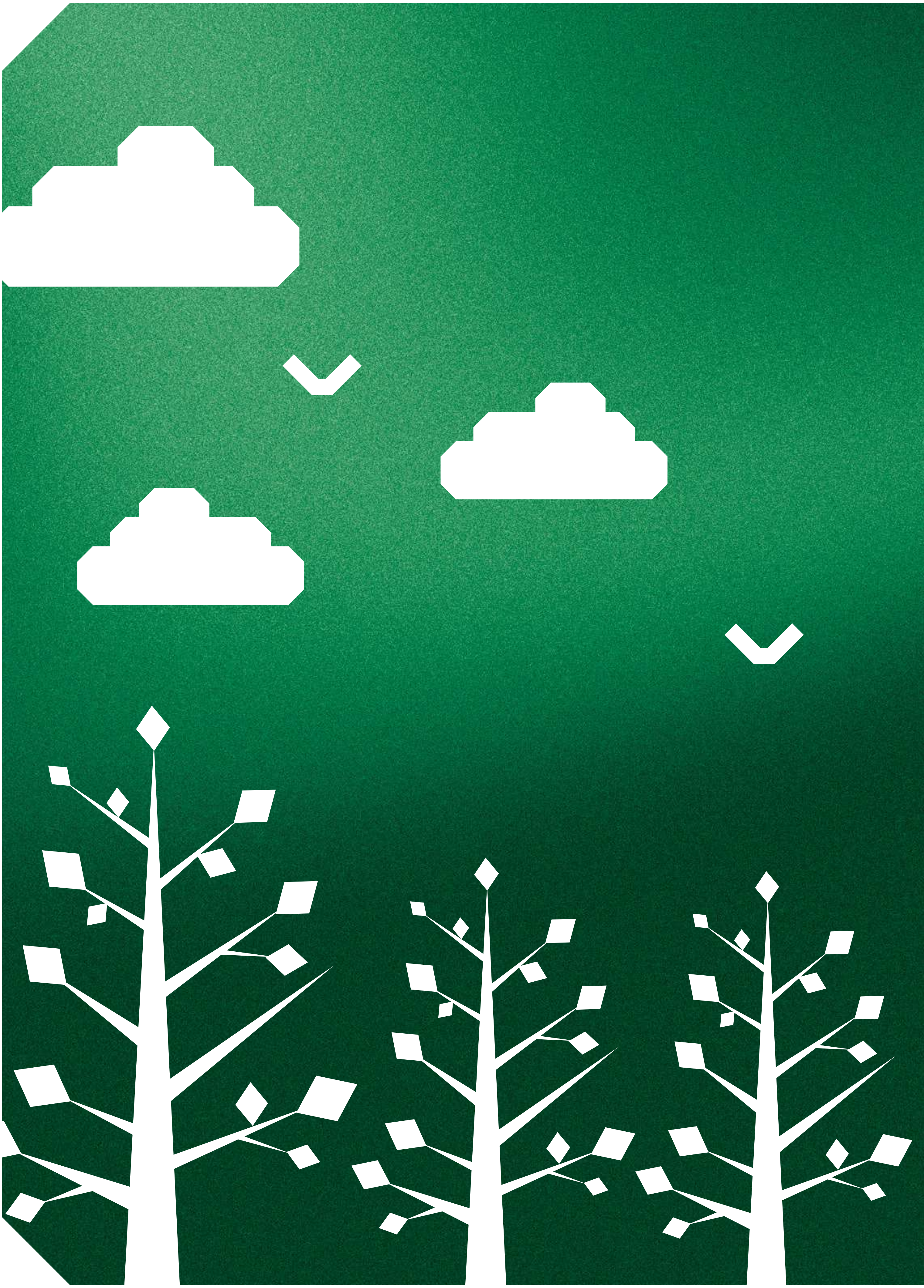

SUSTAINABILITY STATEMENT

04

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GRI 2-2

In this chapter, the Semapa Group presents the individualised sustainability report as a "Sustainability Statement", in a first exercise of alignment with the requirements of the European Sustainability Reporting Standards (ESRS). The structure adopted follows the order defined in ESRS 1 – General Requirements, organising the contents into four parts (subchapters): General Information; Environmental Information (including the mandatory contents in response to the EU Taxonomy); Social Information; information on governance.
The content within each subchapter followed a more flexible rationale than that defined by the ESRS, considering that this is still a transition year.

It should be noted that although the Semapa Group (and its Subsidiaries) have already carried out double materiality analyses, this report is made to align with the material topics in force in 2023. In the chapter on materiality analysis (Ch. 4.1.4) the new exercise and its results for Semapa Holding are presented.

It should also be noted that this report was prepared in accordance with the 2021 version of the Global Reporting Initiative (GRI) Standards, the GRI Index being presented in Ch. 10.2. It also presents the correspondences between this document's content and the report model for the disclosure of non-financial information defined by the CMVM – Securities Market Commission, responding to the requirements of Decree-Law No. 89/2017, of 28 July; and the World Economic Forum (WEF) framework "Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation", published in 2020, and to which the Semapa Group voluntarily adhered, in its core option.

With regard to the presentation of the information in each sub-chapter and considering that the Semapa Group is active in different sectors, a general presentation of the Group's approach and consolidated performance is made first, followed by a more specific presentation by business area – Holding segments (Semapa and Semapa Next), Pulp and Paper (The Navigator Company), Cement (Secil) and Other Businesses (ETSA). In the last case, and as the acquisition of Triangle's was recent (in June 2023), it was decided not to consolidate the respective sustainability information (with the exception of the European Taxonomy), which will be applied in the next reporting cycle in order to contemplate, in this way, a full year of data. It should be noted that in the more specific presentation, in the case of Navigator and Secil, it was decided to highlight the main commitments/objectives and targets, as well as the results achieved in 2023.

With regard to the materialisation of the approach to material topics, a selection of initiatives carried out in 2023 by the Corporate structure and business areas is presented in each of the subchapters, and the examples presented are not an exhaustive list—the Navigator and Secil reports should be referred to for more detailed information.

It should be noted that for the sake of simplicity of language, the Portuguese terms "impacto" and "impacte", are universally translated as "impact". Due to the length of the contents of this document, it was decided to exclude the use of inclusive language, dispensing with references to gender disaggregation, an option that is considered in no way detrimental to the Group's position in the promotion of gender equality (Ch. 4.4.1, nor its policies and practices in this regard.

4.1 GENERAL INFORMATION

4.1.1. APPROACH TO SUSTAINABILITY AND GOVERNANCE STRUCTURE

GRI 2-22, 2-23, 2-24

Semapa, as an investment holding company aligned with its purpose ***Making it better*** (Ch. 2.1), positions itself as a company focused on sustained growth, long-term value creation, and a positive contribution to society. Responsible for investing in key sectors of the domestic and international economy, it seeks to balance the demands of creating value for shareholders with the principles of sustainable development and, in this way, generate value for its Stakeholders (Ch. 4.4.2). To this end, it actively seeks new investment and diversification opportunities in sectors of the future, combining decarbonisation and sustainability objectives with strong growth prospects, such as: sustainable solutions in the packaging sector; energy transition and efficiency; fine and specialty chemicals; among others (Ch. 2.2).

It should be noted that the **business models** of its current Subsidiaries are aligned with some of the global sustainability challenges (Ch. 4.1.2), in particular with climate change and the circular economy. At this level, the following are some examples:

- In the pulp and paper segment, through Navigator: the sustainable management of forests and through the production of knowledge and products that promote the growth of a forest-based, circular and low-carbon fossil bioeconomy;

- In the cement segment, through Secil: the reduction of incorporations of clinker in the cement (low-carbon clinker) and concrete with less cement;

- In the other business segment: promotion of the recycling of by-products of the food chain (rendering), through ETSA; and as players in the hydrogen and sustainable micro-mobility value chains, through UTIS and Triangle's, respectively.

It should be noted that the Holding promotes a **climate of autonomy and accountability of its Subsidiaries**, which is reflected in their approaches to sustainability issues. Among the subsidiaries, Navigator and Secil are the companies with the greatest expression and impact – representing 97.8% of the Group's turnover – each having developed specific approaches, taking into account their identity, positioning, sector of activity and operations. In this way, Navigator has its own 2030 Responsible Management Agenda and 2030 Roadmap, with long-term objectives, organised around two axes – People and the Planet. Secil has aligned sustainability as an integral part of its strategic cycle Ambition 2025 – Sustainable Growth, having defined objectives and targets in the area of sustainability for 2025 and 2030, in the latter case related to decarbonisation and the circular economy.

With regard to **sustainability governance**, each Subsidiary has its own structure. At the level of the Holding Company, it is worth mentioning the existence of the **Sustainability Committee**, an ad hoc committee with several **Working Groups (WG)** to deal with specific topics, which has developed its activity under the supervision of the Executive Committee and involves all the companies of the Group in a transversal manner, seeking within the logic of value creation, a significant contribution with a positive impact on the environment, society, and governance in general. The WGs have supported the definition of the most relevant indicators dashboard, the sharing and mainstreaming of practices, and the monitoring of trends, among others.

It should be noted that the Semapa Group's concern with sustainability is reflected in the **principles of good governance** by which it is governed, referring to the chapter on the governance model (Ch. 2.3) and Corporate Governance Report for information on the composition, characterisation and competencies of the bodies, as well as the integration of sustainability performance in incentive schemes (Ch. 6).

With regard to **risk management,** Semapa has a strategic risk monitoring model and its own governance model (Ch. 2.4). Semapa and its subsidiaries have been consolidating their strategic risk management and control system, designed based on best practices and methodological references, and integrating **sustainability-related risks**—non-natural environmental disasters, adverse weather events, ESG (environmental, social and governance) performance and climate transition (Ch. 2.4).

Regarding the **sustainability topics taken** in 2023 **to the competent administrative, management and supervisory bodies** or commissions and committees, during the reporting period, the most relevant ones are identified:

- Approval of the start of the study on the integration of ESG criteria in the investment process;

- Carrying out of the work of the study of double materiality and the need to transition to the European Sustainability Reporting Standards;

- Characterisation and analysis of ESG and climate risks mapped in 2022;

- Approval of the risk quantification pilot, with a view to improving the maturity of risk assessment and management;

- Adhesion to GRACE – Responsible Companies and the More and Better Jobs for Youth Pact

- 2024 Equality Plan.

As an expression of the commitments assumed within the scope of the material topics, and support for their materialisation, the Semapa Group and each of its subsidiaries have defined a set of **codes and policies**, among other structuring documents, as well as **actions** to support the achievement of their **objectives and goals** and the materialisation of the approach to each material topic (see Ch. 4.2, 4.3 and 4.4). It should be noted that although existing policies may not yet cover all material topics, they are supported by programmes with defined objectives and action plans and KPIs, and the formalisation of the policies identified as most relevant is ongoing. At the Holding level, the following are the most relevant **codes and policies**:

- Semapa's Code of Ethics and Good Conduct;

- Code of Good Conduct for Preventing and Combating Harassment in the Workplace;

- Human Rights Policy;

- Corruption Prevention Policy;

- Policy for the Prevention of Money Laundering and Terrorist Financing;

- Tax Policy.

With regard to **stakeholder engagement** (Ch. 4.1.5) and **public commitments** in the area of sustainability, each company has assumed its own channels of involvement and positioning. At the level of the Holding and as an expression of its purpose, in 2023, it is worth noting the adhesion to GRACE – Responsible Companies, expecting by this adhesion to contribute, share and grow with the best practices of this ecosystem of companies equally committed to sustainable development. Also noteworthy is the adhesion to the More and Better Jobs for Youth Pact, in recognition that the offer of quality jobs to young people is a fundamental lever to attract and retain talent for Semapa, as well as making a decisive contribution to the country's economic growth, a mission around which concerted action must be made by all (Ch. 4.3.1)

4.1.2 GLOBAL CONTEXT

2023 was a year marked by a political and economic context of instability and complexity, with the continuation of the war in Ukraine, the beginning of the Middle East conflict, tensions between China and Taiwan, as well as high interest rates and inflation. According to the World Economic Forum (WEF)[1], the coming years are expected to be marked by persistent economic uncertainty and growing economic and technological divides.

In addition, environmental risks continue to dominate the risk landscape across all time horizons1, dealing with a global context in which the planet is at its limit—with climate change, loss of biodiversity and the collapse of ecosystems, the critical alteration of earth systems, scarcity of resources, and pollution.

Concerns about rising inequalities and the lack of economic opportunities—together with an accelerated technological transformation, coupled with artificial intelligence (AI)-driven disinformation/misinformation, and social polarisation—dominate the risk outlook for the next two years1.

In addition to these factors, there are demographic changes—in particular the growth of the world population forecasted to surpass 9 billion people in 2050[2]—which pose unprecedented challenges to today's society and the planet.

The Semapa Group follows the evolution of these trends, aware of how the global context can impact its ability to generate value in the short, medium and long term—trying to anticipate risks and opportunities, in order to improve its ability to adapt to changes and cleavages, in an increasingly volatile, complex, interconnected and interdependent world—whilst also being aware of the transformative role that is expected of companies in the pursuit of sustainable development. This analysis is incorporated into the strategic reflection and the definition of materially relevant topics, translating into commitments, with objectives and targets, within the scope of the action plans/roadmaps of the Group's Subsidiaries.

Along with domestic and global economic changes, climate change, the scarcity of resources and the need to invest in a more circular economy, as well as the future of labour and the need to invest in human capital are some of the global trends that present themselves as challenges and opportunities to which the Semapa Group tries to respond.

1 WEF – Global Risks Report 2024 (**https://www.weforum.org/publications/global-risks-report-2024/**)
2 WBCSD – Vision 2050: Time to Transform (**https://timetotransform.biz/**)

Climate Change	
Description	The failure to act, mitigate and adapt reiterates the need for greater commitment and action in this area. Extreme weather events are part of the main risks identified by the WEF[3], in two and ten years, in terms of severity, becoming increasingly more frequent and severe (seen as the "new normal"). We are witnessing emerging global climate policy action and a more demanding regulatory framework in the European Union. The low-carbon fossil economy is at the heart of the European Green Deal, and the post-pandemic recovery plans and the development of new technologies (e.g. carbon capture solutions) will be accelerated. The COP28 agreement sets out the transition to phasing out fossil fuels in energy systems by 2050 and mobilising this commitment into concrete actions will be one of the main topics of discussion. It is expected to create jobs and the exploitation of new energy sources (e.g. hydrogen), plus greater opportunities in relation to the climate transition.
Response of the Semapa Group	The Semapa Group is aware that the predominantly industrial nature of its activity has a negative impact on society and the future of the planet. In this regard, the Group is focused on minimising impacts and reducing its greenhouse gas (GHG) emissions, investing in measures to increase the incorporation of energy from renewable sources, the use of alternative fuels, and the promotion of energy and resource efficiency. The investment in research, development and innovation activities has been crucial, allowing the development of new products and processes with low-carbon fossil fuels, with an impact on the value chain. **Examples:**
SEMAPA	Consolidating the path to decarbonisation / Establishment of a Working Group (WG) for Climate Action / Semapa Group's roadmap to carbon neutrality
THE NAVIGATOR COMPANY	Roadmap to Carbon Neutrality and corresponding investment projects / Decarbonisation targets by 2035 approved by the Science-Based Targets initiative (SBTi) / Corporate Programme for Energy Efficiency
SECIL	Roadmap to Carbon Neutrality "Secil Pathway to Decarbonisation" and corresponding investment projects, such as the Clean Cement Line (CCL) / Commitment to SBTi in setting science-based targets for 2030 / Decarbonisation plan for the Outão unit
ETSA Proteína e Energia	ETSA: Roadmap to Carbon Neutrality and corresponding investment projects / Rendering process
	More information in Ch. 4.2.2, 4.4.3

Resources and Circular Economy	
Description	Investing in more circular business models by the companies in light of regulatory developments and consumer pressure regarding sustainable production and consumption, as well as resource scarcity, supply chain volatility and the looming threat of climate change. These circular models create and ensure business value, and at the same time, they are beneficial to the planet. There is also a growing need to measure circularity through new tools, standards and frameworks.
Response of the Semapa Group	The promotion of the circular economy and the responsible use of resources are two of the areas of action of the Group's activities, allowing efficiency and economic gains, new models and business opportunities, such as products and services. Among the actions carried out are the recycling of by-products and waste recovery, the use of alternative fuels instead of fossil fuels, the production of green energy, and the development of bioproducts, among others. Investment in research, development, and innovation activities is also one of the Group's investments in this area. **Examples:**
SEMAPA	Working Group (WG) on the Circular Economy
THE NAVIGATOR COMPANY	Corporate Upcycling Project / Industrial Symbiosis Projects / Waste reduction and treatment create value for Navigator and the forest
SECIL	Incorporation of waste or by-products from other industries / Use of alternative fuels as an energy source / Processing and reintroduction of construction waste into the cement and concrete production chain / Clean Cement Line (CCL) research project / Retrofeed Project / CLEAN4G Project
ETSA Proteína e Energia	Rendering Process
	More information in Ch. 4.2.4., 4.4.3.

3 WEF – Global Risks Report 2024 (https://www.weforum.org/publications/global-risks-report-2024/)

The Future of Labour & Investment in Human Capital	
Description	Continuous advances in robotics, artificial intelligence and machine learning are ushering in a new era of automation, as machines match or surpass human performance in various work activities, launching the discussion about how people adapt to this new era, the jobs, and the skills of the future. There is an acceleration of digitalisation and, consequently, the need to reskill and prepare human capital for new functions and work processes. Following the pandemic, the "S" of ESG gained took on a greater importance, in particular with regard to fostering the well-being, health and safety of employees, with special attention to mental health and new ways of working and the relationship between companies and their employees (e.g. more flexible, remote, integration with professional, personal and family life). To retain and engage employees, companies will have to foster a greater connection between work and purpose, promote opportunities for growth and development, and create new work models, based on more diverse and inclusive environments, in particular to motivate younger generations. Sustainability is increasingly important for employees and candidates, which is why it is important to communicate the ESG strategy and impact. Companies, as well as investors and financial institutions, are increasingly paying attention to detailed information on human capital.
Response of the Semapa Group	Human Capital represents one of the most important assets of the Group's companies, and it is necessary to create an attractive project to attract new people, particularly the younger ones, and retain employees. The Group's companies seek to recognise and value merit, foster internal growth, mobility between Group companies and the development of skills throughout the employee's career. They foster corporate identity through a culture of involvement and motivation of their employees. They invest in the creation of safe working conditions, the prevention of accidents, and the promotion of occupational health and well-being of employees. **Examples:**
SEMAPA	Talent Lab, Corporate Programme for Young Talents / Future Leadership Programme / Grow with Semapa / Talent Review / Corporate Climate Survey / Making it Better Week
THE NAVIGATOR COMPANY	Development Plan / Straight To The Top Programme / GROW with people
SECIL	Secil Academy / Supervisor Leadership Programme – Building the Future (Portugal)
ETSA Proteína e Energia	Training Plan – Reskilling and Upskilling / ETSA 50 Years Meeting / ETSA 50 Years Conference

More information in Ch. 4.3.1, 4.3.2, 4.4.1

4.1.3 OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Semapa Holding aims to be a benchmark in investment management in key sectors of the domestic and international economy, incorporating sustainable development as one of the pillars of its business in its strategy, in order to allow its decisions to be made with a deep social and environmental awareness.

In this regard, the Holding is committed to the United Nations 2030 Agenda, aligning its strategy, investments and performance with the Sustainable Development Goals (SDGs), and contributing to the achievement of the associated goals.

In order to be able to identify the impacted SDGs, each subsidiary, following its double materiality analyses (Ch. 4.1.4), carried out an exercise to review the SDGs and identify the respective targets. Considering that Semapa's double materiality analysis was completed in 2024, the integration of its results is still ongoing, so its presentation will be held over to the next reporting cycle.

It should be noted that the main contributions mapped so far are identified in the following information, in line with the contents of this report.

The presentation of the SDGs with the two levels of disaggregation presented in previous years is maintained:

- Priority level: objectives to which the Group is actively and directly contributing;

- Support level: objectives to which the Group contributes in a less direct way, although there is a potential positive contribution through the companies' commitments and business plans.

PRIORITY SDGS

SDG 8 – DECENT WORK AND ECONOMIC GROWTH

Ch. 4.2.2., 4.2.3., 4.3.1., 4.3.2., 4.4.1., 4.4.2., 4.4.3.

The Semapa Group, as a major domestic employer with an international presence, works continuously to ensure a fairer, healthier and safer workplace for all its employees, providing decent employment, training and support for career progression, initiatives that reflect its culture of diversity, equity and inclusion. In addition, the way in which the Group relates to its stakeholders seeks to generate value, strengthening local economies through job creation and promoting relationships of proximity and trust. The Group invests in the efficient use of resources, committed to dissociating economic growth from environmental degradation.

SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE

Ch. 4.4.3.

The Group's companies operate in value chains with a strong impact on local economies and in structuring areas for society. In this regard, the Group seeks to respond to current and future challenges, offering innovative solutions and products, as a result of a strong commitment to Research, Development and Innovation (RDI), to improving the technological capabilities of the sectors where it operates, to care for the quality and safety of the products and projects developed, and to establish partnerships for the development of initiatives with greater impact.

SDG 12 – SUSTAINABLE CONSUMPTION AND PRODUCTION

Ch. 4.2.2., 4.2.3., 4.2.4.

Given the need to shape the Group's business to match the long-term vision and strategy of sustainable development, the companies seek to mitigate and control the environmental impacts arising from their production processes, through their environmental management policies and systems, focusing on the optimisation of energy consumption, the use of alternative energy sources, the efficient use of natural resources, and the promotion of the circular economy.

SDG 13 – CLIMATE ACTION

Ch. 4.2.2., 4.2.4., 4.3.3.

The companies of the Semapa Group are committed to helping mitigate climate change, by taking an active role in the transition to a low-carbon economy. We highlight the investments that the Group has been making in recent years, based on a roadmap for carbon neutrality and the commitment to decarbonisation by 2050, with the promotion of concrete initiatives in terms of carbon capture and storage in forests and forest products; the promotion of the growth of a bioeconomy that is forest-based, circular, and built on low-carbon fossil fuels; on the launch of new solutions and products; and on the promotion of the recycling of by-products of the food chain.

SUPPORT SDGS

SDG 3 – GOOD HEALTH

Ch. 4.3.2., 4.3.3.

The Semapa Group actively promotes the health, safety and well-being of its employees, developing specific policies, working groups and programmes in all the geographies where it operates, with the aim of keeping its people motivated, healthy, and productive.

SDG 4 – QUALITY EDUCATION

Ch. 4.3.1., 4.3.3.

The promotion of personal and professional development is a commitment of all the Group's companies. This is materialised through a continuous commitment to the training of their employees and the development of technical and professional skills of young talents, contributing to their employability, developing upskilling and reskilling programmes for their employees, and promoting decent work.

SDG 6 – CLEAN WATER AND SANITATION

Ch. 4.2.3.

Given the use of water resources in some of the industrial processes of our Subsidiaries, we are committed to making efficient use of this resource, designing initiatives that reduce the amount of water collected, and to minimising the potential impacts of its discharge into the receiving environment.

SDG 7 – AFFORDABLE AND RENEWABLE ENERGY

Ch. 4.2.2.

Through the decarbonisation roadmaps of the Group's companies, it is intended to use, whenever possible, alternative sources, increasing the use of renewable energies and improving the energy efficiency of operations, through the optimisation of electricity and fuel consumption, and the transition from the use of fossil fuels to low-carbon fuels.

SDG 11 – SUSTAINABLE CITIES AND COMMUNITIES

Ch. 4.3.3.

The Semapa Group contributes to the development of more sustainable cities through the cement industry which, by having more sustainable manufacturing standards, will be an integral part of fairer communities that are less harmful to the environment. Through sustainable forest management and support for local communities, the Pulp & Paper segment promotes the economic, social, and environmental development of rural areas.

SDG 15 – LIFE ON LAND

Ch. 4.2.2., 4.2.5., 4.3.3.

The conservation of biodiversity and the maintenance of ecosystem services are one of the Group's growing concerns. Through impact assessment processes and the definition of recovery, action, and monitoring plans, it aims to reduce potential negative impacts that its activities may have in this area. In the particular case of the Pulp and Paper segment, a sustainable forest management model is ensured, which integrates a conservation strategy, with a view to the adequate compatibility of production and conservation measures.

SDG 17 – PARTNERSHIPS FOR THE IMPLEMENTATION OF THE GOALS

Ch. 4.4.3.

The companies of the Semapa Group interact with multiple organisations, nationally and internationally, seeking to establish partnerships that enhance their contributions to the other SDGs and support the achievement of their sustainability agendas, exploring new opportunities for collaboration and promoting better performance.

4.1.4 OUR MATERIAL TOPICS

GRI 3-1, 3-2

At the end of 2023, Semapa carried out a double materiality analysis exercise in preparation for the transposition into national law of the European Commission's Corporate Sustainability Reporting Directive (CSRD). To this end, two separate analyses were carried out: one dedicated to the impacts of the Group's activities on the outside, from an "inside-out" perspective – **impact materiality**; and another on the risks and opportunities that affect or may affect the Group's value generation, from an "outside-in" perspective – **financial materiality**.

The analysis in question was structured in five stages, including a **consultation with stakeholders**, which involved internal and external stakeholders, as well as top management. For this purpose, internal workshops and the more general application of an online questionnaire were carried out.

In the definition of the material topics, those that resulted from the individual materiality exercises of the Group's Subsidiaries, carried out between 2022 and 2023, were also taken into account.

At the end of the exercise, a set of **six material** themes was reached, transversal to the Semapa Group. – six strategic themes and four monitored themes – the systematisation of which is presented below From this exercise a new material theme emerged – cybersecurity. In addition, five themes were identified that are relevant to some of the Subsidiaries, which will be monitored by the Holding.

Considering that the analysis was completed in 2024, this report was made in accordance with the previous exercise, in force during the year 2023.

STAGES OF THE SEMAPA GROUP'S DOUBLE MATERIALITY PROCESS

1. IDENTIFICATION OF THE THEMES AND IMPACTS OF THE ORGANISATION

Identification of the main themes, impacts, risks and opportunities of the organisation through the analysis of benchmarking and the analysis of the main trends and documents of the sector.

Activities:
- Trend Analysis
- Benchmarking Analysis

Results:
- Initial list of themes

2. PRIORITISATION OF THEMES FOR THE IMPACT

Prioritisation of issues considering the impact of the organisation on the environment and society and identification of impacts, through consultation of stakeholders.

Activities:
- Consultation of stakeholders, through questionnaire and online interviews

Results:
- List of themes organised by significance of impact of the organisation

3. PRIORITISATION OF ISSUES FOR THE RELEVANCE OF THE BUSINESS

Prioritisation of themes considering the relevance for the business and their impact on the potential for creating value for the organisation and identification of the associated risks and opportunities, through consultation with top management.

Activities:
- Consultation of top management to analyse the relevance of the themes for the business

Results:
- List of themes organised by significance of impact on the organisation, throughout the value chain

4. MATERIALITY ANALYSIS

Consolidation of the results and positioning of the various themes, taking into account the internal point of view and the perspective from the outside by the stakeholders, through the Materiality Analysis and the consolidation of the impacts, risks and opportunities (IRO) identified.

Results:
- Semapa's Materiality Analysis
- IRO List

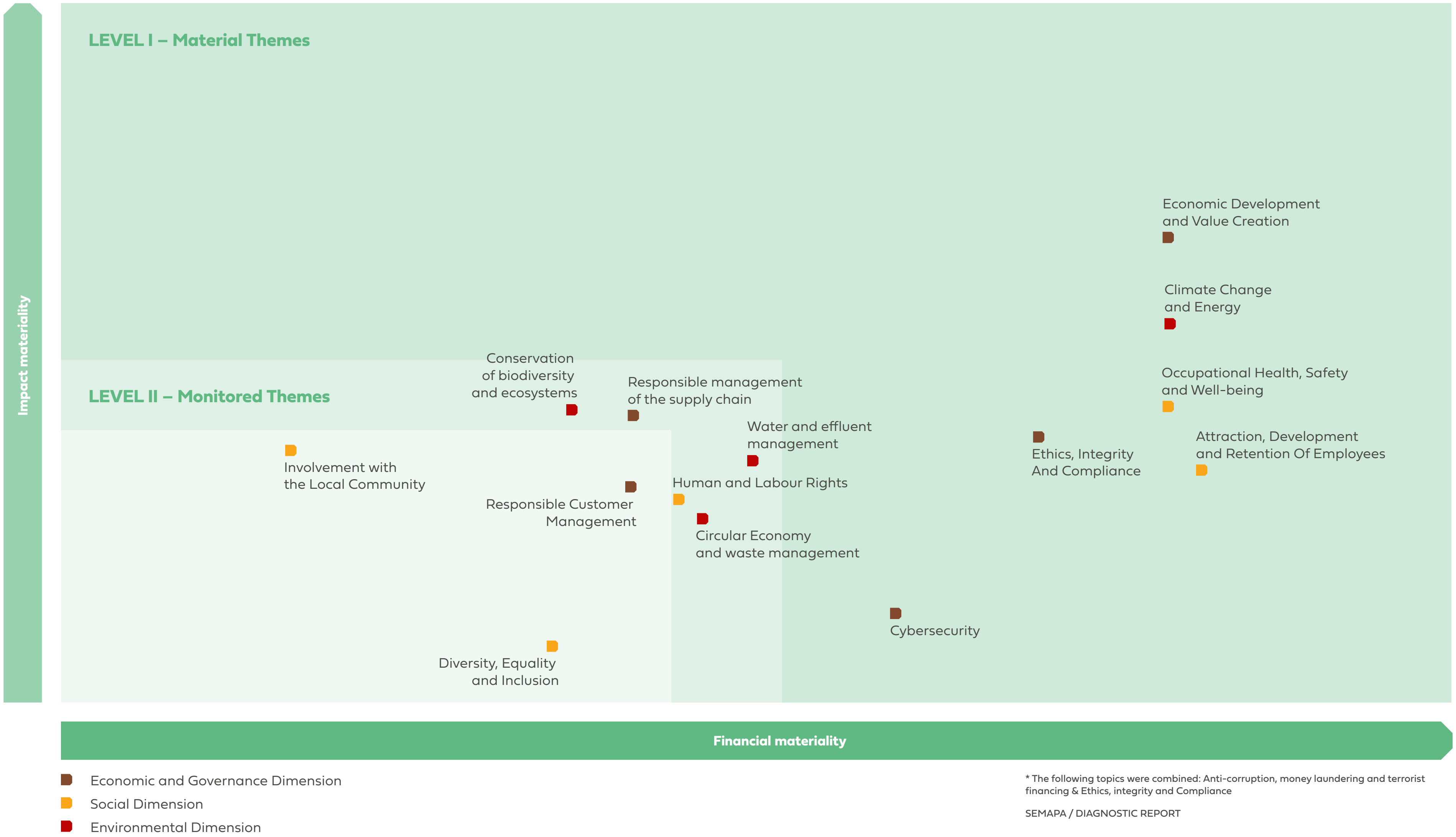
5. APPROVAL OF THE LIST OF MATERIAL THEMES

Approval of the material themes by top management.

Activities:
- Approval of themes by top management

Results:
- Final list of material themes

SEMAPA GROUP'S MATERIALITY MATRIX



* The following topics were combined: Anti-corruption, money laundering and terrorist financing & Ethics, integrity and Compliance

SEMAPA / DIAGNOSTIC REPORT

LIST OF MATERIAL AND MONITORED TOPICS OF SEMAPA

LEVEL I – Material Themes

ETHICS, INTEGRITY AND COMPLIANCE

Business management based on a responsible conduct in all its value chain, through the authorisation of the values of ethics, integrity and transparency, allowing the company to act in conformity with the existing laws, norms and regulations and to promote the combat against illicit acts, specifically corruption, money laundering and the financing of terrorism.

CYBERSECURITY

Adoption of mechanisms to ensure the security of information, the protection against cyber attacks and the safeguarding of the privacy of data of employees, customers and partners.

ATTRACTION, DEVELOPMENT AND RETENTION OF EMPLOYEES

Attraction and retention of employees, through practices that promote their development and the progression in their career, integrating needs and aligning expectations, empowering a high index of satisfaction, motivation and involvement with the organisation.

ECONOMIC DEVELOPMENT AND VALUE CREATION

Promotion of economic performance through a sustainable business and financing model that integrates ESG criteria and ensures the company's profitability and stability, along with the creation of value and sharing with society.

OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

Ensure the health, safety and physical and mental well-being of all employees, providing them with suitable working conditions.

CLIMATE CHANGE AND ENERGY

Resilience in the face of climate change and intervention to mitigate and adapt to the associated risks, specifically through the monitoring and reduction of GHG emissions and energy efficiency, giving preference to renewable energy sources.

LEVEL II – Monitored Themes

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Incentivising the sustainable management of the supply chain, which includes sustainability criteria – environmental, social, and in governance – specifically in the traceability, selection and assessment of suppliers.

CONSERVATION OF BIODIVERSITY AND ECOSYSTEMS

Promotion of practices for the monitoring and conservation of the natural capital and biodiversity in the operations, promoting healthy ecosystems and contributing to the mitigation of negative impacts.

CIRCULAR ECONOMY AND WASTE MANAGEMENT

Promotion of an economic system in which the value of products and materials is maintained for the longest time possible, from a perspective of reduction, optimisation, and efficiency in the use of resources, minimising waste, the release of hazardous substances throughout all the phases of their life cycle, and their impact on the environment and human health.

WATER AND EFFLUENT MANAGEMENT

Responsible management and preservation of the quality of the water resources in all the operations, managing risks of scarcity and optimising the quality of the treated effluents.

HUMAN AND LABOUR RIGHTS

Promotion of the respect for and protection of human and labour rights in the organisation and throughout the entire value chain.

EVOLUTION OF THE MATERIALITY EXERCISES OF SEMAPA AND ITS SUBSIDIARIES

2017-2019

1ST MATERIALITY ANALYSIS SECIL
Based on a stakeholder consultation, the results were incorporated in the 2018-2019 Sustainability Report

2020

ALIGNMENT OF SEMAPA'S MATERIAL TOPICS WITH ITS SUBSIDIARIES
Incorporation in the 2020 Sustainability Report

2022-2023

DOUBLE MATERIALITY ANALYSIS SECIL
Started at the end of 2022, it ran throughout 2023, with integration in the 2023 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 stakeholder consultation, the results were incorporated in the 2020 Sustainability Report

2022

DOUBLE 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

2023-2024

SEMAPA AND ETSA DOUBLE MATERIALITY ANALYSIS
Run throughout 2023 and completed in 2024, for integration into the 2024 reporting cycle

4.1.5. OUR RELATIONSHIP WITH STAKEHOLDERS

GRI 2-29

Semapa Holding seeks to invest its resources in the creation of a sustainable future, being concerned with its performance and that of its subsidiaries and how this behaviour may impact present and future generations. By **promoting engagement with its stakeholders**, Semapa aims to internalise the best sustainability practices, their ideas and concerns in the Group’s daily activities and in its decision-making process.

The relationship established between the Holding and its eight stakeholder groups embodies the Organisation’s **long-term vision** of creating value, increasing transparency, and ensuring the best solutions to challenges and opportunities.

In order to establish a close relationship, the Holding uses various forms of communication and involvement, using channels and a frequency that vary according to the group of stakeholders and the needs identified. It presents as transversal communication channels the **e-mails and the website**, as well as the **Whistleblower channel.**

It should be noted that the stakeholder groups and their respective communication and engagement channels were revalidated as part of the process of defining material topics, which took place in 2023, in an internal engagement process that included the participation of Semapa Holding’s Executive Committee.

KEY STAKEHOLDER ENGAGEMENT MECHANISMS

EMPLOYEES

- Annual Staff Meeting
- Dialogue with managers
- Team meetings
- Internal information (e.g. Semapa Talks, Semapa News)
- Intranet
- Interim and Annual Reports
- Notices to the market

SUBSIDIARIES

- Close and regular monitoring by the presence of representatives of the Holding in the decision-making bodies of the companies
- Information, training, and promotion of the sharing of best practices
- Annual Staff Meeting
- Internal information (e.g. Semapa Talks e Semapa News)
- Interim and Annual Reports

FINANCIAL INSTITUTIONS

- Meetings
- Presentation of Results
- Interim and annual reports
- Notices to the market

BUSINESS ASSOCIATIONS

- Filiation
- Participation in governing bodies, advisory councils and/or forums
- Participation in public consultations
- Regular meetings with key interlocutors

MAJOR PROVIDERS OF SPECIALISED SERVICES

- Regular meetings with key interlocutors

OFFICIAL SUPERVISORY AND REGULATORY BODIES

- Response to Legal Requirements;
- Regular meetings with key interlocutors

COMMUNITY

- Collaboration Protocols
- Membership in associations

INVESTORS & ANALYSTS

- Presentations of Results
- Interim and Annual Reports
- General Meetings
- Notices to the market
- Investor relations officer
- Visits to industrial sites

4.2 ENVIRONMENTAL INFORMATION

4.2.1 EUROPEAN TAXONOMY

EUROPEAN TAXONOMY FRAMEWORK

The European Union Taxonomy, introduced by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, establishes a standardised and mandatory classification system for "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

The environmental objectives of Mitigation and Adaptation to climate change were the first to be regulated by the Climate Delegated Act (2021). It was later extended by the Complementary Delegated Act, which broadened its scope to some activities related to nuclear energy and fossil gas. By the end of 2022, the criteria of substantial contribution (SC) and no significant harm (NSH) had been defined for climate objectives only (climate change mitigation and adaptation). The Environmental Delegated Act was published in 2023, introducing the activities that can contribute to the remaining four environmental objectives (Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, and Protection and recovery of biodiversity and ecosystems). The Climate Delegated Act has been updated, amended with new activities and the existing ones were reviewed.

In 2021, non-financial companies reported only their EU 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) of these activities was reported. In addition to eligible activities, non-financial companies must assess and report on the alignment of these activities with the implementation of technical criteria and minimum safeguards for the financial year 2022. The same exercise will be carried out for the t2023 fiscal year. However, the eligibility of the new activities introduced by the Environmental Delegated Act and the new activities of the Climate Delegated Act must also be factored in. Reporting on the alignment of these new activities, if applicable, concerns 2024 alone.

ELIGIBILITY ANALYSIS

The analysis of the Semapa Group's activities highlighted the following eligible economic activities, in accordance with the complementary delegated act and the climate delegated act:

Activity Name	Code and objective*	Semapa segment	Details
Forest management	CCM 1.3 (Mitigation)	Pulp and paper (Navigator)	Navigator conducts vertically integrated forestry operations, promoting efficient and responsible management of approximately 108 thousand hectares of forest in mainland Portugal. This area is 100% certified by the FSC and PEFC systems. Forestry in Mozambique is not included in UE Taxonomy Report.
Manufacture of cement	CCM 3.7 (Mitigation)	Cement (Secil)	Secil owns seven grey cement plants: two in Portugal, one in Lebanon, one in Tunisia, two in Brazil and one in Angola.
Manufacture of automotive and mobility components	CCM 3.18 (Mitigation)	Other businesses (Triangle's)	Triangle's is a company that designs and manufactures aluminium bicycle frames. It is equipped with innovative technology geared towards aluminium processing, including a fully-automated welding process.
Electricity generation using solar photovoltaic technology	CCM 4.1 (Mitigation)	Pulp and paper (Navigator)	Navigator owns 5 photovoltaic power plants in Portugal for self-consumption, with an installed capacity of around 7MWp. In addition, the Group has a 5MW power plant in Spain, owned by Navigator Tissue EJEA. In 2023, 4 new power plants were installed, which will increase the installed capacity of the Group's sites by around 26 MWp.
Electricity generation from bioenergy	CCM 4.8 (Mitigation)	Pulp and paper (Navigator)	Navigator owns two biomass-fuelled thermoelectric power plants, with revenues from this activity and investments and/or operating costs falling within the EU taxonomy in 2023.
Cogeneration of heat/cool and power from bioenergy	CCM 4.20 (Mitigation)	Pulp and paper (Navigator)	Navigator owns three biomass cogeneration plants that simultaneously produce electricity and thermal energy, the latter being used in pulp and paper manufacturing processes. Revenues from this activity and investments and/or operating costs that fall under the EU taxonomy were recorded in 2023.
Production of heat/cool from bioenergy	CCM 4.24 (Mitigation)	Other businesses (ETSA)	ETSA owns equipment (boilers) for the production of heat, and investments and/or operating costs that fall under the EU taxonomy were recorded in 2023.

Activity Name	Code and objective*	Semapa segment	Details
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels**	CCM 4.30 (Mitigation)	Pulp and paper (Navigator)	Navigator owns two natural gas combined cycle cogeneration plants, one in Setúbal and the other in Figueira da Foz, the latter of which is on a backup basis. Revenue from this activity and investments and/or operating costs falling within the EU taxonomy in 2023 were recorded.
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 (Mitigation)	Pulp and paper (Navigator)	At the Aveiro, Figueira da Foz and Setúbal industrial plants, Navigator has and operates its own water collection, treatment and supply systems for the production of pulp, paper and energy. Investments and/or operating costs falling within the EU taxonomy in 2023 were recorded.
Construction, extension and operation of waste water collection and treatment	CCM 5.3 (Mitigation)	Pulp and paper (Navigator)	At the industrial complexes in Aveiro, Figueira da Foz, Setúbal and Vila Velha de Ródão, Navigator has and operates wastewater collection and treatment systems. Investments and/or operating costs falling within the EU taxonomy in 2023 were recorded.
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 (Mitigation)	Other business (Triangle's)	Triangle's owns equipment for non-hazardous waste collection and transport and investments and/or operating costs were recorded under the EU taxonomy in 2023.
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 (Mitigation)	Other business (Triangle's)	Triangle's has made investments associated with its mobile fleet for the year 2023 (hybrid vehicles) that fall within the EU taxonomy.
Freight transport services by road	CCM 6.6 (Mitigation)	Other businesses (ETSA)	ETSA owns a fleet of vehicles and investments and/or operating costs that fall under the UE taxonomy were recorded in 2023.
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 (Mitigation)	Other business (Triangle's)	Triangle's has made investments associated with its production of solar energy for the year 2023, which fall within the EU taxonomy.
Close to market research, development and innovation	CCA 9.2 (Adaptation)	Pulp and paper (Navigator)	Through the Raiz institute, the Group carries out research, including applied research, and experimental development of solutions, processes, technologies and other products aimed at adapting to climate change. Of particular note is the eucalyptus genetic improvement programme to adapt to climate change.
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1 (Biodiversity)	Pulp and paper (Navigator)	Navigator is developing the Zambujo Recover Project, the aim of which is to implement a forest enhancement plan in an area of 153.4Ha, with the aim of converting intensive forestry crops (eucalyptus), reforesting with native species, promoting protected agroforestry habitats, ecological recovery and soil conversion on the Zambujo estate, which is part of areas in danger of desertification and priority intervention areas.

* CCM (Climate Change Mitigation); CCA (Climate Change Adaptation); BIO (Biodiversity and ecosystems);
** 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 to the Climate Delegated Act, 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, precast concrete 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 (Other business).

ALIGNMENT ANALYSIS

The assessment of the alignment with the 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.

SUBSTANTIAL CONTRIBUTION (SC) AND NO SIGNIFICANT HARM (NSH)

For each economic activity, the companies assessed the SC and NSH to assay the proportion of alignment of their activities and of compliance with the technical evaluation criteria. A detailed analysis of Navigator and Secil's alignment with the SC and NSH criteria can be found in each company's taxonomy reports. With regard to Triangle's, the company has not yet met the necessary conditions and does possess all data required to demonstrate compliance with all technical criteria. It therefore classifies its activities as non-aligned. In 2024 and in the coming years, the company will work to improve the alignment of its activities with the regulation.

MINIMUM SAFEGUARDS

Compliance with the Minimum Safeguards is one of the essential criteria for considering that a given eligible activity is aligned with the Taxonomy. Article 18 of the Taxonomy Regulation establishes specific requirements for the Minimum Safeguards referring to 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.

To guide companies through the implementation of Article 18 of the Taxonomy, the European Commission's Platform on Sustainable Finance published the *Final Report on Minimum Safeguards*, in October 2022, which highlights the four areas that companies should address to fulfil the Minimum Safeguards: Human Rights, Corruption, Taxation and Fair Competition. The European Commission refers to the Report in its Communication on the interpretation of the Minimum Safeguards of June 2023 as a good practice to follow.

In this regard, the respect for human rights, including labour rights, compliance with anticorruption practices, competition rules and an appropriate taxation policy are, under the terms laid down in the respective policies, structuring principles of Semapa Group's activity within the framework of responsible business conduct.
The Group remains committed to ensuring that its business is conducted in accordance with high ethical standards, pursuing sustainable development and in compliance with the applicable laws and regulations.

The **Code of Ethics and Conduct** is the document that guides the behaviour of Employees (including governing bodies, committee members, representatives, service providers and workers) in their work and relations with stakeholders. In their engagement with other entities, employees 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, further refusing to participate directly or indirectly in any form of corruption, fraud, money laundering and terrorism financing, bribery or extortion.

HUMAN RIGHTS

In early 2023, Semapa approved the **Human Rights Policy**. The commitment to respect human rights in this policy has been established in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, namely the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the eight core ILO Conventions and the International Bill of Human Rights.

Semapa undertakes, in particular, not to use child labour, forced or coerced labour, to respect workers' freedom of association and the right to collective bargaining, to promote dignity and respect for human beings in the workplace, not allowing discriminatory behaviour towards its workers, to prevent all forms of harassment, abuse and violence in the workplace, to provide access to decent employment, guaranteeing its workers a safe and healthy working environment and to respect human rights in all the local communities in which it operates.

Furthermore, in 2017 Semapa adopted a Code of Good Conduct for Preventing and Combating Harassment in the Workplace (published on the internal information platform) that applies to all the staff of Semapa and 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.

With regard to reporting irregularities, Semapa's Whistleblower Reporting Channel on its website is managed by an external and independent organisation, and guarantees the anonymity and confidentiality of whistleblowers. The company also has a Regulation on the Communication of Irregularities, which governs the communication by employees of alleged irregularities occurring in the company.

Semapa is working on the development of a human rights due diligence process for its value chain.

CORRUPTION

With regard to combating and preventing corruption, Semapa adopted in the beginning of 2023 the Corruption Prevention Policy, which, together with the Prevention of Money Laundering and Terrorist Financing Policy and the Regulation on Conflicts of Interest and Related Parties Transactions reinforce the commitment to fighting corruption.

In the Corruption Prevention Policy, Semapa and its Employees make commitments regarding the fight against and prevention of corruption, namely not to offer, promise or authorise undue advantage to a person or entity in order to obtain material or non-material advantages for themselves or for third parties; not to accept advantages which could jeopardise their independence and impartiality, not to use donations or sponsorships as a means of unlawfully influencing decisions that give them advantages and not to make contributions to political parties.

TAXATION

Resulting from the business conducted by the companies which make up the Semapa group, several taxes, fees and charges are due under the terms of the laws on taxation, which makes Semapa group an important contributor to state revenues and, subsequently, to the fulfilment of social objectives and to the sustainable and economic development of the country.

The Semapa Group's tax policy aims to ensure full compliance with the tax obligations of the Group's companies in all the jurisdictions in which they operate, always seeking to abide by the letter and spirit of the applicable laws. The policy is aligned with the principles underlying the Group's business development strategy, and is therefore established in accordance with the economic essence of its business. The Semapa Group has also developed an organised approach to its tax risks, particularly in terms of identifying, managing and monitoring them, in conjunction with the department responsible for identifying the company's general risks and monitoring them regularly together with the tax department.

FAIR COMPETITION

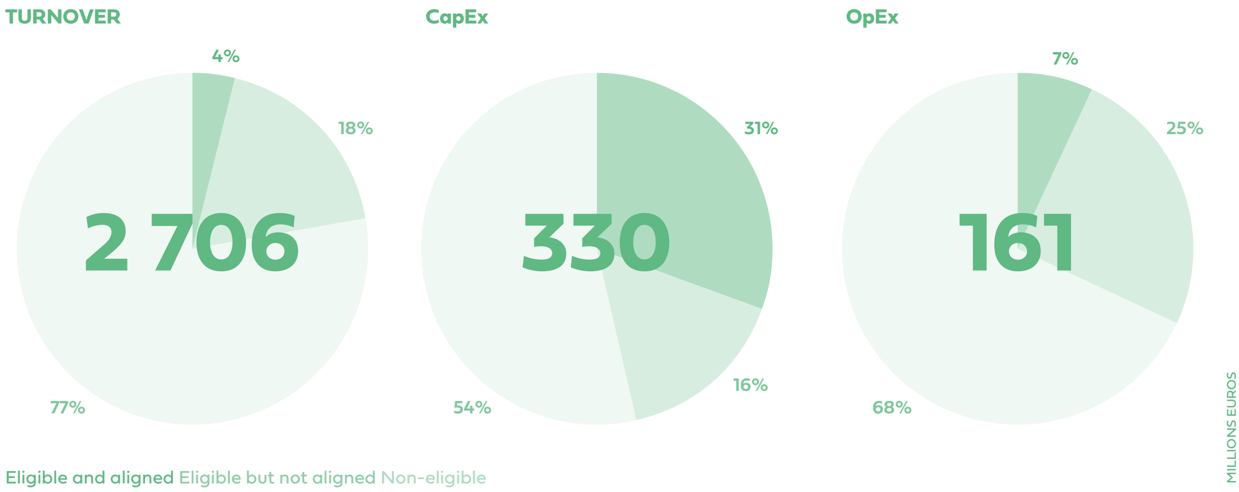
Finally, according to the Code of Ethics and Conduct, Semapa's employees must comply with the laws on competition, in line with current market rules and criteria and in full respect for fair competition.

Semapa is not aware of any cases of violations in the Group, nor has it identify, for the year 2023 and in the course of its eligible activities under the taxonomy, any relevant conviction handed down for Human Rights, Corruption, Taxation or Fair Competition violations. Without prejudice to the above, 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 Navigator paper Navigator from Portugal to the United States. It should be noted that these exports concern Taxonomy-eligible activities.

It should also be noted that a detailed analysis of the Minimum Safeguards was carried out for the subsidiaries, namely Navigator, Secil and ETSA. More information can be found in the Navigator and Secil reports.

ACCOUNTING POLICIES AND DISCLOSURE OF INDICATORS

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:



As defined by the Taxonomy, the amounts reported were calculated in accordance with Semapa's Consolidated Financial Statements for the year as at 31 December 2023, which were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

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.

TURNOVER

Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)
		2023	
		Euros	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			
A.1. Environmentally sustainable activities (Taxonomy-aligned)			
Electricity generation from bioenergy	CCM 4.8	24 045 765	1%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	96 712 318	4%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**120 758 083**	**4%**
Of which enabling			0%
Of which transitional			0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Manufacture of cement	CCM 3.7	433 841 563	16%
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	44 613 034	2%
Manufacture of automotive and mobility components	CCM 3.18	12 632 793	0%
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**491 087 390**	**18%**
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**611 845 473**	**23%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy- non-eligible activities (B)		2 094 478 457	77%
Total (A + B)		**2 706 323 930**	**100%**

Caption A.1. Environmentally sustainable activities (Taxonomy-aligned) – Substantial contribution criteria:
Y — Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
N — No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL — Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Caption A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) – Substantial contribution criteria:
EL — Taxonomy-eligible activity for the relevant objective;
N/EL — Taxonomy-non-eligible activity for the relevant objective.

Substantial contribution criteria						DNSH criteria "Does Not Significantly Harm")									
Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Economia circular (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy- aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5%		
4%	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**6%**		
0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
0%						Y	Y	Y	Y	Y	Y	Y	0%		T
EL	N/EL	N/EL	N/EL	N/EL	N/EL								12%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
18%	**0%**	**0%**	**0%**	**0%**	**0%**								**12%**		
23%	**0%**	**0%**	**0%**	**0%**	**0%**								**18%**		

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. (Electricity production from bioenergy) and 4.20. (Co-generation of heat/cold and power from bioenergy) are aligned with the Taxonomy. Production from activity 1.3 (Forest management) is used mainly in the Group's internal operations and as such is not considered for the purposes of this indicator.

Concerning activity 4.30 (High-efficiency co-generation of heat/cool 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.

Activity 3.7 (Cement production) 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.

CAPEX

Economic Activities (1)	Code (2)	2023 CapEx (3)	 Proportion of CapEx, year N (4)
		Euros	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			
A.1. Environmentally sustainable activities (Taxonomy-aligned)			
Forest management	CCM 1.3	14 614 876	4%
Electricity generation using solar photovoltaic technology	CCM 4.1	415 903	0%
Electricity generation from bioenergy	CCM 4.8	3 714 928	1%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	74 151 357	22%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	902 951	0%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	6 718 663	2%
Close to market research, development and innovation	CCM 9.2	445 391	0%
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	3 202	0%
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**100 967 271**	**31%**
Of which enabling		445 391	0%
Of which transitional		–	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Manufacture of cement	CCM 3.7	46 294 000	14%
Production of heat/cool from bioenergy	CCM 4.24	745 802	0%
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	1 003 980	0%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	903 749	0%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	266 709	0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	41 166	0%
Freight transport services by road	CCM 6.6	1 960 920	1%
Close to market research, development and innovation	CCM 9.1	102 762	0%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**51 319 087**	**16%**
A. CapEx of Taxonomy- eligible activities (A.1+A.2)		**152 286 358**	**46%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non- eligible activities (B)		177 732 543	54%
Total (A + B)		**330 018 901**	**100%**

Caption A.1. Environmentally sustainable activities (Taxonomy-aligned) – Substantial contribution criteria:
Y — Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
N — No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL — Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Substantial contribution criteria						DNSH criteria "Does Not Significantly Harm")									
Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Economia circular (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy- aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	9%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
N	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0%		
30%	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**16%**		
0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
0%						Y	Y	Y	Y	Y	Y	Y	0%		T
EL	N/EL	N/EL	N/EL	N/EL	N/EL								29%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
16%	**0%**	**0%**	**0%**	**0%**	**0%**								**29%**		
46%	**0%**	**0%**	**0%**	**0%**	**0%**								**46%**		

Caption A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) – Substantial contribution criteria:
EL — Taxonomy-eligible activity for the relevant objective
N/EL — Taxonomy-non-eligible activity for the relevant objective.

The amount shown as total CapEx in the denominator of the calculation of the ratio of eligible activities corresponds to the sum of acquisitions of property, plant and equipment, intangible assets excluding CO_2 licenses, and right-of-use assets in 2023, 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 it was not actually acquisition of licenses, but licenses awarded to the Group, and their classification as intangible assets results from the accounting policy adopted by the Group. In 2023, 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:

- **Pulp and Paper:** Investments to support forest management activities, namely the acquisition of forest land; Investments associated with the Aveiro and Setúbal biomass power stations; Investments associated with the biomass cogeneration plants; Investments associated with the new Setúbal recovery boiler; Investments associated with the new Setúbal wastewater treatment plant; Investments associated with Research & Development projects under the genetic improvement programme; and Investments associated with the Zambujo Recover Project.

- **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 eliminating dependence on fossil fuels, increasing energy efficiency, producing own energy, integrating the digitalisation process, and reducing CO_2 emissions. Such innovation will promote low carbon clinker production and consequently the development of a range of low carbon footprint cements.

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OPEX

Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)
		2023	
		Euros	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			
A.1. Environmentally sustainable activities (Taxonomy-aligned)			
Forest management	CCM 1.3	3 540 124	2%
Electricity generation from bioenergy	CCM 4.8	2 366 677	1%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	2 214 686	1%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	150 634	0%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	1 549 676	1%
Close to market research, development and innovation	AAC 9.2	1 429 746	1%
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	500 246	0%
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**11 751 790**	**7%**
Of which enabling		1 429 746	1%
Of which transitional		–	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Manufacture of cement	CCM 3.7	38 860 983	24%
Manufacture of automotive and mobility components	CCM 3.18	207 348	0%
Production of heat/cool from bioenergy	CCM 4.24	48 162	0%
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	69 517	0%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	112 772	0%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	16 672	0%
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	49 409	0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3 023	0%
Freight transport services by road	CCM 6.6	613 922	0%
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**39 981 807**	**25%**
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**51 733 597**	**32%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy-non- eligible activities (B)		109 064 844	68%
Total (A + B)		**160 798 441**	**100%**

Caption A.1. Environmentally sustainable activities (Taxonomy-aligned) - Substantial contribution criteriaw:
Y — Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N — No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL — Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Substantial contribution criteria						DNSH criteria “Does Not Significantly Harm”)									
Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Economia circular (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy- aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
N	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0%		
5%	**1%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**9%**		
0%	1%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
0%						Y	Y	Y	Y	Y	Y	Y	0%		T
EL	N/EL	N/EL	N/EL	N/EL	N/EL								14%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
25%	**0%**	**0%**	**0%**	**0%**	**0%**								**14%**		
30%	**1%**	**0%**	**0%**	**0%**	**0%**								**23%**		

Caption A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) – Substantial contribution criteria:
EL — Taxonomy-eligible activity for the relevant objective
N/EL — Taxonomy-non-eligible activity for the relevant objective.

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 2023, which are included in Note 2.3 – Operating Expenses and Losses:

- Unfunded research and development expenditure;
- Unfunded forestry expenditure;
- Industrial cleaning and waste treatment expenditure;
- Maintenance and repair expenditure;
- Unfunded short-term lease expenditure; and
- Other expenditure directly related to the maintenance of property, plant and equipment or investment properties.

OpEX values in the previous table (numerator of the eligible activities ratio) amount to OpEx allocated to the eligible activities (taxonomy aligned or not aligned). These figures include OpEx such as:

- **Pulp and Paper:** Unfunded forestry expenditure, expenditure in research and development associated with forestry, unfunded 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 Secil Group's solutions.

STANDARDISED IMPLEMENTATION OF THE COMPLEMENTARY DELEGATED ACT (ACTIVITIES RELATED TO NUCLEAR ENERGY AND FOSSIL GAS)

The Taxonomy Regulation, under article 8 of the Delegated Act, requires standardised disclosure of the activities related to nuclear energy and fossil gas. According to the analysis carried out, Secil, Triangle's and ETSA do not carry out such activities. These templates have been filled in for Navigator.

TEMPLATE 1 – NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	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
6.	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

NEXT STEPS IN APPLYING THE TAXONOMY

TEMPLATE 2 – TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) – TURNOVER

		Amount and 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	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	– €	0%	– €	0%	– €	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Turnover**	**120 758 083 €**	**4%**	**120 758 083 €**	**4%**	**– €**	**0%**
8.	**Total Turnover**	**2 706 323 930 €**	**100%**	**2 706 323 930 €**	**100%**	**– €**	**0%**

TEMPLATE 2 – TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) – CAPEX

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	– €	0%	– €	0%	– €	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the CapEx**	**100 964 069 €**	**31%**	**100 518 678 €**	**30%**	**445 391 €**	**0%**
8.	**Total CapEx**	**330 018 901 €**	**100%**	**330 018 901 €**	**100%**	**330 018 901 €**	**100%**

TEMPLATE 2 – TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) – OPEX

		Amount and 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	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	– €	0%	– €	0%	– €	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the OpEx**	**11 251 543 €**	**7%**	**9 821 798 €**	**6%**	**1 429 746 €**	**1%**
8.	**Total OpEx**	**160 798 441 €**	**100%**	**160 798 441 €**	**100%**	**160 798 441 €**	**100%**

TEMPLATE 3 – TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) – TURNOVER

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Turnover	– €	0%	– €	0%	– €	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the Turnover**	**120 758 083 €**	**100%**	**120 758 083 €**	**100%**	**– €**	**0%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the Turnover**	**120 758 083 €**	**100%**	**120 758 083 €**	**100%**	**– €**	**0%**

TEMPLATE 3 – TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) – CAPEX

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	– €	0%	– €	0%	– €	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the CapEx**	**100 964 069 €**	**100%**	**100 518 678 €**	**100%**	**445 391 €**	**100%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the CapEx**	**100 964 069 €**	**100%**	**100 518 678 €**	**100%**	**445 391 €**	**100%**

TEMPLATE 3 – TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) – OPEX

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	– €	0%	– €	0%	– €	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the OpEx**	**11 251 543 €**	**100%**	**9 821 798 €**	**100%**	**1 429 746 €**	**100%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the OpEx**	**11 251 543 €**	**100%**	**9 821 798 €**	**100%**	**1 429 746 €**	**100%**

TEMPLATE 4 – TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – TURNOVER

		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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 denominator of the Turnover	44 613 034 €	9%	44 613 034 €	9%	– €	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Turnover**	**446 474 356 €**	**91%**	**446 474 356 €**	**91%**	**– €**	**0%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the Turnover**	**491 087 390 €**	**100%**	**491 087 390 €**	**100%**	**– €**	**0%**

TEMPLATE 4 – TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – CAPEX

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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 denominator of the CapEx	1 003 980 €	2%	1 003 980 €	2%	– €	0%
6.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the CapEx**	**50 315 107 €**	**98%**	**50 315 107 €**	**98%**	**– €**	**0%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the CapEx**	**51 319 087 €**	**100%**	**51 319 087 €**	**100%**	**– €**	**0%**

TEMPLATE 4 – TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – OPEX

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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 denominator of the OpEx	69 517 €	0%	69 517 €	0%	– €	0%
6.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the OpEx**	**39 912 291 €**	**100%**	**39 912 291 €**	**100%**	**– €**	**0%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the OpEx**	**39 981 807 €**	**100%**	**39 981 807 €**	**100%**	**– €**	**0%**

TEMPLATE 5 – TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES – TURNOVER

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	– €	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the Turnover**	**2 094 478 457 €**	**100%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Turnover'**	**2 094 478 457 €**	**100%**

TEMPLATE 5 – TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES – CAPEX

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	– €	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	– €	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	– €	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	– €	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	– €	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	– €	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the CapEx**	**177 732 543 €**	**100%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the CapEx**	**177 732 543 €**	**100%**

TEMPLATE 5 – TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES – OPEX

Row	Atividades económicas	Montante	Percentagem
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	– €	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	– €	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	– €	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	– €	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	– €	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	– €	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the OpEx**	**109 064 844 €**	**100%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the OpEx**	**109 064 844 €**	**100%**

NEXT STEPS IN APPLYING THE TAXONOMY

In order to further enhance and improve the application of the criteria established in the Taxonomy to its activities, the Semapa Group has been developing and implementing measures such as:

- Strengthening the physical climate risk analysis in accordance with the criteria set out in A of Annex I to the climate delegated act, in line with the activities being carried out at Navigator under the recommendations of the Task Force on Climate – Related Financial Disclosures (TCFD);

- Monitoring developments in the Taxonomy Regulation, in particular the implementation of the analysis of the Group's activities against the new criteria established in the Environmental Delegated Act relating to the environmental objectives of Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control and Protection and recovery of biodiversity and ecosystems.

In 2024, under Semapa's strategy and sustainability objectives, the Group will continue to develop actions to respond adequately to the requirements of the taxonomy regulation and the implementation of the alignment criteria of the Climate Delegated Act and the Environmental Delegated Act. The Group will also monitor updates to the regulation, possible extensions to other economic activities and the implementation of European Commission guidelines that could have a significant impact on Semapa's eligibility classification and alignment.

4.2.2 CLIMATE CHANGE AND ENERGY

GRI 3-3, 302-1, 302-3, 305-1, 305-2, 305-4

OUR IMPACTS

4 203 $ktCO_2e$	GHG EMISSIONS (SCOPE 1 + 2)
1 553 tCO_2e	PER M€ OF TURNOVER
56 828 TJ	OF ENERGY CONSUMED
22.9 TJ	PER M€ OF TURNOVER

Climate change is currently one of the most relevant issues for society, in which industries play a decisive role, considering that they are one of the main contributors to greenhouse gas (GHG) emissions, after the energy and logistics sectors.

As a Group with a strong industrial nature, Semapa is aware of the impacts associated with GHG emissions generated by its activities. As such, and as a result of a set of initiatives by Semapa's Sustainability Commission, a Working Group (WG) for Climate Action was created, whose fundamental objectives are:

- Creation of a uniform and structured database of environmental indicators of all the Group's companies;
- Standardisation of the communication of ESG indicators at the level of the entire Semapa Group—standard or mainstream indicators—not ignoring the importance that other specific indicators have for a particular company/activity, considering its corporate purpose and its impact;
- Definition and implementation of robust methods for data collection and monitoring that enable us to ascertain later what each company actually consumes/uses in terms of resources;
- Sharing of information and experiences between the various companies of the Group, such as good practices, difficulties experienced and strategies to overcome them, methodologies and conversion factors.

Following the creation of this WG, benchmarking was carried out in 2023, focused on the Group's main peer companies in terms of GHG emissions (scope 1 and 2) and alignment with NGOs and relevant initiatives (CDP Climate Change, Science Based Targets initiative and Task Force on Climate-related Financial Disclosures).

It should be noted that the WG has contributed internally to the promotion of a roadmap for carbon neutrality at the Semapa level – thus formalising the Group's path to reducing emissions, and consolidating approaches, ensuring the cohesion of action with regard to the fight against climate change, although each Subsidiary presents specificities of each Company and sector and acts accordingly.

The **Semapa Group's carbon neutrality roadmap**, based on the carbon footprint recorded in 2020 for the entire Group, has set the objective of achieving carbon neutrality by 2050, with a reduction of 54% in scope 1 and 2 CO_2 emissions by 2035, in all the geographies where it operates, excluding Mozambique, and 71% in Portugal.
The reduction will be achieved through the implementation of a set of operational measures and investment projects already identified, offset measures through the obtaining of emission rights (CO_2 certificates), or through the capture or use and storage of CO_2 (carbon capture and storage). In this context, it is important to highlight the positive contribution to decarbonisation obtained through the business activities of the Subsidiaries.

Mention should be made of the positive impact associated with **carbon capture and storage** in forests and forest products managed by Navigator, as well as the potential for carbon capture in production processes and in promoting the growth of a **forest-based, circular and low-carbon fossil bioeconomy**.

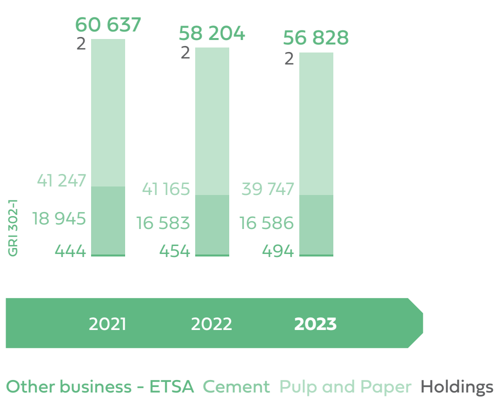
At Secil, there are also several opportunities to contribute to the future of the construction sector, combined with decarbonisation and the circular economy, through the launch of **new solutions and products**.

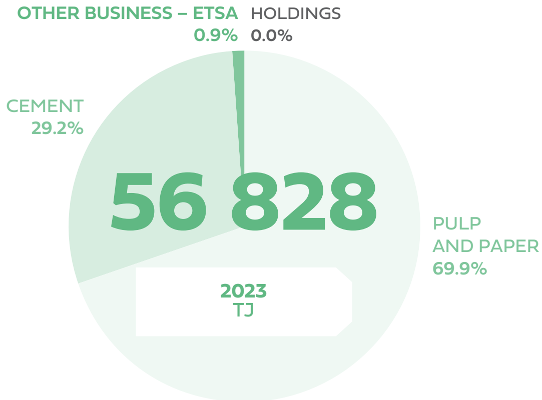
ETSA's business, in turn, being aligned with the principles of the circular economy, also contributes positively to avoid GHG emissions, as a result of its promotion of the **recycling of by-products from the food chain (rendering)**. Failure to use these by-products would result in their being deposited and decomposing in landfills, releasing methane gas, a GHG that is more polluting than CO_2. Furthermore, the products resulting from rendering are used, directly and indirectly, for the production of green energy (biodiesel), but also for the manufacture of feed for livestock and pets and for organic fertilisers. In this way, rendering can prevent about 90% of possible GHG emissions when compared to the natural composting of these by-products, having the potential to sequester about 5 times the amount of GHG produced[4].

In 2023, 56 828 TJ of energy were consumed across the Semapa Group, of which 57.6% came from renewable energy sources.

In terms of GHG emissions, 4 203 ktCO_2e of scope 1 and 2 GHGs were emitted, of which 19.7% correspond to the Pulp and Paper segment and 80.1% to the Cement segment. The remaining 0.3% comes from the Other Business segment – ETSA and Holding.

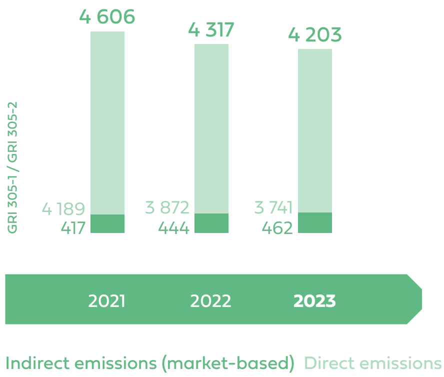
ENERGY CONSUMPTION (TJ)

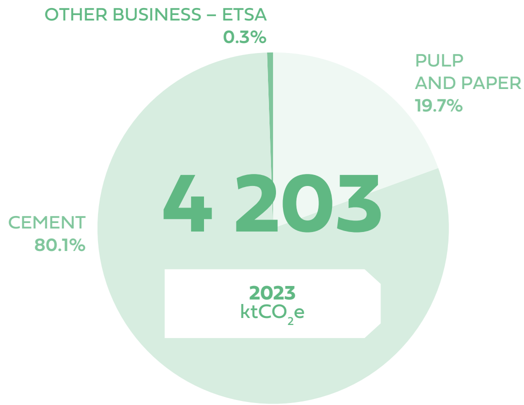




4 Source de information: North American Renderers Association (NARA) – "**Rendering: the greenest option**" e "**What if there was no rendering**".

DIRECT AND INDIRECT EMISSIONS ($ktCO_2e$)





PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Investing in low-carbon solutions towards carbon neutrality	
Reduce direct CO_2 emissions from industrial complexes by 86% by 2035 (base year: 2018) [5] Base year emissions: 774 464 tCO_2	41.0% reduction (456 689 vs. 774 464 tCO_2)
Reduce scope 1 and 2 GHG emissions by 63% by 2035 (base year: 2020) [6] Base year emissions: 937 710 tCO_2e	26.0% reduction (697 408 vs. 937 710 tCO_2)
Reduce Scope 3 GHG emissions by 37.5% by 2035 (base year: 2020) [7] Base year emissions: 958 266 tCO_2e	6.8% increase (1 023 331 vs. 958 266 tCO_2e)
Use 80% renewable energy in total primary energy consumption by 2030 (base year: 2018)	81%
Promote efficiency in the use of resources, minimising our ecological footprint	
Optimise energy intensity, year after year	12.9 GJ/t
Ensure the sustainability of land use and forest resources, including biodiversity	
Ensure that the stock of CO_2 sequestered in the forest area under Navigator's management does not decrease by more than 10% compared to 2022 (base year) by 2030	New goal set in 2023.

In 2019, Navigator adopted a voluntary **roadmap towards carbon neutrality**, which reflects its ambition to decarbonise industrial complexes in Portugal by 2035 (EU ETS emissions). The commitment to reduce CO_2 emissions was extended by joining the Science-Based Targets initiative (SBTi), and the approval, in 2022, of the targets submitted. Thus, the new reduction targets (see table above) now also cover scopes 2 and 3 of the Company's carbon emissions inventory in Portugal, in addition to the expansion of emissions from the remaining scope 1 emissions, having been defined based on 2020 (date of the 1st complete emissions inventory).

In addition to contributing to the mitigation of climate change, Navigator's decarbonisation plan has a positive impact due to the **use of residual forest biomass for energy production**—enhancing the value of this resource and promoting the protection of forests against fires—and the generation of electricity from renewable sources. Navigator is gradually replacing the consumption of **fossil fuels with less carbon-intensive energy sources** and **investing in photovoltaic solar energy**, enabling the production of electricity for self-consumption and the consequent reduction of energy costs.

5 Emissions reported under the EU ETS – European Emissions Trading Scheme.

6 The emissions value for the base year is in accordance with what was submitted and approved by the SBTi in 2022. To calculate the performance of the Scope 1+2 emissions reduction target, in alignment with the baseline defined in the SBTi, emissions associated with fluorinated gases, fleet, own, CH4 and N2O and fertilizers, which represent about 7% of the inventory, are excluded.

7 The calculation of the performance of the Scope 3 emissions reduction target, in line with the baseline defined in the SBTi, considers Category 1, excluding emissions associated with the acquisition of PCC, pulp, services, wood and residual forest biomass. Categories 3, 4, 9, emissions related to the processing of pulp into UWF and tissue (Category 10) and 50% of emissions associated with landfilling (category 12) are also considered.

It should also be noted that the **CO_2 fixed by trees** during the photosynthesis process is transformed into biogenic carbon, which is stored in wood fibres and, consequently, in forest-based products such as pulp and paper. It should be noted that the Company is working together with RAIZ on a methodology for calculating CO_2 fixation in forests (including soil).

In addition, it seeks to develop processes that allow c**arbon capture in the production process** and to invest in the search for **bioproducts and innovative solutions** (Ch. 4.4.3), developed in partnership with various entities, assuming, in line with current climate science, an active role in the development of a sustainable, low-carbon fossil, nature-friendly and climate-neutral circular bioeconomy.

In 2023, Navigator's six applications submitted to the **Recovery and Resilience Plan (RRP)** were approved and integrated in the component C11 – Decarbonisation of Industry – which aim to accelerate the reduction of CO_2 emissions in the coming years (see highlight).

The Company also has a **Corporate Programme for Energy Efficiency** based on several strategic axes and which, among other aspects, aims to operationalise the Energy Management System, certified by the ISO 50001:2018 Standard, based on a systematic approach to achieve continuous improvement in the energy performance of its industrial activities. In 2023, the scope of the Energy Management System was extended with the acquisition of Navigator Tissue Ejea, also ISO 50001 certified. In the last five years, Navigator has invested more than €8 million in projects to promote energy efficiency, which has resulted in energy savings of around 100 GWh/year.

Navigator's decarbonisation actions also include **promoting the use of renewable energy sources**. In 2023, Navigator continued its commitment to the implementation of several photovoltaic projects, on a self-consumption basis. In this regard, we should mention the installation of the photovoltaic plant of the newly established Navigator Tissue Ejea, and the start of the construction of four new photovoltaic plants at the industrial sites of Figueira da Foz (2), Aveiro and Vila Velha de Rodão, which will triple the installed capacity from the current 12 MWp to around 38 MWp. In the case of Figueira da Foz, it should be noted that this complex will receive one of the largest photovoltaic solar plants in the country on a self-consumption basis and that it will have solar panels with bifacial modules, enabling it to capture sunlight from both sides of the panel and, in this way, take advantage of the light that is reflected by the ground.

In recognition of its performance, in 2023, Navigator was recognised as a leading company in climate action, having been awarded an **"A-" rating in the CDP Climate Change**.

HIGHLIGHTS

DECARBONISATION: 360° VIEW OF THE BUSINESS

Navigator's decarbonisation roadmap is ambitious and requires action across a wide range of locations and processes. In 2023, the approval of all six applications in this component that the Company submitted to the RRP (Recovery and Resilience Plan) will accelerate the implementation of around 16 decarbonisation initiatives. Taken together, these initiatives will bring forward by around three years the intermediate direct CO_2 emission reduction targets set for 2029. But already in 2026, and as a result of these projects, the Company will reduce direct CO_2 emissions to less than half compared to 2018, the reference year.

The applications total an eligible amount of 173 million euros and reflect a 360° view of the business, as they relate to projects aimed at various Navigator plants, as well as at multiple moments in its production process, focusing on processes such as the generation of its own energy through photovoltaic plants, the use of biomass or hydrogen in combustion kilns, in the energy recovery of sludge or in the installation or improvement of the efficiency of cogeneration plants.

The investments will be materialised in the Industrial Complexes of Aveiro, Figueira da Foz, and Setúbal—the applications for which were approved in the 1st phase in July, with a value of 158.3 million euros—and at Vila Velha de Ródão, for which the application was approved in November in the amount of 14.7 million euros. Among these, we highlight the implementation of a new high-efficiency recovery boiler in Setúbal, the construction of which began in 2023; the installation of a new biomass lime kiln in Figueira da Foz; and the implementation of a new high-efficiency renewable cogeneration plant in Aveiro. In 2023, the project for the new bleaching tower and paste washing presses in Aveiro was also completed.

The amount eligible for the RRP is part of the total investment of €340 million that Navigator plans to allocate to decarbonisation measures between 2019 and 2028. Of this total amount, about 89% has already been implemented or is in the process of being implemented.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
Assessment and identification of risks and opportunities associated with climate change according to the methodology of the Task Force on Climate-related Financial Disclosures (TCFD)	To be implemented in 2024

2030 GOALS

Commitments/Objectives and Goals	2023 Results
25% reduction in CO_2 emissions, 534 Kg CO_2/t cement (scope 1 and 2)[8]	721 kg CO_2/t cement (scope 1 and 2)[8]
65% incorporation of clinker in cement for Portugal	80% incorporation of clinker in cement for Portugal
73% incorporation of clinker in cement for other geographies[9]	79% incorporation of clinker in cement for other geographies[10]

Secil has made global commitments to the **2050 Carbon Neutrality Roadmap** defined by the **GCCA** – a roadmap in which the world's leading cement and concrete producers (representing 80% of total production outside China) have undertaken: a commitment to carbon neutrality of concrete by 2050; and an intermediate target to prevent the emission of five billion tonnes of CO_2 emissions by 2030.

In addition, Secil has aligned its strategy with the roadmap of the European Cement Association—**CEMBUREAU 2050 Carbon Neutrality Roadmap**—for the European cement sector and, at the domestic level, with the **roadmap** of the Technical Association of the Cement Industry (**ATIC**) for **carbon neutrality in 2050.**

Internally, Secil has developed its **roadmap for Carbon Neutrality "Secil Path to Decarbonisation"**, which covers the various locations where it operates, as part of its **Ambition 2025** strategy. In addition, this roadmap defines CO_2 reduction targets for 2030 and the commitment to carbon neutrality in 2050, based on:

- Introduction de alternative fuels and composite cements;
- Increased energy efficiency and reduced CO_2 emissions through the Clean Cement Line (CCL) project;
- Use of Carbon Capture, Utilisation and Storage (CCUS) technologies.

To define the reduction targets, the methodology used by CEMBUREAU was based on: "**5Cs**" – Clinker, Cement, Concrete, Re-Carbonation and Construction (although the potential CO_2 reductions of the Construction element were not considered in this calculation). To carry out these actions, a total amounting to 106.8 million euros is planned to be invested by 2030, to which is added 86 million euros for the **Clean Cement Line (CCL)** project, for a total value of around 192.8 million euros.

It should be noted that Secil has committed to the **Science-Based Targets initiative (SBTi)** to set science-based targets for 2030. With the completion of the inventory of scope 3 emissions at the end of 2023, Secil is preparing to submit the targets in 2024.

In addition to the 2030 targets, Secil is committed to carbon neutrality by 2050. At this stage, Secil is studying and analysing the technological solutions available and under development, in order to select the most suitable ones for its facilities. The possibility of using the captured CO_2 is still open, either for use in the forced carbonation of its own materials, or possibly for the production of efuels. Secil is also in the process of surveying the infrastructure needs required for both the use and the eventual geological storage of the CO_2 captured.

8 Relating to all cement factories except the Pataias white cement plant.
9 Does not include Angola.
10 It does not include Angola, nor Pomerode, in Brazil.

In line with its strategy, Secil is strongly committed to research, development and innovation (**RDI**), in search of **new products**, such as **Verdi Zero Concrete** (its first supply being delivered in 2023) and **alternative processes** that reduce the carbon emissions associated with its operations, such as the production of cement with less clinker (low-carbon clinker) and concrete with less cement. It should be noted that, since 2021, the company has been carrying out an important investment in the modernisation of the Secil-Outão unit – the CCL project – and that, additionally, a set of other ambitious projects are being studied to meet the defined goals.

In 2023, Secil continued the decarbonisation plan of the Outão unit in Portugal—having installed all the equipment planned for the CCL project regarding the upgrade of kiln 9—and studies were carried out on the use of alternative fuels in several units, in Portugal (Maceira-Liz), Brazil, Lebanon and Tunisia. It is also worth mentioning the study for the technical solution for drying landfill ash to facilitate its use and guarantee cement production levels, as well as the technical and economic study for the production of calcined clays at the Pataias unit for consumption at the Maceira and Outão units, in Portugal.

In Brazil, Supremo Secil received the **Silver Seal in the GHG Protocol Brazil**, a recognition obtained as a result of the publication of Secil's complete inventory of Greenhouse Gases in the "Public Emissions Register".

In terms of energy, Secil has been developing and implementing a set of measures and initiatives that include, for example, increasing the **incorporation of energy from renewable sources and alternative fuels**, or **promoting energy and resource efficiency**.

In 2023 and in addition to the CCL project, it is worth highlighting the investment in solar photovoltaic in Portugal, through the project to **install photovoltaic panels** in six units, with a total power of 1 MWp.
The installation of **modern and efficient technologies** in several of its locations (e.g., Brazil, Lebanon and Tunisia) has also marked Secil's performance in promoting energy efficiency in its units, noting especially, in 2023, the project to convert the pneumatic conveying system to a mechanical system in Tunisia.

HIGHLIGHT

CLEAN CEMENT LINE PROJECT

Secil is preparing for the future. In this context, one of the most important projects in the final phase is the Clean Cement Line (CCL). 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 in the world. With a total investment of 86 million euros, the plant will achieve a lower carbon footprint and will be considered a benchmark.

The implementation of this project aims to develop and demonstrate 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 by an innovative hybrid generation system, through heat recovery from the manufacturing process and concentrated solar thermal energy.

In 2023, Secil continued the decarbonisation plan of the Outão unit in Portugal, having installed all the equipment planned for the CCL project regarding the upgrade of kiln 9, specifically, a new cooler, a pre-calcination, an alteration to the cyclone tower and a heat recovery unit.

OTHER BUSINESS SEGMENT – ETSA

In ETSA's activity, it should be noted that some of its final products are used for the **production of green fuels**, such as biodiesel, for example. On the other hand, this industry is energy-intensive due to the nature of its processes, as it uses different forms of energy, such as thermal energy and electricity, which generates GHG emissions in addition to economic impacts.

The **roadmap to carbon neutrality da ETSA** is based on three vectors:

- The **energy efficiency** of processes through the optimisation of electricity and fuel consumption;

- The **replacement of the energy mix,** which will contribute to the reduction of direct emissions from industrial processes by using greener fuels and solar energy (electrical and thermal);

- The **transition from the use of fossil fuels to low-carbon fuels** in the heavy and light fleet.

ETSA has been strongly committed to the decarbonisation of its industrial units by investing in the **reduction of fossil energy consumption**. The installation of a **biomass boiler** at the Loures plant (wood chip) and a **biomass energy recovery facility (IVEB)** at the Coruche manufacturing facilities have allowed ETSA to reduce fossil emissions by more than 80%. The biomass boilers installed in these units have made it possible to replace more than 9 000 tonnes of fossil fuels with renewable fuels, avoiding the emission of around 28 000 tonnes of CO_2e.

Energy management and energy efficiency are also a focus of the Company. In this regard, ETSA has implemented a set of projects to make its facilities more efficient, such as optimising the management of the operation of biomass boilers, replacing lighting with LEDs, acquiring more efficient equipment, doing preventive maintenance and raising awareness among employees about efficient energy use practices.

It is also worth mentioning the implementation of a **performance control system** with KPI, which enables us to evaluate various parameters of the production process, including energy consumption. In this way, it is possible to identify opportunities to improve energy efficiency, reduce costs and meet sustainability goals.

In addition, and due to the fact that it is **an intensive consumer of energy**, ETSA is covered by the ISO 50001 standard, which entails carrying out energy audits, as well as complying with energy rationalisation plans.

In 2023, several improvement interventions were carried out at the IVEB installed in Coruche, continuing work on the project to recover steam condensate under pressure in the same location, and process optimisations were also carried out in the various factories, through the implementation of a new automation system, which added improvements to the manufacturing process. The replacement of some equipment with more efficient models, including a new decanter and a press at the plant in Coruche, also resulted in substantial process improvements.

ETSA also started a study in 2023 to evaluate the **installation of photovoltaic plants** for the self-consumption of electricity in all its industrial units.

In the **new manufacturing unit that is under construction in Coruche, the best available techniques will be implemented** to ensure the efficient use of energy, of which the following stand out:

- Installation of a biomass boiler equipped with energy recovery systems;

- Installation of a lighting control system with technology that dynamically and adaptively controls light intensity;

- Placement of translucent tiles that take advantage of natural light;

- Installation of an automation system for production equipment that optimises their operation.

In the area of **logistics**, which represents an important part of the company's total energy consumption, initiatives were also carried out to **reduce fuel consumption**, namely continuous training in "eco-driving", as well as the acquisition of the first vehicle powered by compressed natural gas.

HIGHLIGHTS

OPTIMISATION OF THE MANAGEMENT OF THE BIOMASS ENERGY RECOVERY PLANT

In January 2023, the biomass energy recovery facility (IVEB) underwent a scheduled shutdown for the implementation of mechanical improvements to increase its reliability throughout the year. Within the scope of this intervention, synergies within the Semapa Group were advantageously employed, with the collaboration of Secil colleagues who are highly experienced in the maintenance and operation of cement kilns, similar to the IVEB rotary kiln, and they made suggestions for some solutions to improve the ETSA installation.

The improvements introduced were related to the refractory, kiln transmission system, bag filter and the extraction fan. These improvements were made with a view to making the installation more environmentally and economically profitable. From an environmental point of view, the goal is to maximise the consumption of biomass in the place of fossil fuels, minimising emissions into the atmosphere. Compared to 2022, the reduction totalled around 1 600 tCO_2e. From an economic point of view, the biomass used as fuel is produced by the plant itself, avoiding the cost of purchasing fossil fuels for the production of thermal energy.

HEAVY VEHICLE POWERED BY COMPRESSED NATURAL GAS

ETSA LOG, the Group's company that ensures the logistics of the collection of raw materials, seeks to respond to the growing demands of the service, adapting its vehicles to operational needs and environmental requirements.

In 2023, ETSA LOG acquired a heavy vehicle powered by Compressed Natural Gas (CNG) to reinforce distribution operations. These vehicles are prepared to run on biogas from landfills or livestock farms, as well as on natural gas.

The acquisition of this first CNG-powered vehicle signals ETSA's intention to begin the sequential transition of its current fleet to a more sustainable one.

Currently, this vehicle uses natural gas as fuel, which guarantees a reduction of 20% to 25% in CO_2 emissions, free of sulphur dioxide, largely eliminating the emission of polluting particles, which is an important alternative to diesel.

4.2.3 WATER MANAGEMENT

GRI 3-3, 303-1/2/3/4/5

OUR IMPACTS

64 139 ML	WATER ABSTRACTED
48 888 ML	WATER RETURNED TO THE SURROUNDINGS
15 250 ML	WATER CONSUMED

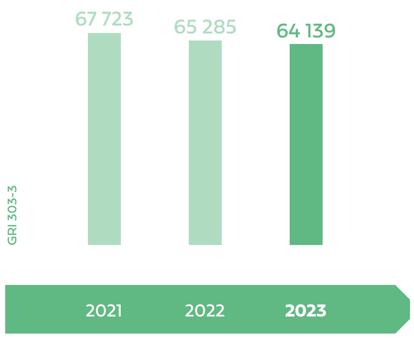
Water is an important resource for various stages of the industrial processes of the Semapa Group's Subsidiaries. Given the volumes of water used and the prospects of its tendency to become scarce in the natural environment, both in quantity and quality, the Group is committed to making rational use of this resource and ensuring that its activities in themselves do not constitute an additional risk factor for the environment and surrounding communities. Considering the significant impact on this resource, the water abstraction and discharge of industrial effluents from the Subsidiaries are covered by licences in this area. The Subsidiaries, therefore, adopt measures to reduce the use of water and increase the quality of the treated effluents, contributing to an optimisation of the circularity of this natural resource.

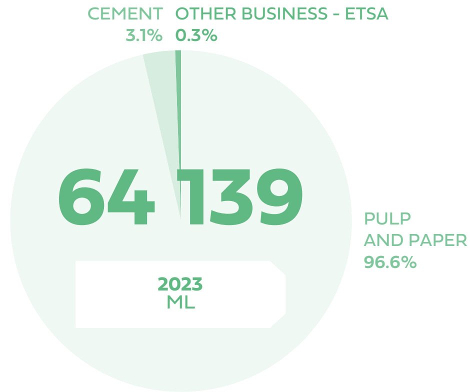
As a reflection of this important issue, Semapa is monitoring it through the Water Working Group (WG). In 2023, the main goals of this WG were:

- Describe the current situation of the Semapa Group Subsidiaries with regard to water consumption and use;
- Define and propose KPIs that measure the consumption and use of the resource;
- Establish the model for collecting, processing and reporting information;
- Set a benchmark with peers.

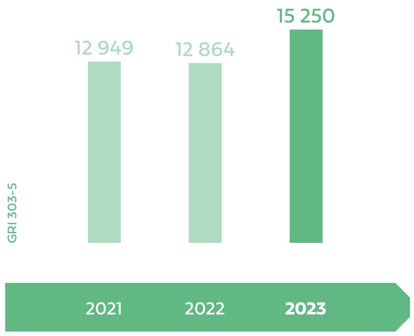
In 2023, 15 250 megalitres (ML) of water were consumed in all the Group's companies, 87.7% of which corresponded to consumption in the Pulp and Paper segment, 11.9% in the Cement segment and the remaining 0.4% in the Other Business segment – ETSA and the Holding Company. Of the total water abstracted, 0.1% was water generated in the processing of raw materials, 0.9% was acquired from third parties, 43.9% came from underground water and 55.1% corresponded to surface water.

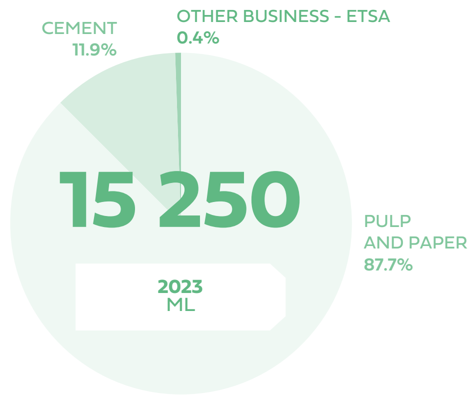
WATER WITHDRAWAL (ML)





CONSUMO DE ÁGUA (ML)





PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Promote efficiency in the use of resources, minimising our ecological footprint	
Decrease specific water use (m^3/t of product) by at least 33% by 2030 (base year: 2019). Base year specific use: 22.4 m^3/t.	Reduction of 5.1%. (21.2 m^3/t vs. 22.4 m^3/t.
Propose solutions to improve the efficiency of water use in processes	In the industrial sphere, the development and implementation of the actions defined under the PRUA (Water Use Reduction Programme) continues. Of particular note are the new bleaching tower and pulp washing presses at the Aveiro Pulp Factory, the new wood preparation and water recovery line at Figueira da Foz and the new effluent ultrafiltration system at WWTP No. 2 of the Setúbal Complex.
Reduce the organic load in Navigator's industrial effluents by 10% by 2030 compared to 2022 (measured in kgCOD/t product)	New goal set in 2023.
Study the potential for reducing water consumption in the Nurseries	New goal set in 2023.
Monitor the impact of the production forest on water management	New goal set in 2023.

Water is a resource used by Navigator from forestry production to industrial production, where it is essential at different stages. Most of the volume of water collected is used in industrial processes—in the production of steam, transport of materials, and cooling systems, among others—and comes mainly from its own abstractions from surface or ground water, although occasionally being acquired through the municipal public network.

The commitment to the responsible management of this resource is aimed at both the quantity abstracted and the quality of the water discharged. This commitment is expressed in **Navigator's 2030 Roadmap** (see table), which has set objectives for operations in Portugal. In 2023, Navigator also formalised its objectives for the forestry operations.

In forestry operations, the basic principle of the strategy to approach the **management of water resources** is to **privilege protection over refurbishing** and its main objectives are to prevent negative impacts on water resources and enhance positive ones, to conserve biodiversity and contribute to the integrity of riparian ecosystems and the fulfilment of the services they provide. The principal measures carried out in 2023 to reduce water catchment in forestry operations in Portugal include:

- The reinforcement of RDI activities related to silvicultural practices aimed at conserving water in the soil, as well as to the study and monitoring of river basins;

- The search for solutions—genetic materials and practices—that enhance greater resilience to water scarcity;

- Changing the irrigation methods in Viveiros Aliança, through the implementation of drip irrigation.

Committed to making optimal use of water in its industrial processes, Navigator has developed the **Water Use Reduction Programme (PRUA)**, which comprises a set of management measures and new technological and state-of-the-art investments that allow for greater process optimisation, i.e. greater recovery of process water, aiming to minimise the volume of catchment and the discharge of effluents.

Regarding the discharge of industrial effluents, they are subject to treatment—primary, secondary and sludge treatment—in the Industrial Wastewater Treatment Plants (WWTP), in order to minimise potential impacts of their discharge on the receiving environment. It should be noted that there is an extensive **laboratory monitoring programme for effluent sampling**, at the inlet and outlet of the WWTP, and the company is covered by licences that require the continuous monitoring and communication of the information collected to the Portuguese Environmental Agency (APA), by means of a data logger connection. In addition, environmental monitoring studies are also carried out to assess the potential impact of effluent discharge on the ecological status of the receiving environments.

Within the scope of the projects carried out for the **optimisation of processes and industrial facilities**, in 2023 the implementation of PRUA continued, which includes 34 detailed projects, the new effluent ultrafiltration system at the Wastewater Treatment Plant No. 2 of the Setúbal Complex being especially important (see highlight).

It is also worth mentioning the bleaching area of the Aveiro Pulp Factory, which, in 2023, was the object of important technological improvements—including the replacement of four old pulp washers with a single high-efficiency washer—and which resulted in significant environmental benefits, one of them being the reduction in water use.

HIGHLIGHT

INDUSTRIAL EFFLUENT TRANSFORMED INTO FRESH WATER

In 2023, one of the two wastewater treatment plants of the Setúbal Industrial Complex was modernised, aimed at significantly reducing the organic load present in the effluent. The technology installed in this WWTP is an MBR (Membrane Bioreactor) ultrafiltration system, which represents a world first in a paper production unit with the characteristics of Navigator Paper Setúbal 1.

The project is the result of an investment of €7.7 million and is part of Navigator's commitment to environmental protection. Besides ensuring strict compliance with the legal requirements imposed, in particular, the stricter Emission Limit Values (ELVs) established in 2023 by the Portuguese Environmental Agency (APA), the MBR system is a very important step towards the Company's objectives regarding the reduction of water use and the promotion of circularity in the use of resources. Since this technology makes it possible to obtain an effluent of very good quality, practically free of solids and with a very low organic load, the prospects are good that it can be used at certain points in the production process as an alternative to the water currently collected.

Ultrafiltration opens up yet another extremely significant possibility: the implementation of a reverse osmosis system that will make it possible to close the cycle almost completely, by offering water produced in the WWTP with a quality identical to, and sometimes even higher than, that collected in natural environments.
The modernisation of WWTP 2 in Setúbal represents, therefore, an important advance in terms of water management.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
Application of the GCCA Water Positivity Index Tool to Cement Manufacturing Units	To be implemented in 2024
Assessment of risks to water from cement plants	To be implemented in 2024

Water is an essential resource in Secil's activities, in the production of cement, concrete and aggregates, being used in the cleaning of factories, equipment and circulation routes; in the reduction of the diffuse emission of particles; and in the irrigation of green spaces and recovered quarry areas. Most of the volume of water abstracted comes from ground water through boreholes, the rest coming essentially from sources of surface water or obtained through the municipal public network.

Water management at Secil involves the identification of the respective water flows (catchment, use and discharge points), with the aim of managing the quantity of water consumed and the quality of the water discharged, ensuring the appropriate treatment of effluents and complying with the legal requirements of each unit's licences.

In its "2025 Ambition for Sustainable Growth", Secil is **committed to resource efficiency**, namely in the use of water and in the future definition of targets to reduce its consumption, especially in areas of water stress. A water risk assessment will also be carried out in Secil's operational units, specifically in the cement business.

The cement manufacturing units have a roadmap defined until 2025, which is being implemented to ensure better water management. This itinerary includes:

- Awareness sessions with employees for a better use of water;
- Studies for the reuse of water in some units;
- Installation of water-saving taps;
- Optimisation of the water network, to minimise leaks;
- Installation of meters for a better control of water catchment and discharge.

OTHER BUSINESS SEGMENT – ETSA

For ETSA, the **rationalisation of water use** is extremely important for several reasons, which includes economic, environmental and social aspects, seeing that the optimisation of this resource not only benefits the environment, but also promotes operational efficiency, reduces costs, and improves the corporate image. This is an essential approach for the Group's sustainable development and corporate responsibility and, as such, the following have been identified as **key lines of action to optimise water use**:

- Implementation of a pressurised automatic condensate recovery system;
- Implementation of an online monitoring system for water consumption;
- Total revamping of Wastewater Treatment Plants (WWTP).

Most of the water consumed by ETSA is used in its manufacturing processes for the production of steam and for the washing and disinfection of raw material collection facilities, equipment and vehicles. The water comes from the public supply network and boreholes for the catchment of ground water, its consumption being monitored in all units, through an analysis of the associated KPIs, which allows the detection and correction of any anomalies in a timely manner, thereby avoiding unnecessary water waste. It should also be noted that the ETSA water balance also includes the water produced, which is contained in the by-products of the food chain.

Steam consumption plants are equipped with **automatic condensate recovery systems** (SARC), preventing the loss of flash steam[11] by condensate recovery under high pressure. At the Loures unit, this system is operating at 100%, while at the Coruche unit, it is still in the implementation phase.

In order to improve the **monitoring of water consumption** and using Industry 4.0 technology, ETSA is implementing a project for the remote management of water consumption at the Coruche unit, which was begun in 2023 and is scheduled for completion in early 2024. The aim of this project is to implement an online system that allows real-time measurement, indicating where water use is occurring and its quantity, thus revealing which consumers are using the most water, in order to implement measures to optimise the use of this resource and minimise losses and the associated cost.

The **wastewater** resulting from the processes of the manufacturing and logistics units is sent to the wastewater treatment plants (WWTP) of the corresponding places of operation. It should be noted that ETSA is finalising a cycle of strong investment in its WWTPs, in order to ensure compliance with changes in environmental standards.

In 2023, the second phase of the revamping of the WWTP at the Loures unit was completed. After the implementation of this project, the next step will be the implementation of a system that will allow **this effluent to be reused** in the unit. Although this project is still in the ideation phase, ETSA's goal is to extend its implementation to other units.

HIGHLIGHT

COMPLETION OF THE REVAMPING OF THE LOURES WWTP

After an investment of 150 thousand euros in 2022—corresponding to the 1st phase of the remodelling of the WWTP of the Loures complex and which included the implementation of a physical-chemical treatment and sludge dewatering treatment—the 2nd phase of the project was executed in 2023. This phase corresponds to an investment of approximately 100 thousand euros, substantially increasing the biological treatment capacity, combined with a lower energy consumption.

This project improved the quality of the final effluent that is sent to the municipal collector, and it is now easier to implement a tertiary treatment, which will allow the water to be reused in the factory for washing floors and/or irrigating green spaces, for example (time horizon 2024-2030).

In the specific case of the Loures unit, the goal is to reduce groundwater catchment, which is why it is important to invest in reusable water, in order to meet manufacturing needs.

11 Steam formed from hot condensate when its pressure is reduced.

4.2.4. CIRCULAR ECONOMY

GRI 3-3, 301-1, 306-1/2/3/4/5

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

OUR IMPACTS

22 409 kt	RAW MATERIALS CONSUMED
19.9%	OF RENEWABLE RAW MATERIALS
506 kt	OF WASTE GENERATED
99.6% NON-HAZARDOUS WASTE	0.4% HAZARDOUS WASTE
68.7% WASTE RECOVERED	31.3% WASTE SENT FOR DISPOSAL

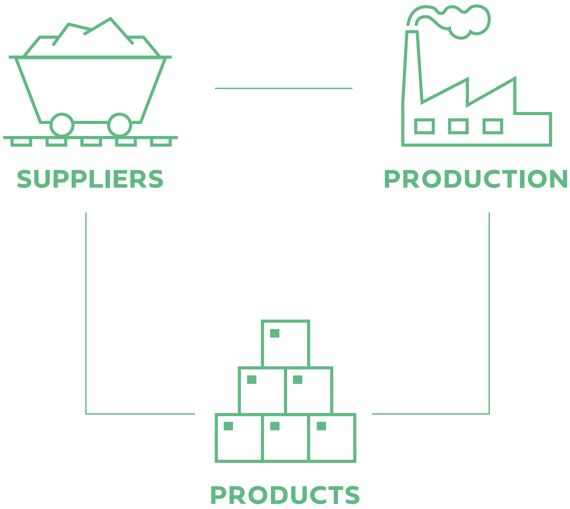
The relevance of the **circular economy** theme in Semapa Group's agenda is evident in the diversity of projects that the Subsidiaries have implemented, as well as in the investment made in research, development and innovation (Ch. 4.4.3). As the Group is mainly industrial, the Subsidiaries seek to promote circularity in order to achieve gains in terms of efficiency in the consumption of resources and in the fostering of new products and services, with consequent economic gains.

Semapa's Working Group (WG) on Circular Economy has **fostered the sharing of best practices** among the companies, with emphasis on the definition and standardisation of guidelines and KPIs for reporting information, ensuring the consolidation of information throughout the Group. The work carried out by the WG also contributes to **consolidating synergies** between the different Subsidiaries – e.g. incorporating the waste generated by one company into the raw material used in the processes of another company, as is the case with the use of Navigator ashes that are incorporated into Secil's clinker and mortars. It should be noted that at the Semapa Group level there are several practices implemented within the scope of the circular economy.

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

As for Navigator, it should be noted that planted forests play a crucial role in the transition from a linear economy dependent on fossil fuels to a low-carbon circular bioeconomy. This transition is supported by renewable, recyclable and biodegradable forest products, promoting benefits for Nature and contributing to carbon neutrality. The Company also has a production model that makes a high use of its by-products, from the recirculation of chemicals used in the production of pulp and paper, to the use of biomass resulting from the preparation of wood for its own energy production.

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

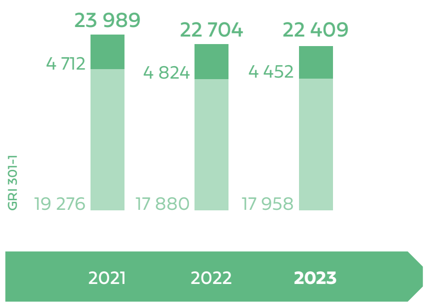
HIGHLY RECYCLABLE PRODUCTS
Some of our products are recyclable at the end of their life cycle – e.g. paper, cement and concrete

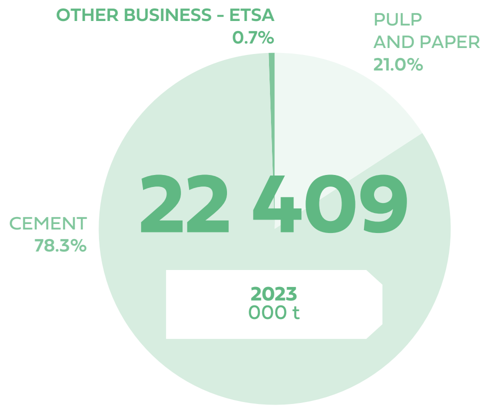
THE USE OF ALTERNATIVE FUELS
We produce energy through alternative fuels in the place of fossil fuels, which may be renewable, such as biomass, or through refuse derived fuels (RDF)

In 2023, 22 409 thousand tonnes of materials were consumed in all the Group's companies, of which 78.3% corresponded to consumption in the Cement segment, 21.0% in the Pulp and Paper segment, and the remaining 0.7% in the Other Business segment – ETSA. Of the total materials consumed, 19.9% are renewable materials.

In terms of waste, a total of 506 thousand tonnes were generated, of which 99.6% is non-hazardous waste and 0.4% is hazardous waste. Of the total waste produced, 68.7% is recovered, while the remaining 31.3% is sent for final disposal.

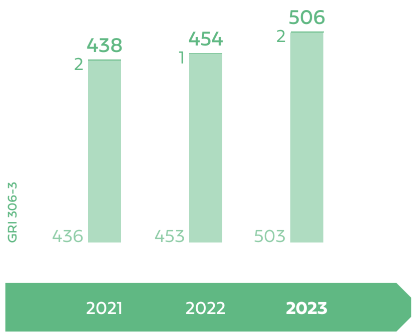
TOTAL INPUT MATERIALS USED (000 T)

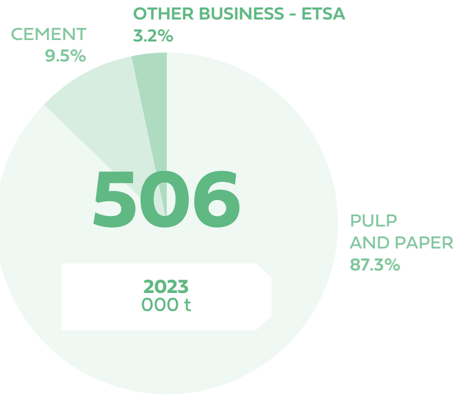




Non-renewable materials used **Renewable materials used**

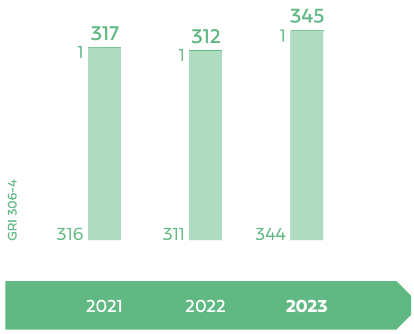
WASTE GENERATED (000 t)

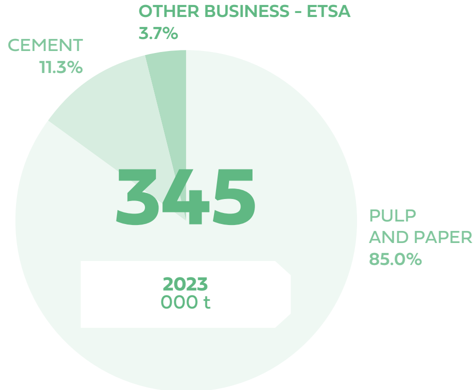




Renewable materials used **Hazardous waste**

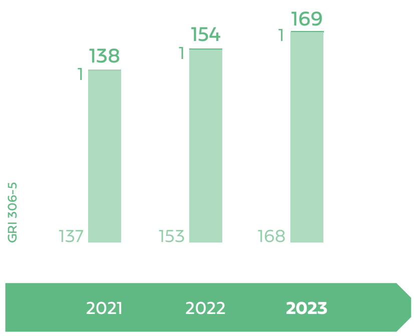
WASTE DIVERTED FROM DISPOSAL (000 t)

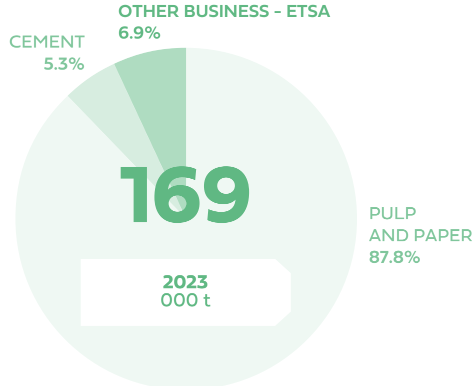




Renewable materials used **Hazardous waste**

WASTE DIRECTED TO DISPOSAL (000 t)





Renewable materials used **Hazardous waste**

At the corporate level, the Semapa Group's next steps in this area include the consolidation and structuring of initiatives that can be translated into the implementation of projects that allow the exploitation of the synergies between the Subsidiaries. The WG is looking at developing a structured action plan, through a critical analysis of the actions taken and the identification of new opportunities.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Promote efficiency in the use of resources, minimising our ecological footprint	
Propose solutions to improve the efficiency in the use of wood in the industrial process	Start-up of the new wood preparation line in the wood yard of the Figueira da Foz Industrial Complex.
Promote the circular bioeconomy by prioritising RDI solutions	
Develop sustainable, value-added applications for the by-products of the industrial process (sludge, ash and other inorganic waste)	The partnership with Specialty Minerals Inc. in Figueira da Foz continued, which allowed the recovery of approximately 4 800 tonnes of carbonate sludge, an increase of about 3 800 tonnes compared to 2022. Within the scope of partnerships with the construction sector, through the incorporation of the biomass fluidized bed boiler sands (by-product) in the production of concrete blocks, in 2023, it was possible to dispose of about 35.6 thousand tonnes of sand (+25.5% compared to 2022).
Achieve an industrial landfill rate of less than 10% by 2030.	12%

Navigator's 2030 Roadmap reflects the importance of using resources and promoting the circular economy, through a set of commitments and objectives (see table).

Through responsible forest management and initiatives to support the forest certification of forest producers, Navigator promotes the **optimisation of the use of wood**, investing in projects aimed at minimising losses and consequently increasing the yield of this resource, with emphasis on the installation of more efficient equipment, both in the preparation of wood and in the fibre lines and paper machines. Aiming at **greater efficiency in the use of wood raw material**, in 2023, the new wood preparation line of the Figueira da Foz Industrial Complex went into operation. The new line significantly reduces the main raw material in pulp production and the associated transport, whilst making significant improvements in water use, noise reduction, working conditions and safety.

In terms of **raw material consumption**, the development of forest-based packaging products to replace fossil-based packaging is also noteworthy— the gKRAFT Packaging project, which translates into positive impacts on Navigator's production processes, particularly in terms of the consumption of non-renewable materials.

Taking advantage of the potential of circularity inherent in the process, Navigator continuously invests in **closing loops and optimising the use of resources**, prioritising the reduction of wastes produced and incentivising their recycling and recovery. In this regard, it has adopted technological solutions that enable waste to be reincorporated into production processes, or be recovered internally, specifically in energy production.

The promotion of the circular economy has been leveraged through the **Corporate Upcycling Project**, investments in Research, Development and Innovation (RDI) projects, and the establishment of partnerships and synergies with other organisations and sectors, which has allowed Navigator to implement technological solutions such as:

- Use of chimney gases to capture CO_2, which is used in the production of precipitated calcium carbonate;

- Reinforcement of the onsite circularity of carbonate sludge produced in the Figueira da Foz Industrial Complex, which are used in the production of calcium carbonate;

- Optimisation of chemical recovery cycles in pulp production units;

- Minimisation of the production of biological sludge, by its incorporation in the black liquor evaporation, using the energy of its organic content in the Recovery Boiler of the Industrial Complex of Figueira da Foz;

- Use of sand from the Biomass Boilers (by-product) as a substitute for sands of natural origin used in building materials (e.g. mortars, tout-venant, precast concrete).

It should be noted that the **recovery and reuse of water** is also part of the circularity of Navigator's production process, most of which is returned to the environment in the form of treated effluent.

In 2023, Navigator's work focused on the continuity of the projects and partnerships already started, as well as on the development of new initiatives to be implemented in the coming years. The projects approved in 2023 by the **Recovery and Resilience Plan (RRP)**, within the scope of decarbonisation, besides contributing to the reduction of fossil CO_2 emissions in production processes, demonstrate a clear commitment to circularity and recovery of by-products and waste. The future Setúbal Recovery Boiler approved by the RRP (Ch. 4.2.2, 4.4.2) will make a significant set of environmental improvements in the pulp production process, including, from a circular economy perspective:

- Greater efficiency in the chemical recovery of sodium;
- The energy recovery of smelly gases;
- The incorporation of biological sludge into black liquor for energy recovery.

The partnership with Specialty Minerals Inc. in Figueira da Foz continued in 2023, which allowed the recovery of **carbonate sludge**. Carbonate sludge can be used for the **production of precipitated calcium carbonate (PCC),** a mineral additive incorporated in the production of printing and writing paper (UWF).

Within the scope of partnerships with the construction sector, it is worth mentioning the **incorporation of the biomass fluidized bed boiler sands (by-product) in the production of concrete blocks.**

The year 2023 was also marked by the development of an initiative to **recover waste from the pulp and paper industry for the production of fertilisers**, in partnership with RAIZ, within the scope of the TransForm mobilising agenda consortium.

HIGHLIGHT

WASTE REDUCTION AND TREATMENT CREATE VALUE FOR NAVIGATOR AND THE FOREST

In the transition from a linear economy dependent on fossil fuels to a sustainable circular bioeconomy, planted forests, their products, as well as the processes play a fundamental role, and the Company invests continuously to optimise the use of resources, reduce waste production and promote its recycling and recovery.

The process of reducing waste and its treatment for the production of fertilisers and soil improvers are responses that represent both a need and an opportunity. Reducing waste at source responds to an environmental need by controlling its impacts. Waste treatment is the way to reincorporate them into production, particularly in the form of fertilisers, through processes that bring value to Navigator and to the forest.

From this perspective of circularity of its products and by-products, the future recovery boiler at the Setúbal plant will have positive environmental impacts, with greater efficiency in the chemical recovery of sodium, the energy recovery of smelly gases and the use of biological sludge for energy recovery.

A new lime kiln to be installed at the Figueira da Foz pulp mill will substantially reduce the generation of sludge and carbonate waste at source. At the same time, the use of biomass as fuel, instead of fuel and natural gas, will also contribute to the reduction of fossil CO_2 emissions.

The WWTP of the Setúbal and Aveiro factories are also examples of waste disposal and reuse. In Setúbal, the ultrafiltration technology prepared the WWTP for a complementary stage of treatment through reverse osmosis, which, in the future, will enable production of an effluent with the same quality as the water collected. In Aveiro, the sludge from the WWTP generated in the treatment of effluents is now used as a source of energy for the biomass boiler, reducing negative impacts associated with its transport and treatment.

CEMENT SEGMENT

2030 GOALS

Commitments/Objectives and Goals	2023 Results
53% use of alternative fuels	19% use of alternative fuels

As part of the cement industry, Secil has a high consumption of non-renewable raw materials, specifically limestone and marl. Aware of its impacts and also of the potential that its sector of activity presents, Secil has been corporately adopting **strategies of circularity, reuse and recycling of materials**. This allows Secil to increase gains in terms of **efficiency in the consumption of resources** and, consequently, economic gains.

Secil aims to contribute to the circular economy by **increasing the incorporation of secondary raw materials** and by **using alternative fuels in its manufacturing process.**

With regard to raw materials, Secil has been implementing measures that allow it to incorporate waste or by-products from other industries in the various stages of the cement manufacturing process, whenever possible, replacing natural raw materials with secondary ones, rich in the oxides necessary for its production process. Among these measures, the following stand out:

- The regular use of various by-products such as forms of gypsum, blast kiln slag, artificial plaster or pickling shot from the shipbuilding industry (replacing iron oxide);

- The incorporation of sand produced in the fluidized beds of Navigator's biomass boilers, used as secondary raw material in the production of concrete and some light mortars;

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

- The incorporation of blast kiln slag from the metallurgical industry in Brazil as a secondary raw material for cement production;

- The reuse of earth resulting from large excavations for building foundations.

It should be noted that cement and concrete have a **long life cycle** and both, unlike the large set of construction materials, have the unique characteristic of being **fully recyclable** at the end of their life cycle. By processing construction waste, after a separation and crushing treatment, it can be **reintroduced into the cement and concrete production chain.** The incorporation of recycled raw materials from demolition waste from buildings and infrastructure has significant potential. There are challenges, however, that limit its effective adoption.
To advance with the incorporation of these materials, it is crucial to invest in clear regulations, effective control systems, and sustainable business models. This will allow the cement and concrete industry to make the most of these recycled resources, contributing to a more circular and environmentally-friendly economy.

In 2023 in Portugal, there is a project under development that aims to incorporate recycled aggregates into natural aggregates (Ch. 4.4.3). Also noteworthy, in Brazil, ash is being incorporated as a secondary raw material.

HIGHLIGHT

INCORPORATION OF ASH AS A SECONDARY RAW MATERIAL (BRAZIL)

The Pomerode cement plant, located in Brazil, produces type CPIV32RS cement with a high incorporation of secondary raw materials.

The main impact of the use of ashes from other industries with pozzolanic properties was the reduction of clinker consumption by 32% and a reduction of 12.6% in specific electrical consumption, compared to CPIIZ40RS cement.

Currently, ash represents 64.4% of the alternative raw materials used in the Pomerode plant.

In waste management, whenever possible, **waste recovery** solutions are preferred, seeking to respect the waste hierarchy principle. It should be noted that in the main cement manufacturing process, the material inputs are integrated into the molecular structure of the clinker during the firing phase, thus avoiding the formation of residues or ashes.

Through participation in the collaborative laboratory **c[5]Lab** – Clinker x Cement x Concrete x Construction x Climate Lab, the conditions were also created to recover and **use the ashes from thermal power plants** that are deposited in landfills and thus reduce the use of primary raw materials and the waste production of the Group.

With regard to the **incorporation of alternative fuels** to replace fossil fuels in the manufacturing processes, this has been one of Secil's priorities to reduce its environmental footprint. Examples of this are the use of tires and waste-derived fuel (RDF) in Portugal, or the waste derived from the production of olive pomace in Tunisia. In Brazil, the use of RDF as an alternative fuel has also been growing in recent years, and this trend is expected to continue in the future.

Also, in terms of **water use**, it is possible to promote its circularity, for example, through the water used in the cooling of equipment in the manufacturing process, and which is in a closed circuit, with losses caused only by evaporation.

As part of its strategy, we highlight the **investment in RDI activities** (Ch. 4.4.3), which allows Secil to develop several projects that contribute to its objectives within the scope of the circular economy. Within the scope of the **CCL Project** (Ch. 4.4.2) in Portugal, the use of zero primary fossil fuels is planned, and the use of a new alternative fuel, **Energreen**, resulting from the biorefining of biomass, in order to optimise its use in cement kilns. Secil also has some ongoing research projects, namely **Retrofeed – Smart retrofitting in process industry** (Ch. 4.4.3) and the **CLEAN4G** project, which aims to convert CO_2 from the cement production process into a clean gaseous fuel to be used in the same process.

As part of the commitment to promote the principles of the circular economy in the value chain, we highlight **Verdi Zero Concrete**, the first carbon-neutral concrete in Portugal, which was first supplied in 2023. This is an innovative product that promotes the circular economy, incorporating 24% recycled waste in its composition and reducing the need to use virgin raw materials.

OTHER BUSINESS SEGMENT – ETSA

The **circular economy** is the basis of ETSA's DNA, contributing not only to the reduction and recovery of waste produced by the food industry, but also to the creation of more efficient, sustainable and socially responsible systems in the industry. This approach results in the creation of a closed loop in which resources are used continuously, minimising the environmental impact and promoting social and economic responsibility.

In the rendering process, a sector in which ETSA operates, **by-products** are **processed and transformed into high value-added products**—used in the manufacture of compound feed for animals (pet food and rations), fertilizers, for the **production of green energy**, among others—thus avoiding the use of other resources with a higher carbon footprint, closing the circle of nutrients and minimising the loss of natural matter.

By **recycling by-products from the food chain**, ETSA gives new life to products that would otherwise go to waste. The recycling process still results in waste, some of which is already sent for **recovery**, while for others, ETSA seeks more sustainable solutions.

The collection and processing of by-products from the food chain are also important from the point of view of **public health and the environment**, as they prevent the disposal of these products in landfills, thus avoiding contamination of soil, water and air, preserving environmental quality.

ETSA promotes the application of the **best available techniques** for its production processes, and continuously invests in **more efficient equipment**, both from an operational point of view and from an environmental performance point of view. In this way, it allows its suppliers to have a sustainable solution from a social and environmental point of view, also ensuring that they can invest in the circular economy.

In 2023, we highlight the construction of the new industrial unit in Coruche, which is scheduled to start operations in 2024, and the completion of the project design for the construction of a new intermediate logistics unit on the island of São Miguel, in the Azores (see highlights).

Also in 2023, ETSA consolidated its activity of collecting and processing by-products from the food chain in almost all sectors, which resulted in a 6% increase in volume/weight processed compared to 2022. The coffee capsule collection project was also consolidated, proving the competitive advantage associated with the capillary collection network that it has been building and which is currently located in more than 20 000 points spread throughout the country, plus ETSA's ability to incorporate new waste lines into the services it already provides reinforces its position as a **circular economy operator**.

HIGHLIGHTS

CONSTRUCTION OF A NEW MANUFACTURING UNIT IN CORUCHE

ETSA is building a new factory in Coruche (Ch. 4.4.3), representing an investment of more than EUR 15 million, which will enable achieving a higher level of recovery of some products currently collected and processed. This unit will be the first in Portugal to produce hydrolysed protein, an innovative product, which, in the first phase, will be used in animal feed, especially pet food and aquaculture.

For its operation, ETSA ProHy will hire 15 new employees, with the start scheduled for the second half of 2024.

COMPLETION OF THE PROJECT FOR A NEW LOGISTICS UNIT IN SÃO MIGUEL – AZORES

In 2023, ETSA finalised the preparation of the project for a new intermediate logistics unit in São Miguel, Azores. This new unit represents an investment of around 1.9 million euros, with construction scheduled to start in early 2024.

This new unit will allow the collection, proper packaging and transport to the mainland of about 1600 tonnes of by-products from the food chain per year, this raw material being frozen to safeguard its quality.

With this new intermediate unit, ETSA will reinforce the collection and use of by-products from the food chain in the Azores, currently deposited in landfills, thereby generating added value and closing the cycle of the food chain.

4.2.5. BIODIVERSITY AND ECOSYSTEMS

GRI 3-3, 304-1/2/3

15 LIFE ON LAND

OUR IMPACTS

57 175 HA	**OF OPERATIONAL FACILITIES IN OR NEAR PROTECTED OR HIGH BIODIVERSITY AREAS**
56 HA	**OF RECLAIMED HABITAT AREA (SECIL)**
191 HA	**TARGETED FOR RESTORATION OR ECOLOGICAL REHABILITATION (NAVIGATOR)**

The genetic diversity of species of fauna and flora, and the interrelationships they establish between themselves, are basic elements for the balance of nature and ecosystems. Healthy ecosystems produce a varied set of services that sustain the needs of raw materials and services essential to human life and activities, positively influencing well-being, health and wealth generation for communities. In addition, biodiversity conservation activities are an important ally in mitigating and adapting to the effects of climate change.

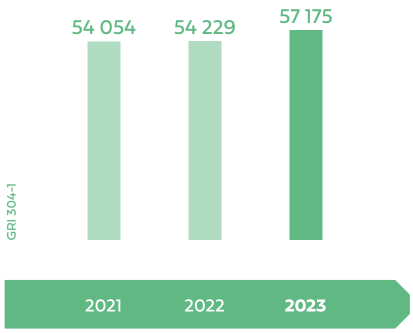
Recognising the importance of the topic, the Group's companies incorporate into their corporate strategies commitments and activities related to the preservation of biodiversity and ecosystem services. Navigator and Secil have a greater responsibility on this issue, since their activities—mainly in the production/extraction of raw materials—directly and indirectly impact land areas, some of which have significant ecological value. In the case of Navigator, its activities directly linked to the forest have a relationship of dependence and potential direct impact on these ecosystems. As far as Secil is concerned, quarrying is acknowledged to directly impact the landscape, altering landforms, removing soil and vegetation cover, besides having indirect impacts, such as the removal of refuge and food for fauna.

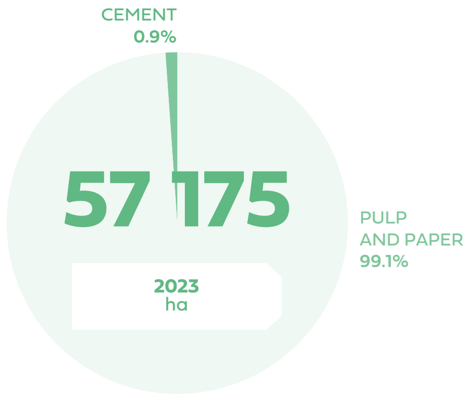
With the aim of creating a common approach to protect and enhance biodiversity, ecosystems and the services they provide, Semapa has created the Working Group (WG) on Biodiversity, putting this issue on its agenda, to work on it with the subsidiaries Navigator and Secil. For 2023, it identified the need to define key performance indicators for the Group and to draft sustainability reporting aligned with the new European Sustainability Reporting Standards. To this end, experiences and commitments made by the Subsidiaries in this area were shared, and a proposal for performance monitoring indicators was presented, based on an initial benchmarking with the best practices of companies in the respective sectors that are found in international ESG ratings. (Benchmarking expected to be completed in 2024.) It should also be noted that the two companies have held a training course on biodiversity.

Overall, the Semapa Group has a total of 57 175 ha that correspond to operational facilities within or near protected areas or areas with a high biodiversity index, 99.1% of which being managed by the Pulp and Paper Segment and 0.9% by the Cement Segment.

AREAS MANAGED BY THE GROUP (ha)

GRI 304-1





PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Ensure the sustainability of land use and forest resources, including biodiversity	
Creating a positive impact (or net gain) on biodiversity through actions within the framework of Navigator's commitments under the act4nature Portugal initiative	
Carry out annual plans for monitoring species and habitats and actions to maintain, improve the conservation status, and restore Biodiversity and Ecosystem Services (B&SE) in the forest assets managed by the company, in the following areas: (i) conservation, (ii) requalification and (iii) ecological restoration.	More than 20 properties monitored, being especially noteworthy the important record of a well-preserved nucleus of rhododendrons on a property in Oliveira de Azeméis, in a habitat included in the Natura 2000 Network directive. By the end of 2023, around 1000 species and subspecies of flora and 253 species of fauna were identified in the forest heritage managed by the Company, plus 51 different types of habitats included in the Habitats Directive. A project was started in Espirra for sowing seeds for pollinators with the goal of understanding the impact on the diversity and increase of species, which led to the almost doubling of the number of species in the target plots.
In terms of ecological restoration, initiate and/or maintain actions on at least 110 hectares until 2030.	In 2023, about 81 hectares were restored or rehabilitated, with the aim of maintaining or improving the conservation status of natural and semi-natural habitats, and work began on the ecological restoration of the Zambujo property, in an area of about 110 hectares, with the company converting 40 hectares of forest production into holm oak.
Maintain the remaining activities of upkeep and improvement of the state of conservation (actions at least 30 ha/year) until 2030.	
Carry out at least one project to recover an endangered species and support another until 2030.	The project "Genetic improvement and forest reproductive materials – Transform RRP Project" was begun, for genetic conservation and ecosystem recovery, with particular emphasis on some of the most endangered species in Portugal, such as the critically endangered *Quercus canariensis* (Monchique oak).
By December 2024, complete the approach of integrating B&SE's Conservation into the corporate strategy, in line with available scientific knowledge and voluntary commitments	Approach concluded, and the document is under internal discussion.
By 2026, define a simplified framework, in line with the key elements of global reference frameworks (e.g. Natural Capital Protocol), to systematise B&SE's impact and dependency assessment, testing the approach in a pilot project	Expected to start in 2024.

Commitments/Objectives and Goals	2023 Results
Until 2030, carry out training actions for internal and external employees with content related to the conservation of B&SE and the awareness of good business practices	A four-hour training course was held on the theme "Identification and Characterisation of Flora, Vegetation and Habitats, Plant Biodiversity in Portugal", participated in by 28 internal employees from different departments in Navigator (including RAIZ) and 6 from outside.
Contribute to the reduction of fires in rural areas, ensuring that the burned area under Navigator's management is less than 1% per year	1.8%

Note:
For more details, see the Progress **Report on the Implementation of act4nature Portugal Commitments**

Aware of the impacts of its activities and **reflecting the importance of biodiversity conservation** for its activity and business model, Navigator has set out a set of objectives in its **2030 Roadmap** (see table).

Navigator's business model is essentially based on **sustainable forest management**, with a strong focus on forest management certification, prioritising the renewal and enhancement of the forest and the protection of natural, social and cultural values, as well as respect for the rights of workers and local communities, along the value chain. An integral part of Navigator's responsible forest management includes **investment in biodiversity conservation and ecosystem services.**

The heritage under Navigator's management in mainland Portugal includes areas classified as **Areas of Conservation Interest (ZiC) (12% in 2023)**, which serve as an important habitat for diverse flora and fauna—including species with different conservation and protection and endemic statuses—and as such are areas managed only for conservation purposes. It should be noted that the approach to biodiversity is not only done in the ZiC; this is a transversal work present in all properties, and each afforestation/reforestation project defines from the outset which conservation areas are to be protected.

Since 2008, Navigator has been following a **planned strategy for the conservation and promotion of biodiversity**, aimed at **reconciling production objectives with conservation**, whilst responding to forest certification indicators. The company has developed a strategy for maintaining the status quo of biodiversity existing in the heritage and its conservation status—"no net loss", i.e., there will be no loss of biodiversity as a consequence of its activities—or improving it whenever possible, creating a "net positive gain".

Navigator's activities take into account the **Habitats and Birds Directives**, with an assessment, identification and mapping of the existing or potential species and habitats on the managed properties, and measures are taken to conserve the species (e.g. when necessary adjusting the schedule of operations to their reproduction cycles), when present or potential. Also noteworthy is the **protection of Natura 2000 habitats** and the maintenance or improvement of their conservation status, where possible (e.g. restoration), as well as the protection or improvement of the conservation status of the habitats of the species, such as the constitution of buffers for the protection of watercourses.

To this end, Navigator continuously invests in **monitoring and evaluation, protection and active conservation actions** – such as the **upgrading and restoration of natural habitats and ecosystems** – benefiting the species that use them to carry out their ecological functions of feeding, sheltering or reproducing.

Navigator is one of the initial signatories of the **act4nature Portugal initiative**, promoted by BCSD Portugal, and in 2023 it renewed its commitments to this initiative, by updating and establishing new targets, the ultimate goal of which is to create a positive impact (or net gain) on biodiversity.

We point out that in 2023 the Company was invited to participate in a Think Tank for the definition of the European Biodiversity Strategy 2030 in terrestrial systems of mainland Portugal. The invitation came within the scope of the project "Natura Connect – Designing a Resilient and Coherent Trans-European Network for Nature and People", funded by the European Union. As a member of the WBCSD's Forest Solutions Group, Navigator collaborated in the publication of the "**Forest Sector Nature Positive Roadmap"**, a document that shares a definition of the "nature-positive" concept for the sector, as well as guidance and tools to support the performance of forest-based companies in the implementation of strategies that halt and reverse the loss of biodiversity along the value chain.

With regard to biodiversity monitoring, in 2023 **several actions were carried out to promote biodiversity and ecological restoration**. In this context, 23 properties of mainland Portugal **were monitored** from north to south and, by 2023, around 1 000 species and subspecies of flora and 253 species of fauna were identified in the forest heritage managed by Navigator in mainland Portugal, plus 51 different types of habitats included in the Habitats Directive, resulting in a small increase in habitat types present and species identified, a reflection of the greater effort of the monitored area. It should also be noted that, in 2023, about 191 hectares were subject to **restoration or rehabilitation**, with the aim of maintaining or improving the conservation status of natural and semi-natural habitats, 110 ha of which are on the Zambujo property.

Among the projects underway in 2023, we highlight the recovery of the Monchique oak (Transform RRP project), the ongoing "Zambujo reCover Project – forest requalification and soil protection", and logistical support for the "FORCE – Forest Certification in Eucalyptus Plantations" project. Also noteworthy is the beginning of the Life Serras do Porto project (see highlight) and the sowing for pollinators carried out at Herdade de Espirra (to reverse the decline of these insects).

It should also be noted that, as part of its **sustainable forest management** in Portugal and Mozambique, Navigator invests in **fire prevention and support to firefighting**—helping to make forest stands more resilient to this phenomenon, and to mitigate this scourge in the company and local communities—as well as investing in the **recovery of burnt areas**. As part of the strategy to **defend the forest** against fires in Mozambique, the area covered by fire has been substantially reduced (see highlight),

As a visible face of the Company's active policy in the conservation of natural values, the importance of information dissemination and awareness actions is also highlighted. These include the website dedicated to the theme of biodiversity – **https://biodiversidade.com.pt/**.

HIGHLIGHTS

PROJECT "LIFE SERRAS DO PORTO – ADAPTING THE SERRAS DO PORTO TO CLIMATE CHANGE"

The Parque das Serras do Porto is the most important forest area in the Porto Metropolitan Area, covering six mountains and the municipalities of Gondomar, Paredes and Valongo. Of the Park's almost 6 000 hectares, 22% are managed by Navigator, between its own area and leases, many of which have been around for decades.

To deal with the main climate risks and implement measures outlined in the Local Strategies for Adaptation to Climate Change of the three municipalities included in the Park Management Plan, the core theme of **Life Serras Porto** project being the forest and includes an integrated set of interventions with a high positive impact on the landscape and ecosystems, in addition to monitoring, dissemination, awareness and civic engagement actions. Through this project, the components of production and conservation are harmonised, as part of a well-managed and cared-for forest.

PORTUCEL MOZAMBIQUE AND THE STRATEGY FOR THE DEFENCE OF THE FOREST AGAINST FIRES

In 2023, Portucel Moçambique consolidated its strategy to defend the forest against fires, with which it has been substantially reducing the area burnt in this five-year period, from 1 373 hectares in 2019 to 33 hectares in 2023 (0.2% of forest assets).

This progress stems from a strategy based on the widespread implementation of a set of actions, duly followed up and monitored, including the use of controlled fire (or cold burning); manual grading/pit digging; clearing of paths and firebreaks; the training of forest rangers and rapid intervention teams based in various locations and which minimise the potential spread; the placement of beehives on the edge of the forest to encourage the protection of an asset of the families; and raising the awareness of all employees in their interaction with the communities and through campaigns on community radio.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
Implementation of quarry rehabilitation plans in 100% of quarries	83% of quarries with rehabilitation plans in place
Implementation of biodiversity management plans in 100% of quarries with high ecological value	33% of quarries with high biodiversity value with biodiversity management plans in place

Secil recognises the **importance of biodiversity in managing the sustainability of the company's activity.** The biodiversity impact management strategy translates into the application of the **"Mitigation Hierarchy"**[12] framework and the **restoration of recovered areas** plays a key role in minimising the impact.

In this regard, and recognising the challenges and opportunities associated with environmental and ecological restoration, the objectives of restoration should be supported by a comprehensive knowledge of the exploration area and its surroundings and should aim for long-term biodiversity management targets that are ambitious and realistic, consistent with recent sector strategies, so as to reflect a **net zero impact on biodiversity** (No Net Loss – NNL) or aim for a **net gain of it** (Net Positive Impact – NPI),

In order to minimise the impacts arising from its activity, Secil has defined several objectives for its biodiversity strategy, including the implementation of the company's **Quarry Rehabilitation Plans**, in order to ecologically restore the exploited areas, and the implementation of **Biodiversity Management Plans** in areas of high biodiversity value. Currently, the Secil Group's units are at different stages of evolution with regard to the integration of biodiversity into local and corporate planning processes.

Secil's vision **until 2025** is, firstly, to define a **common biodiversity management policy** and, secondly, to define a set of **guidelines for biodiversity management**, which should determine the level of biodiversity management at all extraction sites, taking into account specific local characteristics.

Some of the areas where Secil operates are ecologically sensitive, as is the case of Secil-Outão, in Portugal, one of the first quarries in the world to implement progressive recovery during exploration, since the 80s and 90s. Secil has 491 ha of property that are located within **protected areas or areas of high biodiversity value**, namely in the Arrábida Nature Park and the Madeira Nature Park, in Portugal. Although this value has remained constant over the years (since no new quarries have been acquired in protected areas), Secil has, on the contrary, increased efforts in the **recovery** of its quarries, with the aim of **reestablishing natural habitats**, totalling 56 ha of area recovered in the quarries for the production of cement in Portugal.

The involvement of local institutions (Universities or NGOs) with science-based knowledge about local ecosystems and ecology makes a significant contribution to the success of biodiversity management at Secil, ensuring the achievement of higher quality standards in terms of biodiversity recovery. At the Outão factory, the existing **partnerships** with scientific institutions, in particular the protocols with the University of Évora (UE) and the Faculty of Sciences of the University of Lisbon (FCUL), and at the Pataias factory, with local associations, such as the Association of Forest Producers of the Municipalities of Alcobaça and Nazaré (APFCAN), are good examples in this regard.

In 2023, we highlight the various activities in favour of biodiversity carried out to mark the **International Day of Biodiversity** in the various locations where Secil operates.

12 The Mitigation Hierarchy consists of a methodology for managing the impact on biodiversity, defining it as "a sequence of actions to anticipate and avoid impacts on biodiversity; and when it is not possible to avoid, minimise; where impacts occur, restore; where significant residual impacts remain, compensate" (CSBI, 2015).

HIGHLIGHT

INTERNATIONAL DAY OF BIODIVERSITY

In May and June 2023, the International Day of Biodiversity was marked by activities in favour of biodiversity carried out in the various locations where the Company operates. These included the creation of green areas, the promotion of workshops with Secil employees and dialogues on the environment and biodiversity.

In Portugal, workshops were held at the quarry and on the Outão property, under the protocol with the EU and FCUL – Net Impact Assessment. The Outão plant was chosen as a pilot quarry to test and validate these protocols, in a first phase by technicians in the area of ecology and, in a second phase, by technicians without any specialisation in the areas of ecology or biodiversity, where several Secil employees participated.

In Brazil, Supremo regularly carries out monitoring to assess the behaviour of wildlife — mammals, birds, amphibians and reptiles —and as part of the celebration of International Biodiversity Day, it has also held several dialogues on the importance of biodiversity in all its plants.

In Lebanon, the Sibline unit celebrated Environment Day and Biodiversity Day, involving employees and their families in a riverside walk and tree planting.

Tunisia marked the commemoration of Environment Day by collecting litter at El Arbi beach in Gabès and Biodiversity Day by planting trees at the factory.

4.3 SOCIAL INFORMATION

4.3.1 TALENT MANAGEMENT AND HUMAN CAPITAL DEVELOPMENT

GRI 2-7, 3-3, 201-1, 404-1, 404-3

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

OUR IMPACTS

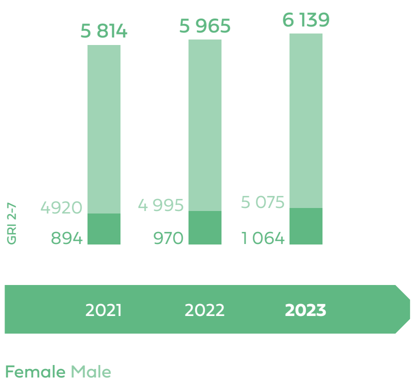
6 139	DIRECT JOBS IN THE SEMAPA GROUP[13]
282 Million euros	IN SALARIES AND EMPLOYEE BENEFITS
5 659	EMPLOYEES WITH OPEN-ENDED CONTRACTS
98.3%	EMPLOYEES WITH PERFORMANCE EVALUATION
56 hours	OF TRAINING PER EMPLOYEE

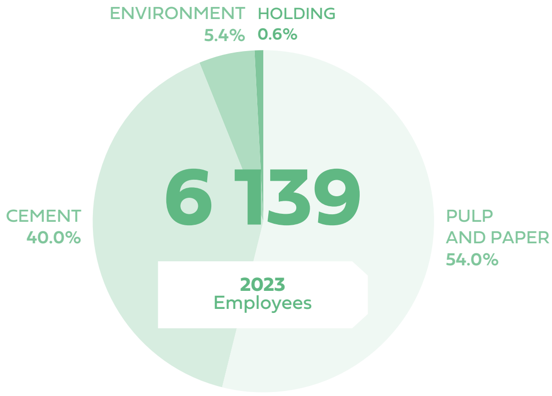
The Semapa Group has around 6139 employees, distributed throughout the Holding and its subsidiaries, in more than 9 countries. Essential to the pursuit of the Group's mission, vision and strategy, human capital represents one of its most important assets, which it invests in to create an attractive project for employees and provide them with a permanent enhancement experience and career opportunities, in accordance with the ambition and skills demonstrated.

13 Corresponds to the total number of employees of the Holding Company and its subsidiaries, as of 31/12. The figures do not include Triangle's 260 employees and Navigator tissue Ejea's 150 employees.

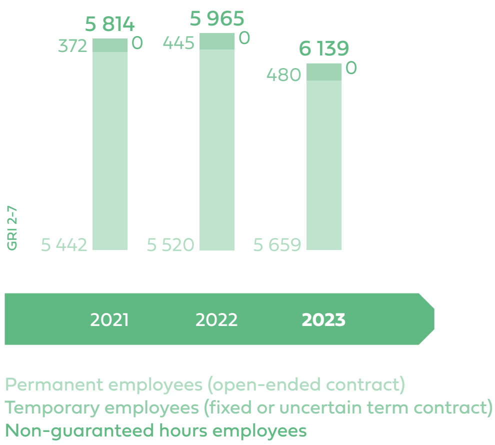
There is a positive economic and social impact on the local communities resulting from the number and stability of the jobs created (92.2% of the employees work under an open-ended contract) and the working conditions offered.

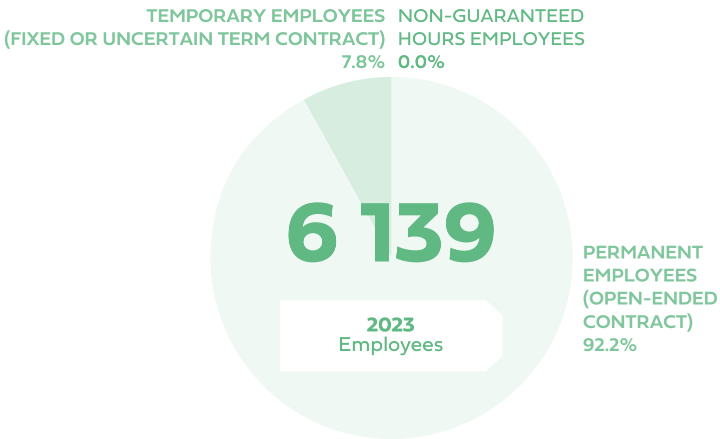
EMPLOYEES





TYPE OF CONTRACT





The ability to attract and retain qualified and motivated people is a determinant factor in the success of companies, which are competing for multigenerational talent in a market that is increasingly global.
The companies of the Semapa Group seek to adopt practices that **promote the development and career progression of their employees**, integrating their needs and managing their expectations, to **foster a high level of satisfaction, motivation and involvement with the organisation**, as an employer that recognises and values merit, fosters internal growth and the development of skills throughout the various stages of professional life.

With these objectives and with talent being a strategic asset, Semapa has been building a **Talent Management Strategy** aligned with its Purpose – Making It Better and with the traits of its Culture – Simplicity, Proximity and Empowerment, and which is materialised on three action fronts:

- On the cultural pillar, supporting the ongoing transformation;
- As an employer, in the construction of a value offer, creating the conditions for its employees to have the environment and the space in the Group to grow;
- Providing positive experiences to employees that favour engagement and commitment around Semapa's growth project.

In addition to the executive and operational aspects it involves, this Strategy is supported by two internal bodies:

a) The **Talent Working Group**, which meets monthly, is composed of the various Human Resources Directors of the Group's subsidiaries and is coordinated by Semapa's Chief People Officer. In this WG, the Talent Strategy is aligned, focusing on three points:

1. Alignment of policies and practices among the Group's companies;

2. Co-creation of initiatives to be carried out;

3. Sharing of practices, procedures and initiatives.

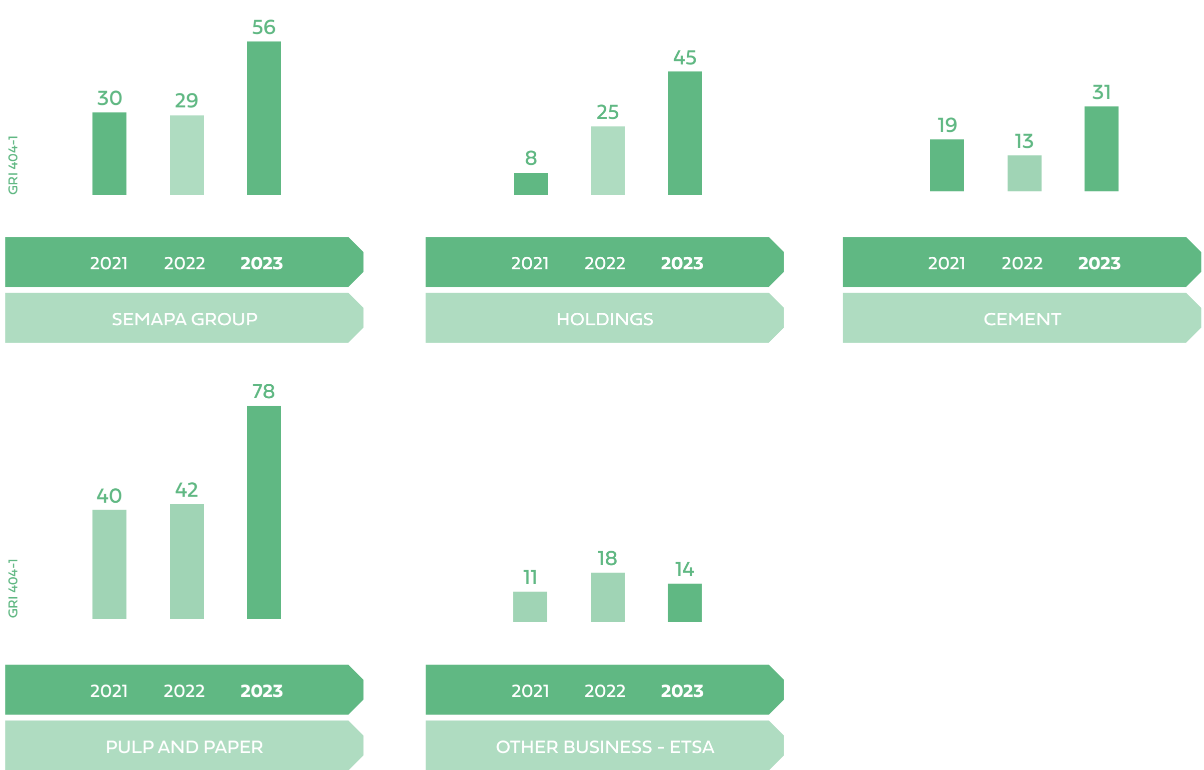
The annual agenda for the WG is defined at the beginning of the year and includes contributions from the Talent Summit, a forum that brings the Group's executives together in January of each year to discuss Talent-related topics (details later in this chapter).

Each quarter, the invitation to participate in the WG meetings is extended to other members of the Semapa Group (HR Business Partners – about 20 people) and external participants, to discuss specific topics or share experiences.

b) **Talent Committee**, the body responsible for monitoring and issuing recommendations on the Group's talent management policies and practices. The Chairman, the CEO and the CPO participate in this Committee, among others.

One of the topics that continues to have a strategic relevance for the Group is the training of employees, so we have continued to invest in **training and skill development plans**, which are designed to ensure that we have teams that are up-to-date and committed. We highlight our focus on leaders as being determinant in fostering a culture of development and proximity and the establishment of partnerships with reference entities, particularly universities/executive training schools, which reinforce the Group's performance in the domain of qualification of talent..

AVERAGE TRAINING HOURS PER EMPLOYEE



In addition, 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.

It should also be noted that in 2023, Semapa signed the **More and Better Jobs for Youth Pact**, by which it commits to ensuring quality youth employability, with adequate salaries and stable contracts. Semapa is well positioned, as it generally practices above-market salaries and has a fixed-term hiring rate of around 100%. Despite our favourable situation, we want to hold steady on this course and ensure that at Semapa young people can find the environment and conditions to grow personally and professionally.

Another milestone of the year, which promotes better talent management within the Group, was the **creation of the Grow with Semapa Platform, a tool that fosters mobility between the Group's companies** by disclosing to all employees any mobility opportunities that arise in any of the companies.

HIGHLIGHT

GROW WITH SEMAPA

The Group's *Grow With Semapa* Platform has been in place since October 2023, listing all the opportunities that are being generated in the various Group companies, which any employee can apply for. In the two and a half months of activity, the Platform has published more than 40 opportunities.

This initiative is very important for mobility between companies in the Group, creating a dynamic of growth for employees and of talent management within the Semapa Group.

HOLDING SEGMENT

In 2023 the focus continued to be on the management and on the training of People, with the creation and continuity of various initiatives aimed at **valuing employees and ensuring they are kept up to date.** In this context, partnerships continue to be established with key entities, which have resulted in the implementation of programmes such as the Talent Lab, for young talents, and the Future Proof Leadership Programme. The latter was started in 2022 and targets the first lines of management of all the Group's companies and the entrepreneurs of the startups in which Semapa Next has a holding. Two editions of this programme were held in 2023.

HIGHLIGHTS

TALENT LAB, CORPORATE PROGRAMME FOR YOUNG TALENTS

This corporate programme was developed in 2022 and launched during the first half of 2023. For six months, fourteen young people between the ages of 28 and 31 were able to address three business solutions to the Group's challenges, while developing their leadership, entrepreneurship and innovation skills. This group of young people had access to a wide range of resources, from individual and group mentors (project sponsors), internal and external experts in certain thematic areas, and support for the development of a business solution, among others, in an opportunity that also enabled them to acquire practical skills in problem solving, project management, and teamwork. At the end of the programme, the young people presented the solutions they designed to a jury on a Demo Day, and one of the ideas was named the winner and is being implemented in one of the Group's companies.

In order to ensure that new talents are integrated in a positive and monitored way, the **structuring of the onboarding process** was completed, which now has a previously structured plan that includes: internal communication, visits to the Group companies, follow-up sessions, and integration lunches.

Also worth noting is **the participation of employees in national and international forums with the aim of keeping teams up to date**, which included participation in programmes at MIT (Massachusetts Institute of Technology), for the development of innovation skills, and participation in the Cities Forum 2023, held in Turin.

In 2023, two essential processes for talent management continued to be carried out: Talent Review (which is highlighted below) and the Succession Plans.

The **succession plans** are designed to map potential successors to executive positions in each of the Group's companies. It is very important to know, at all times, if there is a guaranteed pipeline, if it is necessary to prepare it or, as a last resort, whether it will be necessary to resort to hiring outside the Group. For the purpose of having a structured knowledge of the profiles of the first-line managers at each company, their potential and expectations, the **Talent Review stands out, enabling us to know who is prepared to take a C-Level position in the short or medium term**, as well as to develop development paths for the managers under consideration, preparing them to become members of future executive boards or other positions in any company of the Semapa Group.

In 2023, the ***Talent Summit*: Agenda for Talent 2023** was attended by CEOs and university professors, who shared experiences and trends that promote reflection on the challenges of the year. This event is an annual forum where the Group's Executive Committees and Human Resources Departments have the opportunity to make a strategic reflection on topics related to Talent, discussing the trends and the challenges that are projected for the year that is beginning, and agreeing on some corporate commitments for the year's Talent Agenda.

2023 was also marked by the **Corporate Climate Survey**, as part of the continuous improvement process and the promotion of greater proximity to the employees. This first engagement survey of the Group involved all the companies in the Semapa portfolio and had a response rate of 77%. This resulted in improvement plans with concrete actions, as communicated to all the companies, which are being developed/implemented.

These results, in addition to gauging the perspective of employees on structuring issues such as involvement, vision, teamwork, growth and development, diversity, equality and inclusion, performance and well-being, enabled us to carry out benchmarking with other international companies and analyse how the Semapa Group positions itself in relation to other realities.

In addition to the Study, to be performed every two years, Semapa provides companies in its portfolio with **access to a platform where they can carry out specific consultations throughout the year**, more focused on specific groups and specific aspects, called "pulses".

With regard to culture and motivation, Semapa has had a culture group since 2022, participated in by Holding employees from all levels of responsibility, which has been incentivising people's involvement, including consultations and the presentation of proposals.

As part of Semapa Culture and to help reinforce its Purpose – Making It Better, defined in 2022, Semapa promoted the **Making It Better Week**.

HIGHLIGHT

MAKING IT BETTER WEEK

In the last week of September 2023, Semapa promoted the first "**Making it Better Week**", as a way of reinforcing its Purpose to all employees: make every day better. It involved all the Group companies and over 6 000 employees were able to experience days that were different, exposed to topics such as health, innovation, and family, and having access to talks, real-life experiences, a conference, and visits, among other initiatives.

The Week was also the stage to launch the first corporate solidarity initiative – "**Move for a cause**" – in which **111 600 km** were covered, and 26 thousand euros were allocated to six institutions chosen by the various companies (see Ch. 4.3.3)

Also noteworthy in 2023 was the contribution that Semapa decided to make for the **digital education of the employees' children** across the Group, which consisted in the offer of a programming course for children and young people between 6 and 12 years old, an investment totalling over 30 thousand euros.

In order to contribute to the creation of an ESG culture, pursued by Semapa, we highlight the **creation of an Internal Communication and ESG Culture Working Group**, the purpose of which is to disseminate and demystify sustainability issues at the Group level.

This Working Group is charged with designing the communication strategy, having started by defining the areas or significant times for communicating, as well as the most suitable formats for this purpose. The results were leveraged by a benchmarking exercise between large companies, as well as by discussions with various stakeholders of the Group. The WG identified good practices and ideas that, in the future, can be materialised in accordance with the defined objectives.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Promote the development and training of human capital, in line with Navigator's current and future needs	
Cover 80% of employees with development plans tailored to their needs and professional projects, in line with Navigator's succession needs, by 2030	26% of the total number of employees have an Individual Development Plan. 38% of the total number of Technicians/Specialists/Managers have an Individual Development Plan.
Create team awareness of good practices and commitment to ESG sustainability by 2026	New goal set in 2023.
Contribute to the qualification and employability of young people in the regions where the Company operates	
Have active partnerships with educational institutions in all regions where Navigator operates in the national territory, including curricular and professional internships, as well as participation in teaching activities, events and fairs	Participation in 26 initiatives in universities (fairs, pitches and presentations);
	31 Curricular Internships/Dissertation Projects;
	3 Open Sessions for master's finalist students at FCTUC, FCT Nova and UA;
	8 Scholarships awarded;
	23 visits by groups of students to the Navigator factories (636 students);
	109 professional traineeships, of which: 51 professional internships for graduates and masters, with 27.4% of these integrated into the Staff; 58 professional internships for future operators, with 67.2% of them integrated as Operational Technicians. About 50% integration of professional internships. 3 Long-term trainees (24-month programme); 48 summer internships.
Promote an inclusive organisational culture capable of integrating internal and external challenges	
Continuously monitor the main motivational stimuli of employees to achieve a better adequacy of management practices, policies and implemented processes	Straight To The Top Programme – covered 4 Industrial Complexes, with the following results: 35 ideas submitted; 1 award-winning idea.
	The organisational climate study had a participation rate of 73% (the highest in studies carried out at Navigator).

For Navigator, the topic of talent management and human capital development continues to be of strategic importance, which is reflected in the commitments defined in the field of talent management and human capital development, reflected in the 2030 Roadmap (see table). This management approach to the subject is designed to be adjusted and aligned with the different regions where Navigator operates and is already consolidated in Mozambique and is in a transition phase in the case of Spain (resulting from the acquisition of Ejea in 2023).

The approach to talent management and human capital development focuses on five points: **recruitment and selection, performance and careers, skill development, compensation and benefits, and culture and communication.**

In 2023, Navigator continued to invest in the **continuous improvement of its recruitment and selection processes**, with a view to improving the standards and the experience of the candidates. In this regard, an initiative was created and implemented, focused on streamlining the Recruitment and Selection (R&S) process. The strategy of integration and development of young people was continued, through initiatives such as the short (9-month) and long-term (24-month) Trainee Programmes. It is important to mention the strengthening of our partnerships with vocational schools, universities and the IEFP. In addition, Navigator has reinforced its commitment to young people by joining the "Pact for More and Better Jobs for Youth".

HIGHLIGHT

SIGNING THE PACT FOR MORE AND BETTER JOBS FOR YOUTH

Navigator was one of the first organisations to sign the More and Better Jobs for Youth Pact, which seeks to create more quality jobs for those under 30. This Pact was promoted by the José Neves Foundation and the Portuguese Government, and under the High Patronage of the President of the Republic, which establishes goals for companies to recruit more young people, with higher salaries and more stable contracts.

Seeing that attracting young talent has been a fundamental axis of Navigator's human resources strategy over recent years, the Company is well positioned in the indicators in relation to the established targets. With regard to the recruitment rate of young people up to the age of 29, for example, this was already over 50% at the time of joining the Pact, which led to Navigator's commitment to increase it by 3 percentage points by 2026.
As an example of the attention that has been given to this area, the results in the Pact indicator regarding professional or curricular internship opportunities stand out: in 2023, the company opened its doors to 326 young interns, that is, 60 more than in the previous year.

One of the main obstacles that Navigator faces in promoting more and better youth employment is the desertification registered in the interior of the country and the associated difficulty in attracting professionals to these regions at the beginning of their careers. Various short- and long-term internship programmes and training initiatives have allowed the Company to deal with this reality and increase the rate of hiring and retention of young people—the first of the four Commitments of the Pact—as well as to respond to the other three: "Ensuring quality employment for young people", "Training and developing young people" and "Giving voice to young people". Among the good practices that Navigator promotes, the Future Leaders Forum programme stands out, which not only gives voice to the Company's young executives, but also values their energy and talent.

Regarding performance and careers, we highlight the **implementation of the Functional Families Model**, communicated to all employees covered, the aim of which is to evolve towards a more agile methodology that allows equating technical careers with management careers, while enhancing internal growth, development and mobility. We also highlight the registration in the Semapa Group's internal mobility platform, Grow with Semapa, as a new attraction strategy extended to senior profiles.

2023 was dedicated to the typification of the organisation's existing career paths, with the **development of mobility guidelines** that provided clarity and transparency to employees regarding their career options.
The digitalisation of the core processes in this area was also completed, and the digital transformation process for Talent Review and the design of Succession Plans was initiated.

Within the scope of skills development, in 2023, it is worth noting the completion of the **construction of most of the new skills programmes, provided for in the Career Plan**, approved for the sector of Operational Technicians; meanwhile the compensation and benefits include salary progression plans, as well as measures to support employees at various stages of their lives, whether in the case of the birth of a child – Birth Premium – or for those who are nearing retirement age – Rejuvenation Programme.

Navigator has been developing initiatives to **promote employee involvement with the company**, including the CRESCER project, a programme for the evolution of the organisational culture. In line with this ambition of the project, initiatives have been maintained or enhanced to give voice to younger target audiences, stimulate a culture of innovation, make Navigator's people known and draw them closer, as well as to recognise and celebrate special dates.

HIGHLIGHT

GROW WITH PEOPLE

Under the motto "May all Navigator people lead the future of the organisation, committed and fulfilled", the CRESCER (GROW) project aims for the Company to evolve based on the strength and innovative spirit of its human capital.

In its first phase in 2023, diagnostic sessions were held that involved more than 200 of the Company's staff, from all the sites, including international teams. About 500 employees participated directly in sharing their ideas and generated about a thousand contributions. From this involvement, the project's roadmap was created, structured around five major strategic axes: our people, our ways of working, our business, our impact, and our leaders.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
To be the company of choice for the people we want to attract, develop and retain, in order to operate and grow with excellence.	
Development: Invest €700/year per person in training and development	357 €/FTE
Retention: Voluntary turnover of 9.2%, compared to total turnover.	9% voluntary turnover

People management is one of the structuring processes to achieve the "2025 Ambition for Sustainable Growth" and is based on **four fundamental pillars: Performance Management, Talent Management, Compensation Management and Organisational Culture & Climate.**

The Talent Management project is based on the **development, empowerment and recognition of its People**, and the implementation of the Secil Academy was essential, as well as the continued implementation of the Individual Development Plans. Within the scope of the Secil Academy, it is worth noting the implementation of the Leadership School, which delivered two training courses for senior leaders: "Coach Leader, Secil Leader".

With the aim of attracting and retaining the best talent, in 2023 Secil initiated the **definition of its Employee Value Proposition (EVP)**, which is the unique value it offers as an employer in exchange for the skills, experience and commitment of its People. By knowing the employer's value proposition, a potential talent has the opportunity to get to know the company even before joining it, thus avoiding any surprises or lack of alignment. The goal of the EVP is to provide a healthy relationship between employer and employees, resulting in a win-win situation.

Within the scope of Compensation Management, the **salary review** was carried out, **substantiated by the data obtained through job grading and the 2022 internal equity and external competitiveness studies.** It was also possible to define Secil's seven global remuneration management principles – (1) Equal pay for equal work, (2) Privacy and confidentiality, (3) Market alignment, (4) Compliance with local regulations and collective agreements, (5) Education and Training, (6) Open communication and (7) Internal transparency.

HIGHLIGHTS

SUPERVISOR LEADERSHIP PROGRAMME – BUILDING THE FUTURE (PORTUGAL)

Secil Portugal is training 64 supervisors in the Supervisor Leadership Programme – Building the Future, which started in July 2022 and ends in 2024. The programme has three main objectives:

1. Strengthen the role of supervisors as drivers of internal change and personal and team development;

2. Promote a universal language between employees;

3. Encourage the development of technical management, leadership, and security skills.

In 2023, the supervisors dedicated themselves to sharing good practices and knowledge, going through all of Secil's businesses in Portugal. These actions became known as "Cement Day", "Concrete Day", "Aggregates Day" and "Mortar Day". They also had the opportunity to visit one of Navigator's factories. The participants also started the mentoring programme – which held three sessions in 2023.

SUPREME MOTHER PROGRAMME (BRAZIL)

The Supreme Mother Programme started in 2023 with the goal of guiding and preparing future mothers for the period of maternity leave, reintegration into work and the improvement of their benefits. Eight mothers participated in the first edition of the programme.

Upon completion of maternity leave, employees have the option of taking holidays from work, followed by 30 days of working from home, for those who can.

In addition, at the beginning of maternity leave, all pregnant women receive the "Mamãe Supremo" gift card in the amount of 500.00 BRL, intended to assist with expenses related to the purchase of the layette.

In addition, employees are not penalised with any type of discount under the Profit-Sharing Programme (PPR – annual bonus distributed according to results) during this period of absence.

OTHER BUSINESS SEGMENT – ETSA

At ETSA, the **single and transversal company-wide performance evaluation model** was continued, the purpose of which is to evaluate performance and define concrete and specific individual objectives for the following year. Feedback and continuous development are thus enhanced, identifying motivations and training needs, assessed by the direct manager at an annual meeting and within each Department.

ETSA continued the **training plan – Reskilling and Upskilling** – developed in 2022, with a survey of training needs in the logistics, leadership, occupational health and safety, and technical (manufacturing and maintenance operators) areas. This last case had the support of an external entity – ATEC – for the survey of needs, which served as a basis for the analysis of the pedagogical contents to be included in the training.

In the other areas, it carried on with the **development of Employees' skills**, to optimise personal and process performance, as well as that of the organisation, enabling greater alignment with the company's needs. Training continued in the area of logistics and leadership, following on with the participation of executives in the corporate leadership programme created by the Holding.

The **ETSA 50 Years Meeting**, which took place in June, was attended by various ETSA Group employees, as well as former employees fundamental to the history of growth and leadership in the rendering industry in Portugal. In addition to a time for conviviality, remembering the origins, journey and evolution of the business, a prospective analysis and discussion was also carried out, with emphasis on the gradual migration of production to new products with greater added value.

Along that same line, the **ETSA 50th Anniversary Conference**, held in October, brought together stakeholders that are important to the Group, and featured internal and external speakers – EPFRA, ABRA and WRO, Royal Canin, Galp and DGAV – addressing topics such as sustainability in rendering; rendering in the world; the future prospects of this sector, and the significant products, according to the present and future needs of the pet food and biofuels industries.

Also noteworthy is the participation of ETSA directors in the **International Congress of EFPRA** – European Fat Processors and Renderers Association in Italy.

4.3.2 OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

GRI 3-3, 403-1/3/4/5/6/8/9

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

OUR IMPACTS

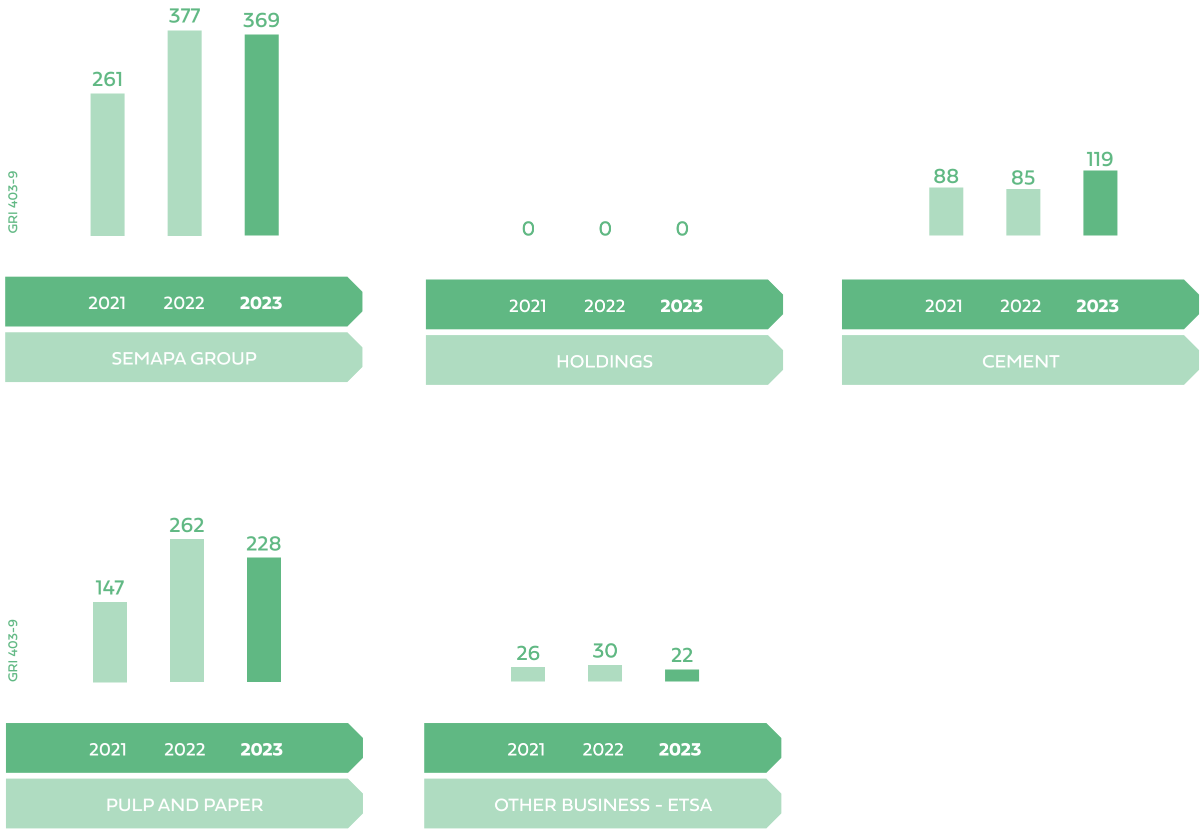
92%	OF EMPLOYEES COVERED BY THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM IN THE SEMAPA GROUP
369	ACCIDENTS AT WORK IN THE SEMAPA GROUP (-2% COMPARED TO 2022)
6.8	FREQUENCY INDEX
153.0	SEVERITY INDEX

The industrial nature of most of the Semapa 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.

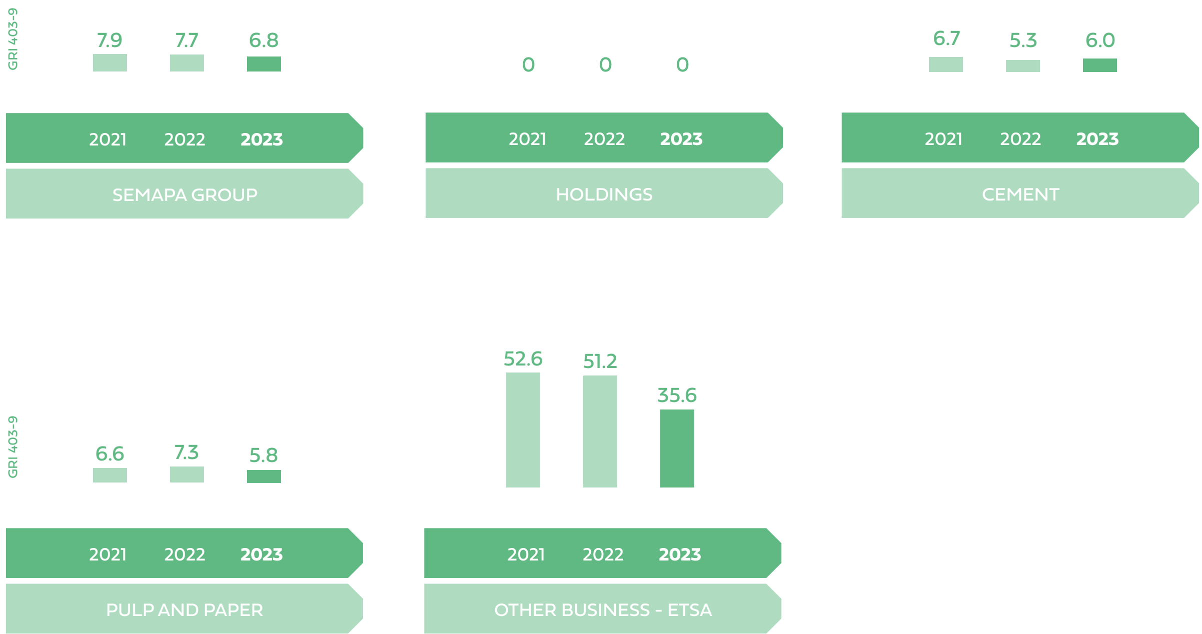
Because of its impact on people's lives and the loss of productivity and other costs that it entails, **Occupational Health, Safety and Well-being** is a matter that the Semapa Group holds in very high regard. Aware of this reality, the Group seeks to create safe working conditions, with an eye on prevention 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. Workplace health and the adoption of practices that promote well-being have also been developed by the various companies.

It is worth pointing out that, since 2017, the Semapa Group has had a **Working Group** dedicated to this topic within the scope of its Sustainability Commission to holistically **accompany the trends in the various sectors, set priorities and share experiences and ways of taking action.** This promotes a greater alignment between the different companies of the Group, through the implementation of campaigns and training, the analysis of the causes of occupational accidents, as well as measures implemented to correct them. This Group was started by the Occupational Health and Safety managers of Secil and Navigator, with the integration of ETSA in 2020 and UTIS in 2023. Triangle's will join the Group in 2024.

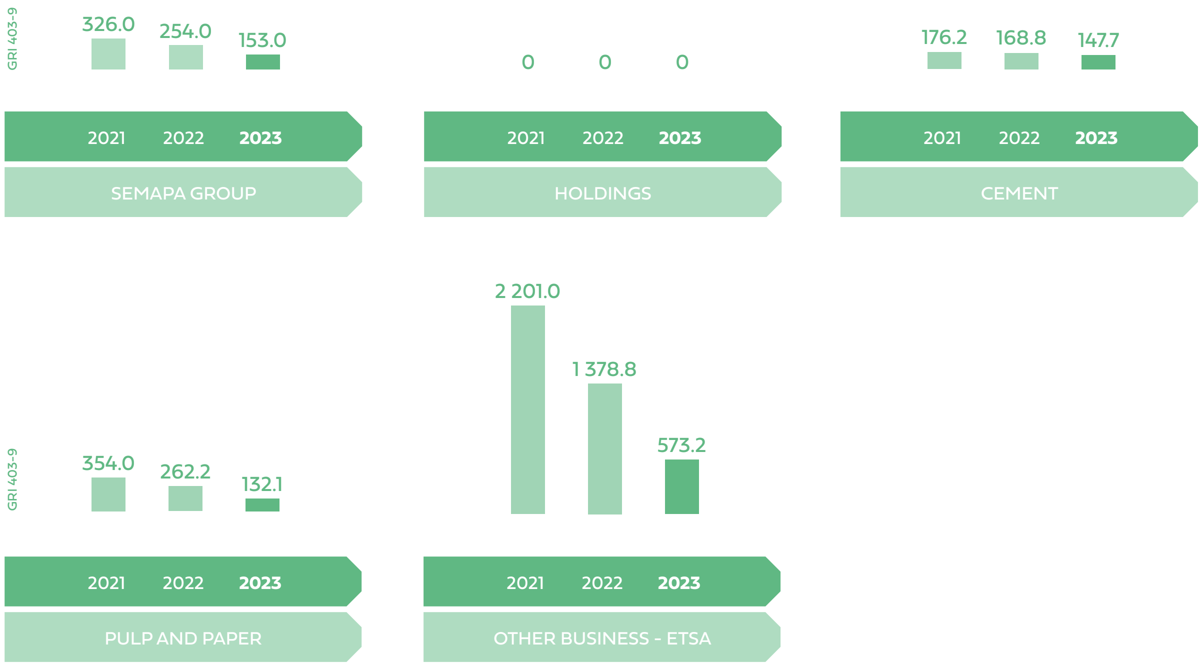
NUMBER OF RECORDABLE WORK-RELATED INJURIES



LOST TIME INJURY FREQUENCY RATE



INJURY SEVERITY RATE



Note: the data presented refer to events involving Semapa Group's own employees and other employees.

HOLDING SEGMENT

HIGHLIGHTS

SHARING EXPERIENCES OF OCCUPATIONAL HEALTH AND SAFETY

In 2023, the Working Group continued to meet every month to create times for discussion and analysis between the subsidiary companies on the topic of OSH. 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 events, procedures, the monitoring of proactive and reactive indicators, the roadmaps established, and "mission zero", among others. In this way, the possibility of evaluating the applicability, with the necessary adjustments, in other industrial units is created, with an interlocutor available for feedback and support. At these meetings, the Semapa indicators are also defined.

TRIANGLE'S SECURITY AUDIT

In 2023, as part of the good practices of Occupational Health and Safety, a group of internal auditors was set up, consisting of members of Secil and Navigator.

The audit was based on the ISO 45001 standard, the applicable legislation, as well as the knowledge and experience of the team that visited Triangle's, where, for one day, various aspects were evaluated, and a report was issued, which is an essential document for the definition of an action plan and subsequent follow-up. It should be noted that a new audit is scheduled to be carried out after six months, which will take place in 2024.

Due to the success of the audit of Triangle's, **a plan of visits within the scope of Health, Safety and Well-Being was defined for the various subsidiaries**, and visits to ETSA and UTIS are already planned. This plan will act as a benchmark at the level of the Semapa Group and this initiative will enable making an alignment that will contribute to the continuous improvement of the Group's Health and Safety aspects.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Ensure a safe and healthy environment for Employees, safeguarding their well-being	
Achieve the Zero Accidents Target through continuous improvement in safety, with the new OSH Strategy 2021-2025:	
■ Frequency rate ≤2 in 2030 (Internal and external employees)	Frequency index = 5.9
Develop the Occupational Health programme by 2030: ■ Work Ability Index (WAI): 45% in 2030; ■ Evaluation of employee satisfaction with the programme: > 95%.	 39.8% WAI[14] 97%
Develop the Ergonomics Axis: 100 jobs intervened by 2030	72 jobs intervened (accumulated).
Conduct continuous training courses on OSH in forestry activity for service providers, suppliers and agents in the sector, seeking to hold more than 600 hours per year	New goal set in 2023.

At Navigator, we are **firmly committed to the quality of life of our employees**, with continued investment in the **creation of a healthy and safe environment**, incorporating this concern into the culture of Occupational Health and Safety that is being pursued. This is reflected in the commitment made in the 2030 Roadmap (see table), through the commitment to ensure a safe and healthy environment for workers, ensuring their well-being, and which is materialised in a set of objectives defined for Portugal. Several initiatives were carried out within the framework of each of these objectives.

Navigator, in line with the **Strategy for Health and Safety – Mission Zero**, invested in: (1) monitoring and control; (2) operational excellence; (3) leadership; (4) skills; and (5) a behavioural programme.

Following the creation of the new Health and Safety governance model (implemented in the previous year), in 2023 the **operational consolidation of the Committees – Local, Corporate and of the Administration** – was carried out, which streamlines decision-making and ensures greater participation of the teams, promoting a more robust and efficient performance. The year was marked by the creation of the Safety and Support Systems Department, which is intrinsically linked to the enhancement of social aspects, sustainability, management, decision-making and the encouragement to innovate and improve.

We highlight here, in 2023, **the continuity of the Occupational Health Programme**—with its multidisciplinary team for prevention that supports the adoption of behaviours and techniques that can help Employees in their professional or personal difficulties—and the improvement of jobs that have an impact on health and productivity – **Ergonomics Project**. The skills of Employees in the adoption of safe practices were reinforced, through training and awareness actions, with particular emphasis on the "SafePro" course, "Safety Leadership" workshops, "Safety Conversations", among others. The **formal recognition of the proactive attitudes of employees in the identification of potential hazards** was initiated, which reveals the importance that the Company's management team place on safety at work, namely in the behavioural pillar. Proactive practices, such as safety walks, were implemented to identify and correct unsafe conditions, as well as reinforce cardinal rules to ensure compliance with Navigator's safety standards. Comprehensive corporate cross-audits were carried out across the Organisation in Portugal, to assess and improve safety standards in different areas, ensuring compliance and effectiveness, among several other initiatives.

It should be mentioned here that the Company's **commitment** to the promotion of occupational safety and health is also reflected among **technicians and forest producers**, through various training and awareness actions. This year was marked by the 2nd edition of the "Fashion Forest", which calls attention to the importance of using Personal Protective Equipment (PPE).

14 Performance for 2021. The monitoring of this index is carried out every four years, so the next one will take place in 2025.

HIGHLIGHT

EMPLOYEE TRAINING AS PART OF ITS DAILY SAFETY MISSION

Defending the well-being and quality of life of Navigator's employees makes Occupational Health and Safety a priority in the Company. To make the elimination of accidents at work an achievable goal, we highlight two training courses that the Company has developed and that establish safety as a daily mission that actively involves all employees.

More than 300 employees participated in the 6 "Leadership for Safety" workshops held in the last months of 2023 in Setúbal, Aveiro and Figueira da Foz. Produced for directors, area managers and supervisors, both in the industrial and forestry areas, the training was provided by Balmert, a North American company with extensive experience in safety in the pulp and paper industry.

At Navigator, all employees are familiar with SafePro, a complete e-learning safety training course developed in 10 modules for a total of almost 12 hours. SafePro Onboarding, created specifically for new employees, is an in-person training in which topics are discussed according to the areas they will integrate. After training, and for a certain time, new employees are accompanied by tutors, so that their integration into the work is done with particular attention to safety rules.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
Have a health and safety culture that allows for a Workplace Accident Frequency Index below 1.5 and zero fatalities	6.0 Accident Frequency Index 2 Fatalities

With the new strategic cycle at Secil, the Health and Safety area accompanies the Ambition, and **new objectives and a Roadmap for Health and Safety** were defined for 2025, a global and cross-sectional tool that unifies Group strategy for occupational health and safety. Each country has its own **Roadmap** with Group-specific and location-specific actions and is responsible for their implementation. 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.

Secil has a **Health and Safety Policy** which is based on the continuous improvement of processes, through the implementation of an effective management system and strong leadership and **supported by five pillars**: leadership, operational safety, management systems, communication and training.

Of the ongoing initiatives, four projects stand out that have had continuity and have make a positive impact over the years, namely: Daily Safety Dialogues (DDS), Safety Walks (SW), Safety Moment and STOP/GO Card. We note that the Elos Project is a corporate initiative that has become increasingly important throughout the Group, having expanded to the various locations where Secil operates.

As part of its **annual plan for safety training** that contributes to the overall goal, SAFE (the Group's Corporate Health and Safety Area) focused on "Hazard Identification and Risk Assessment" in 2023, challenging all the Group sites to adopt OSH training.

Secil's **Safety Framework** is a customised system designed to meet the Organisation's Occupational Health and Safety (OH&S) needs. Composed of 37 elements organised into three pillars, it provides guidelines, criteria and indicators for best OSH practices: People Pillar, Operational Excellence Pillar and Management Excellence Pillar.

Also noteworthy is the **creation of the wellbeing area**, which has the mission to support leaders in empowering their people so that they can reach their maximum potential, promoting a work environment that nurtures physical, mental and emotional health.

HIGHLIGHTS

GOOD LEARNING E-BOOK

In April, the Safety Month was celebrated at the Secil Group, and the theme was Sharing Good Learning. Sharing good learning, good practices or failures is essential to expand knowledge, act preventively, and thereby evolve in the Safety Culture.

Safety teams at all the Group sites shared with all the employee's information presented at previous quarterly global Safety meetings, bringing the Sharing Good Learnings initiative to fruition. Thus, once a week, each site conducted two half-hour sessions, one in English, the language of the Group, and the other in the local language of the site responsible for sharing.

The e-book "Good Learning" is the result of this sharing and is a collection of good learning that was born out of the sharing initiative launched during Safety Month, contributing to the building of the Safety Culture, knowing that learning can be come from positive or negative events.

WELLBEING AREA

The Wellbeing area, created in 2023, is dedicated to promoting the balance and integral health of employees, aimed at creating a work environment that encourages people's physical, mental and emotional well-being, seeking to improve their quality of life and, consequently, increase job satisfaction.

Its purpose is "to foster full personal and professional development, building an environment that prioritises balance, health and happiness, to boost well-being, generating more motivated, healthy and productive teams."

This area is composed of three pillars with well-defined objectives and activities: Health Pillar, Well-being Pillar and Social Pillar.

OTHER BUSINESS SEGMENT – ETSA

In 2023, ETSA continued on the "path to safety", focusing on two fundamental aspects: **being able to work safely and knowing how to work safely**. As a result of these two objectives, we focused on:

- explosion protection;
- the survey of signage needs and drawing up the safety signage procedure;
- the biannual consultation of workers in the field of health and safety;
- the development and review of safety instructions;
- fire protection, with periodic visits to the units, preparation of internal safety plans and inspections (with issuance of Condition Reports and subsequent monitoring of the Suggested Preventive and Corrective Measures); and
- the creation of a computer tool that aggregates and makes available to all the company's employees access to information on Safety and Hygiene at Work, (such as product safety data sheets, function sheets, content of training provided, safety instructions, hazard identification and risk assessment by function, internal safety manual, PPE matrix, hygiene plans, procedures, and others).

HIGHLIGHTS

EXPLOSION PROTECTION

Within the scope of OSH, a study on explosive atmospheres was carried out, which resulted in the preparation of Explosion Protection Manuals for the Units that present risks of Explosive Atmospheres: SEBOL (Loures), SEBOL (Coruche) and ITS (Coruche). These Manuals can be consulted by all employees who work in the Units, through the Teams and SharePoint applications, to which everyone has access.

This manual covers information regarding the classification of hazardous areas, explosion risk assessment, explosion prevention and protection measures, among others. At the end of the study, training was given to all employees working in areas where there is a risk of explosion, in a total of 92 hours of training.

SURVEY OF SIGNAGE NEEDS AND DRAWING UP THE SAFETY SIGNAGE PROCEDURE

A visit was made to all units to track the existing signage and the needs of their installation. These visits resulted in a set of plans with the representation of the existing safety signs, to be installed and to be removed, as well as a project brief. A procedure for signage and corresponding safety instruction was also drawn up. The monitoring of the measures will be carried out through inspections – between two and three, throughout the year, to analyse them and the state of implementation of the signage.

The exhaustive analysis of the **causes of incidents/accidents at work** suffered by employees that ETSA carried out has resulted in a reduction, compared to 2022, in the Frequency and Severity Indexes, as well as a reduction in the number of sick days.

As the next steps for 2024, it is planned to reinforce training (fire protection, psychosocial risks, basic training in Safety and Hygiene at work, work at height and confined spaces), the implementation of the ELO's programme, already underway at **Secil**, new consultations with workers on the topics of Safety and Hygiene at work and work equipment, the verification of work equipment and monitoring of noise, air quality and illuminance.

4.3.3. COMMUNITY ENGAGEMENT

GRI 3-3, 201-1, 413-1

OUR IMPACTS

2.2 Million euros — **IN INVESTMENTS IN THE COMMUNITY**

Financial year 2023 was an exercise in reflection and consolidation of Semapa's strategic positioning with regard to its involvement with stakeholders, specifically with the communities with which it interacts most in the development of its activities, a process that resulted in the **creation of a new area dedicated to Impact Philanthropy and Social Responsibility at the level of the Holding.**

The creation of this new area thus reflects the reinforced commitment of the Group and the recognition of the growing importance of conducting sustainable business practices and of the positive impact they can have on society and the environment.

The process of defining and designing this area is still ongoing, as Semapa is seeking to align its founding values, such as deep social and environmental awareness, proximity, orientation for action, solidarity and innovation, with the growing need to create sustainable, resilient and perennial ecosystems that can play a truly transformative role in society.

Despite the fact this path is still being travelled, continuing what has been its commitment in the social and environmental areas, the Group's actions in 2023 were materialised through a diverse set of initiatives conducted:

- By the various companies, in line with their respective areas of activity and adapted to local needs – includes in-kind and financial donations, support for social institutions, solidarity actions, development of environmental literacy projects and training actions, among others;

- By the Nossa Senhora do Bom Sucesso Foundation – Private Institution of Social Solidarity, created in 1951 by the Queiroz Pereira family, designed to promote health and human development, with a special focus on the health of children and women;

- By Associação Salvador, which works in the area of motor disability, promoting the integration and inclusion of people with this type of disability and developing projects with an impact on improving their quality of life.

These initiatives, fully aligned with Semapa's purpose "Making it Better", result from an awareness of the impacts that its activities can 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, forestry and other operations, local communities play a decisive role in the acceptance and integration of the activities carried out by the various companies of the Group within their daily lives.

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**, being also bound to comply with very 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, supply chains, activities of research, development and innovation, work in partnership with the various stakeholders, and so forth (Ch. 4.4.2).

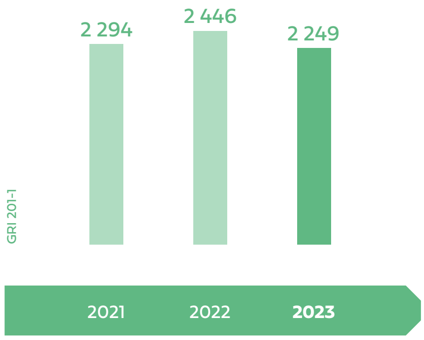
It is worth noting that the involvement of the Group's various companies with the communities is also based on a **proximity approach, enhancing a relationship of trust and reinforcing their social licence to operate**.

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 (two in Portugal and one in Brazil).

Furthermore, the Semapa Group, as heir to the long tradition, both entrepreneurial and philanthropic, of the Queiroz Pereira Family – its key shareholder – develops and supports **social responsibility projects aligned with the United Nations Sustainable Development Goals (SDGs)**. 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 ambit, the volume of investments in communities for the period of this report is presented here.

COMMUNITY INVESTMENTS (k€)



HOLDING SEGMENT

In 2023, the Holding granted **financial donations to several institutions**. In addition to those previously supported, namely the Fundação Nossa Senhora do Bom Sucesso (see highlight box) and the Associação Salvador, support was granted under the "Move for a cause" initiative, as part of the "Making it Better" Week – transversal to the entire Group, in which 1 131 employees participated. This initiative allowed the granting of support to several social institutions, namely CADIn, Cerciag Association, Gil Foundation and Abrigo para a Vida Association.

In addition, the Holding also granted support to three associations: the D'Novo Association, the Movement for the Defence of Life Association and the Portuguese Association against Leukaemia.

The direct social investment of Holding Semapa, in 2023, thus amounted to a total amount of 130 500 euros channelled to nine entities, which represents an increase of 14% compared to the support granted in the 2022 financial year, in line with the reinforcement of its commitment to the community and society in general.

HIGHLIGHTS

SEMAPA GROUP / MAKING IT BETTER WEEK

The first "Making it Better Week" was held the last week of September 2023. Totally dedicated to reinforcing and celebrating the purpose of the Semapa Group, the week was attended by all the Group's companies, during which initiatives were carried out to promote the physical and mental health and well-being of its employees, social responsibility, proximity, and the culture and values that underpin the Semapa family (see Ch. 4.3.1).

The “**Move for a Cause**” initiative was held that week, which was carried out in partnership with the company **UPNDO**. There were **1 131 employees** from all over the Group who participated in this initiative, which made it possible to convert the **111 600 km** travelled into 26 thousand euros of support granted to the following institutions:

- 7 200 euros to the **CADIn Association** – to finance 4 social grants for therapeutic treatments;

- 6 000 euros to the **Cerciag Association** – for the acquisition of clinical equipment needed for the new CISensori sensory integration therapy centre;

- 4 000 euros to the **Gil Foundation** – to finance 2 social scholarships for therapeutic treatments;

- 3 800 euros to the **Abrigo para a Vida** Association – for the purchase of a transport chair and walker for a girl from São Tomé who has a complex malformation that makes her totally dependent;

- 2 500 euros to **Santa Casa da Misericórdia da Chamusca** – for the purchase of 10 geriatric armchairs needed in its ERPI;

- 2 500 euros to the **Francisco de Pina Foundation** – for the renovation of the children’s playground of the Shelter House.

NOSSA SENHORA DO BOM SUCESSO FOUNDATION

Nossa Senhora do Bom Sucesso Foundation’s strategic action in the first years of life privileges health education, early detection, and intervention, materialised in a child health model intended to inspire the whole society. Supported by scientific evidence that investment in access to quality health for all, particularly during pregnancy and the first years of life, produces health benefits that are reflected throughout life, the Foundation contributes to the construction of a healthier and more sustainable society.

In 2023, 8 978 people benefited from the Foundation’s health interventions and 18 418 consultations were carried out. Of these, 86% were dedicated to children.

In continuation of the European campaign “First Years. First Priority”, launched in December 2020 and led in Portugal by the Foundation, in 2023 the coalition of partners (public, solidarity institutions and private entities) was widely expanded, who designed and engaged in a joint programme of training and information dissemination actions, designed to alert and promote greater awareness in Portuguese society of the importance of the first years of life, especially in the first 1 000 days of life.

In this context, 33 events were held in Portugal, and under the heading “Did you know...?” 25 warning messages were successively repeated on social networks alerting to the good practices to be adopted. The Foundation also promoted:

- The carrying out of two perception studies, in Lisbon and nationally, conducted by **ISAVE** (Higher Institute of Health) and ISPA (Higher Institute of Applied Psychology), respectively, to understand the degree to which the Portuguese society understands the importance of the first 1 000 days of life (0-3 years) and the first years of life (0-6 years), in child development and throughout life. It was found that only 35% of the Portuguese population is aware of the importance and impact of the first years of life, particularly on health throughout life.

- A major event held in October 2023 at the Calouste Gulbenkian Foundation – “The first years count. What now?”, which was followed live on social media and Youtube by 2 000 people. This event gave rise to proposals for the next steps of the campaign, validated by all coalition partners and presented publicly, to keep the issue alive on the agenda and to mobilise the whole society.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Develop the relationship with communities, promoting the transfer of knowledge and public awareness of the economic, social and environmental relevance of the forest	Commitment reformulated in 2023.
Develop initiatives to promote Literacy for the Forest, among children of the 1st Cycle, adolescents and adults, aimed at contributing to a better knowledge of the National Forest, its environmental, social and economic importance, through the projects Give the Forest a Hand, My Planet and Florestas.pt	
■ Number of initiatives/year (digital and in-person): 10	19 in-person initiatives: 5 editions of the magazines; 1 012 digital contents; 11 pastimes/quizzes.
■ Number of children contacted/year: 20 thousand	5 236 children impacted: 12 in-person initiatives; 3 editions of the magazine with an average circulation of 15 thousand copies.
■ Number of adolescents and adults contacted/year: 40 thousand	4 824 adolescents and adults contacted: 7 in-person initiatives; 2 editions of the magazine with an average circulation of 16 thousand copies.
Consolidate the Forest Producers project, promoting and disseminating technical information on forest production, contributing to the sharing of best practices, until 2030	Goal reformulated in 2023.
■ Number of initiatives/year (digital and in-person): 10	8 initiatives: 3 editions of the magazine with an average circulation of 15 thousand copies; 200 digital content and 2 forest fundraising campaigns (in Portugal and Spain).
■ Number of forest producers contacted/year: 10 thousand	Impact on a community of 15 000 forest producers.
Launch the Navigator Forest Producers Club	New goal set in 2023.
Consolidate the Biodiversity By The Navigator Company project	Information support on best forestry practices, genetic material and forest harvesting. 100 posts on Facebook and Instagram and 37 content/articles on the website; Partnership with the newspaper *Expresso*.
Implement the Forest of Knowledge project, in partnership with the Calouste Gulbenkian Foundation	10 510 in-person attendees; 753 activities in 191 in-person events; 7 Think Tanks; 2 exhibitions.
Increase the scope and effectiveness of the e-globulus platform among domestic forest producers	Goal reformulated in 2023. More than 20 thousand users accessed the platform; 850 registered users. More than 82 thousand views. (accumulated values)
Develop the Florestas.pt platform	10 sessions with the Academy. 4 (thematic) editions of the newsletter; 23 articles by authors; 5 new partners (24 partnerships established since 2020). 9 in-person dissemination actions (about 350 people impacted in these events).

Navigator assumes its social responsibility towards the communities where it carries out its business activities, in order to **contribute to their progress and well-being**, as set out in the Code of Ethics and Conduct and in line with the commitment set out in the 2030 Agenda and Roadmap (see table), to **develop the relationship with the Communities**, promoting **knowledge transfer and public awareness** of the economic, social and environmental relevance of forests. The projects developed in this area include dialogue with communities; forest literacy projects; transfer of knowledge on forest management and training of forest producers; social development programme in Mozambique, and direct support to the community.

As a means of establishing dialogue with the communities, Navigator has various mechanisms for direct interaction, such as: the Monitoring Committees of the Communities in Portugal; the Navigator Sustainability Forum; the Mozambican Community Liaison Officers (see highlight); and the Social Development Programme in Mozambique, which consolidated and strengthened its activities among the more than 6 900 families covered by the project.

It should be noted that the 16th edition of the **Sustainability Forum** was held in 2023. The Forum was held at the National Exhibition Centre of Santarém, with an audience of key local stakeholders and a debate on the topic: "Sustainability of Forest Raw Material".

In order to increase the visibility of the Forest and highlight its importance, **a Cycle of Conferences** was launched in 2023, in partnership with the newspaper Expresso (see highlight).

Among the programmes to support forest producers, **initiatives for training and knowledge transfer** on forest management **and certification** were continued, and the Forest Producers Club was launched (Ch. 4.4.2).

HIGHLIGHTS

CHANNELS OF PROXIMITY TO THE COMMUNITIES: LIAISON OFFICERS

The Community Liaison Officers are persons appointed by the community and supported by Portucel Moçambique with an interlinking role in the communication between the company and the families of one or more communities, on issues related to forestry activities, the Social Development Programme, environmental awareness and all other issues that arise in the relationship between the parties. Portucel Mozambique currently has 48 Liaison Officers, who ensure this close and regular dialogue and who play an essential role in building confidence for the implementation of the project in the provinces of Manica and Zambezia. Community Liaison Officers speak local languages, which supports the inclusion of all participants and promotes good communication in the company's regular meetings with the community and families.

Liaison Officers receive regular training, particularly, behavioural training on topics such as human rights, non-discrimination by sex or age, prevention of corruption and others. They also receive technical training. One example is the training of CLOs to use software, installed on the telephone, to capture and record diverse pieces of information on biodiversity (fauna and flora), taking into account their proximity and daily presence in the field.

CYCLE OF CONFERENCES "LET'S TALK ABOUT SUSTAINABILITY"

In 2023, Navigator, in partnership with the newspaper Expresso, launched a cycle of three conferences on forests, under the theme "Let's talk about sustainability". This initiative is in line with the company's purpose, which advocates the sharing of knowledge with society, and in favour of greater awareness of the valorisation of the forest in Portugal.

The first conference was held on 21 March, dedicated to the "Forest-Based Bioeconomy", bringing together experts from industry and academia to discuss the major issues facing the future of the sector, including the contribution of forest-based solutions to a circular bioeconomy as an alternative to the current fossil and linear paradigm.

The second event, on 28 June, reinforced this line of forest-based sustainable development, now from the perspective of "Valuing forests: for people and the planet". Among the key ideas, participants stressed the notion that planted production forests, when managed sustainably, take pressure off natural forests.

On 25 September, when the first National Sustainability Day was commemorated in Portugal, Navigator held the third and final conference of this cycle. "Planted forests: environmental, social and economic responses" was the chosen theme, highlighting the importance of the forest as an enhancer of sustainability in all its pillars.

In 2023, the **promotion of close relationships between the Company and the different stakeholders** was evidenced through the "My Planet", "Give the Forest a Hand", "Biodiversity" and "Florestas.pt" projects. The year marked the end of the Calouste Gulbenkian Foundation's Sustainable Development Programme's support for the Floresta do Saber (Forest of Knowledge) project (see highlight). The project will continue, however, with its wide range of activities adapted to different levels of education, in a forest and laboratory environment.

HIGHLIGHT

PORTUGAL: FOREST OF KNOWLEDGE: FOREST LITERACY "TAILOR-MADE" FOR NEW GENERATIONS

The Forest of Knowledge project turned three at the end of 2023. Created and promoted by the RAIZ Institute, the project targets the educational community and focuses on all topics related to the forest and its importance in the transition to a circular economy based on renewable resources. The relevance of the Forest of Knowledge for the new generations led to RAIZ being recognised by UNESCO Portugal as a UNESCO Club.

During this period, it had the support of the Gulbenkian Sustainable Development Programme, enabling it to develop a close contact with the community, establishing partnerships with a number of local and regional entities—schools, municipalities, higher education institutions, and scouting groups, among others.

The proposals of the Forest of Knowledge include visits to the natural heritage of Quinta de São Francisco, in Aveiro, activities in the laboratories of RAIZ and the opportunity to visit the Espirra Nurseries, in Pegões.

16 919 IN-PERSON ATTENDEES	**6** WRITTEN PUBLICATIONS
1 212 ACTIVITIES IN 318 IN-PERSON EVENTS	**15** THINK TANKS
5 600 USERS ONLINE	**5** EXHIBITIONS
15	PARTICIPATION IN 15 FAIRS AND CONFERENCES
84 INTERNAL AND EXTERNAL COMMUNICATIONS ABOUT THE PROJECT	**13** PARTNERSHIPS SIGNED WITH OTHER ENTITIES

The **donations of paper** (in their various forms) 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, as is the case of the various school groups and parish boards.

Plants coming from the Viveiros Aliança nurseries are another important form of community support, with the supply of plants for the reforestation of several hectares of burnt area in Serra da Estrela, promoted by the Association for the Protection of Nature of Serra da Estrela and others within the scope of the World Youth Days.

Supporting social causes is also one of the Company's areas of activity and a factor that consumers recognise in the distinction of consumer brands, which is why the office paper brand Pioneer has once again associated itself with the cause of oncological diseases – through the Pioneer Campaign Inspire Hope. This support translates into the offer of tonnes of paper and financing of over 500 thousand euros to various initiatives and research projects at the Institute of Molecular Medicine (iMM), in Lisbon, aimed at accelerating the development of new therapeutic strategies for the treatment of breast cancer.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
Doubling investment in communities (base year 2020)	€638 200.00 of investment in the community (+137% compared to 2020)

In 2023, Secil continued a set of support measures that seek to boost communities, developing a **close relationship with their neighbours and stakeholders**. In the 20th edition of the ceremony for the delivery of the collaboration and financing protocols to the Setúbal associative movement, which celebrated its 10th anniversary, the president of the Executive Committee of Secil, Otmar Hübscher, present at this ceremony, informed that Secil will **compensate for the inflation recorded in the last year, with the updating of most of its support.** Associations operating in the area of social inclusion, culture and sports were covered, including seven new associations that were added to the coverage under this support.

Secil also granted **sponsorships to several events**, such as the Secil Engineering Award, awarded to Engineer Marisa Ferreira, in Portugal; the Achievement of the SESI SDG 2023 Seal, in Brazil; the donation of money to students' families and donations of school equipment in Tunisia; and, in Lebanon, the offer of a meal to children from an orphanage to break the fast in the holy month of Ramadan.

HIGHLIGHTS

MEAL TO BREAK THE FAST IN LEBANON FOR 200 CHILDREN FROM AN ORPHANAGE

This activity is part of Sibline's solidarity and social values, which reflect the commitment to help those in need and provide them with the necessary support. Sibline believes in the importance of charitable and volunteer work, which is why it organises events and social support activities throughout the year, especially during the holy month of Ramadan, which is considered the month of giving, tolerance and solidarity. The Company believes that cooperation and solidarity between communities is the key to achieving development and prosperity.

An activity was organised with the Islamic Orphanage of Ketermaya (Chouf, Lebanon), which included an iftar for the children of the orphanage and the educational staff, as well as a theatrical performance of "The Enchanted Forest" and a puppet show about Ramadan, presented by the "Youth Smile" association.
200 orphans from the Lebanese Social Welfare Institutions, the Islamic Orphanage; 20 employees of the Islamic Orphanage; 10 Sibline employees and 20 employees of the "Youth Smile" association.

ACHIEVEMENT OF THE SESI SDG 2023 SEAL IN BRAZIL

Supremo Secil, with the Casa da Cultura Pedro Queiroz Pereira project, won the SESI ODS 2023 Seal in the social category of medium-sized companies. This seal represents the recognition of Supreme's exemplary social practices in favour of the Sustainable Development Goals (SDGs) and the commitment, dedication and effort of the entire team, which has worked to promote initiatives with a positive impact on the community.

The aim of this initiative is to reinforce Supremo Secil's ongoing commitment to transparency and the Sustainable Development Goals.

OTHER BUSINESS SEGMENT – ETSA

In 2023, ETSA continued its mission of social responsibility, **financially supporting private social solidarity institutions and Public Administration agents belonging to the surrounding communities** where the various business units of the ETSA Group companies operate.

Throughout the year, **ETSA supported initiatives in the local communities** of Coruche, Pedroso, and Seixezelo, through the Town Halls and Parish Boards, respectively; the volunteer firefighters of Fanhões and Coruche; and private institutions of social solidarity located in Santo Antão do Tojal, Vila Nova de Famalicão, and Vila Nova de Gaia that operate home, child and youth facilities. It also continued its **financial support for non-profit environmental associations.**

4.4 GENERAL INFORMATION

4.4.1. BUSINESS ETHICS

GRI 2-26, 3-3, 205-3, 405-1, 406-1

8 DECENT WORK AND ECONOMIC GROWTH

OUR IMPACTS

0	CONFIRMED INCIDENTS OF CORRUPTION
0	INCIDENTS OF DISCRIMINATION
+94	MORE WOMEN HIRED IN 2023

The Semapa Group, through its values, expresses the importance of integrity, ethics and honesty in carrying out its business and in the various operations the Holding Company and its Subsidiaries are engaged in. 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 the founder of the Group, Pedro Queiroz Pereira, said, "Values come before results", demonstrating the common way to act that is expected of all the companies and in every location:

- Ethics and integrity, as a way of being and of living;
- Respect for people: a posture of justice and sharing, a collaborative way of working, based on trust;
- A coherent public posture that is transparent, but never ostensive;
- A profound social and environmental conscience, which should direct each of our acts
- Innovation and excellence in our creation of value and in our entrepreneurial ambition

Companies reflect these values in their daily activities and in the management of their value chain, complying with legislation and the commitments made to their stakeholders.

Internally, there are various **policies, codes, regulations and other structuring documents** that are followed by the companies in carrying out their activities and that integrate their commitment to sustainable development, such as the Code of Ethics and Good Conduct, the Human Rights Policy, the Corruption Prevention Policy, the Fiscal Policy, the Code of Good Conduct and Prevention of Harassment, and the Annual Plan for Equality, as well as mechanisms and procedures put in place to report irregularities and prevent conflicts of interest, including the Whistleblowing Channel.

Aware that corruption problems affect all companies, and that the subsidiaries and the holding company are not immune to this phenomenon, and that respect for human rights, including labour rights, compliance with competition rules and an appropriate fiscal policy, constitute, under the terms provided for in the respective policies, structuring principles of their activity within the scope of responsible business conduct, the Semapa Group remains committed to ensuring that its activities are carried out in accordance with high ethical standards, pursuing sustainable development and complying with applicable laws and regulations.

Semapa's Code of Ethics and Good Conduct, approved by the Board of Directors in 2002, and at that date called "Deontological Principles", revised at the beginning of 2023 and in 2024, establishes rules and principles applicable to employees and members of the governing bodies, as well as to subsidiaries, recognising:

- **The duty of diligence**, translated into concrete obligations of professionalism;
- **The duty of zeal and responsibility**;
- **The duty of loyalty**, which within the scope of the principles of honesty and integrity is especially aimed at protecting against situations of conflict of interest;
- **The duty of confidentiality**, which applies to the processing of inside information.

In addition to compliance with applicable legislation and regulations, corporate social responsibility duties are also enshrined, such as **environmental protection and sustainable development**, which are to be respected as essential pillars of the decisions and actions of all employees.

In its relationship with other entities, its behaviour is to be guided by respect for the interests of these entities, with transparency and a high ethical standard, not tolerating human rights violations, refusing any type of harassment, discrimination, coercion, abuse, violence or exploitation, ensuring equal and non-discriminatory treatment in its sphere of influence, and refusing direct or indirect participation in any form of corruption, fraud, money laundering and terrorist financing, bribery or extortion.

With regard to its shareholder structure, its actions should always take into account the interests of all shareholders, **ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.**

Semapa's employees must also **act in accordance with competition law**, in accordance with applicable market rules and criteria, and with respect for fair competition, and in the context of internal and external relations, **equal and non-discriminatory must be guaranteed, on the basis of ancestry, gender, race, language, national origin, religion, political convictions or ideology, education, economic situation or social status.**

In addition, in 2017 Semapa adopted a **Code of Good Conduct for the Prevention and Combating of Harassment at Work**, also applicable to all employees of the entities that make up the Semapa Group (unless they have a specific Code for this matter), which prohibits harassment in the workplace and establishes the obligations in this regard, as well as the procedure to be followed in the event of harassment.

In the exercise of their duties, Semapa employees also undertake to respect the principles of personal data protection provided for in the applicable legislation and regulations, as well as to adopt cybersecurity practices to protect the confidentiality and integrity of data, and to use emerging technologies, such as artificial intelligence, in an ethical and responsible manner.

In 2022, Semapa approved a **Fiscal Policy**, in which various principles and rules were established that regulate its actions that have an impact on taxes.

At the beginning of 2023, and in addition to the revision of the Code of Ethics and Conduct mentioned above, and within the scope of the commitments made regarding sustainable development and responsible business conduct, the following policies were also approved by Semapa's Board of Directors: **(i) Human Rights Policy; (ii) Corruption Prevention Policy; and (iii) Money Laundering and Terrorist Financing Prevention Policy.**

All Semapa Group companies have implemented a **whistleblowing channel**, complying with the legal requirement. It ensures that complaints are received and addressed, whilst guaranteeing the anonymity of the whistleblowers.

We point out that there were no confirmed cases of corruption in the companies of the Semapa Group 2023.

With regard to the **promotion of gender equality**, because Semapa Holding and Navigator are listed companies, they are covered by Law No. 62/2017 of 1 August, which establishes the regime of balanced representation between women and men in the management and supervisory bodies, with each company having its own Equality Plan.

Likewise, the Group is committed to promoting gender equality across the different companies. The structure of the Semapa Group's workforce is composed mostly of male employees, with women representing 17% of the workforce in 2023. This is due to historical reasons associated with the industrial sectors and the operational structure. Despite this fact and as a result of **recruitment policies implemented in a logic of diversity**, there was an increase of 9% in 2023, compared to the previous year.

With regard to Law No. 4/2019 of 10 January, which establishes **the system of employment quotas for people with disabilities** with a degree of disability equal to or greater than 60%, and which introduces the obligation for private sector companies to hire people with disabilities, the Group companies to which this applies are in a transition phase to ensure compliance as set forth in the law.

In addition, no cases of discrimination or human rights violations have been confirmed in the Semapa Group.

It should be noted that in 2023, Semapa created the Business Ethics and Human Rights Working Group, participated in by members of all the Group's companies, which is designed to address a set of objectives proposed by the Sustainability Commission.

HIGHLIGHT

CREATION OF A WORKING GROUP ON BUSINESS ETHICS AND HUMAN RIGHTS

In July 2023, and in response to the proposal of Semapa's Sustainability Commission, the Working Group was set up for the purpose of discussing various matters associated with Business Ethics and Human Rights in a transversal and uniform manner across the various companies of the Group, without prejudice to the context and specificities of each one.

The initial objective of this Group was to analyse the GRI standards relevant to the field of Business Ethics and Human Rights. In view of what was proposed by the Sustainability Commission, the WG outlined specific objectives to be addressed in 2023 and 2024. In 2023, it dealt with:

- The Regulatory Framework and Trends;
- The analysis of indicators, based on the GRI, as well as the respective GRI standards indicated by the Sustainability Commission for analysis by the Working Group;
- Divergences and proposals for harmonisation, where applicable, taking into account the context and specificities of each company in the Group.
- Work on the following matters will continue in 2024:
- The preparation of a proposal for Indicator Reference Sheets;
- The definition and proposal of initiatives and projects, regarding the Taxonomy and the corresponding minimum requirements, the Corporate Sustainability Reporting Directive (CSRD) and the future Corporate Sustainability Due Diligence Directive (CSDDD);
- Follow-up of regulatory and market initiatives and trends, after defining objectives and identifying peers.

HOLDING SEGMENT

In 2023, Semapa Holding and the Group's main companies reinforced their **commitment to promoting compliance and transparency.**

As part of the promotion of balanced representation between men and women, the Holding demonstrates its commitment to promoting equal opportunities between genders. Compliance with the balanced representation regime is assumed by Semapa as a lever for the promotion of equal opportunities between genders. This is a reality rooted in practices and documents (e.g., Principles related to the Composition of Governing Bodies, Human Rights Policy, Whistleblowing Channel) and is part of its culture of citizenship.

The following performance data stand out in 2023:

- % of women in corporate bodies: 40%, up from 2022 (33.3%)
- % of women in management positions: 46.2%, up from 2022 (45.5%)
- % of women in senior management: 69.2%, up from 2022 (61.5%)

These figures show that Semapa has been developing a talent pipeline in a gender-balanced way, seeking to ensure a future where diversity is assumed as something essential and the responsibility of all.

This situation is the result of the awareness that companies must contribute to the creation of opportunities between men and women, without discrimination. Semapa believes that companies that are more balanced from a gender point of view are a better mirror of what society is all about and contribute in a more enriching way to results, attract the best talent and, in the end, contribute to a fairer society.

Semapa's Equality Plan is one of the instruments that guides and commits the company in six dimensions of intervention: strategy, the company mission and values; equal access to employment; initial and continuing training; protection in parenthood; equality in working conditions; and reconciliation of professional life with family and personal life. We point out that in 2023 several measures provided for in the 2023 Equality Plan were implemented, and the Plan for 2024 was defined.

Among the measures expressed, the implementation of a flexible working regime embodied the objective of promoting the reconciliation between professional and family life, as a significant condition for professionals, especially women, to be able to assume positions of greater responsibility.

PULP AND PAPER SEGMENT

The activity and standards of behaviour that Navigator adopts respond to increasingly demanding criteria on the part of its Stakeholders – both in internal relations and in interactions with external stakeholders, so that the values that guide its actions—Trust, Integrity, Entrepreneurship, Innovation, Sustainability and Excellence—are the basis of the various policies, codes and regulations that ensure their practices in activities and businesses.

Navigator has a **Compliance system**, which aims to strengthen the ethical business conduct of the company and stakeholders and to ensure compliance with applicable legal requirements, specifically from the perspective of preventing corruption, preventing money laundering and terrorist financing; compliance with international sanctions; conflicts of interest; protection of human rights, and the protection of personal data.

Significant actions taken in this regard in 2023 to prevent and mitigate the risks listed, include the Board of Directors' approval of a set of Compliance Policies, consisting of a Third-Party Integrity Verification Policy, an International Sanctions Compliance Policy and a Money Laundering and Terrorist Financing (ML/TF) Prevention Policy.

With regard to the **prevention of corruption and related offences**, a number of internal instruments have been implemented to combat the prevention of acts of corruption and related offences, including the approval of the **Policy for the Prevention of Corruption and Related Infractions** and the implementation of the **Plan for the Prevention of Risks of Corruption and Related Infractions (PPR)**.

In 2023, training was provided for the purpose of preparing people internally at Navigator regarding the prevention of corruption and related infractions.

HIGHLIGHT

MORE THAN 2200 EMPLOYEES HAVE COMPLETED TRAINING IN PREVENTION OF CORRUPTION AND RELATED INFRACTIONS

The training in Prevention of Corruption and Related Infractions, which the Compliance Area developed in 2023, reveals the importance the Company gives to these matters.

Available in e-learning format, the training is designed for all Navigator employees and uses practical cases to promote interactive learning of the response that the Company's internal tools offer in everyday situations where there is a potential for the practice of illegal acts. The objective is to disseminate and reinforce the importance of these instruments, stimulating the understanding of the principles expressed in them.

This training covered topics such as the Policy for the Prevention of Corruption and Related Infractions, the Plan for the Prevention of Risks of Corruption and Related Infractions, the Policy for Compliance with International Sanctions, the Policy for the Prevention of Money Laundering and Terrorist Financing, and the Policy for Verification of Integrity of Third Parties. Conflict of Interest was one of the topics that was highlighted, due to the reinforced internal control of this issue. The training in Prevention of Corruption and Related Infractions was successfully completed by more than 2200 employees.

With regard to **Human Rights** issues, in 2023, following the approval of the Human Rights Policy at the end of 2022, work began on the development of procedures for their proper implementation next year—specifically in terms of auditing, recruitment and procurement—that ensure the defence of fundamental rights throughout the value chain and operations.

In order to reinforce its commitment to **due diligence** in human rights, Navigator joined the UN Global Compact in 2024 and will participate in its Business & Human Rights Accelerator Programme. In so doing, it aims to implement a continuous due diligence process in line with the requirements of the future Corporate Sustainability Due Diligence Directive (CSDDD).

Also noteworthy is the hiring of a third-party integrity verification platform in 2023 as part of its due diligence process.

HIGHLIGHT

NAVIGATOR IMPLEMENTS NEW THIRD-PARTY INTEGRITY VERIFICATION SYSTEM

One of the internal Compliance Policies approved in 2023 by Navigator's Board of Directors was the Third-Party Integrity Check. In order to apply its principles, a contract was made with a new platform that aggregates international databases and information analysis technology, to optimise the search for entities and facilitate the processes of verification of international sanctions.

The platform carries out automated and auditable checks, which encompass indicators such as legislative compliance, analysis of risks associated with the business and company, adverse media monitoring, international sanctions checks, the Global Slavery Index and the identification of Politically Exposed Persons (PEPs). It also stands out for the comprehensive integration of the financial, ESG and Compliance components, for its offer of a robust and complete database, especially in the areas of Compliance and Sustainability, for its ease of use, and for the inclusion of a specific module related to ESG.

The new Third-Party Integrity Check Policy expresses Navigator's commitment to the prevention and mitigation of risks associated with illegal practices and fraud in its relations with investors, employees, suppliers and customers. This Third-Party Integrity Check System plays a crucial role in this context, by providing the information needed for a comprehensive and efficient analysis, which helps to protect the Company and its stakeholders from the risks inherent in the activity.

In 2023, Navigator updated its policies and procedures, particularly on the **management of conflicts of interest**, and strengthened its internal control mechanisms with regard to the identification of situations of potential conflict of interest, through the implementation of an additional procedure for reporting and verifying these situations. This new procedure includes the mapping of employees who, by virtue of their duties, are in situations that may give rise to conflicts of interest, in order to then identify third parties who may become related parties in transactions with Navigator, which periodically updates this analysis. The Company also updated its **Personal Data Protection Policy**, through which it establishes a set of guidelines to ensure compliance with the aforementioned Regulation and standardises the procedures related to this issue.

Navigator is committed to **valuing diversity, gender equality and inclusion** as a way of effectively ensuring **equal opportunities** in the workplace.

In 2023, a **new governance model** for Diversity, Equity and Inclusion (DEI) was approved with the naming of a person in charge and a committee to report to the Board, supported by an extended multidisciplinary working group. The decision came as a way to strengthen the model for diagnosing, proposing and implementing internal initiatives and projects in this field, to strengthen gender equality in its different dimensions and the Group's practices, as well as to continue the development of policies that facilitate the reconciliation between personal, family and professional life. Several measures set forth in the "Plan for Gender Equality 2023" have been implemented, and the "**Plan for Equality 2024**" has been defined.

In addition, the Company continues to invest in strengthening its policies and practices to promote equal opportunities through a **culture of meritocracy**, eliminating any form of discrimination and aiming to improve the distribution of the population in leadership positions. Training and coaching programmes are tools made available to all employees—which includes those performing operational duties—that contribute to supporting female professionals with potential to access leadership positions and to achieving a greater gender balance in all functions of the organisational pyramid. An example of these practices is the appointment in 2023 of new directors for key areas in the company, which took effect in January 2024.

We point out that Navigator has developed a specific **training module** on equality and diversity topics, to be implemented in 2024, and it has provided key members of the organisation with training on "Implicit Biases" through GRACE. With regard to strengthening the culture of equality between women and men, International Women's Day was celebrated with the "Women Who Inspire Us" Campaign.

In terms of **partnerships and external participation**, it should be noted that, in 2023, Navigator was part of BCSD Portugal's new working group for Diversity, Equity and Inclusion (DEI) and participated in the "Study on DEI in the Portuguese business environment", in partnership with EY, the purpose of which is to characterise the level of maturity of Portuguese companies and the practices they have in place in this regard, with a view to helping move forward. It also maintained other partnerships and support to other entities.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
Approve and implement Structuring Policies for Secil's Governance	Policies developed and approved: (1) Human Rights Policy; (2) Corruption Prevention Policy; (3) Money Laundering and Terrorist Financing Prevention Policy; (4) Fiscal Policy; (5) Free Competition Policy and (6) Stakeholder Engagement Policy
Support equal opportunities and promote diversity in management decisions	3% of women in management positions
14.5% of female employees	13.7% of female employees

In 2023, in order to reinforce the commitments made to sustainable development and responsible business conduct, **six new Policies were developed and approved by Secil's Board of Directors**, which complement the existing Policies, Codes and Regulations. These are: (1) Human Rights Policy; (2) Corruption Prevention Policy; (3) Policy for the Prevention of Money Laundering and Terrorist Financing; (4) Fiscal Policy; (5) Free Competition Policy and (6) Stakeholder Engagement Policy. The next step will be to establish the necessary processes to ensure the compliance of all those involved with the respective policies and to ensure that any deviation from them is identified, addressed and resolved, through the usual reporting procedures or the Secil Group Integrity Channel.

HIGHLIGHT

CORRUPTION PREVENTION POLICY

Secil is aware that corruption problems affect all companies, and it is not immune to this phenomenon. Therefore, through this policy, the commitments assumed by Secil in terms of combating and preventing corruption are shared publicly, which presuppose compliance with the legislation and regulations in force and applicable to the activities carried out in the corresponding jurisdictions.

The commitments were made taking into account the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the eight fundamental ILO conventions and the International Bill of Human Rights.

The policy includes commitments such as not making contributions to political parties and not using donations or sponsorships to influence decisions and obtain illicit advantages.

It is incumbent on the Board of Directors to adopt preventive and corrective measures and procedures to assess compliance with this policy, with a view to identifying the main impacts and potential risks of Secil's activity in terms of corruption.

The policy also provides for Secil to carry out training actions for employees in order to ensure their incorporation into the corresponding corporate culture.

In its sustainability strategy, Secil has included points that it considers structuring for its business within the scope of diversity, equity and inclusion, specifically in the support of **equal opportunities** and the promotion of **diversity**.

In addition to the roadmap for action, where specific actions were defined by location, as a way to meet the specific needs of each business, the Secil Group carried out **transversal and local engagement actions, adapted to each site**, dealing with the DEI topic and involving employees. Significant among these actions were the webinars held to present Secil's focus on the issue of gender equality to employees, with invited guests, being extended to men in 2023. Also noteworthy are the DEI Conferences, which were designed to update the organisation on the Secil Group's focus on this issue and involve employees in this identification and the implementation of actions to address this issue.

In addition to working on diversity, equity and inclusion, this journey, called DEIB, also included the theme of **belonging**, which the "B" refers to. It is made up of five pillars: feeling welcome, known, included, supported, and connected.

In 2023, for the first time in its history, the Secil Group now has a **woman on its Executive Committee**. Helena França joined the Group in March 2023 to serve as Director and as CEO (or general manager) of the Portugal Business Unit.

HIGHLIGHT

INCLUSIVE RECRUITMENT (PORTUGAL)

In 2023, Secil defined its diversity statement, which is now included in recruitment processes. Aware of the importance of promoting a culture of diversity and inclusion, in which all people feel good about being themselves, regardless of their differences, and in order to support equal opportunities, Secil has instituted this statement. A partnership was also established with the Associação Salvador within the scope of the "Integration: Employment Destination" project. Through this project, the Associação Salvador ensures the referral of candidates to job vacancies, by matching the candidates' profile with the required profile.

OTHER BUSINESS SEGMENT – ETSA

Since 2022, ETSA has had a whistleblowing channel to report any irregular practices. The Whistleblowing Channel fulfils the objective of providing ETSA with an internal reporting mechanism for irregular practices, in which reports of irregularities are submitted in an effective, swift and suitable system for their detection, investigation and resolution, in accordance with the rules of conduct established by ETSA and the principles of guaranteeing anonymity, confidentiality, safeguarding, and non-retaliation in relations with informants, complying with data protection and information security standards.

ETSA's **Human and Labour Rights Policy** is reflected in the Letter of Commitment signed by the Management in December 2018 and disclosed to all the company's employees and the community in general through the company's website. This letter also establishes the drafting and dissemination of internal ethics policies and code of behaviour, including harassment and discrimination, promotion of diversity and equality, and the fight against corruption. It establishes a commitment to Employees in several aspects:

1. Respect for labour rights, in particular with regard to the rejection of any form of forced labour and child labour;

2. Full respect for the right of association and representation;

3. Promotion of prevention, health and safety of all employees, as well as their physical and psychological well-being;

4. Continuous training programmes that allow each employee to explore their potential;

5. Monitoring and preparation of employees to adapt to the demands of the jobs of the future.

The various types of ETSA's suppliers come mainly from the European Union, which provides some guarantee regarding compliance with Human Rights conditions. However, there are documents in the company that address these issues, specifically:

- **Code of Ethics and Conduct**, which dictates the internal rules that are to govern all employees and the relationships established by ETSA, in general;

- **Code of Conduct for Suppliers**, which governs supplier relations in a more focused manner and is available on the website. This document sets out the rules regarding the respect and promotion of Human Rights, as defined in the United Nations Universal Declaration of Human Rights, in its operations and promotes its implementation in its sphere of influence. ETSA expects its suppliers to do the same.

There is also a document that sets out the general lines of sustainable action – the **Letter of Commitment**.

Over the next three years, ETSA plans to evaluate suppliers in the areas of Human Rights and Labour Rights.

The Code of Good Conduct for Preventing and Combating Harassment at Work, the Human Rights Policy, and the Policy for the Prevention of Money Laundering and Terrorist Financing are also in force at ETSA.

4.4.2. SUSTAINABLE VALUE CREATION

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

8 DECENT WORK AND ECONOMIC GROWTH

OUR IMPACTS

2 912.1 Million euros	OF DIRECT ECONOMIC VALUE GENERATED
2 395.7 Million euros	OF DISTRIBUTED DIRECT ECONOMIC VALUE
14 722 Suppliers	81% DOMESTIC
30%	OF THE TOTAL DEBT IS CONTRACTED USING ESG PRINCIPLES

The Holding is responsible for investing in key sectors of the domestic and international economy, seeking to balance the demands of creating value for shareholders with the principles of sustainable development and, in this way, generate value for its various stakeholders. The creation of sustainable value is a material topic that is reflected transversally in the different activities carried out by both Semapa Holding and its subsidiaries.

2 912.1 M €
Direct economic value generated (revenue)
(-11% vs. 2022)

2 395.7 M €
Direct economic value distributed
(-6% vs. 2022)

516.4 M €
Economic value retained
(-31% vs. 2022)

Employee wages and benefits
282.0 M €
(no variation compared to 2022)

Payments to providers of capital
174.2 M €
(-37% vs. 2022)

Operating costs
1 775.0 M €
(-8% vs. 2022)

Payments to government
162.3 M €
(+210% vs. 2022)

Community investments
2.2 M €
(-8% vs. 2022)

GRI 201-1

The way in which the Group creates and distributes economic value along the value chain reflects the significant impacts it generates 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, wages, taxes, and community investment, among others.

FINANCING FOR SUSTAINABLE DEVELOPMENT

The Group's companies have taken important steps in sustainable finance, through the search for financing options directly linked to the achievement of sustainable development goals or ESG – Environmental, Social and Governance – performance indicators. This option allows the Group's companies to make an appropriate, conscious and responsible choice of the terms of the financing, such as the selection of terms, the risk conditions and the price of the financing, whilst using this mechanism to leverage relevant investments that contribute to their sustainability commitments.

The Semapa Group's ESG-linked debt at the end of the year represents about 30% of the total contracted and 25% of the total used (Ch. 3.3.1).

Through its subsidiaries, it has also been promoting partnership work, and the submission of applications for community funds, to leverage the transition to a circular and low-carbon bioeconomy, thus enhancing its contribution in this area.

In this context, a **Due Diligence Working Group** was created, which began its activity in September 2023, its members coming from the various subsidiaries. The objective is to define ESG criteria for investments, which will result in the development of a management document or tool that will allow any Semapa Group employee to know the procedure and the set of non-financial, or ESG, criteria they should collect when strategically analysing an investment. This tool is particularly designed for the investment teams of the various companies, regardless of whether it is an organic investment, such as the construction of a new plant or component, or an inorganic investment, such as the acquisition of a new company.

Considering the specificity of the objective, as well as the diversity of sectors in which the subsidiaries operate, it was decided to use an external entity for the framing and definition of ESG criteria, which was chosen in December 2023.

It is expected that, in 2024, the diagnosis will be carried out, via interviews with the main stakeholders of the project within the Semapa Group, as well as the mapping of market and regulatory trends and the construction of the tool for ESG Due Diligence.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Ensure that sustainable investment and finance policies integrate ESG criteria	
Achieve an ESG-oriented financing ratio of 70% or greater by 2030	New goal set in 2023.
Ensure Net Debt/EBITDA ratio remains below 2.0x (ongoing)	New goal set in 2023.
Continue the ESG investment policy within the scope of the management of the Pension Fund assets (ongoing)	New goal set in 2023.

As part of Navigator's 2030 Roadmap, a commitment has been made to ensure that the Company's **financing and sustainable investment policies** integrate **ESG criteria**, with several associated objectives defined (see table).

The Company has taken important steps in sustainable finance, through the implementation of financing with price conditions linked to the fulfilment of sustainable development goals or ESG performance indicators that are part of the 2030 Roadmap.

Navigator's financing policy reinforces adherence to sustainable development principles—at the end of 2023, 46% of Navigator's financing was ESG[15]—which is expected to increase, with new ESG financing being carried out in the near future, and the amortisation of old financing.

HIGHLIGHT

EIB LOAN TO ACCELERATE DECARBONISATION

Navigator's investment in decarbonisation and energy sustainability took another significant step forward with the contracting of €115 million in financing from the European Investment Bank (EIB) for the construction and operation of a high-efficiency recovery boiler at the Setúbal Industrial Complex.

Once operational, the new boiler will reduce direct emissions of fossil carbon dioxide by around 136 000 tonnes per year, equivalent to a quarter of Navigator's emissions recorded in 2022.

This financing and its conditions are the result of the EIB's recognition of the role that this Navigator project has in the transition to a circular economy, contributing to the EU's Green Deal. The EIB established a set of objectives in 2019 to promote environmental sustainability, and it is currently one of the world's largest financiers of climate-related projects.

The EIB loan is part of the REPowerEU Plan set up by the European Union to reduce energy dependence on Russian fossil fuels, save energy, diversify supplies and accelerate the clean energy transition.

The Group is currently involved in four components (C5, C11, C12 and C16) of the Business Innovation Agendas, under the RRP – Recovery and Resilience Plan, which correspond to an eligible investment of around 269 million euros until 2026. Over the next two years, Navigator will continue its strong level of investment, notably under the RRP. For eligible investments in this context, an incentive rate of 38.8% is foreseen, which corresponds to close to 100 million euros, with the Company receiving around €21 million in 2023. Among the RRP agendas, we highlight the agenda From Fossil to Forest – Sustainable Packaging Products to Replace Fossil Plastic, the Decarbonisation agenda, and the Transform agenda.

15 The percentage refers to the contracted amount of financing.

It should also be noted that a **Responsible Investment Policy for Navigator's Pension Fund** has been established. The goal for all its assets to be associated with environmental, social and corporate governance (ESG) criteria was reinforced by the changes introduced in 2022 in the management contract of Navigator's Pension Fund. The Fund pursues a responsible investment policy, seeking to contribute to the long-term sustainability of the market as a whole.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
Have at least 50% of financing based on ESG principles in the total contracted lines by 2025	34% of the total debt contracted based on ESG principles.

Secil has taken important steps in sustainable finance, through the search for financing options directly linked to green projects or the achievement of ESG – Environmental, Social and Governance performance indicators.

An example of this was the launch, in 2022, of the request for proposals to various banks for the issuance of green bonds.

At the beginning of 2023, Secil carried out the first contracting of green financing, through two bond loans, called "Secil 2030 Green Bonds – fixed rate" and "Secil 2030 Green Bonds – variable rate", destined for the (re) financing of the Clean Cement Line (CCL) Project, under the terms of its Green Bond Framework.

HIGHLIGHT

SECIL CONTRACTS GREEN FINANCING FOR CCL PROJECT

After an investment of €86 million in the CCL project, underway at the Outão plant in Setúbal, under the terms of its Green Bond Framework, Secil has contracted green financing in the amount of €75 million through two green bond loans.

This step made Secil the first European cement company to contract this type of financing associated with a specific project.

The remaining 11 million euros, which make up the entire investment in the project, were financed by equity and European funds from Portugal2020.

Another relevant step was the disclosure, in July 2023, of the **Sustainability Linked Financing Framework,** which frames the sustainable financing to be contracted in Portugal, Brazil and Tunisia.

As of December 31, 2023, financing in the Secil Group based on ESG principles represented 34% of the total contracted lines, which is materialised in the contracting of three financing lines based on ESG principles in Portugal and two in Brazil, for a total equivalent to 209 million euros. This amount represents a very significant step towards meeting the Group's defined objective of achieving 50% financing based on ESG principles in the total lines contracted by 2025.

EXTERNAL RECOGNITION OF THE GROUP'S COMMITMENT TO SUSTAINABILITY

The commitment to sustainability is proven by the constant search for improvement in ESG performance by the Group's companies, an aspect that is proven through the results of the external evaluations carried out.

PULP AND PAPER SEGMENT

In the Pulp & Paper segment, Navigator was once again recognised for its ESG performance by several independent entities, including **Sustainalytics, which once again classified the Company as a "Low ESG Risk Company" for investors**, having awarded the distinction of ESG Industry Top Rated company in 2022.

In 2023, Navigator **was recognised by MSCI ESG Ratings with an "A" rating**. This rating measures a company's resilience to long-term ESG risks. Companies are rated on a AAA-CCC scale, relative to the sector of activity in which they operate (Paper and Forest Products), on the most relevant key themes and based on their business model.

It was also recognised as a leading company in climate action, having been distinguished with the classification ("A-") in **CDP Climate Change** and **CDP Forest** (Ch. 4.2.2).

We call attention to the **approval of the greenhouse gas emission reduction targets by the SBTi – Science Based Targets initiative** (Ch. 4.2.2), in recognition of the ambition assumed in the search for solutions to the climate challenge, in line with science.

The commitment to sustainability is also reflected in its excellence in reporting practices, which is evident in the improvement that Navigator has achieved in the "**Reporting Matters 2023**" score, an initiative of WBCSD and Radley Yeldar (RY), with **emphasis on the 3rd (third) position it occupies** in the Basic Resources group of companies. The Company was also highlighted for its good business practice by the Observatory of the Sustainable Development Goals (an initiative of the Catholic University of Portugal).

RESPONSIBILITY IN THE VALUE CHAIN

Through ethical and transparent action, marked by a deep social and environmental awareness—in alignment with the United Nations Sustainable Development Goals (SDGs) (Ch. 4.1.3)—and a close relationship with the different stakeholder groups (Ch. 4.1.5), the **Group is committed to generating and sharing value along the value chain**, going beyond the economic dimension, also impacting its stakeholders in different ways in the social and environmental dimensions. The diagram below highlights some of the Group's main ways of creating sustainable value, referring to the chapters on environmental, social and governance information, as well as to the reports of the subsidiaries Navigator and Secil, for more specific information.

CREATING LONG-TERM VALUE FOR OUR KEY STAKEHOLDERS

INVESTORS & ANALYSTS

- Risk Reduction
- Adoption of best corporate governance practices
- Transparent and regular communication
- Operational optimisation
- Asset Optimisation
- Value-Generating Acquisitions
- Increased revenues, stock appreciation, and regular dividend distribution

SUBSIDIARIES

- Creating more resilient and sustainable business models
- Investment in RDI
- Sharing of values and best practices
- Exploiting all circular economy opportunities in the business value chain

EMPLOYEES

- Job stability
- Payment of salaries, performance bonuses
- Benefits & Family Support
- Training and professional development
- Creation of safe working conditions that promote well-being
- Raising awareness of healthcare and preventive medicine
- Sharing values and promoting a sense of purpose

MAJOR PROVIDERS OF SPECIALISED SERVICES

- Contracting of supplies and provision of services and payments under the agreed terms
- Job creation and boosting the domestic business fabric
- Sharing of values and best practices

FINANCIAL INSTITUTIONS

- Consistent credit risk profile
- Transparent and regular communication
- Payments on the agreed terms

OFFICIAL SUPERVISORY AND REGULATORY BODIES

- Responsible fiscal policy, with an impact on countries' tax revenues
- Dynamization of the domestic business fabric and promotion of exports
- Contribution to the achievement of the country's carbon neutrality goals with concrete proposals/action plans

COMMUNITY

- Contribution to mitigation of climate change risk
- Job creation
- Knowledge generation and dissemination
- Training of young talents
- Community investment
- Reduction of the impacts of air emissions, noise and odours, and waste generation
- Reduction of the impacts of water catchment and net emissions on water availability

BUSINESS ASSOCIATIONS

- Contribution to the design of shared solutions to economic, environmental and social challenges of the sector, regions and the country
- Active participation in development and support projects

The main contributions to value creation with regard to suppliers and customers are presented below.

SUPPLIERS

In 2023, and for the entire Semapa Group, 2.4 million euros were spent on supplies and services, which represent a decrease of 2% compared to the previous year, the vast majority of which were domestic suppliers (72% in purchase volume).

The magnitude of this figure reflects the importance of the impacts – economic, but also social and environmental – inherent to the Group's purchasing policies and decisions. Aware of the capacity to influence in this way and as part of the responsible business conduct of the Semapa Group, it is a growing concern of the subsidiaries to contribute to minimising associated ESG risks and promoting the adoption of good practices.

The practices of the subsidiaries include **codes of conduct for suppliers** and the **definition of qualification criteria**, among others. In accordance with the certifications the companies hold, they are committed to exerting their ability to be an influence, increasingly involving and raising awareness among the various suppliers (including service providers and subcontractors) on critical aspects related to safety, the environment, business integrity, and quality, among others.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Ensure that all wood comes from credible sources (FSC or PEFC certification schemes, or controlled source)	
Promote chain of custody certification of all our timber suppliers by 2030	92%
Ensure that the Company's wood consumption incorporates at least 80% certified wood by 2030	69%
Increase the range of suppliers assessed on ESG criteria	
ESG performance assessment (decarbonisation, water stewardship and respect for human rights) for materially relevant[16] suppliers by 2025	
■ 100% for chemical and packaging suppliers	New goal set in 2023.
■ 80% for logistics and transportation providers	New goal set in 2023.
Promote the financial evaluation of materially relevant suppliers, on an annual basis, to ensure the sustainability of supply to Navigator	New goal set in 2023.
Promote sustainability practices in the supply chain	
100% of relevant new contracts covered by Navigator's Supplier Code of Conduct by 2026	New goal set in 2023.
Define a programme to support the development of decarbonisation, water management and respect for human rights plans for our suppliers by 2026	New goal set in 2023.
Promote partnerships for the use of more sustainable means of transport (own and suppliers) by 2026	New goal set in 2023.

The impact of sustainable supply chain management at Navigator was highlighted in the latest materiality analysis, due to its impact, not only environmental but also social. Navigator is aware of the impact of its procurement policies on the creation and distribution of value and is committed to establishing partnership relationships and stimulating positive change. These factors are combined with the importance of ensuring a **resilient supply chain capable of responding to the Company's needs**, to ensure business continuity and success. With these aspects in mind, Navigator has set out a set of commitments and objectives within the framework of the 2030 Roadmap (see table).

As structuring documents in this area, we refer to the Code of Conduct for Suppliers, the Compliance Policies and the Human Rights Policy (Ch. 4.4.1), which provide for the implementation of **due diligence** procedures, and in 2023, a **third-party integrity verification system** was contracted (Ch. 4.4.1).

16 Materially relevant suppliers – representing about 80% of the total volume of purchases (spend) of chemicals and packaging. Materially relevant suppliers – representing around 80% of the transport volume (in number).

In addition, there are some specific practices of the different departments responsible for the relationship with suppliers, adapted to the needs and reality of supplies and services – such as payment by confirming. Criteria and practices have also been defined to safeguard the safety of workers in the value chain who work or travel to the manufacturing facilities.

With the mission of contributing to the strengthening of commercial ties between Navigator and its main suppliers, among several other initiatives aimed at involving and raising awareness among suppliers, the "**Supplier's Day**" stands out as an important initiative to promote the continuous improvement of the supply chain in the areas of reducing raw material costs, improved industrial efficiencies and sustainability.

It is important to highlight the work carried out by Navigator, based on the **creation and sharing of knowledge** and the **establishment of partnerships** along the value chain – with forest owners and associations, business associations, suppliers, local authorities and other community agents. Navigator invests in **programmes to support** the increase of sustainable, certified forest management and forest owners, going beyond the areas under its direct management and aiming to reach a greater number of owners, encouraging them to adopt good practices and invest in the conservation of the natural and socio-cultural values of the territory.

In this context, initiatives are promoted that seek to respond to the individual needs of forestry partners around the country, which are not limited to the producers with whom Navigator works. Navigator has several **programmes to support forest producers in Portugal**, including the recently created **Forest Producers Club**, a pilot project to boost reforestation, with the aim of reducing unmanaged areas (and having a higher risk of fire). In Mozambique, as well, initiatives are promoted to support forest producers, encouraging the improvement of natural resource management practices in the areas where they operate, highlighting the participation in the Mozambican Government's forest promotion programme.

Navigator's connection with the **forest producer community** was also strengthened in 2023 through several other initiatives aimed at stimulating **knowledge sharing and the training of forest-related stakeholders**. These initiatives and content are carried out jointly by RAIZ and Forest Portugal, Navigator's Forest Development department.

It should be noted that the CO_2 emission reduction targets approved by the Science-Based Targets initiative in 2022, include the ambition to reduce scope 3 carbon emissions, associated with its value chain, and there is therefore a commitment to **alternatives to road transport**, specifically by using rail and maritime transport. The optimisation of inbound and outbound flows is one of the lines of action that the Company is developing and intends to consolidate, seeking in each logistics flow the greatest operational efficiency and lowest cost between the different origins-destinations.

HIGHLIGHTS

FOREST PRODUCERS CLUB: FOR THE FUTURE OF THE FOREST

The Forest Producers Club, one of the most innovative initiatives aimed at all those who live from the forest in Portugal, was launched by Navigator in November 2023 and at the end of the year it had over 100 members. This number reveals the need country had for a movement that would promote the training and increased competitiveness of agents in the forestry sector.

The main goals of the Club are to promote the expansion of the area of well-managed forest, combat abandonment, increase the value of the forestry sector and make it attractive, thereby stimulating its rejuvenation. Acting at scale and collaboratively is an indispensable way to achieve the goals. It is a path that also involves investing in the training and development of the various agents, both through the innovation of mechanical means as well as the attraction, valorisation and retention of human resources.

By increasing the area of well-managed forest, the Forest Producers Club will also offer environmental and social gains: a reduced risk of fires, reduced emissions and increased CO_2 sequestration, whilst promoting biodiversity with more conservation areas, and boosting the economy in the interior of the country, thereby combating desertification.

CEMENT SEGMENT

AMBITION 2025

Commitments/Objectives and Goals	2023 Results
100% ESG Critical Supplier Assessment	10% of suppliers in Portugal are potentially ESG critical
Application of the Code of Conduct for Suppliers, ensuring compliance with international human rights principles	Application of the Global Procurement Handbook, Procurement Policy for Portugal and Supplier Code of Conduct
Proper assessment of the Secil supplier base, enabling the implementation of effective measures within the scope of sustainable supply chain management	To be implemented in 2024

In 2023, Secil **recorded an increase of around 18% in products and services compared to the previous year**, which reflects the relevance of the economic, as well as social and environmental impacts, inherent to its procurement decisions.

The fact that about **89% of its suppliers are local** allows Secil to contribute decisively to the economy and job creation in the communities where it operates, impacting them positively.

Secil's procurement department reached important milestones in its transformation trajectory in 2023, **continuing the implementation of the initiatives established under the "Operational Performance" pillar of its business strategy for 2025.** Among the main objectives defined for Procurement, the following stand out: (1) The structuring of a global department, reaching all locations, and business and cost units; (2) The implementation of a robust operating model, through multidisciplinary teams focused on strategic management of categories across the Group; (3) Operational excellence via digital transformation, efficient data management routines and indicators, and ongoing process improvement; (4) Focus on recurring savings and total value added in the contracting of goods and services, aiming at improved risk management and the sustainability of the value chain.

The year was also marked by the **issuance of the various documents developed** in 2022 – Global Procurement Handbook, Procurement Policy for Portugal and Supplier Code of Conduct. The Procurement teams in the various group locations were oriented towards cooperation and the alignment of working methods, global category management and improvement of various internal Key Performance Indicators (KPI).

In 2023, the **delivery of the Sustainable Procurement Roadmap** also began, which details global initiatives and sustainable practices applicable to the entire supply chain, actively promoting responsible routines, in line with the long-term objectives of the Secil Group.

HIGHLIGHT

SECIL GROUP: EXCELLENCE IN PROCUREMENT

In 2023, Secil underwent an important evolution in the application of the various procurement tools and processes, ensuring focus on operational excellence and strategic category management. Over 170 collaborative forums approved purchases of goods and services through the Sourcing Committee process, ensuring transparency and a structured approach for all purchases over €50 000. This mechanism allowed for a more efficient flow, with greater collaboration and strategic alignment between procurement and requesting departments.

Various category strategy revisions were delivered in 2023, using templates suitable for mapping risks and opportunities, given the various aspects that make up Secil's focus on value creation in the Group's different business units. Selected from among the categories with the greatest impact on the business, the strategies aligned in 2023 cover about 20% of global spending, allowing the mapping of strategic initiatives, with medium and long-term actions.

Focusing further on operational excellence, various measures were implemented to improve the performance management of indicators, which enabled us to close the year within the objectives established for the fulfilment of requisitions and purchase orders. Through regular meetings and the efficient use of data and indicators, the department now has tools for better resource management and purchase planning. Weekly meetings were held to assess and discuss potential supply risks or price increases.

OTHER BUSINESS SEGMENT – ETSA

In the Other Business Segment – ETSA, the **principal suppliers are fundamentally divided into two large groups**, the **suppliers of raw materials** and the **suppliers of other products and services**.

In the first case, and since the raw material for ETSA's business is a scarce commodity, the selection in this class of suppliers is not tendered. However, there is an **active search by the company for new suppliers**, and an attempt to reach a commercial agreement with as many as possible, although the turnover within this type of suppliers is reduced— a certain stability—between 11 and 12 thousand suppliers in the ETSA universe. These are monitored by the sales team, through interactions, the frequency of which varies according to their relevance and can vary between a daily contact and a quarterly contact.

In the second case of suppliers, **there are more of them because there is a greater turnover**. For a significant number of products and services purchased, this selection is made through a tender, the average duration of contracts being approximately two years, which may vary. This procedure of regular market surveys allows us to learn about different realities, improve good practices and try to obtain the commercial conditions best aligned with those practiced in the market. The selection criteria to date have been eminently commercial in nature (price, product quality and capacity/delivery times). Within this type of suppliers there may still be a further division, between (1) those in industrial and (2) those in non-industrial domains. For the first case (1), there is greater constancy, since they are related to the brands of the equipment, so there is a greater limitation during this selection, mainly motivated by the scarcity of this type of specialised suppliers with a quality seal. In the second case (2) there are fewer constraints, and there may even be synergies within the Semapa Group.

2023 brought different challenges. On the one hand, there was a need to select suppliers of products and services that would ensure the desired performance for the new plant in Coruche – ETSA ProHy (Ch. 4.4.3); then there was the need to equip the new intermediate freezing unit in the Azores, whose construction will start in 2024 and which represents a challenge due to its insularity. The collection of raw material in Spain for the Loures unit also began.

CUSTOMERS

The companies of the Semapa Group are committed to the development of innovative solutions and products (Ch.4.4.3), in line with the various challenges that company faces—climate change, biodiversity loss, resource scarcity—and meeting the needs and expectations of their customers (and consumers), thus contributing to the promotion and transition to a circular, low-carbon bioeconomy.

They also develop **initiatives that allow them to be closer to customers, build their loyalty and make their experience increasingly enriching and satisfying.** Among these practices, we highlight the carrying out of market studies, focus groups, interviews, and webinars, among others.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Cultivate long-lasting relationships with customers through active listening and the development of joint initiatives to respond effectively to their needs	
Maintain or increase Customer Satisfaction (CSI) ■ UWF: CSI > 90% by 2030 ■ Packaging: CSI to be defined after the first questionnaire in 2025 ■ Tissue: CSI > 70% by 2030 ■ Pulp: CSI > 63% by 2030	New goal set in 2023.
Expand the number of products certified with a forest certification label or EU Ecolabel	
Maintain or increase sales of products with an environmental label (Ecolabel or FSC or PEFC) ■ UWF: CSI > 70% by 2030 ■ Packaging: > 60% by 2030 ■ Tissue: > 99% by 2030 ■ Pulp: > 80% by2030	New goal set in 2023.

Customer management is essential to Navigator's success, so it has a direct impact on the strategy and business model. For this reason, Navigator invests in monitoring market trends and listening to customers, in order to develop **innovative solutions and products**, adapted to their needs and expectations, as well as being able to offer society **sustainable alternatives with a lower environmental impact** compared to non-renewable products.

Due to the need to respond to the attention and appreciation given by legislators and consumers to the sustainability attributes of the product—its origin and manufacture, as well as its packaging—within the scope of its participation in CEPI, Navigator has collaborated in the provision of a methodology suited for **analysing the complete life cycle** of the paper product, which manages to ensure comparability. Additionally, at the beginning of 2024, Navigator decided to join the **European Commission's pilot project on the European Union's Anti-Deforestation Regulation (EUDR)**, which demonstrates the Company's full transparency and support in combating deforestation on the planet.

In addition to the quality, innovation and sustainability credits associated with Navigator's products, mention should be made of the additional guarantee to customers and consumers provided by the forest certification label and/or the EU Ecolabel on the products.

In this context, sales of certified products (Ecolabel, FSC® or PEFC) have acquired a greater share of sales, representing 64.2% of the products sold (including UWF, Pulp, Tissue and Packaging).

In the **packaging** sector, various **sustainable solutions** have been developed, from products with the **gKraft**™ brand (packaging papers in three macro segments – BAG, FLEX and BOX – for paper bags, flexible packaging, corrugated cardboard boxes for value-added products and food packaging), to moulded cellulose products (for rigid packaging in the food service and food packaging market). It should be noted that innovative packaging solutions earned Navigator the IRGA Awards, in the category "Transformation Award – Transformation and innovation projects with an impact on the market".

In **tissue papers**, new segments have grown with special attributes of a disruptive nature—soap to degrease surfaces, absorption of grease in fried foods, and essences to perfume the environment, among others. Examples of products include: Amoos AirSense™ (toilet paper), Amoos Naturally Soft™ (napkins and toilet paper), Amoos Aquactive™ (multi-purpose) and AmoosCalorie Control™ (kitchen roll).

CEMENT SEGMENT

Customers are one of the fundamental pillars of Secil's strategy, which is why its commitment is expressed in Ambition 2025.

Proximity to the market allows for greater integration of sustainability into the value chain through close collaboration with customers in the development of sustainable solutions and products. In this regard, and to understand and monitor customer perceptions, Secil uses the **NPS – Net Promoter Score**, a key performance indicator that helps systematically measure customer satisfaction and monitor their shopping experiences in all market segments and in all countries where it operates.

In 2023, a good example of the success of new sustainable products was **Verdi Zero Concrete**, which was elected by Portuguese consumers as Product of the Year 2023 – **ConsumerChoice award, in the Sustainable Products category,** and it is the first carbon-neutral concrete in Portugal.

In 2023, the "Secil Elevate" programme, a **fully digital customer retention programme**, was launched. The objective of this programme is to increase the level of satisfaction, retention and knowledge of direct customers, in its four portal business areas: cement, concrete, mortars and aggregates.

The **new Secil Social Networks strategy** also kicks off this year, in line with the unification of the digital experience, now communicating as "Secil Group". The objective is to reposition Secil's presence on social networks and focuses on a unique tone of voice, which stands out on topics of sustainability, brand awareness, product/service appreciation, employer branding and Secil culture. It aims to present authentic and consistent content that fosters an active community.

HIGHLIGHT

SUPREME CONNECTION

Conexão Supremo, in Brazil, aims to bring the company closer and increase its connections with customers, learning about the impact that the work has on them. We seek to understand their needs, desires and aspirations, so that we can offer personalised solutions and exceptional experiences.

In practice, Conexão allows people from support areas, such as human resources, finance, factory, logistics, CRC (Customer Relationship Centre), and sales administration, among others, to accompany sales managers on customer visits for a day.

Since the launch of the project, which took place in April 2023, more than 40 employees have participated and met customers from different regions where the company operates.

More than just commercial transactions, the company seeks to establish relationships of trust and proximity with its customers, in order to pursue the Ambition 2025 goal of being the preferred supplier of customers in the cement industry.

OTHER BUSINESS SEGMENT – ETSA

For ETSA, **food safety, quality and sustainability** are crucial to ensure that its finished products meet high standards and are safe for animal consumption, respecting the environment and being produced in a socially responsible way and investing in quality control and innovation, as part of its identity. It is important to note that ETSA's products and solutions contribute to the reduction of the consumption of natural resources, being based on the concept of circular economy, allowing the company to position itself as a key operator in sectors as varied as **livestock raising, distribution, animal feed, fuels, fertilizers and aquaculture.**

Worth mentioning is the importance of the raw material for ensuring the quality of the final products and for the environmental performance of the manufacturing units. In this context, the efficiency of the **logistics of the collection of by-products**—from the suppliers' facilities to the ETSA manufacturing units, where they are processed—plays an important role, by reducing the time until processing begins.

In 2023, ETSA's logistics department invested in new vehicles for the collection of raw material, increasing the reliability of the fleet, reducing delays in the collection of by-products from the food chain, transporting the raw material with better quality to the company's facilities for processing, and thereby ensuring the quality of the finished product.

In order to ensure the **traceability of the raw material collected and processed** as well as the **final products**, ETSA has implemented a computer system that ensures the identification of the origin of the raw material by supplier and by category, and that of the finished product, in order to ensure product safety and compliance with regulatory standards.

In addition to these aspects, the entire industrial process is regulated and supervised by the competent authorities, who conduct several audits per year.

In order to ensure compliance with regulatory requirements and to improve safety and quality, ETSA has implemented an **HACCP (Hazard Analysis and Critical Control Point) quality control** system, audited by an external company, ensuring food safety and the identification and control of potential hazards in the final product. In order to ensure the effectiveness of the HACCP system, there is an analytical control plan, in which analyses of the final products are carried out regularly that allow taking corrective actions and guarantee quality to the end customers.

In addition, it is noteworthy that several companies in the ETSA group have **ISCC certification** (International Sustainability & Carbon Certification), which guarantees sustainability and the reduction of greenhouse gas emissions in the biodiesel production process. This certification is awarded and audited by an external accredited company.

We call attention to the fact that in 2023 no complaints were received regarding the final product, which highlights the effectiveness in the implementation of the existing control system. To achieve these results, the **continuous training** given to employees by ETSA is fundamental, to ensure that the team properly understands and implements the procedures associated with HACCP, ISCC, traceability and quality control.

In 2023, ETSA invested in new equipment that improved its operational performance, resulting in a better yield in **the processing of raw material.** In addition to the installation of new equipment, the factory automation system was restructured, which facilitated the operation of the equipment by the line operators.

At Sebol, in Loures, the start-up of a second raw material processing line began in 2023, resulting in the expansion of the portfolio of finished products. And in that year, as well, in order to increase the efficiency of quality control, ETSA's central laboratory invested in the reinforcement of its team of analysts and purchased new equipment, which was installed in the Coruche manufacturing unit for the analytical internal control of its products.

HIGHLIGHT

INSTALLATION OF CONTINUOUS INFRARED (NIR) ANALYSIS EQUIPMENT

In 2023, the acquisition and installation of continuous infrared (NIR) analysis equipment at the Coruche manufacturing unit helped guarantee the quality of the final product.

NIR enables precise and real-time monitoring of the production process, using infrared analysis integrated directly into the process line. The equipment is robust enough to withstand harsh production environments, providing instant results for more efficient production. It is therefore possible to detect failures in the process and adjust parameters of the production process.

4.4.3 RESEARCH, DEVELOPMENT AND INNOVATION

GRI 3-3

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

OUR IMPACTS

38.9 Million euros

OF EXPENDITURE ON DEVELOPMENT AND INNOVATION[17]

The Semapa Group invests in Research, Development and Innovation activities, to **ensure new frontiers of business profitability, increase process efficiency and create innovative products.** It is fundamental that this alignment be shared by all the Group's business segments, which have their own RDI areas, to ensure the generation of scientific and technological knowledge, maintaining competitiveness in the various sectors. A strategy assessment could facilitate participation in common projects and the establishment of synergies.

In this regard, the Group has submitted applications for external funding and programmes (domestic and international), in addition to making its own investment in this field. It should also be noted that the **support for the research work carried out by teams of researchers, technicians and scholarship holders** contributes to the promotion of postgraduate training in Portugal and to the creation of jobs in the science field. The creation of intellectual property is encouraged through the registration of patents, for example, as well as through scientific publications.

In order to leverage the development of new businesses, the Group **established new partnerships and invested in new solutions adjacent to its core business.** In this context, and in line with the strategic objective of developing our talent, a programme for 15 young talents of the Group was created – the Semapa Talent Lab (Ch. 4.3.1).

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 being followed on 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. In the case of Semapa Next, it seeks to promote innovation within and outside the markets where Semapa is working, through investment in innovative start-ups.

17 Montantes de despesas com desenvolvimento e inovação de 2022 candidatadas a SIFIDE (Sistema de Incentivos Fiscais à I&D Empresarial).

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.

HOLDING SEGMENT

As of 2023, Semapa Innovation has a **new department dedicated to Innovation, created with the ambition of adding value to the work carried out by its subsidiaries.**

This department, which reports to the Group's CEO, is currently made up of a Head, responsible for the development and implementation of the strategy.

In 2023, the Group defined **its ambition, its innovation language** and made a survey of the main internal stakeholders and related projects. Furthermore, with the aim of participating in the domestic and international innovation ecosystem, it participated in numerous meetings, conferences and visits to different actors in the system, in order to expand its network of contacts and the possibility of establishing joint projects.

The Semapa Group **sees Innovation as a driven business model**, which can be translated into a portfolio of projects (investment vs. return) and considering a comparison matrix between the market and the product.

Internal alignment is essential for participation in common projects, the development of synergies and the evaluation of strategies.

For 2024, and from an internal point of view of the Semapa Group, a commitment has been established to further develop the strategy and apply it across the Group. This will be reinforced by the establishment of an **Innovation Forum**, composed of members of all the companies in the Group's portfolio, for the purpose of **developing the guidelines of the main innovation processes** (Core, Adjacent and Transformational). Benchmarking of the main trends in the sectors is also being planned.

From an external perspective, the ambition is to continue investing in domestic and international relations.

PULP AND PAPER SEGMENT

2030 AGENDA AND ROADMAP – A RESPONSIBLE BUSINESS

Commitments/Objectives and Goals	2023 Results
Develop adaptive forestry practices from the perspective of climate change	
Develop genetically improved clonal and seminal planting, with 30-50% productivity gains and resilient to climate change.	Incorporation of 29 seed lots of 24 species imported and harvested in the Portuguese arboretum "Escaroupim", to increase the diversity of the Genetic Improvement Programme in the long term via hybridisation with *E. globulus*.
Propose biological control solutions for the main diseases and pests of the domestic eucalyptus forest.	The release of Anagonia, Gonipterus' new natural enemy, began. A request to import Ennogera, a natural enemy of the trachynella, was approved by the ICNF – Institute for the Conservation of Nature and Forests.
Develop packaging papers with greater mechanical strength	
Develop products for the packaging sector, alternatives to single-use plastic, with barrier properties using sustainable solutions	New goal set in 2023.
Develop functional and differentiating tissue products for hygiene and health	New goal set in 2023.
Develop sustainable bioproducts, reducing dependence on fossil resources and promoting decarbonisation of the economy	
Develop new cellulosic, recyclable and biodegradable materials and composites	Development and optimisation of biocomposite formulations for market testing. Production of prototypes of applications with potential end-users.
Develop biofuels, bioplastics and biochemicals from forest residual biomass	Optimisation of the biomass pre-treatment process and the extraction process of essential oils from eucalyptus foliage.
Promote scientific and technological co-creation in the field of bioeconomy and bioproducts	
Strengthen partnerships with domestic and international universities and technology centres	Consolidation of the network of partnerships with universities and R&D centres, in the context of RRP projects.
Promote advanced training, in collaboration with universities: 30 PhDs by 2030	23 PhDs in progress, 15 of which have been completed.
Promote intellectual property registration: 50 patents by 2030	5 patents submitted (out of 43)
Promote projects in co-creation with external entities – perspective of economic valorisation of the knowledge generated in RDI: 15 projects completed by 2030	9 co-creation projects have been completed in the field of forest-based bioeconomy with R&D centres, start-ups and SMEs.

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 – 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 competitivity 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.

Creating Value Responsibly, the central concept of Navigator's 2030 Agenda, involves designing and implementing solutions that create sustainable value and long-term competitiveness. In this way, in its 2030 Roadmap, it assumes as **commitments** highlighted in the table AGENDA AND ROADMAP 2030 – A RESPONSIBLE BUSINESS.

In the area of innovation, technology and Forestry R&D, the work carried out under the **RRP – Transform** deserves to be highlighted in 2023, specifically in the areas of: genetic improvement of eucalyptus; circular economy via the recovery of solid waste from the pulp and paper industry as organo-mineral fertilizer and soil acidity corrective; development of thematic cartography to support forest management; implementation of a network of plots for monitoring phytosanitary and nutritional protection status of the forest (ICP network at European level and ICNF at the domestic level); and valuing ecosystem services that make it possible to attribute value to services provided by forests, which are not valued by markets or are valued insufficiently. Navigator expects to increase the levels of ecosystem services, covering regulation, culture and forest productivity.

Developments have also been achieved in the areas of genetics; soil and plant nutrition; IT or technologies to support forest management; and in the field of forest modelling and management tools.

In the area of innovation, technology and technological/industrial R&D, the **RRP Agenda From Fossil to Forest** stands out, the consortium being led by Navigator of which RAIZ is a member, continuing the activities laid out in its work plan. The objective of this consortium is to **develop, patent, produce and commercialise innovative packaging solutions that replace current fossil-based plastic packaging with products of renewable origin that are biodegradable, recyclable and carbon neutral,** based on endogenous raw material from sustainably managed planted forest (Eucalyptus globulus). Developments have been achieved in the areas of:

- Production of high-performance, unbleached chemical pulp;

- Development of barrier properties in flexible packaging paper;

- Development of new innovative tissue products, in line with new market trends and consumer preferences, highlighting the participation of RAIZ in the RRP be@t Agenda – Bioeconomy in the Textile Industry, which seeks to develop cellulosic-based non-woven fabrics and use other components of more sustainable origin than the fossil-based components currently used in the manufacture of this type of products;

- In terms of water use, we highlight the effort to reduce water consumption, in line with the target assumed by Navigator by 2030, in conjunction with its operational departments;

- In the area of wastewater treatment, we highlight the work carried out in conjunction with the operational teams of the various Navigator Industrial Complexes with a view to optimising the performance of the wastewater treatment plants, in order to ensure a greater operational stability at these facilities.

- In the area of Bioproducts, we highlight the **reinforcement of the Pilot Laboratory with new infrastructures**, in particular, pilot equipment that allows for the scale-up and demonstration of new cellulosic packaging products with barrier properties, alternatives to single-use plastic, in particular, for the food sector.

The main developments in this area focused on the production of cellulosic sugars and their conversion into bioethanol for application in biofuel; in the production of cellulosic fibre biocomposites and thermoplastic matrices, with emphasis on bioplastics such as PLA, for application in injected or thermoformed plastic products, filaments and technical textiles; in the production of essential oils and bioactive products extracted from eucalyptus foliage and bark for various applications, such as cosmetics and health.

HIGHLIGHT

MOULDED PULP PACKAGING: THE NEW SOLUTION IN SUSTAINABLE PACKAGING

In the second half of 2024, Navigator's commitment to sustainable packaging will be developed further with the inauguration of an innovative industrial unit for the integrated production of moulded pulp from Eucalyptus globulus pulp. This is another step in the RRP From Fossil to Forest Agenda, led by the Company, with a view to replacing the current fossil-based packaging solutions on the market, particularly in the food packaging segment.

The development of these thermoformed moulded cellulose products was carried out on a laboratory and pilot scale, followed by the industrialisation of the production of rigid packaging, with Eucalyptus globulus pulp produced by Navigator as the main raw material.

In line with an objective of the From Fossil to Forest Agenda, pilot equipment was acquired and installed at the RAIZ Institute that enabled the production of prototypes of this type of products with different water-based chemical additives, with a view to the development and selection of formulations that are best suited to the requirements of barrier properties of the market, especially for oils and fats.

The project is also marked by the Research and Development activity in search of the most effective solutions to obtain a barrier to oils and fats. Performance tests of the prototypes obtained under real conditions of use were also carried out.

The suitability of these products for food contact has been considered in order to ensure that the solutions under development meet the requirements currently in force in the different markets for which they are intended.

It is also worth mentioning the monitoring of the activities of the industrial project for the installation of the new production unit for this type of moulded cellulose products, ensuring that the solutions developed in the Research and Development activities align with the technical solutions to be implemented in the new production unit.

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. To this end, the company has an **innovation concept focused on the development of various products framed in the circular economy and in solutions that promote sustainable construction.**

The decarbonisation process is based on an innovation plan that includes various technological projects and investments, since most of the technologies in focus need a high RDI effort on the part of the companies, so that they transition from the laboratory to the production phase. **Secil's innovation, like its Roadmap, is based on projects spread throughout its value chain, according to Cembureau's 5 Cs methodology** (**C**linker, **C**ement, **C**oncrete, **C**onstruction, re-**C**arbonation)—which is at the base of the process—as well as the development of partnerships with its main stakeholders.

In terms of new cementitious products, in 2023, we highlight a **new cement used in the production of ready-mix concrete in some of Secil Betão's production facilities**. The quality of the cement and concrete produced was monitored, in a real environment, identifying and adapting the products and production processes, defining production control parameters, always ensuring compliance with standards and regulations and, mainly, verifying or anticipating the expectations of future users.

HIGHLIGHT

SECIL GROUP: CARBONATION OF FRESH CONCRETE

Secil is carrying out a project on a laboratory scale for the carbonation of fresh concrete, which consists of injecting CO_2 into the concrete mixing and production process. Once injected, the CO_2 is chemically converted into a mineral in the concrete structure, being “stored” in its structure and eliminated, only being released into the atmosphere again if the concrete is subjected to very high temperatures.

The mineralised CO_2 can also increase the mechanical strength of the concrete, which will reduce the amount of binder (cement) in the compositions, maintaining performance and performance.

This is a win-win solution, as it permanently eliminates the captured CO_2, in addition to reducing the carbon intensity in the concrete, as a result of the decrease in the amount of cement needed.

In 2023, laboratory and industrial tests were carried out with the injection of CO_2 in the production phase of fresh concrete.

In terms of new projects, we mention **the Retrofeed Project – Smart Retrofitting in Process Industry, within the scope of the Horizon 2020 (2019-2023)**. This is a transversal project across various industrial sectors aimed at promoting the use of raw materials and fuels of biological origin in industrial processes, in a circular economy logic, through the modernisation of main equipment and the implementation of an advanced monitoring and control system. This has reached the stage of industrial testing.

HIGHLIGHT

INDUSTRIAL TESTING AND PRESENTATION OF THE RETROFEED PROJECT AS AN EU FLAG EVENT AT COP 28

In September 2023, the industrial test was conducted, which demonstrated that the modifications made to the main burner of the kiln, as well as the new sensors, made it possible to increase the rate of use of alternative fuels, with the consequent reduction of CO_2 emissions associated with fossil fuels, without impacting the other atmospheric emissions, the quality of the clinker produced or other important operating parameters.

The project also allowed us to consider the technical possibility of using 100% hydrogen as a fuel in a clinker kiln, through a CFD (Computational Fluid Dynamics) model. The validation of these results will require laboratory and pilot-scale testing, however.

The work carried out by SECIL and the promising conclusions were recognised as a Flag Project of the European Union and presented at the **side events of the European Union**, at the Climate Action Innovation Zone COP 28, “Energy-intensive industries: Innovative Technologies Toward Climate Neutrality”, upon invitation from the Project Officer of RETROFEED. This event took place in Dubai on November 30th – December 12th.

OTHER BUSINESS SEGMENT – ETSA

The year 2023 was marked by two events. First, the **three research and Co-Promotion projects of Portugal 2020, led by ETSA, were concluded**, in a joint action with several University Research entities, representing lines of innovation, with the acronyms HealthyPetFood, FishColBooster and Bugs@Pets. Secondly, **the continuation of the construction of the new industrial unit stands out in the implementation of the productive innovation project, ETSA ProHy**, a new industrial unit that will be equipped with an innovative technology, developed entirely at ETSA, to obtain three new products with high added value in the animal feed market. We point out hydrolysed protein – a product that is being worked on for use in a first phase in animal feed, especially pet food and aquaculture.

HIGHLIGHTS

CLOSING SESSION OF THE P2020 PROJECT HEALTHYPETFOOD, FISHCOLBOOSTER AND BUGS@PETS

In 2023, the three research projects funded by Portugal 2020 and led by the companies SEBOL and ITS were completed and closed, in a joint leadership effort to diversify the range of products in ETSA's portfolio – HealthyPetFood, Bugs@Pets and FishColBooster – products for pets, new fish-based products for food and nutraceutical[18] markets, and new alternative proteins for food and feed markets, respectively.

Begun in 2020, the projects required articulation with several research entities and a strengthening of partnership relationships with entities of the National Scientific and Technological System in the fields of biotechnology, chemical technology and agri-food.

The projects were presented at a public event, in accordance with the legal obligations of the funding bodies, ANI – National Innovation Agency and IAPMEI – Agency for Competitiveness and Innovation. This event also marked the materialisation of the results obtained in these projects, enhancing the productive investment that ETSA is making within the scope of the project included in the Recovery and Resilience Programme (RRP).

CONSTRUCTION OF A NEW INDUSTRIAL UNIT: ETSA PROHY

In 2023, the construction of the new ETSA ProHy industrial unit in Coruche continued, as part of the Blue Bioeconomy Recovery and Resilience Programme (RRP) project, integrating the lead company INOVOMAR. This unit is expected to come online in the second half of 2024 and represents a huge opportunity for product differentiation and entry into higher value-added markets.

ETSA, through its subsidiary SEBOL, is part of the Board of Directors and the shareholder group of the company INOVAMAR, created to manage the implementation of the RRP's Blue Bioeconomy Pact project. It is part of and leads an Agenda of the RRP, the Blue Bioeconomy Pact, which amounts to 140 million euros of investment in 83 public and private entities. It leads one of the Work Packages of the Programme Agenda and is a shareholder of the entity responsible for supervising the actions and reporting to the Portuguese government.

This project boosts 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. However, despite the focus on materialising this project because it is an innovative product, there is an associated risk, so its valorisation in the market requires that close work with potential customers be done in parallel.

18 Business or research area of food products and supplements with nutritional and therapeutic functions

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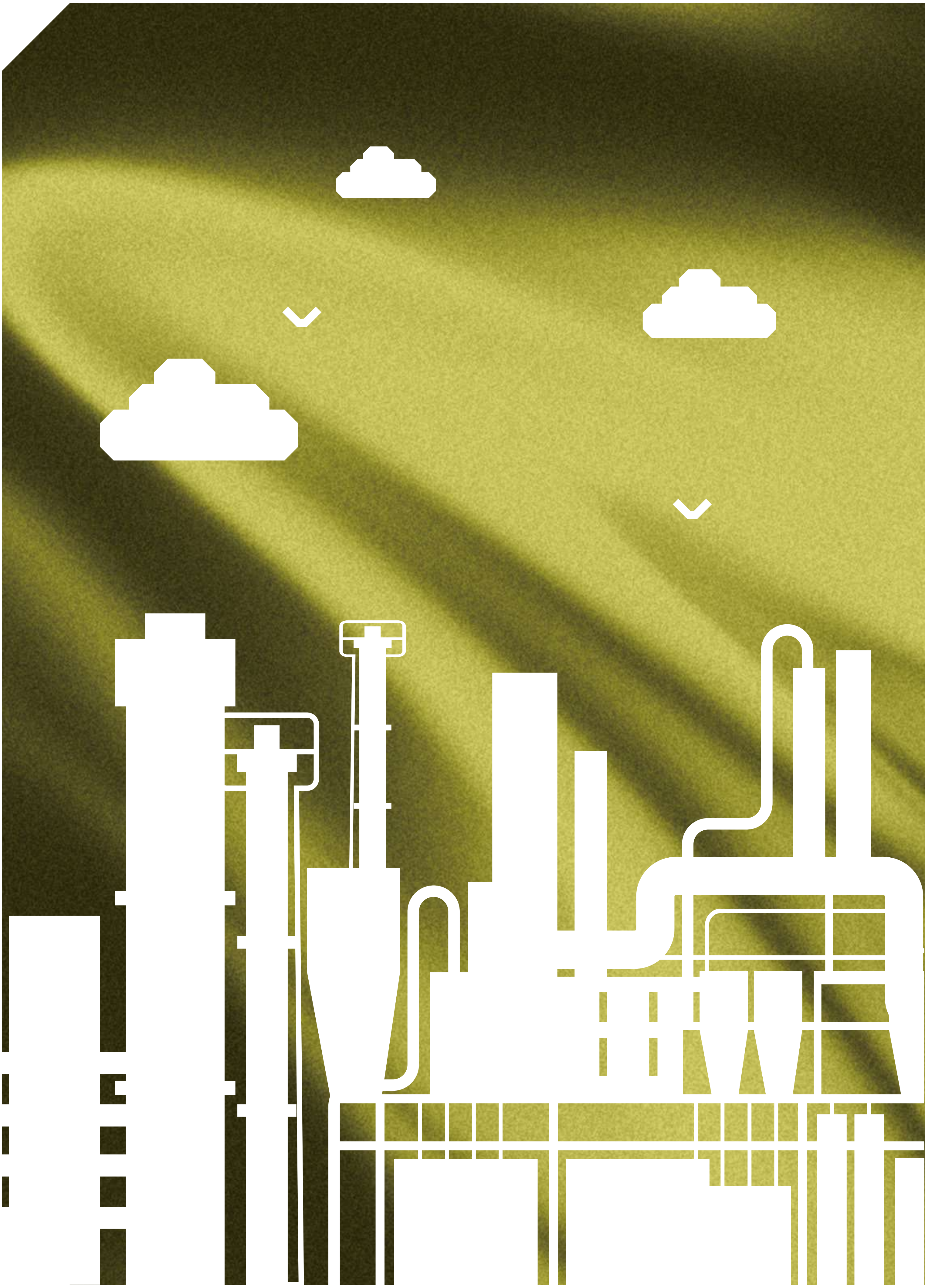


PROPOSED ALLOCATION OF PROFITS

05

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 244 507 408.71 euros (two hundred and forty-four million, five hundred and seven thousand, four hundred and eight euros and seventy-one cents) be allocated as follows:

Dividends on shares in circulation.......... 49 998 227.50 euros*
(0.626 euros per share)

Free reserves .... 192 509 181.21 euros

Participation of Employees and Directors in the annual profits up to.......... 2 000 000.00 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, 11 April 2024

BOARD OF DIRECTORS

CHAIRMAN

José Antônio do Prado Fay

MEMBERS

Ricardo Miguel dos Santos Pacheco Pires

Vítor Paulo Paranhos Pereira

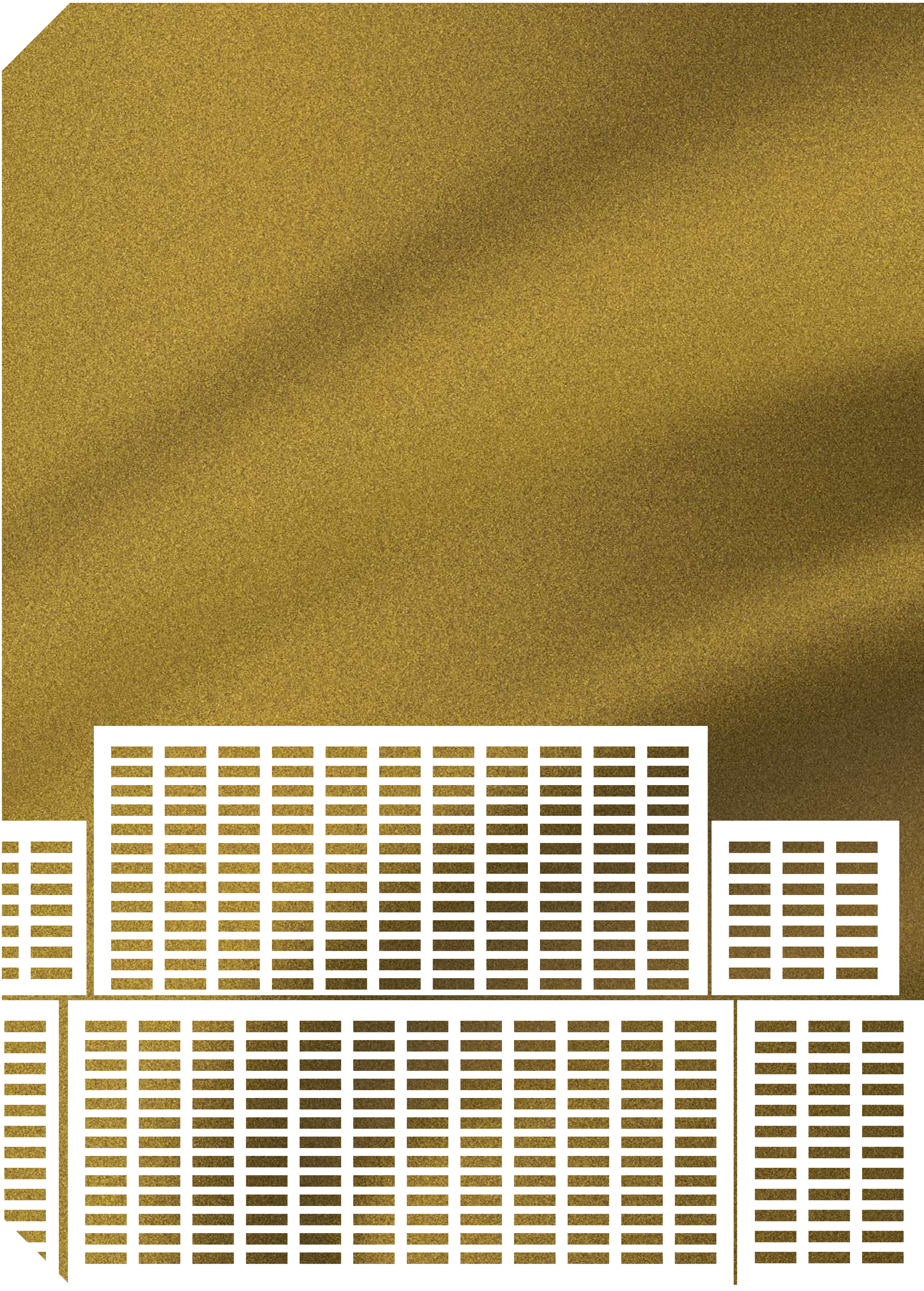
Filipa Mendes de Almeida de Queiroz Pereira

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



CORPORATE GOVERNANCE REPORT

06

CONTENTS

PART I

PART II

ANNEX I

ANNEX II

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 shares and 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 in 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 2023, 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 the change of control or 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.

1 Corresponds to the current article 29-H, 1.a of the Portuguese Securities Code.
2 Corresponds to the current article 29-H, 1.b of the Portuguese Securities Code.
3 Corresponds to the current article 29-H, 1.a of the Portuguese Securities Code.
4 Corresponds to the current article 29-H, 1.j of the Portuguese 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. Shareholder 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 2023, there are no Shareholders' Agreements concerning shareholdings in Semapa 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 and the other individuals associated with these holdings, including the allocation of voting rights, in Semapa on 31 December 2023 and in accordance with the legislation in force, are those identified in the table below:

Holder	Atribution	No. Shares	% Shares and Voting Rights	% Non-Suspended Voting Rights
Filipa Mendes de Almeida de Queiroz Pereira (Filipa Queiroz Pereira), Mafalda Mendes de Almeida de Queiroz Pereira (Mafalda Queiroz Pereira), and Lua Mónica Mendes de Almeida de Queiroz Pereira (Lua Queiroz Pereira)	Jointly, through companies held directly and indirectly by them and described below, in conjunction with the shareholders' agreement they entered into in relation to their holdings in companies that own shares of Semapa.	-	-	-
Target One Capital, S.A.	Controlled by Filipa Queiroz Pereira; holds 21.56% of the share capital of Sodim, SGPS, S.A. (Sodim)	-	-	-
Keytarget Investments - Consultoria e Investimentos, S.A.	Controlled by Mafalda Queiroz Pereira; holds 21.56% of Sodim's share capital	-	-	-
Premium Caeli, S.A.	Controlled by Lua Queiroz Pereira; holds 21.56% of Sodim's share capital	-	-	-
Sodim, SGPS, S.A.	Indirectly controlled by Filipa Queiroz Pereira, Mafalda Queiroz Pereira and Lua Queiroz Pereira; holds 100% of the share capital of Cimo - Gestão de Participações, SGPS, S.A.; direct ownership of shares	27 508 892	33.849%	34.442%
Cimo - Gestão de Participações, SGPS, S.A.	Indirectly controlled by Filipa Queiroz Pereira, Mafalda Queiroz Pereira and Lua Queiroz Pereira and directly by Sodim; direct ownership of shares	38 959 431	47.938%	48.779%
	Total:	66 468 323	81.787%	83.221%

5 Corresponds to the current article 29-H.1.g of the Portuguese Securities Code.
6 Corresponds to the current article 29-H, 1.c and d of the Portuguese Securities Code.

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 power 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 taking place in 2023 between the company and qualifying shareholders are described in Note 10.4 to the consolidated accounts and Note 10.2 to the separate financial statements. In 2023, 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.

B. CORPORATE BOARDS 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).

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]).

Under 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.

7 Corresponds to the current article 29-H, 1.i of the Portuguese Securities Code.
8 Corresponds to the current article 29-H, 1.f of the Portuguese Securities Code.

Consequently, the statutory rules on voting rights are now as follows:

i. Shareholders with voting rights may attend the General Meeting, attendance of the General Meeting and the right to vote in advance being conditional on presentation of proof of standing as shareholder with voting rights by 00:00 hours (GMT) on the 5th trading day prior to the holding of the General Meeting;

ii. Vote by post or electronically is permitted, and the Chairman of the General Meeting shall be responsible for establishing the authenticity and conformity of the vote and for ensuring confidentiality up to the time of the vote, and voting shall be processed as follows:

- **a)** The explanations of vote shall be addressed to the President of the General Meeting, delivered at the head-office the day before the Meeting;
- **b)** In case the voting right is exercised by electronic means, the email message addressed to the Chairman of the General Meeting shall include as an attachment a document in PDF format, signed in conformity with the signature on the valid identification document of the holder, containing the explanations of vote on 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 notice convening the meeting in question a voting system different to that described in this paragraph that ensure equivalent standards of quality and safety;
- **c)** In the case of exercising the right to vote by post, the envelope must contain a letter addressed to the Chairman of the General Meeting, signed in conformity with the signature on the valid identification document of the respective holder and containing the explanations of vote on each item on the agenda, and a copy of the holder's identification document;
- **d)** The votes cast in this way shall be included in the vote count alongside the votes cast at the General Meeting and shall count as negative votes in relation to the resolutions submitted after the votes have been cast.

iii. The General Shareholder Meeting may be attended remotely where appropriate and convenient, if the Chairman of the General Meeting guarantees the telematic means, the authenticity of the explanations and the security of communications, and the company guarantees the recording of the content of such meetings and the identity of the participants.

The company's Annual General Meeting held on 18 May 2023 already abided by the new statutory rules, and was held in person. The decision to hold the meeting in this form was taken because it was considered that this model provides effective participation in the meeting in line with shareholders' rights, and since no shareholder had asked to attend the meeting remotely. The administrative burden and costs associated with implementing a supplementary system that would ensure telematic participation alongside holding the annual general meeting in person were also considered.

At the meeting some shareholders exercised their right to cast their vote electronically in accordance with the company's articles of association.

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 establishing 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 not set quorums for calling 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 for in Article 278.1.a (Board of Directors and Audit Board) and in Article 413.1.b) (Audit Board and Statutory Auditor) of 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, and the general supplementary rules contained in the Companies Code therefore 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, as follows, which lay down the profile requirements and criteria for new members of the governing bodies:

- Inclusion of members with distinct academic qualifications and professional experience in various areas, suitable and relevant for the available position;

- Promotion of gender diversity;

- Inclusion of members of different ages, combining acquired experiences with new outlooks, and

- Inclusion of members from different backgrounds or geographical origins.

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.

It should be noted that the analysis below, which contains a more detailed matrix of Board competencies than the one previously published, shows that there is a fairly reasonable level of diversity in its various dimensions and with regard to all the members of Semapa's Board of Directors:

9 Corresponds to the current article 29-H, 1.h of the Portuguese Securities Code.
10 https://www.semapa.pt/en/investors/corporate-governance/diversity-principles/

BOARD AUTHORITY MATRIX

	Sex	Age	Position	Academic education					Skills									
				Engineering	Economics	Management	Mathematics	Other education	Business Administration and Management	*Governance*	Mergers and Acquisitions	Internationalization	Entrepreneurship / Venture Capital	Academic	Talent Management	Information Technologies	Environment and sustainability	Industry / Services
José Fay	M	70	PCA	●					●	●	●	●			●			●
Ricardo Pires	M	47	CEO			●		●	●	●	●	●	●	●	●		●	●
Vítor Paranhos Pereira	M	67	CFO		●				●	●	●	●			●	●	●	●
Filipa Queiroz Pereira	F	50	NE				●	●	●	●			●			●		●
Mafalda Queiroz Pereira	F	47	NE					●	●	●			●					●
Lua Queiroz Pereira	F	42	NE					●	●	●			●					●
António Viana-Baptista	M	66	NE			●		●	●	●	●	●	●		●	●		●
Paulo Martins	M	58	NEI	●				●	●	●	●	●	●	●	●			●

F – Female
NE – Non-Executive
NIS – Non-Executive Independent

Furthermore, the Talent Committee is endowed with consultative powers in matters of appointment of the corporate bodies, with competencies to support the identification of future members of the governing bodies and to assess the adjustment of each candidate's profile to the position they are applying for, and should foster transparent selection methods, while ensuring 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 equality.

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 2023, the 2024 Plan for Equality, reflecting changes to the 2023 Plan for Equality adopted in 2022. Semapa communicated the Plan to the CMVM, and published it on the **website**[11] of Semapa.

Information on how compliance with the system of more balanced representation helps promote equality between men and women at Semapa on the governing bodies and among the Employees is detailed in Chapter 4.4.1 of this Annual Report.

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 three to fifteen directors appointed each for a three-year term as set forth in the bylaws amended in 2022.

11 https://www.semapa.pt/wp-content/uploads/2024/01/Plano-para-a-Igualdade-Semapa_2024-1.pdf

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
Filipa Mendes de Almeida de Queiroz Pereira	2018-2024
Mafalda Mendes de Almeida de Queiroz Pereira	2018-2024
Lua Mónica Mendes de Almeida de Queiroz Pereira	2018-2024
António Pedro de Carvalho Viana-Baptista	2010-2024
Paulo José Lameiras Martins	2022-2024

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 2023, the Board of Directors of the company consisted of eight members, two of whom were members of the Executive Board.

Since the number of non-executive directors in 2023 represented 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 efficiently undertake 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, the diversity of skills and the availability of the non-executive members for the performance of their duties, who 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.

Among the non-executive members who held office during the 2023 financial year, Paulo Martins (Engineer) can be qualified as independent in the light of the criteria set out in the adopted corporate governance code, despite the fact that there was a commercial relationship between the company and Haitong Bank, the entity in which he held a non-executive management position until 29 December 2023, which the company believes is not significant. Furthermore, Paulo Martins is not associated with any specific group with interests in the company, nor is he associated with any circumstance likely to affect an exempt analysis or decision.

Director José Antônio do Prado Fay was not classified as independent in the light of the criteria referred, since he was director at companies with qualified holdings in Semapa in 2023. In turn, directors Filipa Queiroz Pereira, Mafalda Queiroz Pereira and Lua Queiroz Pereira were not qualified as independent, because they also hold directorships in companies with qualifying holdings in Semapa and because, in the course of 2023, they had qualifying holdings in the company, as provided in paragraph 7 above. Finally, António Viana-Baptista is not qualified as an independent director due to the commercial relationship between the company and the organisation in which he performs management duties and also because he has continuously performed management duties in the company for more than twelve years.

Thus, throughout 2023 financial year, the Board included only one non-executive director who met 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 real 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, 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.

Since the Chairman of the Board of Directors of the company is not independent, and given the size and specific characteristics of the company, namely the fact that it is a family business with concentrated capital, and the total number of non-executive directors and, among these, independent directors, as well as the characteristics and current position of the Chairman of the Board of Directors, the company has decided to set up a mechanism to ensure coordination between the members of the Board of Directors.

In effect, as 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 mechanisms provided for in the Regulations of the Board of Directors and of the company’s internal committees, in the following terms:

a) Board Directors, including non-executive directors, may have access to all company information in order to assess the company's performance, stance and development prospects;

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 each Internal Committee of the company 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.

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 chief 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 2009 to 2013. He is a member of the Board of Directors of Camil, S.A. since 2013. Since 2020 he holds office as Chairman of the Board of Directors of Semapa and Sodim and other related companies in the group. He is also member of the Boards of Directors of São Salvador Alimentos, S.A.

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 conducted several M&A and capital market projects in the Energy, Paper and Pulp and Food & Beverages sectors. He has worked 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 has been CEO of the company since 2022, and he also holds 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 has been Chairman of the Board of Directors of the ETSA group since 2020 and in 2023 he was appointed Chairman of the Board of Directors of Triangle's. Between 2020 and 2022 he taught on the Master in Finance programme at the Catholic University of Lisbon.

VÍTOR PAULO PARANHOS PEREIRA

Vitor Paranhos Pereira holds a degree in Economics by Universidade Católica Portuguesa and attended AESE (Universidade de Navarra). He began working 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 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 Portuguese Hotelier Association (Associação da Hotelaria de Portugal, AHP) and in 2019 he was appointed 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 2020 he has also occupied management positions at Secil and The Navigator Company.

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 a director of Sodim since 2014, and member of the Board of Directors of Semapa and Hotel Ritz since 2018.

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, at London Business School and Harvard Business School and has been involved in the development of projects in real estate. She has been a director of Sodim since 2014, and a member of the Board of Directors of Semapa and Sonagi, company dedicated to the real estate management and operation, since 2018.

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 a director of Sodim since 2014, and a member of the Board of Directors of Semapa and Semapa Next, a venture capital company of the group, since 2018.

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

António Viana Baptista has a degree in Economy, a post-graduate degree in European Economy and holds an MBA (INSEAD). From 1984 to 1991, he was Principal Partner at Mckinsey & Co. Between 1991 and 1998, he was Director of the 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 was 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.

PAULO JOSÉ LAMEIRAS MARTINS

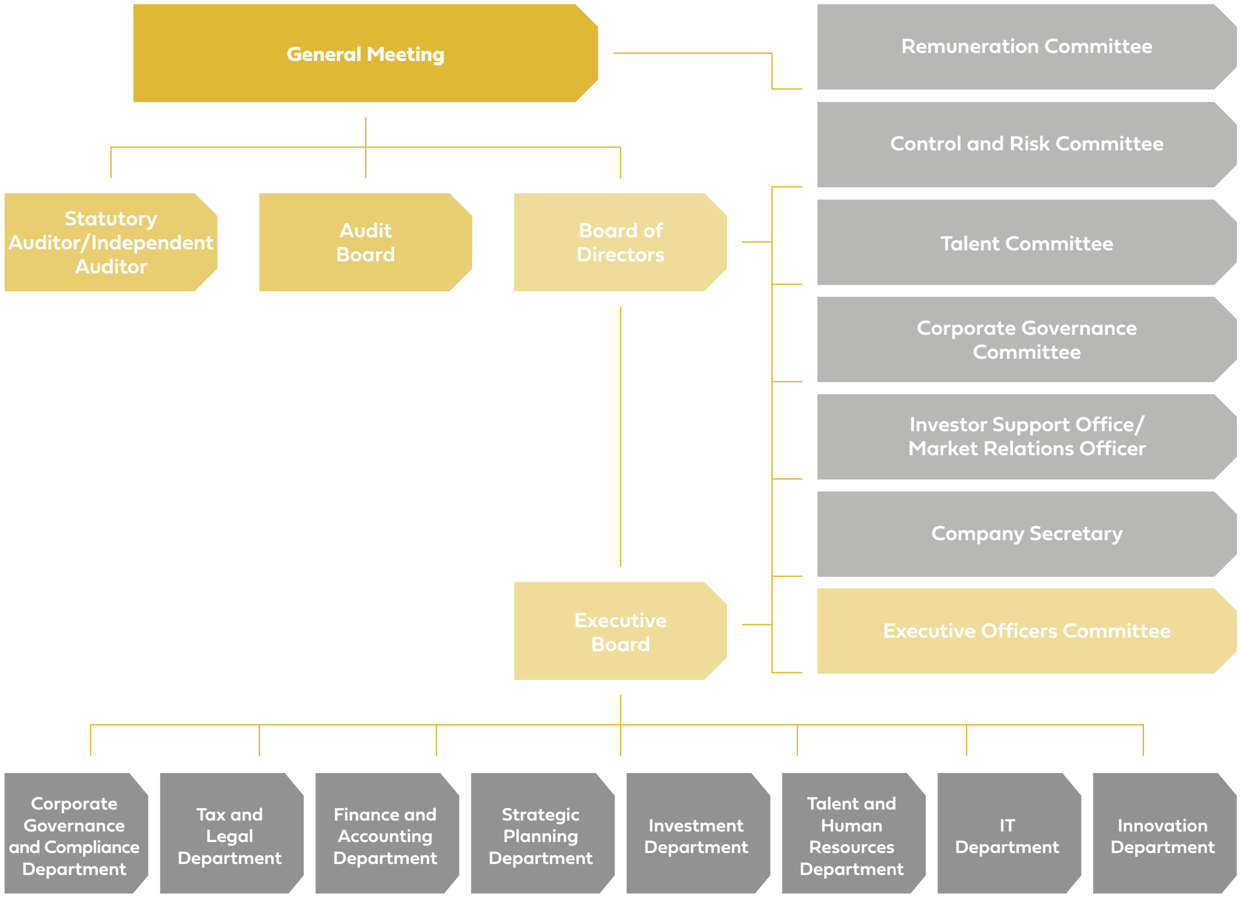
Paulo Lameiras Martins has a degree in Industrial Production Engineering from Universidade Nova, a post-graduate degree in Management and attended the International Directors Program (INSEAD). He has a long career in Investment Banking. He is member of the Board of Directors of banks and several companies 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 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.

In addition to management functions held at the companies Target One Capital, Keytarget Investments, Premium Caeli, Sodim and Cimo, as described in paragraph 26. below, and the qualifying holdings in the company and the respective responsibilities detailed in paragraph 7 above, regarding Filipa Queiroz Pereira, Mafalda Queiroz Pereira and Lua Queiroz Pereira, there are no other habitual and significant family, professional or business relationships between members of the company's Board of Directors and Semapa shareholders with 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 2023:



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 executive directors, in particular the CEO Ricardo Pires, through the availability of the members of the Executive Board to convey all relevant or 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 called for all strategic decisions regarded as particularly important, even if they fall within the scope of the general powers delegated.

Information about the other members of corporate boards, including the Company Secretary, 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 to assist the Executive Board within the scope of the respective delegated powers, 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 between entities in a timely, appropriate manner and in accordance with their respective operating regulations, by delivering notices and minutes in the necessary and appropriate terms for the other bodies and committees, including the Company Secretary, to exercise their legal and statutory powers.

Until 31 December 2023, although duties and responsibilities were not rigidly compartmentalised within the Executive Board, the distribution of functions was as follows:

1.º Areas of corporate governance, compliance, strategic development and planning, management control, investment policy, human resources, talent management, information technology and innovation, which are the responsibility of the Chairman of the Executive Committee, Ricardo Pires.

2.º Financial, accounting, legal, taxation and sustainability, which are the responsibility of the Director Vítor Paranhos Pereira.

Regarding strategic planning and investments policy, and without prejudice to the mentioned office, this is an area that, naturally and due to the fact that Semapa is an investment holding, 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 thus help design the strategy, main policies, business structure and decisions that are deemed strategic for the company due to their amount or risk, and take part in the assessment of the accomplishment of these actions.

Ever since the Investment Strategy was redesigned – to expand and diversify its portfolio, through investments in companies that benefit from the Group's competences to accelerate their development, enabling the creation of value for shareholders and the company – the company has incorporated the following investment criteria:

i. Significant size in the market;

ii. Strong competitive advantages that translate into above-average profitability;

iii. Potential to gain scale and internationalise;

iv. Strong export capacity;

v. Positive contribution to the environment and society..

The company's Strategy and key policies are based on the company's Purpose of creating a positive impact "*Making it Better*", which translate into the following pillars:

- Promoting sustainable development and quality of life – Caring for the environment and communities
- Investing in human capital enhancement – Caring for our people
- Solid growth based on talent, investment and innovation – Caring for the future

The management approach of the Semapa Group is characterised by a culture of simplicity, outreach and discretion, social and environmental awareness, focus on action and continuous improvement, embedded in innovation and entrepreneurship.

Concerning the day-to-day management of the company, the **Executive Board** enjoys broad management powers, which are largely detailed in the respective act of delegation, with limitations on 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 make 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 conclude 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 point five) times the limits set out in the final part of this 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 to acquire, dispose of and encumber all kinds of assets up to € 5 000 000.00 (five million euros) per operation, 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 act 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 make 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 industrial relations with its employees, namely hiring, dismissing, transferring, setting terms of employment and pay, and revising and amending the same;

j) To resolve on representation of the company before any court or mediation or arbitration body, making all decisions as may be necessary or appropriate in connection with any proceedings pending before the same or to bring the same, and namely to desist, 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:

i. Selection of the Chairman of the Board of Directors;

ii. Co-option of directors;

iii. Requests for the call of a General Meeting;

iv. Annual reports and accounts;

v. Provision of warranties and personal or real security by the company;

vi. Change in registered offices and increases in share capital; and

vii. Plans for merger, break-up 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.

The **Executive Officers Committee** assists the Executive Board within the scope of the respective delegation of powers and, in particular, in carrying out the duties referred to in paragraph 29 of this report. It is further responsible for issuing non-binding opinions at the request of the Executive Board.

Among other duties, one of the main purposes of the **Control and Risk Committee** is to detect, control and manage 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 in law.

The **Remuneration Committee** draws up the remuneration policy for members of the Board of Directors and audit board, and conducts analyses and determines the remuneration of directors, in close collaboration with the Talent Committee.

The **Corporate Governance and Compliance Department** advises on corporate governance matters and is responsible for promoting best practices in this area, as well as implementing compliance projects to ensure compliance with applicable laws.

The **Strategic Planning Department**, whose Executive Director is a member of Semapa's Executive Officers Committee, is responsible for the Group's business planning, budgeting and control processes, and also leads the Group's strategic planning and development.

The **Investment Department**, whose Executive Director is a member of Semapa's Executive Officers Committee, looks into investment opportunities and their materialisation.

The **Talent and Human Resources Department**, whose director is on Semapa's Executive Officers Committee, is primarily responsible for submitting Semapa's talent management policies and ensuring that they are implemented. It is also responsible for all the processes in an Employee's life cycle (procurement, integration, development, mobility, assessment and supporting alumni).

The **Tax and Legal Department**, on the other hand, provides advice on legal and tax matters, ensuring compliance with the applicable legislation and preventing unlawful fiscal planning.

The **Financial and Accounts Department** is mainly responsible for management and financial planning and for rendering the Company's accounts and complying with its tax obligations.

The **Information Technology Department** is responsible for ensuring the effectiveness and security of IT systems, managing IT infrastructures and systems, leading digital transformation projects, and supervising the development and implementation of technological solutions within the scope of the company's activity.

Finally, the **Innovation Department** identifies, promotes and manages innovation initiatives that can create additional value for Semapa and its Subsidiaries.

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, the respective directorates and services helping with drawing up, processing and disseminating 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 body also establish, in particular, mechanisms that ensure, within the limits of the legislation and applicable regulations, access of members to all information that is necessary for assessing the Company's performance, status and development prospects, including 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 principles of integrity, ethics and honesty, which form the basis of the various policies, codes and regulations that ensure high standards of behaviour, including:

- Code of Ethics and Conduct;
- Human Rights Policy;
- Code of Good Conduct for the Prevention and Combat of Harassment in the Workplace;
- Corruption Prevention Policy;
- Rules of procedure on Whistleblowing;
- Policy for the Prevention of Money Laundering and Terrorist Financing, and
- Tax Policy.

Sound policies and regulations, and monitoring of the areas that offer the highest risk, have supported the prevention and combat of any type of corruption, as well as other illegal behaviour, also reinforcing the company's commitment to respect for 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. We also note that the Group's subsidiaries have been adopting principles and commitments equivalent to those set out in the aforementioned policies, in accordance with the context and specificities of their business and in compliance with the legislation that applies to them.

Finally, concerning sustainability, it is worth highlighting that Semapa, as an investment holding, in line with its purpose, is focused on sustained growth and value creation with long-term impacts, as described in Chapter 4.1.1 of the Annual Report. By investing in key areas of the domestic and international economy, the company seeks to balance the demands of creating value for shareholders with the principles of sustainable development and, thereby, generating positive impacts for its different stakeholders, as laid down in Chapter 4.4.2 of the Annual Report.

In Semapa's consolidation perimeter, including its subsidiaries, this goal is being realised partly through the decarbonisation of its industrial plants, as far as Navigator is concerned, and through Secil's decarbonisation roadmap, for example through the investment made in the CCL – Clean Cement Line project, at the cement plant located in Outão. The path towards decarbonisation also includes investment in ETSA, UTIS and Triangle's, whose core business contributes to this mission.

It should be noted that the Group's companies are committed to the Group's Carbon Neutrality Roadmap for 2050, with implementation roadmaps[12], as described in Chapter 4.2.2 of the Annual Report. Navigator and Secil are the two largest and most impactful subsidiaries, which developed specific approaches, in accordance with their identity, positioning, sector of activity and operations. It should be noted that, in this context, Semapa promotes autonomy and accountability among its Subsidiaries.

Navigator has its own Responsible Management Agenda 2030 and Roadmap 2030, with long-term goals organised around two axes – People and Planet. Secil has aligned sustainability as an integral part of its Ambition 2025 – Sustainable Growth strategic cycle, with objectives and targets in the area of sustainability set for 2025 and 2030, in the latter case relating to carbon neutrality and the circular economy.

Semapa and its Subsidiaries are committed to sustainable development and reducing their ecological footprint, aligning their strategy, investments and operations with the Sustainable Development Goals (SDGs) set out in the United Nations 2030 Agenda, as indicated in Chapter 4.1.3 of the Annual Report.

Given the impact that the activities of the Group's companies can have on communities, one of Semapa's priorities is to promote the development and quality of life of the population. Continuing the Queiroz Pereira family's long business tradition of philanthropy and patronage, as major shareholders, the Group develops several actions aimed at improving the quality of life of communities and preserving the environment. It is currently carrying out internal work to position itself in the area of impact philanthropy and social responsibility, as detailed in Chapter 4.3.3 of the Annual Report, and in this way boost its performance and that of its Subsidiaries in this area.

Semapa's Talent Management Strategy also impacts the value it offers as an employer and the positive experiences it provides for its Employees, in the terms set out in Chapter 4.3.1 of the Annual Report.

Furthermore, the way the remuneration of the governing bodies is structured and the performance of the executive board is assessed, according to which the variable remuneration is calculated, helps to fulfil the strategy established by Semapa, and the long-term interests and sustainability of the company, as described in paragraph 70 below.

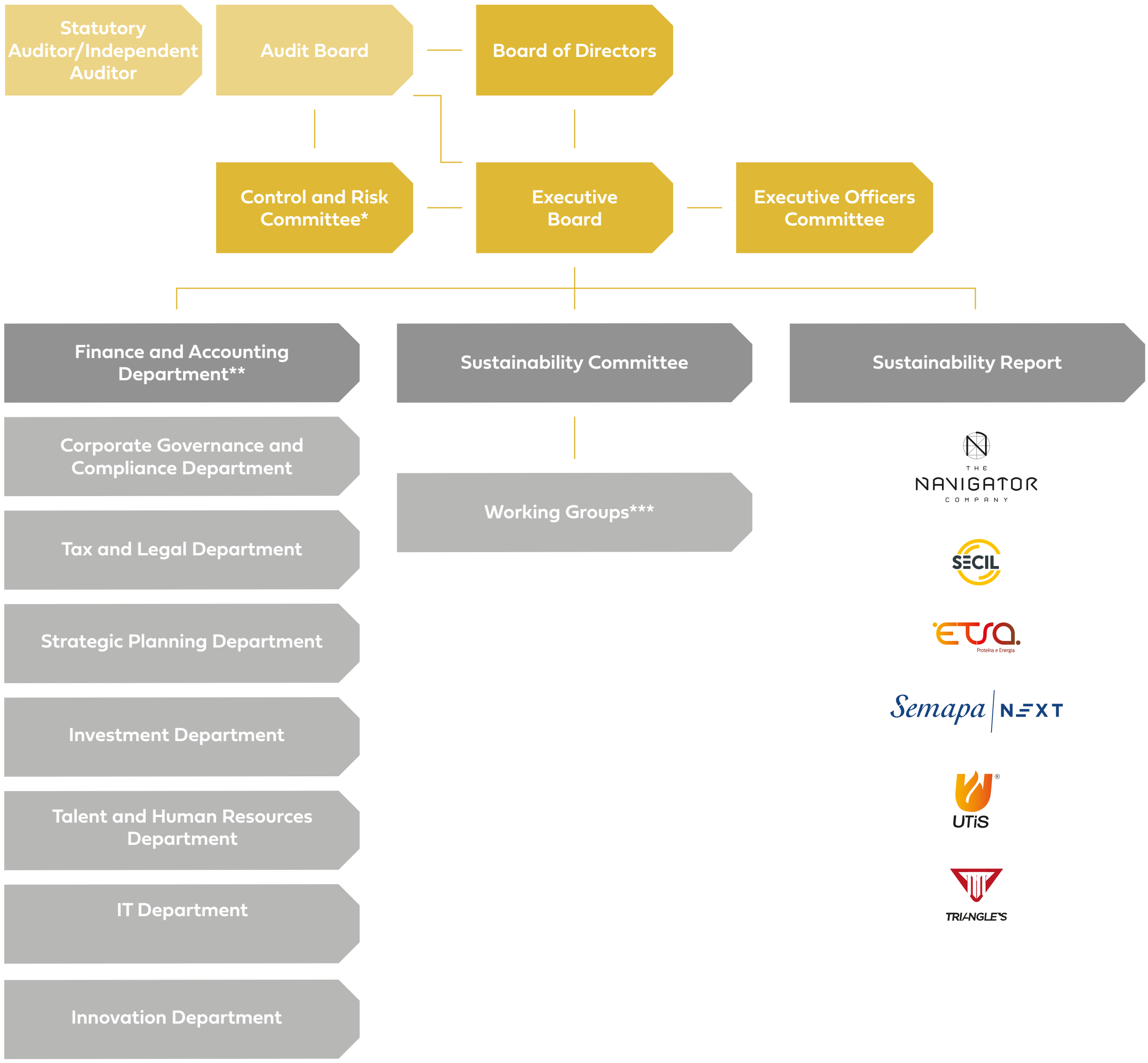
To achieve its objectives and materialise its approach to each material issue, Semapa and each of its Subsidiaries have set out to develop policies, targets, action plans and metrics, as described in Chapter 4.1.1 of the Annual Report, among other structuring documents. It should be noted that although the existing policies may not yet cover all the material issues, they are supported by programmes with clear goals and by action plans and KPIs, while the key policies are being devised.

It should be emphasised that the sustainability report details the management approach followed, the actions undertaken in each reporting year and the performance achieved, both by the holding company and its Subsidiaries, as set out in Chapter 4 and the subchapters of the Annual Report.

As part of the risk management and control system implemented for the environmental and social sustainability risks, the company has set up data collection and processing processes on these topics, aimed at raising the board of directors' awareness of the risks the company runs and proposing strategies to mitigate them.

12 With regard to the subsidiary Triangle's, the analysis of the steps needed to draw up a roadmap once it was purchased on 19 June 2023.

In this context, the organisational chart below illustrates the key aspects of the corporate governance model implemented at Semapa and in its relationship with its Subsidiaries implemented during the financial year 2023, with regard to matters related to sustainability and the processes for collecting, processing and analysing data and information on sustainability:



* Monitoring under the current risk management and control system
** Department in charge of reporting and consolidating sustainability information
*** Corporate directors and of the subsidiaries with expertise in the relevant sustainability areas and issues

It should be noted that, in view of the challenges of sustainability management and the need to align them with successive legislative developments in this area, the corporate governance model for sustainability in force at Semapa – already resulting from the consolidation of the choices made in recent years and the experience acquired in the meantime – is not a rigid and definitive model; it is submitted to periodic assessment of its effectiveness and changes deemed appropriate in the light of the company and Group's needs at any given time.

Thus, an ad hoc Sustainability Committee has been set up at Semapa, which is composed of the executive director in charge of finance and sustainability (CFO), Vítor Paranhos Pereira, and other directors of Semapa and the Subsidiaries. In 2023, the Sustainability Committee set up several Working Groups (WG), made up of employees from the group's companies, whose expertise in the relevant areas help deal with relevant sustainability issues, such as climate action, water, the circular economy, biodiversity, human capital and talent, health, safety and well-being at work, business ethics and human rights and sustainability reporting, and the setting of indicators, sharing and harmonisation of practices, monitoring of trends, among others.

The Sustainability Committee is supervised by the Executive Board which, assisted by the Executive Officers Committee, ensures that the Board of Directors is informed of the work carried out by the Sustainability Committee and the Working Groups.

On the other hand, Semapa has a risk monitoring model, with powers assigned to the different players in the risk management and control system, in particular the Board of Directors, which is responsible for identifying key risks and setting up the overall risk strategy, the Audit Board and the Statutory Auditor, with supervisory and inspection powers, and the Control and Risk Committee, as the internal committee responsible for detecting, controlling and managing all relevant risks in the company's activity, including risks related to environmental sustainability – including the analysis of climate and social risks, as described in paragraphs 53 and 54 below.

The company's subsidiaries, on the other hand, have different levels of corporate governance concerning the processing of sustainability information concerning the committees and forums set up – such as the Sustainability Forum at Navigator – and the executive directors in every organisation in charge of specific areas, with the appointment of sustainability directors with autonomous functions, boards with powers in sustainability or even boards with divided functions in this area, namely in managing and monitoring risks related to environmental and social sustainability.

Data on environmental and social sustainability is reported by the Subsidiaries to the company, under the obligation to consolidate information and the respective reporting system. The data is analysed in the company by the boards, committees and bodies with powers in these matters, as described above, in particular by the Executive Board – assisted by the Executive Management Committee – in conjunction with the Board of Directors and with the support of the Control and Risks Committee. The process is supervised by the Audit Board and the Statutory Auditor, according to their mandates. The data on environmental and social sustainability and the respective details and methodological notes can be found in Chapter 9.1 of the Annual Report.

The company has been consolidating its risk management and control system, designed in accordance with good practices and methodological benchmarks, in which several sustainability-related risks have been integrated as top risks for Semapa and the Group, such as non-natural environmental catastrophes, adverse climate events, ESG performance and climate transition, as set out in Chapter 2.4 of the Annual Report.

As for climate change and society’s perception thereof, given the group's strong industrial base, Semapa is aware of the impacts of the GHG emissions generated by its activities, and has even set up a Working Group for Decarbonisation and traced a Roadmap to help the Group achieve Carbon Neutrality by 2050. Thus, its Subsidiaries are committed to this roadmap and have drawn up implementation roadmaps, as described in Chapter 4.2.2 of the Annual Report. The latter are regarded as the Group's key plans for supporting as much as possible global decarbonisation, but also to avoid costs associated with emission allowances.

Decarbonisation of the Semapa Group's industrial processes is based on the implementation of measures for incorporating more energy from renewable sources and alternative fuels, and promoting energy and resource efficiency, as laid down in Chapter 4.2.2 of the Annual Report. It also involves the implementation of R&D projects for the development of new low-carbon fossil products and processes, with an impact on the value chain, as described in Chapter 4.4.3 of the Annual Report.

It is important to emphasise that the activities of the Subsidiaries also make a positive contribution to reducing climate change, as set out in Chapter 4.2.2of the Annual Report, for example:

i. Carbon sequestration and storage in forests and forestry products;

ii. Carbon capture in production processes and promoting the growth of a forest-based, circular and low-carbon bioeconomy;

iii. Cements with less clinker (low carbon clinker) and concretes with less cement;

iv. Promoting the recycling of by-products from the food chain (rendering); and

v. As players in the hydrogen and sustainable micromobility value chains.

As mentioned above, the strategic risks monitored include various risks associated with sustainability, e.g. adverse climatic events and the climate transition risks, as indicated in Chapter 2.4 of the Annual Report. In this context, Navigator has been developing the project for implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2022. Secil has set out to implement this framework by 2025, with the aim of integrating the TCFD recommendations into the risk management strategy and processes, all the while assessing potential financial and strategic implications arising from climate change and developing appropriate responses.

Finally, it should be noted that, since 2017, Semapa and Secil have submitted the sustainability report in accordance with the Global Reporting Initiative Standards, as detailed in Chapter 10.2 of the Annual Report, while Navigator's reporting practices precede that date.

B) FUNCTIONING

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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 **website**[13] where they may be consulted.

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 9 times in 2023, and attendance by each member (physical attendances 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%
Filipa Mendes de Almeida de Queiroz Pereira	100%	100%
Mafalda Mendes de Almeida de Queiroz Pereira	100%	100%
Lua Mónica Mendes de Almeida de Queiroz Pereira	100%	100%
António Pedro de Carvalho Viana-Baptista	100%	100%
Paulo José Lameiras Martins	100%	100%

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 procedure 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.

13 https://www.semapa.pt/wp-content/uploads/2023/12/Regulamento-do-Conselho-de-Administracao.pdf

The Talent Committee is also involved in this process. It is composed by 6 members, 4 of whom are non-executive directors, who oversee the board performance evaluation system and the distribution of the company's remuneration. They also 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.

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.

Thus, in 2023 the Talent Committee met and gave its opinion on the individual performance appraisal for 2022 financial year of the members of the Executive Board, Vítor Paranhos Pereira, issued by the respective President, Ricardo Pires, who in turn was assessed by the Chairman of the Board of Directors, who communicated his opinion to the Remuneration Committee. These evaluation proposals were based on the application of the basic criteria for assessing the performance of executive directors in force at Semapa.

It is further highlighted that the Remuneration Policy for the 2021-2024 period was reviewed at the company's 2023 Annual General Meeting, and amended with a new variable remuneration component, the multi-annual Long-Term Incentive (LTI) – the results obtained and the amounts to be paid are monitored by an independent external entity. The LTI may include an individual assessment of the performance of executive directors by the Remuneration Committee, in consultation with other stakeholders that the Committee deems appropriate to involve. The assessment and calculation of the amount to be paid will be carried out at the end of every three-year period – corresponding to the current mandate – although the first period will be 2023/2024, as it corresponds to the last years of the current mandate.

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 and that of the Executive Board, the executive directors and the company's 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 2022 were conducted in 2023, and the relevant performances in the 2023 financial year will be assessed in 2024, 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 are set forth in paragraphs 69 to 71 below.

Such assessment criteria are applied by a system of quantitative and qualitative Key Performance Indicators (KPIs) for the economic, financial and operational performance of the company and the director in question, according to the Remuneration Policy in force at any given time.

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 on 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 company and other companies in the same business group.

Besides the activities mentioned in item 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[14]

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

Office held in other companies belonging to the same group as Semapa:

APHELION, S.A.	Presidente do Board of Directors
ETSA – Investimentos, SGPS, S.A.	Chairman of the Board of Directors
SEMAPA Inversiones, S.L.	Director
SEMAPA NEXT, S.A.	Chairman of the Board of Directors
TRIANGLE'S – CYCLING EQUIPMENTS, S.A.	Chairman of the Board of Directors[15]
QUOTIDIAN PODIUM, S.A.	Chairman of the Board of Directors[16]

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
SODIM, SGPS, S.A.	Director
THE NAVIGATOR COMPANY, S.A.	Chairman of the Board of Directors
UPSIS, S.A.	Director
UPSIS – CONSULTORIA E INVESTIMENTOS, S.A.	Chairman of the Board of Directors[17]

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
QUOTIDIAN PODIUM, S.A.	Director[18]

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

14 In office until 05 May 2023.
15 Appointed on 19 June 2023.
16 Appointed on 20 December 2023.
17 Appointed on 22 December 2023.
18 Appointed on 20 December 2023.

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 Investimentos 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.	Chairman of the Board of Directors[19]
SODIM, SGPS, S.A.	Director
ABELAR CAPITAL, Lda.	Manager

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.	Chairman of the Board of Directors[20]
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

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.	Chairman of the Board of Directors[21]
PREMIUM PECULI, S.A.	Chairman of the Board of Directors
LUSO VIRIATO – Funerárias Portuguesas, S.A.	Director[22]

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
AZORA CAPITAL S.L.	Director
JERÓNIMO MARTINS SGPS, S.A.	Director

19 Until 27 June 2023 she was sole Director, having been appointed Chairman of the Board of Directors thereafter.
20 Until 27 June 2023 she was sole Director, having been appointed Chairman of the Board of Directors thereafter
21 Until 27 June 2023 she was sole Director, having been appointed Chairman of the Board of Directors thereafter.
22 Start of the term of office on 03 October 2023.

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[23]
PARAMA UNIPESSOAL, LDA.	Director
STAK PREV (VIC Properties Holding)	Director[24]
PREV VP S.À R.L.	Director[25]
PREV V1 S.À R.L.	Director[26]
PREV SL S.À R.L.	Director[27]
RATIONALDREAMS, 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, the executive directors not being able to 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 participated 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 Board, Executive Officers Committee, Control and Risk Committee, Corporate Governance Committee and Talent Committee.

The 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**[28], where they may be looked up.

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.

23 Ceased functions on 29 December 2023.
24 Start of the term of office on 01 January 2024.
25 Start of the term of office on 01 January 2024.
26 Start of the term of office on 01 January 2024.
27 Start of the term of office on 01 January 2024.
28 https://www.semapa.pt/en/investors/corporate-governance/statutes-regulations-and-policies/

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 2023:

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 Chairman 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 the light of ongoing business and monitoring of the company's activity. In 2023 it held thirty-nine 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, representatives 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 on the following matters:

a) Implement the strategies and policies defined and the annual budget;

b) Carry out the financial, accounting and fiscal 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;

Under the terms and for the purposes of the aforementioned duties, the Executive Officers Committee must also issue non-binding opinions at the request of the Executive Board.

The Executive Officers Committee met thirty-nine times in the 2023 financial year and on 31 December 2023 it was comprised of Ricardo Pires, Chairman and Vítor Paranhos Pereira, Isabel Viegas and Hugo Pinto and Tiago de Noronha[29], as Members, Ricardo Pires and Vítor Paranhos Pereira as 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 a single holding company, within the scope of the aforementioned powers.

CONTROL AND RISK COMMITTEE:

The Control and Risk Committee is responsible for detecting, controlling and managing all relevant risks in the company's business, especially legal, financial and environmental sustainability risks – including analysing climate risk – and social sustainability.

The Control and Risk Committee has the following competences:

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;

d) To propose the discussion, alteration and introduction of new procedures to improve the detection, control and management of risks inherent to the company’s operations.

e) Analysing emerging or potential risks, such as those related to new technologies, including the use of artificial intelligence mechanisms.

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.

In view of the growing technological developments and the need for a proactive approach to identifying, assessing and mitigating possible adverse impacts of this reality, the CRC Regulations were revised in early 2024 to grant the CRC with the power to analyse emerging or potential risks, such as risks arising from new technologies, namely those related to the use of artificial intelligence mechanisms.[30]

29 Tiago de Noronha was appointed member of the Executive Officers Committee by the Board of Directors on 21 September 2023.
30 In this context, the definition of "Artificial Intelligence System" provided for in the draft Regulation COM/2021/2006 of 21 April 2021 laying down rules on artificial intelligence is adopted.

In 2023, autonomy was granted to the information technology area which became a department, and initiatives were carried out during the year on the use of artificial intelligence.

Concerning artificial intelligence in particular, the company recognises the growing proliferation of the use of these mechanisms globally and the potential impact of a wide range of uses thereof.

So far artificial intelligence mechanisms have so far not been implemented and used by the governing bodies as decision-making tools.

In carrying out its duties, the CRC is permanently monitored by the Company's Supervisory Board, as shown in paragraph 54 below. For enhanced coordination between the CRC and the Audit Board, the revised CRC Regulations carried out at the beginning of 2024 also expressly provides for the Chairman's responsibility to inform the Audit Board of CRC resolutions, given their relevance, and for attendance of the Auditors at CCR meetings, at the request of the Committee's Chairman or of the Audit Board, depending on the topic on the agenda.

The Control and Risk Committee met four times in 2023 and on 31 December 2023 it included Paulo Lameiras Martins, the Chairman, and Vítor Paranhos Pereira and Susana Coutinho, as Members. Paulo Lameiras Martins and Vítor Paranhos Pereira were 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 Audit Board and the Financial and Accounts 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 four times in the financial year 2023. On 31 December 2022 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 Director of the Corporate Governance and Compliance Department of the company, and through ongoing contact and attendance of meetings by one more member of the 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) On the appointments:

   i. Assisting the Board of Directors in identifying and assessing the suitability of 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 and promote, to the extent of its powers, adoption of transparent selection processes that include effective mechanisms of identification of potential candidates, and submission of candidates 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 equality between men and women; 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 Committee is also responsible concerning talent management for: **(i)** monitoring and issuing recommendations on internal policies and procedures relating to the group's talent management; and **(ii)** periodically assessing 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 four times in the financial year 2023. A 31 December 2023, the members of the Talent Committee were José Fay, Chairman, Ricardo Pires, Filipa Queiroz Pereira, Mafalda Queiroz Pereira, Lua Queiroz Pereira, and Isabel Viegas, Voting 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. AUDIT

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 which serves as Chairman with a casting vote, and of 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
Maria da Luz Gonçalves de Andrade Campos (Alternate member)	2022-2024

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 and Statutory Auditors.

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 (Member) 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 in 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 from Universidade Nova de Lisboa and attended a course in real estate management and evaluation from ISEG. Gonçalo Caldeira has performed management and property development functions 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**[31] where they may be consulted.

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 2023, the Audit Board met thirty-six 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 Meeting 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 item 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 under 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

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

31 https://www.semapa.pt/wp-content/uploads/2023/12/Regulamento-do-Conselho-Fiscal.pdf

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 such services, 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. The implementation of separate auditing services is subject to prior authorisation by the Audit Board.

Note that such analysis is conducted by the Audit Board subject to rules laid down in the Statute of the Portuguese Association of Statutory Auditors, as adopted by Law no. 140/2015 of 7 September, and Regulation (EU) 537/2014 of the European Parliament and Council of 16 April 2014, according to 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 check, as and when it sees fit, the state of cash and inventories of any type of goods or valuables 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 take cognisance of the strategic guidelines and to assess and comment on the risk policy prior to its final approval by the management body;

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 hire services by experts who assist one or more of its members in the exercise of their duties, for which experts shall be subcontracted and compensated 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 fiscal year, which are 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 bids received;
- **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 29ºH 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 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 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 for guaranteeing 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 on these matters, in particular the Statute of the Portuguese Association of Statutory Auditors and Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014; 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.

As part of its remit, the Audit Board discussed the process of preparing and disclosing information, namely on sustainability, of the company in meetings attended by the member of the Board of Directors with the relevant responsibility, as well as the company's Finance and Accounting Director.

The External Auditor and 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 External Auditor and 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

Full: KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. represented by Paulo Alexandre Martins Quintas Paixão (ROC)

Alternate: Vitor 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 in 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.

Since 2018, 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).

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 proxy is governed by article 54 of Law 140/2015, of 7 September (Statute of the Portuguese Association of Statutory Auditors), which enshrined a new legal regime applied 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 term 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 oversight and auditing duties 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, if any, 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
Amount of auditing services	60 575	77.1%	825 711	81.1%
Amount of reliability assurance services	18 000	22.9%	154 760	15.2%
Amount of tax consultancy services	-	0.0%	-	0.0%
Amount of other non-auditing services	-	0.0%	37 400	3.7%
Total:	**78 575**	**100.0%**	**1 017 871**	**100.0%**

Note:
Amounts in Euros

In 2023, services other than audit services charged by the External Auditor or the Statutory Auditor to the Company or its subsidiaries, including entities belonging to the same corporate group or service network, represented 18.9% of 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[32]).

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 adopted a set of Regulations on the Reporting of Irregularities in 2006, which govern the Company's procedures that governing bodies and employees can use to report alleged irregularities in the Company, as published on the company's **website**[33], which can be consulted.

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, and to prevent access by unauthorised persons. At the beginning of 2024, the Regulation on the Reporting of Irregularities was revised and minor adjustments were made.

The Regulation on the Reporting of Irregularities in force applies to all members of the company's governing bodies and committees, shareholders, employees, candidates in the recruitment process, service providers, contractors, subcontractors, suppliers, volunteers and trainees of the company. Under the terms of these Regulations, the irregularities are communicated through the whistleblower reporting channel available

32 Corresponds to the current article 29-H, 1.h of the Portuguese Securities Code.
33 https://www.semapa.pt/wp-content/uploads/2023/12/Regulation-on-Reporting-of-Irregularities-1.pdf

on the company's website. The Corporate Governance and Compliance Department receives and monitors the reports – with the support of other departments and internal committees, except in the case of conflicts of interest, or of external entities – and must inform 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 Corporate Governance and Compliance Department concerning the alleged irregularity, the Audit Board shall be directly responsible for the follow-up of the reported event.

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 for 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 following at all times 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 Touche Tohmatsu Limited, which screens the reports submitted and guarantees anonymity and confidentiality, is available at **website**[34] and by telephone to +351 210 427 838. 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 Regulation on the Reporting of Irregularities.

It should also be mentioned that the company has had a set of Ethical Principles in force since 2002, 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 2023, which then changed name to the Code of Ethics and Conduct and has also been published on the company's **website**[35].

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 by all shareholders, thus ensuring that the reporting duties and of equal and fair treatment are fulfilled.

The Code of Ethics and Conduct which, by the end of 2018, had expressly enshrined the commitment to respect and promote Human Rights, and to combat money laundering and corruption, currently reinforces respect for competition legislation, since the revision of 2023. In early 2024, the Code of Ethics and Conduct was revised again in order to extend the duties set out therein in terms of personal data protection, cybersecurity and emerging technologies, namely artificial intelligence.

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.

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.

34 https://www.semapa.pt/en/investors/corporate-governance/whistleblower-channel/
35 https://www.semapa.pt/wp-content/uploads/2023/12/Code-of-Ethics-and-Conduct-1.pdf

Furthermore, the company adequately and effectively discloses its tax policy on the company's **website**[36], reviewing it whenever deemed appropriate, and ensures that internal procedures are set up and implemented through adequate and regular supervision of its tax practices, with the involvement of its corporate bodies, always with the aim of minimising potential risks when decisions on tax issues are made.

In addition to the revisions to the existing Policies mentioned above, in 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 are published on the company's **website**[37].

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 oversight and monitoring 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 is entitled to 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. It is also the recipient, where available, of the reports and opinions made by those 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.

In the course of 2023, a Corporate Governance and Compliance department was also created, with the functions described above in paragraph 21.

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.

36 https://www.semapa.pt/wp-content/uploads/2023/12/Tax-Policy.pdf
37 https://www.semapa.pt/en/investors/corporate-governance/statutes-regulations-and-policies/

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. These factors represent relentless challenges to the fulfilment of Semapa's strategic plans and objectives. As an economic agent, Semapa is subject to risks inherent to its activity, which can significantly impact 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's approach, which promotes the autonomy and accountability of the companies in which it holds stakes, results in exposure to a number of risks. These risks not only affect each company individually, but can also spread to Semapa itself and other Group companies.

Chapter 2.4 of the Annual Report provides a detailed analysis of all strategic risks and note 11 to the Consolidated Financial Statements provides a detailed analysis of all operational risks affecting all segments of the Group's business and the Group overall. The financial risks have been identified and detailed in note 8.1 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, adverse climatic events, climate transition and ESG performance.

Operational risks include, among others, raw material supply, sales price, product demand, competition, customer portfolio concentration, environmental risk, and the cost of energy.

Financial risks include exchange rate, interest rate, liquidity and credit risks.

The aforementioned strategic risks to Semapa and the Group are duly mapped and fully described in chapter 2.4 of the Annual Report monitored throughout the year and the subject of a risk report approved annually by the Board of Directors as best described in paragraph 54 below.

Semapa, together with its Subsidiaries, is also working on analysing and mapping existing mitigation measures, any additional mitigation measures that may be required and the impacts and opportunities with regard to the three new strategic risks mapped in 2022 as a result of the Group's commitment to issues related to climate change and ESG challenges (adverse climate events, climate transition and ESG performance).

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, 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.

54. Description of the process of identification, assessment, monitoring, control and risk management.

Concerning the management of risks deemed strategic, Semapa has been consolidating its risk management and control system, which comprises processes that cover the entire risk life cycle, once the risk is identified, assessed, then monitored, reviewed, addressed and reported, in accordance with good practices and the COSO – Committee of Sponsoring Organisations of the Treadway Commission and ISO 31000 standards, and taking into account the recommendations of the Corporate Governance Code issued by the Portuguese Corporate Governance Institute (IPCG) and the Portuguese Securities Market Commission (CMVM).

Semapa and its Subsidiaries follow an annual risk monitoring model that involves several stages:

- *Collecting and filling in information on risks:* detailed information is collected on each risk. This information is recorded on separate sheets describing the risk and monitoring of existing mitigation measures, namely through an exercise for assessing the effectiveness of existing mitigation measures;

- *Discussion and approval of risk sheets:* risk sheets are discussed and reviewed. All relevant information is checked and the mitigation strategies must be approved;

- *Development of Key Risk Indicators:* Semapa and its Subsidiaries have developed Key Risk Indicators (KRIs) to enable continuous monitoring of risks and anticipation of events that could cause significant disruption.

In brief, the Group is committed to managing risks proactively, ensuring that mitigation measures are effective and that adverse events are identified and dealt with in a timely manner.

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 and control system.

The Board of Directors is responsible for setting the overall risk strategy, which is monitored by the Audit Board. The main purpose of the Control and Risk Committee – whose powers are set out in paragraphs 21 and 29 – is responsible for controlling and monitoring 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.

It is worth noting that risk control is 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 the companies controlled by it in 2023 was conducted by KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. The company's External Auditor and Statutory Auditor verifies, in particular, the effectiveness and functioning of the internal control mechanisms through the information provided to it by the company bodies and their committees, especially the Control and Risk Committee, and by exercising the other competences resulting from the law in this area, including the rules relating to the Remuneration Report. The respective conclusions are reported by the External and Statutory Auditors 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 and control system at the meeting of the Board of Directors held at the beginning of 2019. This system, which results every year in a risk report, namely 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. In terms of setting the levels of risk that the company is willing to accept, Semapa has adopted and follows a policy of risk-taking when doing business, endeavouring to operate in accordance with the defined level of risk.

The 2022 annual risk report was adopted at a meeting of the Board of Directors in March 2022, and the 2023 annual 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, provided its opinion on, and assessed the aforementioned risk management and control system and the annual risk report before they were adopted by the Board, 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 held in the year, until the respective annual Risk Report is issued.

The Audit Board learned about the strategic lines in 2023, prior to the update of the strategic investment approved in January 2023 and the strategic lines approved in December 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 2023. 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 in the year 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[38]).

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 Auditors 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 Director.

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 convey 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**[39], 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, because of 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.

38 Corresponds to the current article 29-H, 1.l of the Portuguese Securities Code.
39 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 information required by Article 171 of the Companies Code.	https://www.semapa.pt/en/contact-us/
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/investors/corporate-governance/statutes-regulations-and-policies/
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/investors/corporate-governance/corporate-bodies/ https://www.semapa.pt/en/contact-us/
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/investors/financial-information/ https://www.semapa.pt/en/investors/calendar-of-events/
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/investors/general-meetings/
65. Address for consultation of historical files, with resolutions adopted at the company's General Meetings, the share capital represented and the results of votes, for the past 3 years.	https://www.semapa.pt/en/investors/general-meetings/

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.

The Remuneration Report submitted for appraisal at the Annual General Meeting held in 2023, which considered the financial statements for 2022, including the management report, the separate and consolidated balance sheet and accounts, the corporate governance report, which contains the Remuneration Report and the consolidated non-financial statement (sustainability information), was approved by 99.81 per cent of the capital present or represented, and no clarifications were requested from the shareholders in relation to it at the meeting.

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 establish the remuneration of the Board of Directors and the Audit Board lie with the Remuneration Committee.

Powers to establish 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 2023, the Remuneration Committee consisted of Maria Eduarda Faria e Maia de Oliveira Luna Pais, Chairman, and the members 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 Committee may freely hire the company that will provide the consultancy services deemed necessary or convenient for the performance of its duties, within the company's budgetary limits, as it has done in the past. Consequently, it must ensure that the services are provided independently and that its providers are not employees of the company itself or of companies that are in a control or group relationship with it, for providing the company with any other services related to the Remuneration Committee's duties without the Committee's express authorisation. 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 18 May 2023, which was attended by all 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 Egon Zehnder for several years, and later Office Leader and Partner at this leading executive recruitment firm. She has extensive experience and deep knowledge of the assessment processes and criteria for recruiting senior managers, as well as the associated remuneration packages.

Carlota Albergaria Caldeira in turn has developed strong expertise in human resource consultancy for several years, namely Human Capital and Leadership Services, with a greater focus on managing executive search projects (national and international markets), assessments and salary benchmarks, having worked for companies such as Heidrick & Struggles, Jason Associates, Argo Talents and Mercer. At the Nova School of Business & Economics she performed functions as advisor and then as head of corporate relations for recruitment, to which she returned years later and where she is currently working in the People & Culture service.

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[40].

The remuneration policy for the management and supervisory bodies ("Remuneration Policy"), drawn up by the Remuneration Committee, was approved at the Annual General Meeting of 30 April 2021 for the period from 2021 to 2024.

At the Annual General Meeting held on 18 May 2023, the first amendment to the Remuneration Policy was approved – by a majority of 99.51% of the capital present or represented – in order to strengthen its alignment with sustainability and the preservation of Semapa's long-term interests, in line with good market practice.

The Remuneration Policy in force (Annex II hereto) will be applied to the assessment of executive directors in 2024 with reference to the 2023 financial year.

40 This topic is currently governed by Articles 26-A and following of the Securities Code.

Concerning the assessment of executive directors carried out in 2023, with reference to the 2022 financial year, the company applied the criteria set out in the Remuneration Policy in force for that financial year, published at the company's **website**[41], and there were no deviations from the implementation procedure of the approved Remuneration Policy or derogations from it.

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 the remuneration of company officers is structured and how it is based on the executive directors' performance follows clearly the model and principles – duties performed, the company's economic stance and market criteria – of the Remuneration Policy of Semapa's managing and audit bodies' members, specifically paragraphs 1 and and 2.2. to which we make reference. Paragraph 24 above describes the process and the bodies in charge of assessing the executive directors' performance.

The remuneration system in place at Semapa, reflected in the Remuneration Policy, supports its business strategy and, in the long term, ensures the alignment of the interests of members of the management body with those of the Company and its sustainability, in particular since **(i)** the remuneration is sought to be fair and equitable within the scope of the principles set out and **(ii)** the assessment criteria and indicators defined by the Remuneration Committee are aligned with the company's strategic objectives, which together with the an annual and multi-annual variable remuneration component – linking the payment of part of the variable remuneration to the achievement of certain long-term objectives – contribute to the performance of the members of its governing bodies in line with the company's long-term interests and sustainability.

Concerning remuneration: **(i)** the remuneration of the members of the Board of Directors consists of a fixed component, corresponding to an annual amount, payable twelve times a year and, for the Executive Directors, it also includes a contingent 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, the variable component also including an annual component and a multiannual component; **(ii)** the remunerations of the members of the Audit Board shall consist of a fixed annual amount paid twelve times a 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 annual 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 target variations against a set 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 that weigh 15%).

The general business indicators include, in particular, EBITDA (accounting for 35%), net profit (accounting for 10%), cash flow (accounting for 10%) and Total Shareholder Return vs. Peers (accounting for 10%). The behavioural indicators guide the alignment of the executive directors with the existing leadership model and the long-term interests of the Company. With this system, it is possible to guarantee that Semapa has no discretionary variable remuneration. The specific objectives always include ESG indicators, such as the findings of the annual climate survey in the Company.

The performance criteria mentioned in the previous paragraph are applied mathematically for their quantitative part – based on the values of the business plans approved by the Board of Directors, and at the end of each period these commitments are compared with the actual income – and using value assessments for the qualitative part.

The multi-year variable remuneration introduced after review of the Remuneration Policy in 2023 seeks to encourage executive directors to align their activities with Company's long-term sustainable interests by setting multi-year objectives and deferring a portion of the variable remuneration, which is then linked to the Company's performance and the achievement of targets over the period. Under this long-term incentive, the total amount to be distributed to executive board will correspond to a percentage of the Value Created for Shareholders (value created above a minimum annual rate decided at the beginning of each mandate), related to the financial and ESG objectives achieved.

41 https://www.semapa.pt/wp-content/uploads/2023/12/Item-5-Remuneration-Policy-Statement-2.pdf

This multi-year incentive is currently linked to compliance with Semapa's Strategic Plan 2023/2027 and will take into account the following indicators: Total Shareholder Return ≥ KPI defined, Total Shareholder Return ≥ Peers, EBITDA Variation ≥ KPI set and CO_2 Emissions ≤ KPI set.

On the environmental side, the introduction of a KPI – CO_2 Emissions – related to sustainability, which is in line with the concerns regarding compliance with the carbon roadmap laid down in the Strategic Plan, is worthy of note.

The long-term incentive may include an individual assessment of the performance of executive directors, to be carried out by the Remuneration Committee, in consultation with other stakeholders that the Committee deems appropriate to involve.

The multi-annual incentive corresponds to three-year plans for the duration of the directors' terms, with the exception of the first plan for 2023/2024, corresponding to the last years of the current mandate.

An independent external body will monitor the Incentive, calculate the results obtained and the amounts to be paid.

At the end of each period, the final assessment is conducted and the amount payable is determined, after the accounts of the last financial year included in the period have been cleared. This multi-annual component of the variable remuneration is paid in cash, **(i)** 75% by the end of the first half of the year following the closure of the reference period and **(ii)** 25% deferred for one year. However, there will be no deferral if the amount to be paid is less than 20 per cent of the annual fixed remuneration for the reference period.

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 – annual and multiannual – 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 annual variable component attributable is capped at 1.8 times the target, and **(iii)** the multiannual variable remuneration may not exceed 175% of the fixed component of the years to which the Incentive concerns, to prevent good performance at one time, with immediate remuneration benefits for the management, from being obtained to the detriment of good performance in the future. The annual and multi-annual remuneration is subject to reasonable adjustments related to exogenous factors and unforeseen economic decisions, as decided in advance by the Remuneration Committee.

The nature of the indicators, their weight in determining actual variable remuneration, the deferred payment of part of the multi-annual remuneration and the limits on the application of variable remuneration create a remuneration model based on recognising merit against the actual performance of the Company and discouraging excessive risk-taking, whilst helping to implement the strategy defined by Semapa and ensuring that the interests of the executive directors are aligned with the Company's long-term interests.

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 an assessment of the performance, as described in the previous paragraph and in the Remuneration Policy, in particular paragraph 2.2 2. Paragraph 24 above describes the process and the bodies in charge of assessing the executive directors' performance.

With regard to the performance appraisal carried out in 2023, concerning 2022, the individual and qualitative component of the performance appraisal had a considerable impact of 35% (specific objectives, with a weight of 20%, and behavioural indicators, with a weight of 15%), as provided for in paragraphs 3 and 7 of Chapter IV of the Remuneration Policy previously in force.

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.

The revised 2023 Remuneration Policy also provides for the possibility of demanding the return of variable remuneration already paid, without prejudice to the applicable legal regime, if, by final court decision, the company or, directly, members of the company's Executive Board, are held responsible for unlawful and malicious acts of management that require review of their financial statements or the recording of asset decreases to the disadvantage of the company. In this case, the Remuneration Committee may, at its discretion and by means of a resolution, demand the executive directors to pay back the variable remuneration for the period corresponding to the reported facts or another period considered relevant, with a view to compensating the company for the harm caused.

The remuneration of the members of the Audit Board does not have a variable component, and the remuneration of the Chairman of the Audit Board is higher than that of the other board members, taking into account the special functions performed by him/her.

72. Deferred payment of the variable component of remuneration, indicating the deferral period.

The multi-annual variable remuneration of the executive directors introduced in the revised 2023 Remuneration Policy, which corresponds to a long-term incentive associated with the fulfilment of the objectives set for the three-year term of the board of directors, helps to reinforce the alignment of the executive directors' performance with the long-term sustainable interests of the company and to guarantee such sustainable performance, through the deferral of part of the variable remuneration which is thus associated with the company's performance and the achievement of objectives in that period.

Furthermore, the payment of this multi-annual component of the variable remuneration **(i)** will be 75 per cent by the end of the first six months following the end of the reference period and **(ii)** will be deferred by 25 per cent for one year. However, there will be no deferral if the amount to be paid is less than 20 per cent of the annual fixed remuneration for the reference period.

The Remuneration Policy therefore provides for a mechanism to defer part of the variable remuneration for a period of three years, which is thus linked to the company's performance and the achievement of objectives during that period (with the exception of the first period, 2023/2024, as it corresponds to the final years of the current mandate), and deferred payment of such component of the remuneration.

The variable remuneration system in place at Semapa is described in greater detail in paragraphs 69 and following above.

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 2.2.2 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 2023, Semapa's liability with this pension is € 580 578, 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 at 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 paid in 2023 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 2023 but refers to performance in 2022, 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	FixedRemuneration		Variable Remuneration	
	Amount	Relative percentage	Amount	Relative percentage
Executive Board				
Ricardo Miguel dos Santos Pacheco Pires	661 378.02	44.11%	838 141.49	55.89%
Vítor Paulo Paranhos Pereira	321 496.74	29.63%	763 595.79	70.37%
Subtotal	**982 874.76**	**–**	**1 601 737.28**	**–**
Non-Executive Directors				
José António do Prado Fey	400 020.50	100%	–	–
Filipa Mendes de Almeida de Queiroz Pereira	77 825.04	100%	–	–
Mafalda Mendes de Almeida Queiroz Pereira	77 825.04	100%	–	–
Lua Mónica Mendes de Almeida de Queiroz Pereira	77 825.04	100%	–	–
António Pedro de Carvalho Viana-Baptista	128 305.08	100%	–	–
Paulo Lameiras Martins	77 825.04	100%		
Subtotal	**839 625.74**	**–**	**–**	**–**
Total	**1 822 500.50**	**–**	**1 601 737.28**	**–**

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 confirmed:

Board of Directors		2019	2020	2021	2022	2023
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	27 500	-
	Variation in %	0.0%	0.0%	0.0%	-64.7%	-
Filipa Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	77 825	77 825	77 825	77 825	77 825
	Variation in %	64.0%	0.0%	0.0%	0.0%	0.0%
Francisco José Melo e Castro Guedes	Fixed Remuneration	77 825	77 825	77 825	47 259	-
	Variation in %	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	925 763	-	-
	Variable Remuneration	688 623	546 953	769 537	846 366	-
	Variation in %	1.8%	-9.8%	29.6%	-50.1%	-
José Antônio do Prado Fay	Fixed Remuneration	128 816	243 524	400 021	400 021	400 021
	Variation in %	64.6%	89.0%	64.3%	0.0%	0.0%
José Miguel Pereira Gens Paredes	Fixed Remuneration	315 970	129 817	-	-	-
	Variable Remuneration	567 864	381 541	-	-	-
	Variation in %	0.4%	-42.1%	-	-	-
Lua Mónica Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	77 825	77 825	77 825	77 825	77 825
	Variation in %	64.0%	0.0%	0.0%	0.0%	0.0%
Mafalda Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	77 825	77 825	77 825	77 825	77 825
	Variation in %	64.0%	0.0%	0.0%	0.0%	0.0%
Paulo Miguel Garcês Ventura	Fixed Remuneration	192 013	-	-	-	-
	Variable Remuneration	512 811	143 449	-	-	-
	Variation in %	-17.8%	-79.6%	-	-	-
Paulo José Lameiras Martins[42]	Fixed Remuneration	-	-	-	46 479	77 825
	Variation in %	-	-	-	-	67.4%
Ricardo Miguel dos Santos Pacheco Pires[43]	Fixed Remuneration	315 970	315 970	315 970	650 000	661 378
	Variable Remuneration	557 560	462 202	586 133	643 077	838 141
	Variation in %	5.1%	-10.9%	15.9%	43.3%	16.0%
Vítor Manuel Galvão Rocha Novais Gonçalves	Fixed Remuneration	77 825	77 825	77 825	27 500	-
	Variation in %	0.0%	0.0%	0.0%	-64.7%	-
Vitor Paulo Paranhos Pereira[44]	Fixed Remuneration	128 305	289 445	315 970	315 970	321 497
	Variable Remuneration	-	-	582 159	634 657	763 596
	Variation in %	0.0%	125.6%	210.3%	5.8%	14.1%

Note:
Amounts in Euros

42 Paulo José Lameiras Martins was appointed Director on 27 May 2022.
43 Ricardo Miguel dos Santos Pacheco Pires was appointed CEO on 1 January 2022.
44 Vitor Paulo Paranhos Pereira took up duties as executive director on 1 March 2020.

Company Employees		2019	2020	2021	2022	2023
Total Remuneration	Average Remuneration	85 744	66 243	77 188	88 387	97 623
	Variation in %	11.2%	-22.7%	16.5%	14.5%	10.4%

Note:
Amounts in Euros

Group Performance		2019	2020	2021	2022	2023
EBITDA	Million euros	486.8	419.3	508.7	894.2	672.1
	Variation in %	-11.2%	-13.9%	21.3%	75.8%	-24.8%
EPS (Income per Share)	Euros/share	1.540	1.333	2.481	3.845	3.061
	Variation in %	-6.3%	-13.4%	86.1%	55.0%	-20.4%

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 major shareholders.

At other companies in a control relationship or subject to common control, the Directors Filipa Mendes de Almeida de Queiroz Pereira earned 70 750.00 euros, José Antônio do Prado Fay earned 100 000.00 euros, Lua Mónica Mendes de Almeida de Queiroz Pereira earned 70 750.00 euros, Mafalda Mendes de Almeida de Queiroz Pereira earned 70 750.00 euros. 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 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 are paid and/or profit is shared.

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 2.2.2 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	Relative percentage
José Manuel Oliveira Vitorino	30 000.00	100%	–	–
Gonçalo Nuno Palha Gaio Picão Caldeira	21 840.00	100%	–	–
Maria da Graça Torres Ferreira da Cunha Gonçalves	21 840.00	100%	–	–
Total	**73 680.00**	**–**	**–**	**–**

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 remuneration paid by the Company to each member of the Audit Board:

Audit Board		2019	2020	2021	2022	2023
José Manuel Oliveira Vitorino	Fixed Remuneration	22 000	22 000	22 000	26 756	30 000
	Variation in %	8.4%	0.0%	0.0%	21.6%	12.1%
Gonçalo Nuno Palha Gaio Picão Caldeira	Fixed Remuneration	16 000	16 000	16 000	19 472	21 840
	Variation in %	0.0%	0.0%	0.0%	21.7%	12.2%
Maria da Graça Torres Ferreira da Cunha Gonçalves	Fixed Remuneration	16 000	16 000	16 000	19 472	21 840
	Variation in %	64.0%	0.0%	0.0%	21.7%	12.2%

Note:
Amounts in Euros

82. Indication of remuneration earned in the reporting period by the Chairman of the General Meeting.

In 2023, 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 have received had they completed 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.

It should also be noted that in 2023 financial year, no amounts were paid in connection with the termination of office, in any capacity, of members of company bodies or committees.

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[45]).

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.

45 Corresponds to the current article 29-H, 1.k of the Portuguese Securities Code.

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[46]).

There is no employee ownership scheme in Semapa.

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 on 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**[47].

46 Corresponds to the current article 29-H, 1.e of the Portuguese Securities Code.
47 https://www.semapa.pt/wp-content/uploads/2023/12/Regulation-of-Conflict-of-Interest-and-Related-Parties-Transactions.pdf

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:

c) Loans granted to the company by shareholder companies with a value of less than or equal to one hundred million euros;

d) Transactions under the taxation regime for company groups, with a value of less than or equal to one hundred million euros;

e) 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;

f) 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

a) All other transactions with an individual or cumulative annual amount of less than or equal to one million euros.

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:

i. The Board of Directors must be informed biannually of the resolutions concerning related party transactions which they were not a party to.

ii. 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;

iii. The Directors of the company who intervene in the formalisation of transactions must ensure that such transactions are previously submitted to the regime provided in the regulation and in the applicable laws and regulation; and

iv. The Executive Board is responsible for overseeing the formalisation and the implementation of decisions concerning transactions.

The company will disclose the transactions as required 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 their independence and influence their interests that are different to those of the Company, 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 made, 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 2023, there were the related party transactions that have been identified in the information on related party transactions in Note 10.4 to the consolidated accounts and Note 10.2 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 2023, 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 as 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 to the consolidated financial statements and Note 10.2 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 2023, 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 consulted on their 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 provided. For recommendations not adopted, information is provided below on the respective grounds for non-adoption and any alternative measures taken.

#	Adoption	Text	Reference
GENERAL PRINCIPLES			
A. Corporate governance promotes and fosters the pursuit of the respective long-term interests, performance and sustained development, and is structured in order to allow the interests of shareholders and other investors, staff, clients, creditors, suppliers and other stakeholders to be weighed, contributing to the strengthening of confidence in the quality, transparency and ethical standards of administration and supervision, as well as to the sustainable development of the community the companies form part of and to the development of the capital market. B. The Code is voluntary and compliance is based on the comply or explain principle, applicable to all Recommendations.			
I. COMPANY'S RELATIONSHIP WITH SHAREHOLDERS, INTERESTED PARTIES AND THE COMMUNITY AT LARGE			
Principles: I.A. In their organisation, operation and in the definition of their strategy, companies shall contribute to the pursuit of the Sustainable Development Goals defined within the framework of the United Nations Organisation, in terms that are appropriate to the nature of their activity and their size. I.B. The company periodically identifies, measures and seeks to prevent negative effects related to the environmental and social impact of the operation of its activity, in terms that are appropriate to the nature and size of the company. I.C.In its decision-making processes, the management body considers the interests of shareholders and other investors, employees, suppliers and other stakeholders in the activity of the company.			
I.1	Adopted	The company specifies in what terms its strategy seeks to ensure the fulfilment of its long-term objectives and what are the main contributions resulting herefrom for the community at large.	Part I, item 21
I.2	Adopted	The company identifies the main policies and measures adopted with regard to the fulfilment of its environmental and social objectives.	Part I, item 21

II. COMPOSITION AND FUNCTIONING OF THE CORPORATE BODIES

II.1 Information

Principles:
II.1.A. Companies and, in particular, their Directors treat shareholders and other investors in an equitable manner, namely by ensuring mechanisms and procedures for the adequate treatment and disclosure of information.

II.1.1.	Adopted	The company establishes mechanisms to adequately and rigorously ensure the timely circulation or disclosure of the information required to its bodies, the company secretary, shareholders, investors, financial analysts, other stakeholders and the market at large.	Part I, item 21 and items 55 to 65

II.2 Diversity in the Composition and Functioning of the Corporate Bodies

Principles:
II.2.A. Companies have adequate and transparent decision-making structures, ensuring maximum efficiency in the functioning of their bodies and committees.
II.2.B.Companies ensure diversity in the composition of their management and supervisory bodies and the adoption of individual merit criteria in the respective appointment processes, which shall be the exclusive responsibility of shareholders.
II.2.C. Companies ensure that the performance of their bodies and committees is duly recorded, namely in minutes of meetings, that allow for knowing not only the sense of the decisions taken but also their grounds and the opinions expressed by their members.

II.2.1	Adopted	Companies establish, previously and abstractly, criteria and requirements regarding the profile of the members of the corporate bodies that are adequate to the function to be performed, considering, notably, individual attributes (such as competence, independence, integrity, availability and experience), and diversity requirements (with particular attention to equality between men and women), that may contribute to the improvement of the performance of the body and of the balance in its composition.	Part I, item 16
II.2.2.	Adopted	The management and supervisory bodies and their internal committees are governed by regulations – notably regarding the exercise of their powers, chairmanship, the frequency of meetings, operation and the duties framework of their members – fully disclosed on the website of the company, whereby minutes of the respective meetings shall be drawn up.	Part I, items 21, 22, 27, 29, 34 and 61
II.2.3	Adopted	The composition and number of meetings for each year of the management and supervisory bodies and of their internal committees are disclosed on the website of the company.	Part I, items 23, 29 and 35
II.2.4.	Adopted	The companies adopt a whistle-blowing policy that specifies the main rules and procedures to be followed for each communication and an internal reporting channel that also includes access for non- employees, as set forth in the applicable law.	Part I, item 49
II.2.5.	Adopted	The companies have specialised committees for matters of corporate governance, remuneration, appointments of members of the corporate bodies and performance assessment, separately or cumulatively. If the Remuneration Committee provided for in Article 399 of the Portuguese Commercial Companies Code has been set up, the present Recommendation can be complied with by assigning to said committee, if not prohibited by law, powers in the above matters.	Part I, items 16, 21, 27 and 29

II.3. Relations between Corporate Bodies

Principle:
II.3. A. The corporate bodies create the conditions for them to act in a harmonious and articulated manner, within the scope of their responsibilities, and with information that is adequate for carrying out their functions.

II.3.1	Adopted	The Articles of Association or equivalent means adopted by the company set out the mechanisms to ensure that, within the limits of the applicable laws, the members of the management and supervisory bodies have permanent access to all necessary information to assess the performance, situation and development prospects of the company, including, specifically, the minutes of the meetings, the documentation supporting the decisions taken, the convening notices and the archive of the meetings of the executive management body, without prejudice to access to any other documents or persons who may be requested to provide clarification.	Part I, item 21
II.3.2	Adopted	Each body and committee of the company ensures, in a timely and adequate manner, the interorganic flow of information required for the exercise of the legal and statutory powers of each of the other bodies and committees.	Part I, items 21 and 29
II.4. Conflict of Interest			
II.4.A. The existence of current or potential conflicts of interest between the members of bodies or committees and the company shall be prevented, ensuring that the conflicted member does not interfere in the decision-making process.			
II.4.1.	Adopted	By internal regulation or an equivalent hereof, the members of the management and supervisory bodies and of the internal committees shall be obliged to inform the respective body or committee whenever there are any facts that may constitute or give rise to a conflict between their interests and the interest of the company.	Part I, item 89
II.4.2.	Adopted	The company adopts procedures to ensure that the conflicted member does not interfere in the decision-making process, without prejudice to the duty to provide information and clarification requested by the body, committee or respective members.	Part I, item 89
II.5 Transactions with Related Parties			
II.5.A. Transactions with related parties shall be justified by the interest of the company and shall be carried out under market conditions, being subject to principles of transparency and adequate supervision.			
II.5.1.	Adopted	The management body discloses, in the corporate governance report or by other publicly available means, the internal procedure for verification of transactions with related parties.	Part I, item 38 and items 89 to 91

III. SHAREHOLDERS AND GENERAL MEETING

Principles:
III.A. The adequate involvement of shareholders in corporate governance constitutes a positive factor for the efficient functioning of the company and the achievement of its corporate objective.
III.B. The company promotes the personal participation of shareholders at general meetings as a space for reflection on the company and for shareholders to communicate with the bodies and committees of the company.
III.C. The company implements adequate means for shareholders to attend and vote at the general meeting without being present in person, including the possibility of sending in advance questions, requests for clarification or information on the matters to be decided on and the respective proposals.

III.1	Adopted	The company does not set an excessively large number of shares to be entitled to one vote and informs in the corporate governance report of its choice whenever each share does not carry one vote.	Part I, items 12 and 13
III.2	Not applicable	The company that has issued special plural voting rights shares identifies, in its corporate governance report, the matters that, pursuant to the company's Articles of Association, are excluded from the scope of plural voting.	Part I, items 12 and 13
III.3	Adopted	The company does not adopt mechanisms that hinder the passing of resolutions by its shareholders, specifically fixing a quorum for resolutions greater than that foreseen by law.	Part I, item 14
III.4	Adopted	The company implements adequate means for shareholders to participate in the general meeting without being present in person, in proportion to its size.	Part I, item 12

III.5	Adopted	The company also implements adequate means for the exercise of voting rights without being present in person, including by correspondence and electronically.	Part I, item 12
III.6	Not applicable	The Articles of Association of the company that provide for the restriction of the number of votes that may be held or exercised by one single shareholder, either individually or jointly with other shareholders, shall also foresee that, at least every five years, the general meeting shall resolve on the amendment or maintenance of such statutory provision – without quorum requirements greater than that provided for by law – and that in said resolution, all votes issued are to be counted, without applying said restriction.	Part I, items 5 and 13
III.7	Adopted	The company does not adopt any measures that require payments or the assumption of costs by the company in the event of change of control or change in the composition of the management body and which are likely to damage the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the Directors.	Part I, item 4

IV. MANAGEMENT

IV.1. Management Body and Executive Directors

Principles:
IV.1.A The day-to-day management of the company shall be the responsibility of executive directors with the qualifications, skills, and experience appropriate for the position, pursuing the corporate goals and aiming to contribute to its sustainable development.
IV.1.B. The determination of the number of executive directors shall take into account the size of the company, the complexity and geographical dispersion of its activity and the costs, bearing in mind the desirable flexibility in the running of the executive management.

IV.1.1.	Adopted	The management body ensures that the company acts in accordance with its object and does not delegate powers, notably with regard to: i) definition of the corporate strategy and main policies of the company; ii) organisation and coordination of the corporate structure; iii) matters that shall be considered strategic due to the amounts, risk and particular characteristics involved.	Part I, item 21
IV.1.2.	Adopted	The management body approves, by means of regulations or through an equivalent mechanism, the performance regime for executive directors applicable to the exercise of executive functions by them in entities outside the group.	Part I, items 26 and 27

IV.2. Management Body and Non-Executive Directors

Principles:
IV.2.A. For the full achievement of the corporate objective, the non-executive directors shall exercise, in an effective and judicious manner, a function of general supervision and of challenging the executive management, whereby such performance shall be complemented by commissions in areas that are central to the governance of the company.
IV.2.B. The number and qualifications of the non-executive directors shall be adequate to provide the company with a balanced and appropriate diversity of professional skills, knowledge and experience.

IV.2.1.	Adopted	Notwithstanding the legal duties of the chairman of the board of directors, if the latter is not independent, the independent directors – or, if there are not enough independent directors, the non- executive directors – shall appoint a coordinator among themselves to, in particular **(i)** act, whenever necessary, as interlocutor with the chairman of the board of directors and with the other directors, **(ii)** ensure that they have all the conditions and means required to carry out their duties, and **(iii)** coordinate their performance assessment by the administration body as provided for in Recommendation VI.1.1.; alternatively, the company may establish another equivalent mechanism to ensure such coordination.	Part I, item 18
IV.2.2.	Adopted	The number of non-executive members of the management body shall be adequate to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the tasks entrusted to them, whereby the formulation of this adequacy judgement shall be included in the corporate governance report.	Part I, item 18
IV.2.3.	Adopted	The number of non-executive directors is greater than the number of executive directors.	Part I, item 18

IV.2.4.	Not adopted	The number of non-executive directors that meet the independence requirements is plural and is not less than one third of the total number of non-executive directors. For the purposes of the present Recommendation, a person is deemed independent when not associated to any specific interest group in the company, nor in any circumstances liable to affect his/her impartiality of analysis or decision, in particular in virtue of: i. Having carried out, continuously or intermittently, functions in any corporate body of the company for more than twelve years, with this period being counted regardless of whether or not it coincides with the end of the mandate; ii. Having been an employee of the company or of a company that is controlled by or in a 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 with a company that is controlled by or in a group relationship with the company, either directly or as a partner, director, manager or officer of a legal person; iv. Being the beneficiary of remuneration paid by the company or by a company that is controlled by or in a group relationship with the company, in addition to remuneration stemming from the performance of the functions of director; v. Living in a non-marital partnership or being a spouse, relative or kin in a direct line and up to and including the 3rd degree, in a collateral line, of directors of the company, of directors of a legal person owning a qualifying stake in the company or of natural persons owning, directly or indirectly, a qualifying stake; vi. Being a holder of a qualifying stake or representative of a shareholder that is holder of a qualifying stake.	Explanation of recommendations not adopted below
IV.2.5.	Not applicable	The provisions of paragraph **(i)** of the previous Recommendation do not prevent the qualification of a new Director as independent if, between the end of his/her functions in any corporate body and his/her new appointment, at least three years have elapsed (cooling-off period).	Part I, item 18

V. SUPERVISION

Principles:
V.A. The supervisory body carries out permanent supervision activities of the administration of the company, including, also from a preventive perspective, the monitoring of the activity of the company and, in particular, the decisions of fundamental importance for the company and for the full achievement of its corporate object.
V.B. The composition of the supervisory body provides the company with a balanced and adequate diversity of professional skills, knowledge and experience.

V.1.	Adopted	With due regard for the competences conferred to it by law, the supervisory body takes cognisance of the strategic guidelines and evaluates and renders an opinion on the risk policy, prior to its final approval by the administration body.	Part I, items 38 and 54
V.2.	Adopted	The number of members of the supervisory body and of the financial matters committee should be adequate in relation to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficiency of the tasks entrusted to them, and this adequacy judgement should be included in the corporate governance report.	Part I, item 31

VI. PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS

VI.1 Annual Performance Assessment

Principle:
VI.1.A. The company promotes the assessment of performance of the executive body and its individual members as well as the overall performance of the management body and its specialised committees.

VI.1.1.	Adopted	The management body – or committee with relevant powers, composed of a majority of non-executive members – evaluates its performance on an annual basis, as well as the performance of the executive committee, of the executive directors and of the company committees, taking into account the compliance with the strategic plan of the company and of the budget, the risk management, its internal functioning and the contribution of each member to that end, and the relationship between the bodies and committees of the company.	Part I, items 24 and 25

VI.2 Remunerations

Principle:
VI.2.A. The remuneration policy for members of the management and supervisory bodies shall allow the company to attract qualified professionals at a cost that is economically justified by their situation, provide for the alignment with the interests of the shareholders – taking into consideration the wealth effectively created by the company, the economic situation and the market situation – and shall constitute a factor for developing a culture of professionalism, sustainability, merit promotion and transparency in the company.
VI.2.B. Taking into consideration that the position of directors is, by nature, a remunerated position, directors shall receive a remuneration:
(i) that adequately rewards the responsibility undertaken, the availability and competence placed at the service of the company;
(ii) that ensures a performance aligned with the long-term interests of shareholders and promotes the sustainable performance of the company; and
(iii) that rewards performance.

VI.2.1.	Adopted	The company constitutes a remuneration committee, whose composition shall ensure its independence from the board of directors, whereby it may be the remuneration committee appointed pursuant to Article 399 of the Portuguese Commercial Companies Code.	Part I, items 66 and 67
VI.2.2.	Adopted	The remuneration of the members of the management and supervisory bodies and of the company committees is established by the remuneration committee or by the general meeting, upon proposal of such committee.	Part I, items 29, 66, 67 and Annex II
VI.2.3.	Adopted	The company discloses in the corporate governance report, or in the remuneration report, the termination of office of any member of a body or committee of the company, indicating the amounts of all costs related to the termination of office borne by the company, for any reason, during the financial year in question.	Part I, item 83
VI.2.4.	Adopted	In order to provide information or clarification to shareholders, the president or another member of the remuneration committee shall be present at the annual general meeting and at any other general meeting at which the agenda includes a matter related to the remuneration of the members of bodies and committees of the company, or if such presence has been requested by shareholders.	Part I, item 67
VI.2.5.	Adopted	Within the budget constraints of the company, the remuneration committee may freely decide to hire, on behalf of the company, consultancy services that are necessary or convenient for the performance of its duties.	Part I, item 67
VI.2.6.	Adopted	The remuneration committee ensures that such services are provided independently.	Part I, item 67
VI.2.7.	Adopted	The providers of said services are not hired by the company itself or by any company controlled by or in group relationship with the company, for the provision of any other services related to the competencies of the remuneration committee, without the express authorisation of the committee.	Part I, item 67
VI.2.8.	Adopted	In view of the alignment of interests between the company and the executive directors, a part of their remuneration has a variable nature that reflects the sustained performance of the company and does not encourage excessive risk-taking.	Part I, items 70 and 71
VI.2.9.	Adopted	A significant part of the variable component is partially deferred over time, for a period of no less than three years, and is linked to the confirmation of the sustainability of performance, in terms defined in the remuneration policy of the company.	Part I, items 72 and Annex II
VI.2.10.	Not applicable	When the variable remuneration includes options or other instruments directly or indirectly subject to share value, the start of the exercise period is deferred for a period of no less than three years.	Part I, items 73 and 74
VI.2.11.	Adopted	The remuneration of non-executive directors does not include any component whose value depends on the performance of the company or of its value.	Part I, item 71

VI.3 Appointments			
Principle: VI.3.A. Regardless of the method of appointment, the knowledge, experience, professional background, and availability of the members of the corporate bodies and of the senior management shall be adequate for the job to be performed.			
VI.3.1.	Adopted	The company promotes, in the terms it deems adequate, but in a manner susceptible of demonstration, that the proposals for the appointment of members of the corporate bodies are accompanied by grounds regarding the suitability of each of the candidates for the function to be performed.	Part I, item 16
VI.3.2.	Not adopted	The committee for the appointment of members of corporate bodies includes a majority of independent directors.	Explanation of recommendations not adopted below
VI.3.3.	Not adopted	Unless it is not justified by the size of the company, the task of monitoring and supporting the appointments of senior managers shall be assigned to an appointment committee.	Explanation of recommendations not adopted below
VI.3.4.	Not applicable	The committee for the appointment of senior management provides its terms of reference and promotes, to the extent of its powers, the adoption of transparent selection processes that include effective mechanisms for identifying potential candidates, and that for selection those are proposed who present the greatest merit, are best suited for the requirements of the position and promote, within the organisation, an adequate diversity including regarding gender equality.	Part I, item 29

VII. INTERNAL CONTROL

Principle: VII.A. Based on the medium and long-term strategy, the company shall establish a system of internal control, comprising the functions of risk management and control, compliance and internal audit, which allows for the anticipation and minimisation of the risks inherent to the activity developed.			
VII.1.	Adopted	The management body discusses and approves the strategic plan and risk policy of the company, which includes setting limits in matters of risk-taking.	Part I, items 29 and 54
VII.2.	Adopted	The company has a specialised committee or a committee composed of specialists in risk matters, which reports regularly to the management body.	Part I, items 21, 29, 50 and 54
VII.3.	Adopted	The supervisory body is organised internally, implementing periodic control mechanisms and procedures, in order to ensure that the risks effectively incurred by the company are consistent with the objectives set by the administration body.	Part I, items 21, 29, 53 and 54
VII.4.	Adopted	The internal control system, comprising the risk management, compliance, and internal audit functions, is structured in terms that are adequate to the size of the company and the complexity of the risks inherent to its activity, whereby the supervisory body shall assess it and, within the ambit of its duty to monitor the effectiveness of this system, propose any adjustments that may be deemed necessary.	Part I, items 38, 50 and 54
VII.5.	Adopted	The company establishes procedures of supervision, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of internal compliance and performance of such system, as well as the prospects for changing the previously defined risk framework.	Part I, item 54
VII.6.	Adopted	Based on its risk policy, the company sets up a risk management function, identifying **(i)** the main risks to which it is subject in the operation of its business, **(ii)** the probability of their occurrence and respective impact, **(iii)** the instruments and measures to be adopted in order to mitigate such risks, and **(iv)** the monitoring procedures, aimed at following them up.	Part I, items 53 and 54
VII.7.	Adopted	The company establishes processes to collect and process data related to the environmental and social sustainability in order to alert the management body to risks that the company may be incurring and propose strategies for their mitigation.	Part I, item 21
VII.8.	Adopted	The company reports on how climate change is considered within the organisation and how it takes into account the analysis of climate risk in the decision-making processes.	Part I, item 21

VII.9.	Adopted	The company informs in the corporate governance report on the manner in which artificial intelligence mechanisms have been used as a decision-making tool by the corporate bodies.	Part I, item 29
VII.10.	Adopted	The supervisory body pronounces 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 adjustments as deemed necessary.	Part I, items 38 and 50
VII.11.	Adopted	The supervisory body is the addressee of reports made by the internal control services, including the risk management, compliance, and internal audit functions, at least when matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities are concerned.	Part I, item 50
VIII. INFORMATION AND STATUTORY AUDIT OF ACCOUNTS			
VIII.1. Information			
Principles: VIII.1.A. The supervisory body, diligently and with independence, ensures that the management body observes its responsibilities in choosing policies and adopting appropriate accounting criteria and establishing adequate systems for financial and sustainability reporting, and for internal control, including risk management, compliance and internal audit. VIII.1.B. The supervisory body promotes a proper articulation between the work of the internal audit and that of the statutory audit of accounts.			
VIII.1.1.	Adopted	The regulations of the supervisory body requires that the supervisory body monitors the suitability of the process of preparation and disclosure of information by the management body, including the appropriateness of accounting policies, estimates, judgements, relevant disclosures and their consistent application from financial year to financial year, in a duly documented and reported manner.	Part I, item 38
VIII.2. Statutory Audit and Supervision			
Principle: VIII.2.A. It is the responsibility of the supervisory body to establish and monitor formal, clear, and transparent procedures as to the relationship between the company and the statutory auditor and the supervision of compliance, by the statutory auditor, with the rules of independence imposed by law and by professional standards.			
VIII.2.1.	Adopted	By means of regulation, the supervisory body defines, in accordance with the applicable legal regime, the supervisory procedures to ensure the independence of the statutory auditor.	Part I, item 38
VIII.2.2.	Adopted	The supervisory body is the main interlocutor of the statutory auditor within the company and the first addressee of the respective reports, and is competent, namely, for proposing the respective remuneration and ensuring that adequate conditions for the provision of the services are in place within the company.	Part I, item 38
VIII.2.3.	Adopted	The supervisory body annually evaluates the work carried out by the statutory auditor, its independence and suitability for the exercise of its functions and shall propose to the competent body its dismissal or termination of the contract for the provision of its services whenever there is just cause to do so.	Part I, item 38

EXPLANATION OF RECOMMENDATIONS NOT ADOPTED:

RECOMMENDATION IV.2.4.

This recommendation states that "The number of non-executive directors that meet the independence requirements is plural and is not less than one third of the total number of non-executive directors. (...)"

In the course of the 2023 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 IV.2.4 was not implemented.

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 VI.3.2.

Recommendation VI.3.2. states that "The committee for the appointment of members of corporate bodies includes a majority of independent directors."

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.

RECOMMENDATION VI.3.3.

Recommendation VI.3.3 states that "Unless it is not justified by the size of the company, the task of monitoring and supporting the appointments of senior managers shall be assigned to an appointment committee."

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 make recommendations to the Group's managers.

3. ADDITIONAL INFORMATION

There are no other disclosures or additional information which would be relevant to understanding the governance model and practices adopted.

ANNEX I
DISCLOSURES REQUIRED BY ARTICLE 447 OF THE COMPANIES CODE

(with regard to fiscal year 2023)

1. Company securities held by company officers, as described in paragraph 1 of Article 447 of the Companies Code:

None.

2. Company securities 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. .

3. Securities issued by the company and controlled companies 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. – 375 175 shares in Sodim, SGPS, S.A.

Keytarget Investments – Consultoria e Investimentos, S.A. – 375 175 shares in Sodim, SGPS, S.A.

Premium Caeli, S.A. – 375 174 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 26 June 2023, the directors Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira acquired the following Sodim, SGPS, S.A. shares, as a result of the division of the undivided estate of Pedro Mendonça de Queiroz Pereira:

- Filipa Mendes de Almeida de Queiroz Pereira: 44 807 company shares;
- Mafalda Mendes de Almeida de Queiroz Pereira: 44 808 company shares, and
- Lua Mónica Mendes de Almeida de Queiroz Pereira: 44 807 company shares.

On 27 June 2023 the company Target One Capital, S.A. purchased 184 607 shares of Sodim, SGPS, S.A. at a price of € 200.00 per share from Filipa Mendes de Almeida de Queiroz.

On 27 June 2023 the company Keytarget Investments – Consultoria e Investimentos, S.A. purchased 184 608 shares of Sodim, SGPS, S.A. at a price of € 200.00 per share from Mafalda Mendes de Almeida de Queiroz Pereira.

On 27 June 2023 the company Premium Caeli, S.A. purchased 184 607 shares of Sodim, SGPS, S.A., at a price of € 200.00 per share from Lua Mónica Mendes de Almeida de Queiroz Pereira.

5. Transactions in own shares:

In 2023 Semapa neither acquired nor disposed of any shares in its own capital.

ANNEX II
REMUNERATION POLICY

"REMUNERATION POLICY OF THE DIRECTORS AND THE AUDITORS OF SEMAPA (2021 TO 2024)

The Remuneration Committee of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") has analysed and reviewed the Remuneration Policy for its directors and auditors in force from 2021 to 2024 and adopted at Semapa's Annual General Meeting of 2021, in view of strengthening its alignment with sustainability and preserving Semapa's long-term interests in line with good market practices.

The remuneration policy is the exclusive responsibility of the Remuneration Committee, which has three members, all independent from the Board. According to the law, it must be approved by the General Meeting at least every four years and whenever a relevant change occurs, as was the case with this Policy.

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.

1. General Principles

This Remuneration Policy is founded on the following general principles that guide the setting of the remuneration of the governing bodies:

a) *Duties performed.*

The duties performed by each member of the governing bodies cover both the functions in a formal sense and 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 function, 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 performed 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 economic situation, understood in the broadest sense. These aspects have implications for the need to suitably remunerate directors holding high managerial duties, considering the size and complexity of the business models.

c) *Market criteria.*

It is essential to be able to attract, develop and retain the best professionals. Consequently, the Remuneration Policy must competitive and appealing in order to ensure the legitimate interests of individuals are aligned with Semapa's interests and the creation of sustainable value for shareholders.

Given its characteristics and size, the market criteria and practices to be taken into account are, in Semapa's case, both national and international. In order to keep up to date with these practices, Semapa regularly uses market research and benchmarking.

In this context, the different components of the directors' remunerations are calculated at least based on the remuneration of the directors of the Portuguese companies listed on the PSI Index, while also taking into account, at each moment, the remuneration conditions applied in other companies with characteristics similar to those of Semapa.

The remuneration system in place at Semapa, in particular this Policy, contributes to the implementation of the business strategy of Semapa and, in the long term, to 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 is intended to be fair and equitable in the light of the principles set out, and secondly, because it lays down the evaluation criteria (indicators defined by the Remuneration Committee), which are aligned with the Company's own strategic objectives. Such indicators, in addition to the annual and multi-annual variable remuneration component set - by tying the payment of the variable remuneration in with the achievement of certain long-term objectives - also help align the performance of the members of its corporate bodies with the long-term interests and sustainability of the Company.

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. Furthermore, the annual variation 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 is analysed.

Accordingly, this policy aligns Semapa with market best practices on remuneration, and with the recommendations of the IPCG Governance Code.

2. Board

2.1. Non-Executive Directors

The remuneration of non-executive directors shall comprise only a fixed component of an annual amount, paid 12 times per year, which may vary according to the piling on of added responsibilities, e.g. committee and specialised committee members, or a fixed amount per Board meeting attended.

The remuneration of non-executive members of the Board of Directors does not include components dependent on the performance of the Company or on its value.

2.2. Executive Directors

The remuneration of the Executive Directors consists of - fixed and variable - components, the latter comprising an annual and a multi-annual variable component.

2.2.1. Fixed Remuneration

The remuneration of the executive Directors consists of a fixed component, corresponding to an annual amount payable 12 times per year.

2.2.2. Variable Remuneration

The variable remuneration of the executive directors is contingent, and may amount, globally, to a percentage that does not exceed five per cent of the previous year's net profit, in accordance with the Company's articles of association. It has two components:

- Annual variable remuneration and
- Multi-year variable remuneration

On the **annual variable remuneration**, the Remuneration Committee decides on this component, and the performance of each executive director is assessed following an internal process lead by the respective person in charge (i.e. the responsibility of the person who manages the team in the case of the members of the Executive Board, and the responsibility of the Chairman of the Board of Directors in the case of the CEO) and with the participation of the non-executive directors that the person in charge deems pertinent to involve.

The Talent Committee is also involved in this process. It is responsible for monitoring the system for assessing management performance and distributing the remuneration, and delivering its opinion on the proposals for individual performance assessment of the executive board.

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.

The annual variable remuneration 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 general principles - market, specific functions, state of the Company -, in particular comparable market circumstances in equivalent functions. Another important factor taken into account when setting the targets is Semapa's option not to provide any stock or stock options 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 (which consist of general business indicators weighing 65%) and of the relevant director's performance (which consists of specific objectives weighing 20% and behavioural indicators that account for 15%).

Overall business indicators and their relative weights, which may be adjusted annually up to 5% in relative terms, are as follows:

- EBITDA, accounting for 35%
- Net results, accounting for 10%
- Cash flow, accounting for 10%, and
- Total Shareholder Return vs Peers, accounting for 10%.

The specific objectives always include ESG indicators, such as the findings of the annual Corporate environment survey.

On the other hand, within the behavioural indicators, the alignment of each executive director with the existing leadership model and the long-term interests of the Company is relevant.

The performance criteria mentioned in the previous paragraph are applied mathematically for their quantitative part - based on the values of the business plans approved by the Board of Directors, and at the end of each period these commitments are compared with the actual income - and using value assessments for the qualitative part.

The **multi-year variable remuneration** introduced in this Policy seeks to encourage executive directors to align their activities with Semapa's long-term sustainable interests by setting multi-year objectives and deferring a portion of the variable remuneration, which is then linked to the Company's performance and the achievement of targets over that period.

Under this long-term incentive, the total amount to be distributed to the executive directors will correspond to a percentage of the Value Created for Shareholders (value created above a minimum annual rate decided at the beginning of each mandate), related to a number of financial and ESG objectives met.

This multi-year incentive is linked to compliance with Semapa's 2023/2027 Strategic Plan and will take into account the following objectives and indicators:

- Total Shareholder Return ≥ KPI defined, and the achievement of this goal is mandatory for the Creation of Value for Shareholders to be deemed as met
- Total Shareholder Return ≥ Peers, being the Peers defined at the beginning of each period of the incentive
- EBITDA variation ≥ KPI defined
- CO_2 emissions ≤ KPI defined

On the environmental side, the introduction of a KPI - CO_2 Emissions - related to sustainability, which is in line with the concerns regarding compliance with the carbon roadmap laid down in the Strategic Plan, is worthy of note.

The Long-Term Incentive may include an individual assessment of the performance of the executive directors, to be ensured by the Remuneration Committee, after hearing the other participants that the Committee deems pertinent to involve.

The multi-annual incentive corresponds to three-year periods coinciding with the duration of the directors' mandates, with the exception of the first period for 2023/2024, corresponding to the last years of the current mandate.

An independent external entity shall be in charge of monitoring the Incentive, assessing the results achieved and the amounts to be paid.

The final assessment and effective determination of the amount to be paid will be carried out at the end of each period, after the calculation of the accounts for the last fiscal year included in the period. Cash payment of this multi-annual component of the variable remuneration **(i)** will be 75% during the first half of the year following the closure of the relevant period and **(ii)** 25% differed for one year. However, amounts payable under 20% of the fixed annual remuneration for the relevant period, must not be deferred.

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)** annual and multi-annual 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, **(ii)** the amount of the annual variable remuneration attributable has a cap corresponding to 1.8 times the target, and **(iii)** the multi-annual variable remuneration shall not exceed 175% of the fixed component of the years to which the Incentive relates, to prevent good performance at one moment, with immediate remuneration benefits for the Board, from being achieved to the detriment of good performance in the future.

The annual and multi-annual variable remuneration is subject to reasonable adjustments related to exogenous factors and unforeseen economic decisions, as decided in advance by the Remuneration Committee.

The nature of the indicators, their weight in determining actual variable remuneration, the deferred payment of part of the multi-annual remuneration and the limits on the application of variable remuneration create a remuneration model based on recognising merit against the actual performance of the Company and discouraging excessive risk-taking, whilst helping to implement the strategy defined by Semapa and ensuring that the interests of the executive directors are aligned with the Company's long-term interests.

3. 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.

4. Other Considerations

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 applies here, as established in the Companies Code, which governs the payment to the Directors of any amounts before the end of the mandate.

Similarly, there are no complementary or early retirement arrangements for directors currently in place in the company.

With regard to the obligation to return variable remuneration that has been paid, and without prejudice to the applicable legal provisions, if, by final court decision, Semapa or the members of the Executive Board of Semapa are found liable for unlawful and wilful acts of misconduct resulting in the need to restate its financial statements or to record reductions in the value of assets unfavourable to Semapa, the Remuneration Committee may, at its discretion and by means of a resolution, demand from the executive directors the refund of the variable remuneration in respect of the period when such depreciation of the assets occurred or another period deemed relevant, in order to compensate Semapa for the damage caused.

5. Audit Board

The remuneration of the members of the Audit Board shall consist only of a fixed component, i.e. a fixed annual amount, payable 12 times a year; the remuneration of the Chairman of the Audit Board is higher than that of the other board members, taking into account the special functions performed by him/her.

There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination of duties by the Members of the Audit Board.

6. General Meeting

The remuneration of the officers of the General Meeting shall consist of a fixed amount only (as decided) for each meeting held, whereas the remuneration of the second and subsequent meetings held in the same year shall be lower than that of the first general meeting. The remuneration of the Chairman of the General Meeting shall be higher than that of the Secretary, taking into account the greater responsibility of the duties performed.

Lisbon, 24 April 2023

The Remuneration Committee"

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 2023, 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

07

CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	2023	2022
Revenue	2.1	2 706 323 930	3 122 019 519
Other operating income	2.2	205 778 366	165 301 664
Fair value adjustments of biological assets	3.7	(6 906 606)	(24 824 186)
Costs of goods sold and materials consumed	4.1.3	(1 111 500 450)	(1 204 522 749)
Variation in production	4.1.4	(16 210 140)	90 792 701
External services and supplies	2.3	(648 546 629)	(817 733 973)
Payroll costs	7.1	(281 972 711)	(281 789 100)
Other operating expenses	2.3	(174 845 783)	(155 079 708)
Net provisions	9.1	(7 646 327)	(3 933 862)
Depreciation, amortisation and impairment losses on non-financial assets	3.6	(224 325 764)	(248 398 561)
Operating profit/(loss)		**440 147 886**	**641 831 745**
Group share of (losses)/gains of associates and joint ventures	10.3	7 785 162	7 526 731
Financial income and gains	5.11	19 004 314	8 655 401
Financial expenses and losses	5.11	(78 139 010)	(101 365 799)
Net monetary position (gains / (losses))	5.12	14 455 321	979 084
Profit/(loss) before income tax		**403 253 673**	**557 627 162**
Income tax	6.1	(67 314 604)	(135 564 768)
Net profit for the period		**335 939 069**	**422 062 394**
Attributable to Semapa's equity holders		244 507 409	307 089 834
Attributable to non-controlling interests	5.6	91 431 660	114 972 560
Earnings per share			
Basic earnings per share, Eur	5.3	3.061	3.845
Diluted earnings per share, Eur	5.3	3.061	3.845

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	2023	2022
Net profit for the period without non-controlling interests		**335 939 069**	**422 062 394**
Items that may be reclassified to the income statement			
Hedging derivative financial instruments			
Changes in fair value	8.2	(36 992 772)	60 639 683
Tax effect		9 882 463	(16 567 036)
Currency translation differences		343 415	37 702 859
Other comprehensive income		(3 833 086)	(555 435)
Items that may not be reclassified to the income statement			
Remeasurement of post-employment benefits			
Remeasurement	7.3.11	4 498 975	1 029 116
Tax effect	7.3.11	(199 707)	593 482
Total other comprehensive income (net of taxes)		**(26 300 712)**	**82 842 669**
Total comprehensive income		**309 638 357**	**504 905 063**
Attributable to:			
Semapa's equity holders		228 630 609	372 169 322
Non-controlling interests		81 007 748	132 735 741
		309 638 357	**504 905 063**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Goodwill	3.1	492 387 904	338 806 427
Intangible assets	3.2	556 501 634	455 064 081
Property, plant and equipment	3.3	1 859 690 492	1 684 929 711
Right-of-use assets	3.5	103 494 536	101 188 676
Biological assets	3.7	115 622 249	122 499 874
Investment in Associates and Joint-ventures	10.3	44 175 382	38 379 742
Investment properties	3.9	504 303	366 436
Other financial investments	8.3	48 601 324	48 718 902
Non-current receivables	4.2	57 698 209	28 920 465
Deferred tax assets	6.2	101 622 122	85 880 368
		3 380 298 155	**2 904 754 682**
Current assets			
Inventories	4.1.1	397 491 182	393 487 480
Current receivables	4.2	585 074 508	642 034 932
Income tax	6.1	29 902 931	23 726 172
Cash and cash equivalents	5.9	281 156 727	593 396 576
		1 293 625 348	**1 652 645 160**
Non-current assets held for sale	3.8	1 008 000	1 008 000
		1 294 633 348	**1 653 653 160**
Total assets		**4 674 931 503**	**4 558 407 842**
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	(198 301 800)	(202 244 411)
Fair value reserves	5.5	9 114 768	29 889 067
Legal reserve	5.5	16 695 625	16 695 625
Other reserves	5.5	1 334 549 502	1 105 635 572
Retained earnings	5.5	(463 433)	990 821
Net profit for the period		244 507 409	307 089 834
Equity attributable to Semapa's equity holders		**1 471 425 708**	**1 323 380 145**
Non-controlling interests	5.6	335 031 713	310 245 813
Total Equity		**1 806 457 421**	**1 633 625 958**
Non-current liabilities			
Interest-bearing liabilities	5.7	1 101 434 680	1 051 581 390
Lease liabilities	5.8	87 856 956	84 908 949
Pensions and other post-employment benefits	7.3.6	1 469 145	5 576 670
Deferred tax liabilities	6.2	249 454 910	237 260 488
Provisions	9.1	61 072 687	53 325 780
Non-current payables	4.3	171 603 097	37 652 398
		1 672 891 475	**1 470 305 675**
Current liabilities			
Interest-bearing liabilities	5.7	191 717 488	335 991 058
Lease liabilities	5.8	16 120 010	16 308 812
Current payables	4.3	935 118 310	960 909 689
Income tax	6.1	52 626 799	141 266 650
		1 195 582 607	**1 454 476 209**
Total liabilities		**2 868 474 082**	**2 924 781 884**
Total Equity and Liabilities		**4 674 931 503**	**4 558 407 842**

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 reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2023		**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**
Net profit for the period									244 507 409	244 507 409	91 431 660	335 939 069
Other comprehensive income (net of taxes)		-	-	3 942 611	(20 774 299)	-	-	954 888		(15 876 800)	(10 423 912)	(26 300 712)
Total comprehensive income for the period		**-**	**-**	**3 942 611**	**(20 774 299)**	**-**	**-**	**954 888**	**244 507 409**	**228 630 609**	**81 007 748**	**309 638 357**
Appropriation of 2022 net profit for the period:												
- Transfer to reserves		-	-	-	-	-	228 913 930	-	(228 913 930)	-	-	-
- Dividends paid	5.4	-	-	-	-	-	-	-	(75 875 904)	(75 875 904)	-	(75 875 904)
- Bonus to employees		-	-	-	-	-	-	-	(2 300 000)	(2 300 000)	-	(2 300 000)
Acquisitions/Disposals to non-controlling interests		-	-	-	-	-	-	(4 706 077)	-	(4 706 077)	4 137 119	(568 958)
Dividends paid by subsidiaries to non-controlling interests	5.6	-	-	-	-	-	-	-	-	-	(60 362 686)	(60 362 686)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**228 913 930**	**(4 706 077)**	**(307 089 834)**	**(82 881 981)**	**(56 225 567)**	**(139 107 548)**
Other movements		-	-	-	-	-	-	2 296 935	-	2 296 935	3 719	2 300 654
Equity as at 31 December 2023		**81 270 000**	**(15 946 363)**	**(198 301 800)**	**9 114 768**	**16 695 625**	**1 334 549 502**	**(463 433)**	**244 507 409**	**1 471 425 708**	**335 031 713**	**1 806 457 421**

Amounts in Euro	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserves	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 taxes)		-	-	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 net profit for the period:												
- 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**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in Euro	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3 012 944 612	3 234 029 629
Payments to suppliers		(2 118 615 427)	(2 218 361 472)
Payments to employees		(219 433 886)	(194 645 986)
Cash flows from operations		**674 895 299**	**821 022 171**
Income tax received/ (paid)		(155 110 324)	(47 743 399)
Other receipts / (payments) relating to operating activities		20 641 538	(42 341 962)
Cash flows from operating activities (1)		**540 426 513**	**730 936 810**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Financial investments		328 804	4 155 953
Property, plant and equipment		1 632 245	1 839 959
Government grants		1 583 248	-
Interest and similar income		2 875 704	853 005
Dividends of associates and joint ventures		3 230 179	1 965 010
Other assets		-	32 026
		9 650 180	**8 845 953**
Outflows:			
Investments in subsidiaries		(233 873 033)	-
Other financial investments		(32 780 730)	(26 832 541)
Property, plant and equipment		(263 463 752)	(179 468 224)
Intangible assets		(528 856)	(3 288 016)
		(526 282 715)	**(209 588 781)**
Cash flows from investing activities (2)		**(516 632 535)**	**(200 742 828)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		1 159 414 144	1 258 307 876
Other financing operations		31 809 398	96 055
		1 191 223 542	**1 258 403 931**
Outflows:			
Interest-bearing liabilities		(1 295 035 429)	(1 277 611 131)
Amortisation of finance lease agreements	5.10	(26 159 738)	(23 803 857)
Interest and similar expense	5.11	(37 977 353)	(58 522 406)
Dividends and other reserves	5.4 and 5.6	(136 214 994)	(216 301 015)
Other financing operations		(20 113 561)	(13 971 051)
		(1 515 501 075)	**(1 590 209 460)**
Cash flows from financing activities (3)		**(324 277 533)**	**(331 805 529)**
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(300 483 555)**	**198 388 453**
Effect of exchange rate differences		1 171 097	13 487 422
Effect of Hyperinflation on Cash and cash equivalents		(13 178 646)	(1 209 715)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5.9**	**593 396 576**	**382 287 392**
Impairment		251 255	443 024
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5.9**	**281 156 727**	**593 396 576**

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.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS
This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. Significant estimates and judgements are indicated 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 remained unchanged for the year, as well as that of its subsidiaries. Semapa located at Av. Fontes Pereira de Melo, 14, 10.º 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 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
TIN:	502 593 130
Parent company:	Sodim, SGPS, S.A.

Semapa leads an Enterprise Group with activities in distinct business segments, namely, pulp and paper, cement and derivatives, and other businesses developed respectively through its subsidiaries The Navigator Company ("Navigator" or "Navigator Group") in the case of pulp and paper, Secil – Companhia Geral de Cal e Cimento, S.A. ("Secil" or "Secil Group") in the case of cement and derivatives and ETSA – Investimentos, SGPS, S.A. ("ETSA" or "ETSA Group") and Triangle's Cycling Equipments, S.A. (Triangle's) in the case of other businesses. 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.

In turn, Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira, by virtue of the combination of a shareholders' agreement relating to Sodim and their respective direct and indirect shareholdings in the share capital of this company, have joint control over Sodim and Semapa, each of them and Sodim being attributed, in accordance with the provisions of Article 20 of the Portuguese Securities Code, 83.221% of the non-suspended voting rights relating to shares representing the share capital of Semapa.

1.2 RELEVANT EVENTS OF THE PERIOD

ACQUISITION OF THE CONSUMER TISSUE BUSINESS IN SPAIN FROM THE GOMÀ-CAMPS GROUP AND TRIANGLE'S CYCLING EQUIPMENT

On 31 March 2023, the subsidiary Navigator acquired all the shares representing the 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. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively.

This acquisition is part of the Group's ambitious growth and diversification plan. The integration of this new mill has elevated Navigator to the position of second largest Iberian tissue producer, with a production and converting capacity of 180 thousand tonnes. With the acquisition of these two entities, a number of synergies are expected in the Tissue segment, as well as an increase in the Group's market share by accessing Gomà-Camps Consumer's customer portfolio, namely in markets where the Group intends to strengthen its presence, as well as a reduction in costs through economies of scale.

At the end of the second quarter, Semapa acquired 100% of the shares of Triangle's – Cycling Equipments, S.A. ("Triangle's"), based in Águeda, Portugal. Triangle's is a world reference in the production of frames for e-bikes, with several prestigious brands in the sector in its customer portfolio. The financial statements for the period ended 31 December 2023 comprise the second quarter of Triangle's operations.

TRANSFERRED CONSIDERATION

In the context of the acquisition of Gomà-Camps Consumer, S.L.U., which in turn holds the entire share capital of Gomà-Camps France SAS, the consideration transferred amounted to Euro 60 951 811 and was paid entirely in cash and cash equivalents, with no contingent consideration associated with this acquisition.

The consideration transferred in relation to the acquisition of Triangle's amounts to Euro 217 250 092, which includes the amount of Euro 178 650 015 up to 31 December 2023 (which includes Euro 12 050 000 of shareholder credits) and the fair value at the date of acquisition of a contingent consideration in the amount of Euro 38 600 077. The contingent consideration can be paid until 2027, depending on the company's performance and the fulfilment of certain requirements.

IDENTIFICATION OF ASSETS AND LIABILITIES ACQUIRED AND GOODWILL

GOMÀ-CAMPS CONSUMER, S.L.U

As at this date, the Group concluded the necessary procedures to recognise and measure the identifiable assets acquired, the liabilities assumed and consequently the calculation of the goodwill, in accordance with IFRS 3. This valuation was carried out by specialised and independent external valuers and resulted in an increase in property, plant and equipment and the recognition of the fair value of the customer portfolio, as well as the respective deferred tax liabilities. The Goodwill arising from this transaction is not expected to be tax deductible.

The valuation techniques used to determine the fair value of the assets acquired were as follows:

COMMERCIAL RELATIONS WITH CURRENT CUSTOMERS

The Multi-period excess earnings method (MPEEM) was used to determine the fair value of the customer portfolio, which assumes the present value of the portfolio's expected net cash flows.

Property, plant and equipment

The fair value of the property, plant and equipment acquired, namely land, buildings and factory equipment, was determined according to the replacement cost method, which consisted of identifying the replacement value of the assets acquired adjusted for depreciation, according to the useful life of the assets at the date of purchase. According to the study, the following useful lives were considered:

- Buildings and other constructions – 40 years;
- Manufacturing equipment – between 25 and 30 years.

The assets acquired and liabilities assumed on the acquisition date are summarised as follows:

Amounts in Euros | 31/12/2023	Gomà-Campus Consumer, S.L.U Group	Allocation of value to net assets acquired	Gomà-Campus Consumer, S.L.U Group Adjusted
Non-current assets			
Intangible assets – Customer portfolio	-	1 600 000	1 600 000
Other intangible assets	404 765	-	404 765
Property, plant and equipment	42 966 095	38 240 800	81 206 895
Deferred tax assets	92 481	-	92 481
Other non-current assets	45 171	-	45 171
Current assets			
Inventories	11 201 641	-	11 201 641
Current receivables	16 341 260	-	16 341 260
Cash and cash equivalents	5 741 209	-	5 741 209
Non-current liabilities			
Deferred tax liabilities	(162 596)	(9 960 200)	(10 122 796)
Provisions	(105 854)	-	(105 854)
Current liabilities			
Interest-bearing liabilities	(32 672 968)	-	(32 672 968)
Payables	(19 336 535)	-	(19 336 535)
Total identifiable net assets	**24 514 669**	**29 880 600**	**54 395 269**
Intangible assets – Brands acquired	2 400 000	-	2 400 000
Goodwill	34 037 142	(29 880 600)	4 156 542
Total acquisition value	**60 951 811**	**-**	**60 951 811**
Cash and cash equivalents	(5 741 209)	-	(5 741 209)
Net effect on cash and cash equivalents	**55 210 602**	**-**	**55 210 602**

TRIANGLE'S CYCLING EQUIPMENT

As at this date, the Group carried out the necessary procedures to recognise and measure the identifiable assets acquired, the liabilities assumed and consequently the calculation of the Goodwill or gain resulting from the operations, in accordance with IFRS 3. This valuation was carried out by external and independent valuers. If new information is obtained up to one year after the acquisition regarding facts and circumstances prevailing on the acquisition date, this will be reflected in the fair value. The Goodwill arising from this transaction is not expected to be tax deductible.

The valuation techniques used to determine the fair value of the assets acquired were as follows:

"TRIANGLE'S" BRAND

The income-split method was used to determine the future economic benefits attributable to the brand, which were then discounted using a discount rate adjusted for the risk associated with the brand.

TECHNOLOGY USED IN THE MANUFACTURING PROCESS

The royalty relief method was used, whereby the fair value of the intangible asset is measured as the present value of hypothetical future royalty payments, generally calculated by applying a royalty rate based on market (comparable) practices to the sales generated by the asset.

COMMERCIAL RELATIONS WITH CURRENT CUSTOMERS

The fair value of the customer portfolio was determined using the Multi-period excess earnings (income-split) method, which assumes that the value of an intangible asset is equal to the present value of the net cash flows attributable to that intangible asset.

PROPERTY, PLANT AND EQUIPMENT

The fair value of property has been determined using the discounted cash flow method. This method consists of projecting the income from the property over a period of time (in this case 10 years) and the related non-recoverable costs. In Year 10, the residual value is calculated as the quotient of the net income for Year 11 and the net exit yield, which is the rate appropriate to the characteristics of the property and the level of risk of the investment, given the general conditions of the property market at the valuation date.

The assets acquired and liabilities assumed on the acquisition date are summarised as follows:

Amounts in Euros | 31/12/2023	Triangle's – Cycling Equipments, S.A	Allocation of value to net assets acquired	Triangle's – Cycling Equipments, S.A Adjusted
Non-current assets			
Intangible assets – Brand	-	6 748 000	6 748 000
Intangible assets – Manufacturing process technology	-	15 265 000	15 265 000
Intangible assets – Customer portfolio	-	29 286 000	29 286 000
Other intangible assets	106 963	-	106 963
Property, plant and equipment	31 577 639	5 037 800	36 615 439
Deferred tax assets	2 565 630	-	2 565 630
Other non-current assets	44 353	-	44 353
Current assets			
Inventories	7 744 204	-	7 744 204
Current receivables	9 394 625	-	9 394 625
Cash and cash equivalents	4 363 656	-	4 363 656
Non-current liabilities			
Interest-bearing liabilities – non-current	(11 702 391)	-	(11 702 391)
Deferred tax liabilities	-	(15 492 620)	(15 492 620)
Non-current payables	(4 600 031)	-	(4 600 031)
Current liabilities			
Interest-bearing liabilities – current	(6 563 041)	-	(6 563 041)
Current payables	(4 429 071)	-	(4 429 071)
Total identifiable net assets	**28 502 536**	**40 844 180**	**69 346 716**
Provisional goodwill	**188 747 556**	**(40 844 180)**	**147 903 376**
Transferred consideration	178 650 015	-	178 650 015
Contingent consideration (Note 4.3)	38 600 077	-	38 600 077
Total acquisition value	**217 250 092**	**-**	**217 250 092**
Contingent consideration (Note 4.3)	(4 363 656)	-	(4 363 656)
Cash and cash equivalents	(38 600 077)	-	(38 600 077)
Net effect on cash and cash equivalents	**174 286 359**	**-**	**174 286 359**

The Group incurred costs of Euro 2 354 961 related to the acquisition of Gomà-Camps Consumer, S.L.U. and the acquisition of Triangle's, namely legal fees and other due diligence costs. These costs are recognised in the consolidated income statement and the consolidated statement of comprehensive income as external services and supplies.

1.3 SUBSEQUENT EVENTS

On 22 March 2024, Navigator, through its subsidiary Navigator Paper UK Limited, launched a tender offer to acquire all the shares representing the share capital of Accrol, a UK company active in the paper processing segment.

Accrol is a leading tissue paper processing in the UK, producing private label toilet rolls, kitchen rolls and facial tissues for most of the major retailers in the UK. In its last financial year ended 30 April 2023, revenue amounted to £242 million, EBITDA to £15.6 million and net debt (pre-IFRS16) to £26.8 million.

Navigator believes that this offer represents an attractive opportunity to enter the UK market through the acquisition of a leading tissue converting business with competitive advantages, complementary values and strong alignment with Navigator, as well as a strategic opportunity to sustainably grow its tissue business in the Western European market.

The offer was 38 pence (GBP) per share, representing a premium of 11.8% to the closing price of the UK company on 21 March 2024, the last trading day immediately prior to the announcement of the offer, and valuing Accrol's equity at approximately £127.5 million.

1.4 BASIS FOR PREPARATION

AUTHORISATION TO ISSUE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 11 April 2024. 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

As demonstrações financeiras consolidadas do período findo em 31 de dezembro de 2023 foram preparadas em conformidade com as Normas Internacionais de Relato Financeiro (IFRS) emitidas pelo International Accounting Board (IASB) e interpretações emitidas pelo International Financial Reporting Interpretations Committee (IFRIC), em vigor em 1 de janeiro de 2023 e conforme adotadas pela União Europeia.

BASIS FOR MEASUREMENT, GOING CONCERN

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.

COMPARABILITY

These consolidated financial statements are comparable in all material aspects with those of the previous period of 2022.

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.

These companies' equity and net profit corresponding to the third-party investment in such companies are presented under non-controlling interests in the consolidated statement of financial position (in a separate component of 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 in which the Group exercises significant influence but do not have control, which is generally the case with investments representing between 20% and 50% of the voting rights. Joint ventures are all entities over which the Group has joint control, usually through a contractual arrangement. Investments in associates and joint-ventures are accounted under the equity method.

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 be 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 2023 and 31 December 2022, the exchange rates used for the translation of assets and liabilities expressed in currencies other than Euro are detailed as follows:

	31/12/ 2023	31/12/ 2022	Valuation/ (devaluation)		31/12/ 2023	31/12/ 2022	Valuation/ (devaluation)
TND (Tunisian dinar)				DKK (Danish krone)			
Average exchange rate for the period	3.3548	3.2535	(3.11%)	Average exchange rate for the period	7.4509	7.4396	(0.15%)
Exchange rate for the end of the period	3.3897	3.3342	(1.66%)	Exchange rate for the end of the period	7.4529	7.4365	(0.22%)
LBP (Lebanese pound)				HUF (Hungarian forint)			
Average exchange rate for the period	99 118.50	44 903.90	(120.73%)	Average exchange rate for the period	381.8527	391.4304	2.45%
Exchange rate for the end of the period	99 118.50	44 903.90	(120.73%)	Exchange rate for the end of the period	382.8000	400.8700	4.51%
USD (American dollar)				AUD (Australian dollar)			
Average exchange rate for the period	1.0816	1.0534	(2.68%)	Average exchange rate for the period	1.6288	1.5164	(7.41%)
Exchange rate for the end of the period	1.1050	1.0666	(3.60%)	Exchange rate for the end of the period	1.6263	1.5693	(3.63%)
GBP (Serling pound)				MZN (Mozambican metical)			
Average exchange rate for the period	0.8698	0.8528	(1.99%)	Average exchange rate for the period	69.1060	67.2043	(2.83%)
Exchange rate for the end of the period	0.8691	0.8869	2.01%	Exchange rate for the end of the period	70.6500	68.1800	(3.62%)
PLN (Polish zloti)				BRL (Brazilian real)			
Average exchange rate for the period	4.5420	4.6867	3.09%	Average exchange rate for the period	5.4011	5.4409	0.73%
Exchange rate for the end of the period	4.3395	4.6808	7.29%	Exchange rate for the end of the period	5.3503	5.5680	3.91%
SEK (Swedish krona)				MAD (Moroccan dirham)			
Average exchange rate for the period	11.4788	10.6305	(7.98%)	Average exchange rate for the period	10.9552	10.6861	(2.52%)
Exchange rate for the end of the period	11.0960	11.1218	0.23%	Exchange rate for the end of the period	10.9445	11.1592	1.92%
CZK (Czech koruna)				NOK (Norwegian krone)			
Average exchange rate for the period	24.0043	24.5670	2.29%	Average exchange rate for the period	11.4248	10.1033	(13.08%)
Exchange rate for the end of the period	24.7240	24.1160	(2.52%)	Exchange rate for the end of the period	11.2405	10.5138	(6.91%)
CHF (Swiss franc)				AOA (Angolan kwanza)			
Average exchange rate for the period	0.9718	1.0046	3.26%	Average exchange rate for the period	747.8882	486.7246	(53.66%)
Exchange rate for the end of the period	0.9260	0.9847	5.96%	Exchange rate for the end of the period	925.3583	544.6434	(69.90%)
TRY (Turkish lira)				MXN (Mexican peso)			
Average exchange rate for the period	25.7597	17.4170	(47.90%)	Average exchange rate for the period	19.1830	21.1789	9.42%
Exchange rate for the end of the period	32.6531	19.9649	(63.55%)	Exchange rate for the end of the period	18.7231	20.8560	10.23%
ZAR (South African rand)				AED (United Arab Emirates dirham)			
Average exchange rate for the period	19.9551	17.2081	(15.96%)	Average exchange rate for the period	3.9710	3.8674	(2.68%)
Exchange rate for the end of the period	20.3477	18.0986	(12.43%)	Exchange rate for the end of the period	4.0581	3.9171	(3.60%)
EGP (Egyptian pound)				CAD (Canadian dollar)			
Average exchange rate for the period	33.1117	20.1843	(64.05%)	Average exchange rate for the period	1.4595	1.3692	(6.59%)
Exchange rate for the end of the period	34.2710	26.3086	(30.27%)	Exchange rate for the end of the period	1.4642	1.4440	(1.40%)

1.5 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN 2023

	Amendment
Standards and amendments endorsed by the European Union	
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 came into force on 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, 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.
Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction	The IASB issued amendments to IAS 12 – Income Taxes on 7 May 2021. 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 obligations. The amendments shall be applied for annual periods beginning on or after 1 January 2023.
IFRS 17 — Insurance Contracts	The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The amendments shall be applied for annual periods beginning on or after 1 January 2023.

	Amendment
Standards and amendments endorsed by the European Union	
Amendments to IFRS 17 – Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information	The IASB has issued an amendment to the scope of the transitional requirements of IFRS 17 – Insurance Contracts, which provides insurers with an option to improve the usefulness of information to investors on first-time adoption of the new standard. The change does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 – Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in the financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment helps insurers to avoid these temporary accounting mismatches and will therefore increase the usefulness of comparative information for investors. The amendments shall be applied for annual periods beginning on or after 1 January 2023.
Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules	On 23 May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 to clarify the application of IAS 12 – Income Taxes to income taxes arising from tax legislation enacted or substantively enacted to implement the OECD Pillar Two model rules. The amendments introduce: a) A mandatory temporary exception to accounting for deferred taxes arising from the jurisdictional implementation of Pillar Two model rules; and b) Disclosure requirements for affected entities to help users of financial statements understand an entity's exposure to Pillar Two income tax arising from that legislation, especially before its effective date. The mandatory temporary exception—the use of which must be disclosed—is effective immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023. The Group has applied the permitted temporary exemption and is analysing the impact of this change as disclosed in Note 6.1.

The above standards, amendments and interpretations had limited impact on the financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS OF MANDATORY APPLICATION ON OR AFTER 1 JANUARY 2024

	Amendment	Date of application
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	The 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: c) Specify that an entity's right to defer settlement must exist at the end of the reporting period; d) 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; e) Clarify how loan conditions affect classification; and f) Clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments.	1 January 2024

	Amendment	Date of application
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
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 are 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

	Amendment	Date of application
Standards and amendments not yet endorsed by the European Union		
Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures – Supplier Finance Arrangements	On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments Disclosures. The amendments refer to the disclosure requirements relating to supplier finance arrangements—also known as supply chain financing, payables financing or recourse factoring arrangements. The new requirements supplement those already included in the IFRS standards and include disclosures on: - Terms and conditions of supplier finance agreements; - The amounts of the liabilities which are the subject of such arrangements, for which part of them the suppliers have already received payments from the providers of funds and under which caption these liabilities are presented in the balance sheet; - Maturity date intervals; and - Information on liquidity risk. The amendments are effective for periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	On 15 August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates) (the amendments). The amendments clarify how an entity should assess whether a currency is exchangeable or not and how it should determine a spot exchange rate in situations of lack of exchangeability. A currency is exchangeable for another currency when a company is able to exchange that currency for another currency on the measurement date and for a specific purpose. When a currency is not exchangeable, the company has to estimate a spot exchange rate. According to the amendments, companies will have to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures could include: a) the nature and financial impacts of the currency not being exchangeable; b) the spot exchange rate used; c) the estimation process; and d) the risks to the company because the currency is not exchangeable. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.	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:

- the best information and knowledge of current events and in certain cases on the reports of independent experts, and
- the actions that the Group considers it may have to take in the future.

On the date on which the operations take place, the outcome could differ from those estimates.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates and judgements	Notes
Business combinations	1.2 – Acquisition of the consumer tissue business in Spain from the Gomà-Camps Group and Triangle's Cycling Equipments
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.

During 2023 and following the acquisitions made, the Semapa Group reorganised the operating segments reported based on the financial information prepared by the Group and the disclosure requirements of IFRS 8. As part of this reorganisation, management has defined the following as reportable segments:

- Pulp and paper: includes the activities of the subsidiary Navigator;
- Cement and derivatives: includes the activities of the subsidiary Secil;
- Other activities: includes the activities of the subsidiaries ETSA and Triangle's, which are not separately disclosed due to their small size; and
- Holdings: includes the Group's management activities;

PULP AND PAPER

The 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 entire 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 five 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 where it produces BEKP pulp, energy and tissue paper, and two others located in Vila Velha de Ródão and Ejea de los Caballeros where it 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.

With regard to energy production, the Group has three cogeneration plants, integrated in the production of pulp. Heat production is used for internal consumption while electricity is sold to the national energy grid or on the market. 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 separate units using biofuel, the production of which is mostly sold to the national energy grid or on the market. It also has five photovoltaic plants for self-consumption, two in Setúbal, one in Figueira da Foz, one at Raíz in Aveiro and one at Herdade de Espirra in Lisbon.

In 2023, we should also highlight the start of construction of new photovoltaic plants for self-consumption at the Figueira da Foz, Aveiro and Vila Velha de Rodão industrial sites, which will make it possible to triple the installed capacity at the Group's sites from the current 12MWp to around 38MWp.

CEMENT

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.

OTHER BUSINESSES

Other businesses includes the Group's smaller activities. Of particular note are the production of e-bike frames by the subsidiary Triangle's and the provision of services related to the cumulative recovery of animal by-products and food products containing substances of animal origin and the sale of the resulting products for incorporation into the production of fertilisers, animal feed and biodiesel developed by the ETSA Group.

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.

Since 2018, this segment has included the new venture capital unit, which has not yet been recognised overall in the Group's 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.

The energy revenue results from the valuation of the energy delivered to the National Energy Network or sold on the market, as metered, valued at the tariff defined in the agreement for an ongoing 25-year period in the first case or at the market price in the second case.

Cement

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 according to the quantities sold, with the granting of quantity discounts (rappel) that can be reliably determined.

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.

Other businesses

Revenue recorded refers to the sale of products and the rendering of services.

Product sales mainly concern e-bike frames, 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.

These services are mainly provided by the ETSA Group and relate to:

- 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.

SIGNIFICANT 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 Holdings, consistent with the way the Semapa Group's management team monitors and analyses performance.

FINANCIAL INFORMATION BY OPERATING SEGMENT IN 2023 AND 2022

2023 Amounts in Euro	Note	Pulp and Paper	Cement	Other businesses	Holdings	Intra-group cancellations	Total
Revenue		1 953 242 900	693 348 710	60 742 159	17 016 700	(18 026 539)	2 706 323 930
Other revenue (a)	2.2 e 3.7	68 455 506	127 748 769	2 516 818	150 667	-	198 871 760
Cost of goods sold and materials consumed	4.1	(848 515 663)	(243 549 201)	(19 435 586)	-	-	(1 111 500 450)
External services and supplies	2.3	(422 373 519)	(220 791 290)	(15 881 018)	(7 527 341)	18 026 539	(648 546 629)
Other expenses (b)	2.3	(249 261 282)	(201 268 145)	(12 513 772)	(9 985 435)	-	(473 028 634)
Depreciation and amortisation	3.6	(151 468 704)	(56 822 958)	(8 698 915)	(264 193)	-	(217 254 770)
Impairment losses	3.6	(1 646)	(7 069 348)	-	-	-	(7 070 994)
Net provisions	9.1	1 006 041	(8 952 668)	300 300	-	-	(7 646 327)
Interest expense	5.11	(28 763 048)	(25 529 677)	(322 535)	(14 952 023)	24 917	(69 542 366)
Group share of (loss) / gains of associates and joint ventures	10.3	-	65 713	-	7 719 449	-	7 785 162
Net monetary position (Lebanon)	5.11	-	14 455 321	-	-	-	14 455 321
Other financial gains and losses	5.11	9 443 130	(1 503 791)	55 489	2 437 759	(24 917)	10 407 670
Profit/(loss) before income tax		**331 763 715**	**70 131 435**	**6 762 940**	**(5 404 417)**	**-**	**403 253 673**
Income tax	6.1	(67 886 447)	(15 086 596)	796 413	14 862 026	-	(67 314 604)
Net profit for the period		**263 877 268**	**55 044 839**	**7 559 353**	**9 457 609**	-	**335 939 069**
Attributable to equity holders		**184 618 136**	**42 746 110**	**7 685 554**	**9 457 609**	**-**	**244 507 409**
Non-controlling interests	5.6	79 259 132	12 298 729	(126 201)	-	-	91 431 660
OTHER INFORMATION (31/12/2023)							
Total segment assets		2 726 084 522	1 393 831 611	382 999 273	197 201 700	(25 185 603)	4 674 931 503
Goodwill	3.1	127 064 070	178 483 507	186 840 327	-	-	492 387 904
Intangible assets	3.2	197 686 240	309 982 788	48 832 606	-	-	556 501 634
Property, plant and equipment	3.3	1 253 099 532	531 364 146	74 821 705	405 109	-	1 859 690 492
Biological assets	3.7	115 591 979	-	30 270	-	-	115 622 249
Deferred tax assets	6.2	23 653 501	38 526 901	4 213 349	36 081 684	(853 313)	101 622 122
Investments in associates and joint ventures	10.3	-	1 699 538	-	42 475 844	-	44 175 382
Cash and cash equivalents	5.9	169 464 967	60 614 596	11 311 135	39 766 029	-	281 156 727
Total segment liabilities		1 540 704 913	940 001 747	84 564 970	328 388 055	(25 185 603)	2 868 474 082
Interest-bearing liabilities	5.7	659 344 463	348 697 373	26 555 505	272 638 404	(14 083 577)	1 293 152 168
Lease liabilities	5.8	69 996 821	32 385 479	1 085 613	509 053	-	103 976 966
Acquisition of property, plant and equipment	3.3	221 222 253	43 877 337	19 922 661	27 898	-	285 050 149

(a) Includes “Other operating income” and “Fair value adjustments of biological assets”

(b) Includes “Variation in production”, “Payroll costs” and “Other operating expenses”

(c) Includes acquisitions made through business combinations

Note: The amounts presented by business segment may differ from those presented individually by each Group, as a result of adjustments to harmonisation and fair value made on consolidation.

2022 Amounts in Euro	Note	Pulp and Paper	Cement	Other businesses	Holdings	Intra-group	Total
Revenue		2 464 624 691	602 980 604	54 622 984	13 878 639	(14 087 399)	3 122 019 519
Other revenue (a)	2.2 e 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)
External services and supplies	2.3	(626 158 733)	(187 638 327)	(12 830 540)	(5 193 772)	14 087 399	(817 733 973)
Other 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 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/(loss) before income 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 equity holders		**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
Lease liabilities	5.8	61 641 049	37 997 062	1 292 871	286 779	-	101 217 761
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.

PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHIC LOCATION

Amounts in Euro	31/12/2023		31/12/2022	
Portugal	1 578 842 714	84.90%	1 419 564 092	84.25%
Rest of Europe	5 781 787	0.31%	5 005 371	0.30%
America	191 470 426	10.30%	188 264 195	11.17%
Africa	55 385 221	2.98%	55 126 154	3.27%
Asia	28 210 344	1.52%	16 969 899	1.01%
	1 859 690 492	**100.00%**	**1 684 929 711**	**100.00%**

REVENUE BY BUSINESS SEGMENT, BY GEOGRAPHIC AREA AND BY RECOGNITION PATTERN

2023	Pulp and Paper	Cement	Other businesses	Total Amount	Total %
Portugal	328 021 613	350 822 672	30 112 959	708 957 244	26.20%
Rest of Europe	1 040 642 951	65 282 618	28 884 126	1 134 809 695	41.93%
America	112 865 232	123 738 833	-	236 604 065	8.74%
Africa	206 443 049	84 711 072	27 279	291 181 400	10.76%
Asia	265 135 887	67 784 302	1 717 794	334 637 983	12.37%
Oceania	133 543	-	-	133 543	0.00%
	1 953 242 275	**692 339 497**	**60 742 158**	**2 706 323 930**	**100.00%**
Recognition pattern					
At a certain moment in time	1 953 242 275	692 339 497	60 742 158	2 706 323 930	100.00%
Over time	-	-	-	-	0.00%

2022	Pulp and Paper	Cement	Other businesses	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%**
Recognition pattern					
At a certain moment 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%

In 2023 and 2022, 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 only recognised 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 2023 and 31 December 2022, Other operating income is detailed as follows:

Amounts in Euro	2023	2022
Grants – CO_2 Emission allowances	152 241 399	110 787 715
Operating grants	16 731 239	14 946 868
Gains on disposal of non-current assets	1 876 224	5 641 972
Compensation received	1 566 066	5 555 304
Own work capitalised	1 742 198	3 721 980
Supplementary gains	2 055 894	2 292 318
Power interruption – REN	6 163 414	2 247 044
Income from waste treatment	1 979 409	1 220 385
Gains on inventories	733 097	2 993 118
Other operating income	20 689 426	15 894 960
	205 778 366	**165 301 664**

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 allocation and in price to which these licenses are valued, corresponding to the price on the date on which they are annually attributed (Note 3.2).

Operating grants include Euro 10 258 265 (2022: Euro 9 951 051) related to the receipt of the indirect cost aid measure for facilities covered by the European Emissions Trading Scheme (EU ETS), under Decree-Law 12/2020 of 6 April, as well as the incentive related to the Apoiar Gás Programme of Euro 1 704 435 (2022: Euro 2 103 437). This caption also includes grants awarded under the Recovery and Resilience Plan (RRP), amounting to Euro 2 225 213.

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.

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.

As at 31 December 2022, 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 Euro 7 659 998 (2022: Euro 10 997 793) related to the sale of UWF and tissue waste.

2.3 OTHER OPERATING EXPENSES

As at 31 December 2023 and 31 December 2022, Other operating expenses is detailed as follows:

Amounts in Euro	Note	2023	2022
Cost of goods sold and materials consumed	4.1.3	**1 111 500 450**	**1 204 522 749**
Variation in production	4.1.4	**16 210 140**	**(90 792 701)**
External services and supplies			
Energy and fluids		163 980 729	264 164 755
Transportation of goods		189 802 764	270 317 247
Specialised work		115 517 002	130 287 193
Maintenance and repair		74 370 038	63 499 725
Fees		5 932 179	5 163 247
Insurance		15 917 001	13 444 649
Subcontracts		4 684 200	2 615 010
Other		78 342 716	68 242 147
		648 546 629	**817 733 973**
Payroll costs	7.1	**281 972 711**	**281 789 100**
Other operating expenses			
Membership fees		1 589 560	1 495 600
Donations		972 827	1 084 380
Expenses with CO_2 emissions		150 512 547	117 688 466
Impairment losses on receivables		(3 736 076)	5 534 145
Impairment losses on inventories	4.1.5	5 970 762	12 293 133
Other inventory losses		5 939 009	5 571 080
Indirect taxes		7 194 425	4 559 942
Losses on disposal of non-current assets		492 054	577 363
Other operating expenses		5 910 675	6 275 599
		174 845 783	**155 079 708**
Net provisions	9.1	**7 646 327**	**3 933 862**
Total operating expenses		**2 240 722 040**	**2 372 266 691**

Throughout 2023, there was a slowdown in costs, namely in logistics and energy. Regarding energy, there was a significant drop in the purchase price of electricity compared to the same period last year. This price effect on electricity also had an impact on the value of energy sales in 2023, which also recorded a drop during the period.

The change in Maintenance and repairs is mainly due to the repairs carried out in the Cement segment, namely at the Outão plant (kiln 9 and kiln 8), the Pataias plant (kiln 2) and the Maceira plant (kilns 5 and 6), amounting to Euro 4.8 million, and the major repair of industrial equipment at the Adrianopolis plant, amounting to Euro 4.8 million.

In 2023, the caption “Impairment losses on inventories” mainly includes the recognition of an impairment of Euro 2 071 836 for the inventory of damaged paper identified on the platform of Navigator North America Inc. In 2022, this caption includes the increase of the impairment for UWF and tissue paper waste in the amount of Euro 7 931 309 and in addition an impairment of Euro 5 309 900 for the excess of spare parts in stock in view of future investment prospects and remaining useful lives of industrial equipment.

FEES REGARDING STATUTORY AUDIT AND AUDIT SERVICES

Amounts in Euro	2023		2022	
	Expenses for the period	Fees invoiced	Expenses for the period	Fees invoiced
KPMG (SROC) and other entities belonging to the same network				
Audit fees	796 715	825 711	799 342	896 702
Other assurance services	115 860	154 760	195 972	208 700
Other services	58 129	37 400	129 748	125 750
	970 704	**1 017 871**	**1 125 062**	**1 231 152**

The services indicated as Other 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 mainly refer to opinions provided within the scope of merger operations between Group companies and assurance work on the Sustainable Link framework.

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 the identifiable assets, liabilities and contingent liabilities of the subsidiaries included in the consolidation on the acquisition date and is allocated to each CGU or to the lower group of CGUs to which it belongs.

Amortisation and impairment	Goodwill is not amortised. The Group carries out annual impairment tests on goodwill, or where there are signs of impairment. The recoverable amounts of cash-generating units are determined as the higher of value in use 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.

SIGNIFICANT 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 derives from assumptions related to the activity, namely, sales volumes, average sales 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 markets derived from changes in installed capacity for each operating 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

			Other businesses	
Assumptions (CAGR 2024–2028)	**Pulp and Paper**	**Cement ***	**Environment**	**Mobility**
Sales in quantity (kt)				
Reference	UWF Paper	Cement and Clinker	Fat [3.5]	-
CAGR sales in quantity (kt)	0.1%	-3.5% – 6.0%	-2.6%	
Sales in quantity (units)				
Reference	-	-	-	Frames for e-bikes
CAGR Sales in quantity (units)				43.9%
Average price of sale ML/t				
Reference	UWF Paper	Grey cement in the Internal Market	Fat [3.5]	-
CAGR average price of sale ML/t	0.7%	2.4% – 11.5%	0.1%	
Average price of sale ML/units				
Reference	-	-	-	Frames for e-bikes
CAGR average price of sale ML/units				6.5%
Total Cash Costs LC				
CAGR Total Cash Costs LC	0.21%	1.3% – 4.3%	2.95%	54.81%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola

Assumptions (CAGR 2023-2027)	Pulp and Paper	Cement *	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 price of sale ML/t			
Reference	UWF Paper	Grey cement in the Internal Market	Fat [3.5]
CAGR average price of sale ML/t	-1.8%	2.5% – 21.3%	-7.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-6.25%	3.8% – 24.0%	0.91%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola

MACROECONOMIC AND FINANCIAL ASSUMPTIONS

The main assumptions considered at macroeconomic level are forecasts 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 segment). The sources of forecasts are the IMF and Banco de Portugal.

The perpetuity growth rate reflects the Boards of Directors' vision of the medium and long term for the different Cash Generating Units (CGUs), bearing in mind the macroeconomic assumptions.

Financial assumptions	31/12/2023				31/12/2022			
	Risk-free interest rate*	WACC rate EUR	Perpetuity growth rate EUR	Tax rate	Risk-free interest rate*	WACC rate EUR	Perpetuity growth rate EUR	Tax rate
Pulp and Paper								
Portugal								
Explicit Planning Period	3.51%	6.85%	-	27.50%	2.94%	6.76%	-	27.50%
Perpetuity	3.51%	6.85%	0.00%	27.50%	2.94%	6.76%	0.00%	27.50%
Cement								
Portugal								
Explicit Planning Period	3.51%	6.55%	-	27.50%	2.94%	6.48%	-	27.50%
Perpetuity	3.51%	6.55%	1.88%	27.50%	2.94%	6.48%	1.85%	27.50%
Environment								
Portugal								
Explicit Planning Period	3.51%	8.23%	-	25.50%	2.94%	7.70%	-	25.50%
Perpetuity	3.51%	8.23%	2.00%	25.50%	2.94%	7.70%	1.25%	25.50%
Mobility								
Portugal								
Explicit Planning Period	3.51%	6.96%	-	27.50%	-	-	-	-
Perpetuity	3.51%	6.96%	0.00%	27.50%	-	-	-	-

Note: In Cements, 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 2023 and 2022, 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	8%	-6%	14%	-11%
Explicit Planning and Perpetuity	9%	-8%	20%	-15%
Cement				
Explicit Planning Period	3%	-3%	6%	-5%
Perpetuity	10%	-9%	23%	-16%
Explicit Planning and Perpetuity	13%	-11%	30%	-20%
Environment				
Explicit Planning Period	2%	-2%	5%	-5%
Perpetuity	8%	-7%	17%	-12%
Explicit Planning and Perpetuity	10%	-9%	23%	-16%
Mobility				
Explicit Planning Period	2%	-2%	5%	-4%
Perpetuity	6%	-5%	13%	-10%
Explicit Planning and Perpetuity	9%	-7%	19%	-14%

VARIATION OF SEMAPA EQUITY BY A CHANGE IN FREE CASH FLOW:

Sensitivity analysis of free cash flow	-5%	+5%	-10%	+10%
Pulp and Paper	-6%	6%	-11%	11%
Cement	-7%	7%	-13%	13%
Environment	-5%	5%	-10%	10%
Mobility	-5%	5%	-10%	10%

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	31/12/2023	31/12/2022
Pulp and Paper	127 064 070	122 907 528
Cement	178 483 507	176 961 949
Environment	38 936 950	38 936 950
Mobility	147 903 377	-
	492 387 904	**338 806 427**

MOVEMENTS IN THE PERIOD

Amounts in Euro	31/12/2023	31/12/2022
Net book value at the beginning of the period	**338 806 427**	**333 842 892**
Acquisitions	152 059 918	228 547
Adjustments	-	127 750
Exchange rate adjustment	1 521 559	4 607 238
Net book value at the end of the period	**492 387 904**	**338 806 427**

On 31 March 2023, the Navigator Group acquired all the shares representing the 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. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively. The Enterprise Value of this acquisition amounted to Euro 60 951 811 and was realised entirely in cash and cash equivalents, with no contingent consideration associated with this acquisition.

The initial acquisition difference of Euro 34 037 142 was deducted from the fair value attributed to property, plant and equipment and intangible assets acquired in the amount of Euro 38 240 800 and Euro 1 600 00, respectively, as well as the associated deferred tax liabilities, in the amount of Euro 9 960 200, resulting in final goodwill of Euro 4 156 542 (Note 1.2).

In June 2023, Semapa, through its subsidiary Aphelion, S.A., acquired 100% of the shares of Triangle's – Cycling Equipments, S.A., a company located in Águeda, Portugal. The purchase price paid was Euro 178.7 million, including Euro 12.1 million in shareholder credits and an additional potential component to be paid by 2027, depending on the company's performance and the fulfilment of certain conditions.

The difference of Euro 188 747 556 has been deducted from the fair value of the acquired property, plant and equipment and intangible assets of Euro 5 037 800 and Euro 51 299 000 respectively and the related deferred tax liabilities of Euro 15 492 620. As at 31 December 2023, the provisional goodwill amounts to Euro 147.9 million (Note 1.2).

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 8 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 attributed 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 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 and are measured at fair value (level 1) at the date of initial recognition. When the market value of the emission allowances falls significantly below its book value and such decrease is considered permanent, an impairment charge is booked for allowances which the group will not use internally. 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 expenses, under Other costs and losses, actual emissions at fair value at 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 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, net of accumulated 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.

SIGNIFICANT 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

2023 Brands	Markets	Discount rate	Tax rate
Navigator and Soporset	Europe	6.85%	27.50%
	USA	6.85%	27.50%
	Rest of the World	6.85%	27.50%

The discount rates indicated refer to the explicit period

2022 Brands	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%

The discount rates indicated refer to the explicit period

CEMENT – MAIN ASSUMPTIONS USED IN BRAND EVALUATIONS

2023 Brands	Markets	Discount rate	Tax rate
Secil Portugal	Portugal	6.55%	27.50%
Supremo Cimentos	Brazil	9.44%	34.00%

The discount rates indicated refer to the explicit period.

2022 Brands	Markets	Discount rate	Tax rate
Secil Portugal	Portugal	6.48%	27.5%
Supremo Cimentos	Brazil	9.21%	34.0%
Société des Ciments de Gabès	Tunisia	17.34%	15.0%

The discount rates indicated refer to the explicit period.

OTHER BUSINESSES – MAIN ASSUMPTIONS USED IN BRAND EVALUATIONS

2023 Brands	Markets	Discount rate	Tax rate
Triangle's	Europa	8.96%	27.5%

The discount rates indicated refer to the explicit period.

BRANDS – IMPAIRMENT TEST AND SENSITIVITY ANALYSIS

As a result of the assessments carried out in 2022, an impairment loss 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 2023 and 31 December 2022, the net amount of brands is detailed as follows:

Amounts in Euro	31/12/2023	31/12/2022
Pulp and Paper		
Navigator	107 568 000	107 568 000
Soporset	43 919 000	43 919 000
My Tissue / My Tissue Ecological +	2 400 000	-
Cement		
Secil Portugal	71 700 000	71 700 000
Supremo (Brazil)*	17 218 746	16 545 521
Other businesses		
Triangle's	6 748 000	-
Other	300	299
	249 554 046	**239 732 820**

** The value of these brands is subject to exchange rate adjustment.*

CO_2 EMISSION ALLOWANCES

The movements in CO_2 allowances, in 2023 and 2022, were as follows:

	31/12/2023		31/12/2022	
Amounts in Euro	**Tonnes**	**Amount**	**Tonnes**	**Amount**
Opening balance	**2 901 068**	**189 631 053**	**2 970 325**	**93 213 066**
Allowances awarded free of charge	1 820 620	155 932 941	1 799 780	151 199 518
CO_2 allowances acquired	-	-	48 000	3 251 520
CO_2 allowances returned to the Licensing Coordinating Entity	(1 856 496)	(116 593 305)	(1 917 037)	(58 033 051)
Closing balance	**2 865 192**	**228 970 689**	**2 901 068**	**189 631 053**

As at 31 December 2023 and 2022, the Group held CO_2 allowances recorded in accordance with the policy described above, as follows:

Amounts in Euro	31/12/2023	31/12/2022
CO_2 emission allowances (Ton)	2 865 192	2 901 068
Average unit value	79.91	65.37
	228 970 689	**189 631 053**
Market price	**78.06**	**81.49**

MOVEMENTS IN INTANGIBLE ASSETS

Amounts in Euro	Brands	Industrial property and other rights	CO_2 emission allowances	Other intangible assets	Intangible assets in progress	Total
Gross amount						
Balance as at 1 January 2022	**267 105 857**	**45 988**	**93 213 066**	**-**	**9 312 379**	**369 677 290**
Change in the perimeter	-	291 951	-	-	-	291 951
Acquisitions/Attributions	-	-	154 451 038	-	16 213 285	170 664 323
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**
Change in the perimeter	-	-	-	1 939 940	-	1 939 940
Acquisitions/Attributions	2 400 000	5 148	155 932 941	7 016	9 776 940	168 122 045
Acquisitions through business combinations	6 748 000	-	-	46 151 000	-	52 899 000
Adjustments, transfers and write-offs	-	(20 206 861)	(116 593 305)	34 303 932	(33 606 077)	(136 102 311)
Exchange rate adjustment	(22 029)	(271 583)	-	(224 469)	-	(518 081)
Impact of hyperinflationary economies	-	218 740	-	-	-	218 740
Balance as at 31 December 2023	**277 603 385**	**(20 004 959)**	**228 970 689**	**82 177 419**	**1 696 529**	**570 443 063**
Accumulated amortisation and impairment losses						
Balance as at 1 January 2022	**(24 563 091)**	**(45 988)**	**-**	**-**	**-**	**(24 609 079)**
Amortisation for the period	-	(20 579)	-	-	-	(20 579)
Impairment losses for the period	(4 807 158)	-	-	-	-	(4 807 158)
Adjustments, transfers and write-offs	8 487	(8 487)	-	-	-	-
Exchange rate adjustment	617 168	(1)	-	-	-	617 167
Balance as at 31 December 2022	**(28 744 594)**	**(75 055)**	**-**	**-**	**-**	**(28 819 649)**
Change in the perimeter	-	-	-	(1 428 212)	-	(1 428 212)
Amortisation for the period	-	(358 339)	-	(4 724 419)	-	(5 082 758)
Adjustments, transfers and write-offs	-	(21 038 746)	-	(707 252)	-	20 331 494
Exchange rate adjustment	695 255	163 204	-	199 237	-	1 057 696
Balance as at 31 December 2023	**(28 049 339)**	**20 768 556**	**-**	**(6 660 646)**	**-**	**(13 941 429)**
Net book value as at 1 January 2022	**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**
Net book value as at 31 December 2023	**249 554 046**	**763 597**	**228 970 689**	**75 516 773**	**1 696 529**	**556 501 634**

During the year ended 31 December 2023, the Group acquired the Goma Camps brand, renamed My Tissue, for an amount of Euro 2 400 000.

Moreover, the Group acquired the following intangible assets through business combinations (Note 1.2):

- Triangle's brand for a total amount of Euro 6 748 000;
- Technology used in the manufacturing process, in the amount of Euro 15 265 000; and
- Customer portfolios amounting to Euro 30 886 000.

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. All other repairs and maintenance costs are recognised in the income statement 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 economic years. Maintenance parts considered as “critical spare parts” are recorded under non-current assets, as Property, plant and equipment. In accordance with 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 (if the construction or development period exceeds one year) of property, plant and equipment are capitalised 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	We use the straight-line method from the moment the asset is available for use and using the rates that best reflect their 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	
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 booked (Note 3.6).

RECOVERABILITY OF PROPERTY, PLANT AND EQUIPMENT

The recoverability of property, plant and equipment requires the Board of Directors to use estimates and assumptions, namely, whenever applicable, regarding the determination of the value in use for 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 evolution 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 tangibles	Assets under construction	Total
Gross amount					
Balance as at 1 January 2022	**410 517 158**	**1 060 308 466**	**5 585 743 580**	**79 847 286**	**7 136 416 491**
Change 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)
Impact 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**
Change in the perimeter	2 904 977	25 721 751	85 769 352	6 373 911	120 769 991
Acquisitions	-	431 490	13 416 824	227 923 235	241 771 549
Acquisitions through business combinations	2 119 100	16 487 700	24 671 800	-	43 278 600
Disposals	(153 904)	(545 990)	(4 350 607)	-	(5 050 501)
Adjustments, transfers and write-offs	(6 724 275)	7 303 481	205 992 414	(187 104 753)	19 466 867
Exchange rate adjustment	(9 628 520)	(15 925 805)	(72 687 093)	(1 014 862)	(99 256 280)
Impact of hyperinflationary economies	4 595 312	5 211 115	(39 969 001)	1 988 422	(28 174 152)
Balance as at 31 December 2023	**405 083 658**	**1 127 578 930**	**5 880 525 786**	**206 967 587**	**7 620 155 962**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2022	**(96 778 125)**	**(717 526 683)**	**(4 585 854 009)**	**(3 528 415)**	**(5 403 687 232)**
Change in the perimeter	-	5 656 139	5 683 105	-	11 339 244
Depreciation for the period	(5 385 708)	(28 323 068)	(187 273 627)	-	(220 982 403)
Impairment losses for the period	-	43 185	(8 612 297)	-	(8 569 112)
Disposals	701	696 752	56 409 969	-	57 107 422
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
Impact 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)**
Change in the perimeter	-	(9 472 266)	(36 753 990)	-	(46 226 256)
Depreciation for the period	(5 268 905)	(21 070 763)	(169 809 937)	-	(196 149 605)
Impairment losses for the period	(72 910)	(1 209 964)	(5 786 474)	-	(7 069 348)
Disposals	-	520 586	4 242 831	-	4 763 417
Adjustments, transfers and write-offs	6 879 233	7 486 496	(34 767 731)	2 269 569	(18 132 433)
Exchange rate adjustment	1 097 529	11 258 046	83 205 778	517 920	96 079 273
Impact of hyperinflationary economies	(1 186 231)	(3 372 863)	53 248 754	-	48 689 660
Balance as at 31 December 2023	**(94 418 437)**	**(769 768 123)**	**(4 895 537 984)**	**(740 926)**	**(5 760 465 470)**
Net book value as at 1 January 2022	**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**
Net book value as at 31 December 2023	**310 665 221**	**357 810 807**	**984 987 802**	**206 226 661**	**1 859 690 492**

Following the business combinations mentioned in note 1.2, the Group revalued property, plant and equipment for a total amount of Euro 43 278 599.

In 2023 and 2022, 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.

As at 31 December 2023, in the Pulp and paper segment, the caption Assets under construction includes investments associated with ongoing development projects, namely those related to the new Recovery Boiler in Setúbal (Euro 52 250 000), the new Natural Gas boiler in Setúbal (Euro 4 966 224), the investment in wastewater treatment (Waste water treatment plant in Setúbal) (Euro 4 209 434), the new bleaching tower in Aveiro (Euro 2 250 000), the investment in the natural gas network in Setúbal (Euro 2 090 300) and the upgrade of the evaporation plant in Figueira da Foz (Euro 1 515 476).

In the Cement Sector, the acquisition of investments in progress in 2023 mainly relates to projects for the improvement and optimisation of the production process, in particular at CCL, for an amount of Euro 6 861 388, the Revamp project (repowering of the kiln to increase production capacity), for an amount of Euro 6 623 873, and the replacement of the Frielas and Albergaria plants, for an amount of Euro 22 711 420.

As at 31 December 2023, in the Other businesses segment, the construction of the new plant in Coruche and its equipment, called Prohy (technology for the hydrolysis of animal by-products) (Euro 10 269 988), are included in the Other businesses segment.

During 2023 and 2022, no financial charges for loans directly related to the acquisition, construction or production of property, plant and equipment were capitalised. Additionally, as at 31 December 2023 and 2022 there are no property, plant and equipment given as collateral.

The commitments assumed 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 compensate the Group for investments made in Property, plant and equipment, including those attributed as tax credits, are classified as Deferred income (Note 4.3 – Payables) 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.

REPAYABLE GOVERNMENT GRANTS

Government grants, in the form of repayable loans 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 – DETAILS

Amounts in Euro	Nature	31/12/2023	31/12/2022
AICEP investment contracts			
Enerpulp, S.A.	Financial	179 890	254 071
Navigator Pulp Aveiro, S.A.	Financial/Tax	3 920 318	5 315 822
Navigator Pulp Setúbal, S.A.	Financial	19 692	52 676
Navigator Pulp Figueira, S.A.	Financial/Tax	7 470 505	8 184 597
Navigator Parques Industriais, S.A.	Financial	1 750 927	1 810 283
Navigator Tissue Aveiro, S.A.	Financial/Tax	10 242 798	10 964 744
Navigator España, S.A.	Financial	-	-
Triangle's – Cycling Equipments, S.A.	Financial	5 174 076	-
Under the RRP			
Navigator Forest Portugal, S.A.	Financial	36 510	36 510
Viveiros Aliança, SA	Financial	20 800	20 800
Navigator Pulp Aveiro, S.A.	Financial	18 692 916	38 336
Navigator Paper Setúbal, S.A.	Financial	10 980 533	-
Navigator Pulp Setúbal, S.A.	Financial	21 480 000	-
Navigator Paper Figueira, S.A.	Financial	4 621 122	-
Navigator Pulp Figueira, S.A.	Financial	16 408 219	520 678
Navigator Tissue Aveiro, S.A.	Financial	12 016 780	-
Raiz	Financial	2 157 854	122 560
SEBOL – Comércio e Indústria de Sebo, S.A.	Financial	1 127 663	-
ITS – Indústria Transf. de Subprod. Animais, S.A.	Financial	92 397	-
Triangle's – Cycling Equipments, S.A.	Financial	11 830 001	-
Other			
Raiz	Financial	1 154 590	2 007 338
Viveiros Aliança, SA	Financial	11 610	98
Navigator Pulp Setúbal, S.A.	Financial	4 488 046	4 488 046
Navigator Tissue Ejea, SLU	Financial	248 477	-
Secil | Clean Cement Line	Financial	10 091 069	9 403 349
Closing balance		**144 216 793**	**43 219 908**

GOVERNMENT GRANTS – MOVEMENTS

Amounts in Euro	Note	31/12/2023	31/12/2022
Opening balance		**43 219 908**	**39 157 109**
Change in the perimeter		4 600 031	-
Allocation		96 863 625	7 167 892
Charge-off		(3 715 363)	(3 398 204)
Other		3 248 592	293 111
Closing balance		**144 216 793**	**43 219 908**
Of a financial nature		*127 982 745*	*25 319 459*
Of a fiscal nature		*16 234 048*	*17 900 449*

The allocations for the period relate to the sums allocated under the mobilizing agendas of the Recovery and Resilience Plan (RRP).

The Group expects to recognise grants in profit or loss as follows:

Amounts in Euro	31/12/2023	31/12/2022
2023	-	3 278 135
2024	5 942 548	3 237 288
2025	7 427 480	2 619 995
2026	3 842 322	2 522 759
2027	6 799 436	1 919 810
2028	3 903 553	1 917 393
After 2028	116 301 454	27 724 528
	144 216 793	**43 219 908**

INCENTIVE 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.

INCENTIVES FOR THE EXPANSION PROJECT OF THE CACIA PULP MILL

On 18 June 2014, the Group's subsidiary, Navigator Pulp Aveiro, S.A., signed two financial and tax incentive 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 micro fibrillated 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 173.1 million in these initiatives, of which it hopes to receive Euro 75.8 million in funding.

Also in 2022, the Navigator 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 with Euro 1.4 million. S.A.

Moreover, we would like to highlight 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, Secil 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 10 091 069 had already been received by 31 December 2023.

REPAYABLE GOVERNMENT GRANTS

On 13 December 2017, the subsidiary Navigator Tissue Aveiro, S.A. entered into an investment agreement with AICEP, for the construction of the new tissue mill 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 120.5 million. As at 31 December 2023, the amount receivable relating to the total repayable grant amounts to Euro 2 082 493.

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, until 2043.

There are no unfulfilled conditions or 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 the location where it is located 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 reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The useful life considered for each class of right-of-use asset 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 Euro 5 000 directly as operating expenses for the period (Note 2.3), on a straight-line basis.

MOVEMENTS IN RIGHT-OF-USE ASSETS

Valores de Euros	Industrial property and other rights	Land	Buildings and other constructions	Equipment and other tangibles	Total
Gross amount					
Balance as at 1 January 2022	**1 194 173**	**69 042 187**	**10 607 148**	**53 835 526**	**134 679 034**
Change 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**
Acquisitions	11 820	12 025 249	998 008	11 724 172	24 759 249
Adjustments, transfers and write-offs	-	(205 567)	(628 116)	(8 180 483)	(9 014 166)
Exchange rate adjustment	-	(5 472)	(59 930)	71 951	6 549
Balance as at 31 December 2023	**1 206 958**	**89 173 799**	**10 903 099**	**67 415 745**	**168 699 601**
Accumulated amortisation and impairment losses					
Balance as at 1 January 2022	**(374 109)**	**(11 648 622)**	**(4 445 576)**	**(20 812 363)**	**(37 280 670)**
Change in the perimeter	-	207 517	-	-	207 517
Amortisation for the period	(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)**
Amortisation for the period	(70 393)	(5 440 469)	(1 669 478)	(13 850 707)	(21 031 047)
Adjustments, transfers and write-offs	-	121 615	623 294	6 787 763	7 532 672
Exchange rate adjustment	-	7 727	65 784	(20 908)	52 603
Balance as at 31 December 2023	**(512 079)**	**(21 745 801)**	**(6 560 926)**	**(36 386 259)**	**(65 205 065)**
Net book value as at 1 January 2022	**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**
Net book value as at 31 December 2023	**694 879**	**67 427 998**	**4 342 173**	**31 029 486**	**103 494 536**

Land relates, essentially, to the rights to use land:

- for forest exploitation in the subsidiary Navigator amounting to around Euro 53.2 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 11.7 million.

The caption “Equipment and other property, plant and equipment” mainly refers to transport equipment, including concrete mixers, forklifts and pumps at the subsidiary Secil, forklifts at the subsidiary Navigator and the vehicles that make up the fleet used by the Group's various companies, whose total purchases (new contracts and renewals) amounted to Euro 11 724 172 in the year ended 31 December 2023.

3.6 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

As at 31 December 2023 and 31 December 2022, the caption Depreciation, Amortisation and Impairment Losses is detailed as follows:

Amounts in Euro	Note	2023	2022
Depreciation of property, plant and equipment for the period	3.3	196 650 669	221 565 942
Use of government grants	3.4	(4 216 425)	(3 981 743)
Depreciation of property, plant and equipment, net of grants charged-off		**192 434 244**	**217 584 199**
Impairment on property, plant and equipment – reversals		(200 076)	(43 185)
Impairment on property, plant and equipment – losses		7 269 424	8 612 297
Impairment on property, plant and equipment for the period	3.3	**7 069 348**	**8 569 112**
Amortisation in intangible assets for the period	3.2	**5 082 758**	**20 579**
Impairment on intangible assets	3.2	-	4 807 158
Impairment on intangible assets for the period		**-**	**4 807 158**
Amortisation of right-of-use assets for the period	3.5	**21 031 047**	**19 717 664**
Impairment on assets held for sale	3.8	-	(1 036 324)
Depreciation of investment properties	3.9	766	766
Impairment losses on investment properties	3.9	1 646	1 646
ICMS – Tax on the movement of goods and services included in depreciation (Brazil)		(1 294 045)	(1 266 239)
		224 325 764	**248 398 561**

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.

In 2023, the impairment loss on property, plant and equipment, amounting to Euro 7 269 424, essentially relates to the recognition of impairments on industrial equipment in Brazil and Portugal, in the amounts of Euro 2 958 330 and Euro 4 311 094, respectively, resulting from the assessment of the recovery of the book value of the respective assets. As mentioned in Note 3.2, in 2022, 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 Tunisia finds itself, an analysis of the recoverability of the net book values 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 comprise the forests held for the production of timber, suitable for incorporating in the production of BEKP or for sale on the market, mostly eucalyptus, but also include 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 rate without inflation, in a manner consistent with the structure of forecasts, determined on the basis of the Navigator Group's expected rate of return on its forests, which are intended to be sold intragroup.
Concession areas	The costs incurred with the site preparation before the first forestation 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 harvesting, wood is recognised at fair value less estimated costs since that point until the point of sale, which is the initial cost of the inventory.

SIGNIFICANT 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 2023 worsened by 4.7% compared to 2022.
- Discount rate, 2023: 5.19% (2022: 5.17 %) for Portugal and Spain and 13.55% in determining the fair value of Mozambique (2022:11.89%). It should be noted 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 7.33% and 14.1%, respectively.

These values, calculated in accordance with the expected extraction of their productions, correspond to the following future production expectations:

	31/12/2023	31/12/2022
Eucalyptus (Portugal) – Potential future of wood extractions k m³ssc	10 447	10 371
Eucalyptus (Spain) – Potential future of wood extractions k m³ssc	252	207
Eucalyptus (Mozambique) – Potential future of wood extractions k m³ssc (1)	3 570	4 451
Pine (Portugal) – Potential future of wood extractions k tonne	290	309
Pine (Portugal) – Potential future of pine extractions k tonne	n/a	n/a
Cork oak (Portugal) – Potential future of cork extractions k @	488	563

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in 2023, 594 709 m^3ssc of wood from its owned and explored forests (31 December 2022: 512 112 m^3ssc).

Additionally, as at 31 December 2023 and 31 December 2022 (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 takes into account the discount rate used in Portugal and the forward price of wood as the most significant variables. Changes in the assumptions may imply the appreciation/depreciation of these assets:

Amounts in Euro	31/12/2023	31/12/2022
1) Increase of 0.5% in the discount rate in Portugal		
Depreciation of Portugal's forest assets	5 990 023	5 422 029
2) Decrease of 3% in forward price		
Depreciation of Portugal's forest assets	10 733 022	10 848 174
3) Increase of 0.5% in the discount rate in Mozambique		
Depreciation of Mozambique's forest assets	244 194	503 338
2) Decrease of 3% in forward price		
Depreciation of Mozambique's forest assets	776 149	761 695

DETAIL OF BIOLOGICAL ASSETS

Amounts in Euro	31/12/2023	31/12/2022
Eucalyptus (Portugal)	88 244 919	93 301 990
Eucalyptus (Spain)	1 628 022	2 932 530
Pine (Portugal)	5 898 445	8 149 506
Cork oak (Portugal)	835 149	819 980
Other species (Portugal)	103 377	73 108
Eucalyptus (Mozambique)	18 912 337	17 222 760
	115 622 249	**122 499 874**

The decrease in the fair value of Eucalyptus and Pine is mainly due to the effects of increased costs for cutting, replanting and transportation.

Regarding the forest in Mozambique, the harvesting of wood from Portucel Moçambique's plantations in Manica for export from the Port of Beira began in 2022. In 2023, approximately 75 000 m^3 of wood were harvested (around 100 000 m^3 in 2022).

The Group considers, in accordance with IAS 41, mature assets to be those that have reached the necessary specifications to obtain the maximum yield based on their profitability, supply needs and opportunity cost. Typically, the forest in Portugal reaches its maturity between 8 and 12 years, and this reference depends on the species, soil conditions, as well as edaphoclimatic conditions. Data on the forest, its condition and its future potential are measured at least twice throughout its growth cycle. As at 31 December 2023, mature assets accounted for approximately 53% (48% in 31 December 2022) of Navigator's forest in Portugal, being recognised at fair value.

MOVEMENTS IN BIOLOGICAL ASSETS

Amounts in Euro	31/12/2023	31/12/2022
Opening balance	**122 499 874**	**147 324 060**
Transfers and adjustments	28 981	-
Variation		
Logging in the period	(23 005 571)	(19 268 187)
Growth	27 649 292	22 077 444
New planted areas and replanting (at cost)	3 871 701	4 241 964
Other changes in fair value:		
change in the price of wood	15 908 400	23 872 905
change in the cost-of-capital rate	(238 400)	(28 053 077)
impact of forest fires	(1 386 701)	(31 633)
transport logistics costs	(8 928 000)	(2 076 774)
fixed cost structure	(10 505 800)	(9 396 335)
changes in other species	(2 235 892)	(4 938 867)
other changes in expectations	(8 035 635)	(11 251 626)
Total changes in the period	**(6 906 606)**	**(24 824 186)**
Closing balance	**115 622 249**	**122 499 874**

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 2023 and 31 December 2022, the assets presented as non-current assets held for sale correspond to industrial equipment acquired from the bankrupt company CNE – Cimentos Nacionais ou Estrangeiros, S.A. for an amount of Euro 1 008 000.

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	Note	31/12/2023	31/12/2022
Opening balance		366 436	368 848
Disposals		(233 828)	-
Depreciation for the period	3.6	(766)	(766)
Impairment losses for the period	3.6	(1 646)	(1 646)
Adjustments, transfers and write-offs		374 107	-
		504 303	**366 436**

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, subsidiary and consumable 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) or 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, are recorded as an operational cost.

4.1.1 INVENTORIES – DETAIL BY NATURE

AMOUNTS NET OF ACCUMULATED IMPAIRMENT LOSSES

Amounts in Euro	31/12/2023	31/12/2022
Raw materials	216 689 480	190 967 739
Goods	10 675 318	16 861 148
	227 364 798	**207 828 887**
Finished and intermediate products	165 176 434	181 431 055
Goods and work in progress	4 491 349	3 496 998
By-products and waste	458 601	730 540
	170 126 384	**185 658 593**
Total	**397 491 182**	**393 487 480**

4.1.2 INVENTORIES – DETAIL BY SEGMENT AND GEOGRAPHY

Amounts in Euro	31/12/2023	%	31/12/2022	%
Pulp and Paper				
Portugal	236 495 060	82.5%	245 248 393	82.1%
Rest of Europe	14 749 174	5.1%	18 581 866	6.2%
America	35 246 128	12.3%	34 898 958	11.7%
	286 490 362	**100.0%**	**298 729 217**	**100.0%**
Cement				
Portugal	48 100 713	47.2%	47 400 250	51.3%
Rest of Europe	2 875 401	2.8%	2 440 682	2.6%
America	18 586 543	18.2%	14 952 106	16.2%
Africa	24 333 691	23.9%	25 801 252	27.9%
Asia	7 986 077	7.8%	1 791 680	1.9%
	101 882 425	**100.0%**	**92 385 970**	**100.0%**
Other businesses				
Portugal	9 118 395	100.0%	2 372 293	100.0%
	9 118 395	**100.0%**	**2 372 293**	**100.0%**
	397 491 182		**393 487 480**	

The amount related to Portugal, from Pulp and Paper segment, includes Euro 14 968 097 (31 December 2022: Euro 4 286 997) relating to inventories for which invoices have already been issued but whose control has not been transferred to customers.

As at 31 December 2023 and 31 December 2022, 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	Note	31/12/2023	31/12/2022
Opening balance		208 559 427	161 587 262
Change in the perimeter		3 373 321	-
Purchases		1 126 932 500	1 251 494 914
Closing balance		(227 364 798)	(208 559 427)
Cost of goods sold and materials consumed	**2.3**	**1 111 500 450**	**1 204 522 749**

4.1.4 VARIATION IN PRODUCTON DURING THE PERIOD

Amounts in Euro	Note	31/12/2023	31/12/2022
Opening balance		(184 928 053)	(97 797 698)
Adjustments		(1 408 471)	3 662 346
Closing balance		170 126 384	184 928 053
Variation in production	**2.3**	**(16 210 140)**	**90 792 701**

4.1.5 MOVEMENTS IN IMPAIRMENT LOSSES IN INVENTORIES

Amounts in Euro	Note	31/12/2023	31/12/2022
Opening balance		**(23 289 293)**	**(11 211 141)**
Increases		(6 721 101)	(14 065 760)
Reversals		750 339	1 772 627
Impact in profit or loss for the period	**2.3**	**(5 970 762)**	**(12 293 133)**
Change in the perimeter		(105 317)	-
Charge-off		(372 941)	62 052
Exchange rate adjustment		286 797	150 570
Hyperinflationary Economies		27 122	2 359
Closing balance		**(29 424 394)**	**(23 289 293)**

As mentioned in Note 2.3, the increase recorded in the caption Impairment losses on inventories mainly includes the recognition of an impairment of Euro 2 071 836 for the inventory of damaged paper identified on the platform of Navigator North America Inc. In 2022, this caption includes the increase of the impairment for UWF and tissue paper waste in the amount of Euro 7 931 309 and in addition an impairment of Euro 5 309 900 for the excess of spare parts in stock in view of future investment prospects and remaining useful lives of industrial equipment.

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 2023, the value of inventories relating to the Lebanese subsidiaries in the Group's consolidated financial statements amounts to Euro 8 609 593 (2022: Euro 1 870 869).

4.2 RECEIVABLES

ACCOUNTING POLICIES

TRADE RECEIVABLES AND OTHER DEBTORS

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 of 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 2023 and 31 December 2022, Current and non-current receivables are detailed as follows:

		31/12/2023			31/12/2022		
Amounts in Euro	Note	Non-current	Current	Total	Non-current	Current	Total
Trade receivables							-
Pulp and paper segment	8.1.4	-	259 060 841	259 060 841	-	341 601 458	341 601 458
Cement segment	8.1.4	-	79 155 309	79 155 309	-	70 135 124	70 135 124
Other Businesses segment	8.1.4	-	25 259 105	25 259 105	-	17 095 052	17 095 052
		-	**363 475 255**	**363 475 255**	**-**	**428 831 634**	**428 831 634**
Receivables – Related parties	10.4	-	2 357 687	2 357 687	-	649 639	649 639
State		-	77 504 449	77 504 449	-	77 264 743	77 264 743
Department of Commerce (US)		2 872 289	-	2 872 289	-	-	-
Enviva Pellets Greenwood, LLC (USA)		-	-	-	-	8 168 426	8 168 426
Grants receivable		49 880 237	53 184 592	103 064 829	13 219 416	13 239 885	26 459 301
Accrued income		-	16 426 830	16 426 830	-	9 687 577	9 687 577
Deferred expenses		-	17 386 225	17 386 225	-	16 209 297	16 209 297
Derivative financial instruments	8.2	-	23 314 167	23 314 167	-	54 773 410	54 773 410
Advances to suppliers		-	8 936 213	8 936 213	-	15 397 572	15 397 572
Other		4 945 683	22 489 090	27 434 773	15 701 049	17 812 749	33 513 798
		57 698 209	**585 074 508**	**642 772 717**	**28 920 465**	**642 034 932**	**670 955 397**

The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables is presented in Note 8.1.4 – Credit risk.

GRANTS RECEIVABLE

The financial incentives essentially relate to amounts receivable under the RRP, amounting to Euro 84 936 446.

DEPARTMENT OF COMMERCE (US)

As at 31 December 2023, 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 2022, the Department of Commerce confirmed the final rate to be applied for the 5th review period from March 2020 to February 2021 at 5.81%, therefore the Group received in 2023 the amount of Euro 639 517 for the difference between the deposits made and the final rate payable.

In 2023, the rate for the 6th review period, from March 2021 to February 2022, was also confirmed at 7.11%, with the subsequent review periods (7th and 8th) remaining unconfirmed. Regarding these three periods, Navigator is estimated to pay to the DoC approximately Euro 2 121 441 (Note 4.3).

ENVIVA PELLETS GREENWOOD, LLC (US)

As at 31 December 2022, the balance reflects the present value of the amount still to be received from the sale of the pellet business by Navigator. In February 2023, the Group received the final instalment for the sale of the US pellet business.

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. This amount is no longer blocked in the current financial year.

As at 31 December 2023 and 31 December 2022, State is detailed as follows:

Amounts in Euro	31/12/2023	31/12/2022
Personal income tax withheld (IRS)	-	-
Value Added Tax recoverable	13 823 487	22 526 996
Value Added Tax – repayment requests	53 851 202	45 395 267
Tax on the Movement of Goods and Services (ICMS)	1 862 050	1 474 947
Tax on Industrial Products (IPI)	-	418 413
Social Security Financing Contribution (COFINS)	-	12 943
PIS and COFINS credit on fixed assets	7 025 624	7 407 482
Other taxes	942 086	28 695
	77 504 449	**77 264 743**

The Paraná Competitivo Programme, granted by the State Government of Paraná to the subsidiary Margem – Companhia de Mineração, SA, refers to a tax incentive that has the following benefits: a) payment in instalments of the incremental ICMS; b) deferral of payment of the ICMS on electricity and natural gas for a period of 96 months, starting in August 2015; c) payment in instalments, until maturity, of the ICMS declared, in the case of judicial recovery; and d) granting of presumed credit due to the carrying out of infrastructure work in Paraná territory.

As at 31 December 2023 and 31 December 2022, PIS and COFINS on fixed assets, amounting to Euro 7 025 624 and Euro 7 407 482 respectively relate to the estimated PIS and COFINS credit of the subsidiaries Supremo Cimentos, SA and Margem Companhia de Mineração, SA, on certain fixed assets, in accordance with Law 10673/2002 (PIS) and Law 10833/2003 (COFINS), which will be recovered at the same rate as the depreciation of the assets concerned.

As at 31 December 2023 and 2022, Accrued income and deferred costs were detailed as follows:

Amounts in Euro	31/12/2023	31/12/2022
Accrued income		
Energy sales	10 798 083	1 871 271
Compensations receivable	-	4 062 997
Interest receivable	657 850	-
Other	4 970 897	3 753 309
	16 426 830	**9 687 577**
Deferred expenses		
Insurance	170 894	1 912 478
Rentals	12 717 123	10 002 722
Other	4 498 208	4 294 097
	17 386 225	**16 209 297**
	33 813 055	**25 896 874**

4.3 PAYABLES

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 2023 and 31 December 2022, Payables are detailed as follows:

Amounts in Euro	Note	31/12/2023	31/12/2022
Trade payables – current account		390 345 679	455 914 395
Trade payables – property, plant and equipment – current account		23 975 265	10 956 609
Advances from customers		1 392 239	-
State		94 022 947	93 456 795
Instituto do Ambiente		151 893 654	118 333 488
Related parties	10.4	5 546 128	26 461 118
Other payables		25 393 982	11 927 142
Derivative financial instruments	8.2.2	12 922 808	11 759 237
Accrued costs – payroll		60 419 696	71 581 424
Other accrued costs		64 414 507	67 073 865
Non-repayment grants		99 614 486	92 995 915
Other deferred income		5 176 918	449 701
Payables – current		**935 118 309**	**960 909 689**
Non-repayment grants		129 553 426	30 545 424
Department of Commerce (US)		2 121 441	4 306 974
Other		39 928 230	2 800 000
Payables – non-current		**171 603 097**	**37 652 398**
		1 106 721 406	**998 562 087**

The increase in the balance of Trade payables – property, plant and equipment – current account is due to the greater volume of investments made in 2023, as mentioned in Note 3.3.

The decrease in Accrued costs – payroll results from the recognition of a higher amount for bonuses to employees in 2022 and the reinforcement of the rejuvenation programme of the subsidiary Navigator.

As at 31 December 2023, Other payables, non-current, amounting to Euro 39 928 230, includes contingent consideration in the amount of Euro 38 600 077, which can be paid until 2027, depending on the company's performance and the fulfilment of certain conditions.

As at 31 December 2023 and 31 December 2022, State is detailed as follows:

Amounts in Euro	31/12/2023	31/12/2022
Personal income tax withheld (IRS)	3 494 576	5 435 737
Value added tax	48 036 447	43 335 782
Social Security contributions	4 996 724	4 558 876
ICMS – Tax on the Movement of Goods and Services	1 242 038	1 246 835
Programa de Desenvolvimento da Empresa Catarinense (PRODEC)	793 579	781 096
Programa Paraná Competitivo	33 936 235	36 370 666
Social Security Financing Contribution (COFINS)	-	58 611
Other	1 523 348	1 669 192
	94 022 947	**93 456 795**

As at 31 December 2023 and 31 December 2022, the amount presented under the caption “Programa de Desenvolvimento da Empresa Catarinense (PRODEC)”, in the amount of Euro 793 579 and Euro 781 096, respectively, refers to a tax benefit attributed to the subsidiary Supremo Cimentos S.A., which consists of a deferral of the ICMS payment period due on sales revenue. Payment will be made on the 10th day of the 48th month following the end of the ICMS assessment period (March 2010 to February 2025). The amounts shown are discounted to their present value.

The Paraná Competitivo Programme, granted by the State Government of Paraná to the subsidiary Margem – Companhia de Mineração, SA, is a tax incentive with the following benefits:

a) payment of the additional ICMS in instalments;

b) deferred payment of the ICMS on electricity and natural gas for a period of 96 months, starting in August 2015;

c) payment in instalments, until maturity, of the ICMS declared in the event of judicial recovery; and

d) the granting of presumed credit for infrastructure works in Paraná.

As at 31 December 2023 and 31 December 2022, there were no arrears with the State.

NON-REPAYABLE GRANTS – DETAILS

Amounts in Euro	Note	31/12/2023	31/12/2022
Government grants	3.4	14 663 367	12 674 484
Grants – CO_2 emission allowances		75 001 176	71 343 238
Other grants		9 949 943	8 978 193
Non-repayable grants – current		**99 614 486**	**92 995 915**
Government grants	3.4	129 553 426	30 545 424
Non-repayable grants – non-current		**129 553 426**	**30 545 424**
		229 167 912	**123 541 339**

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 2023 and 2022, Semapa's shareholders are detailed as follows:

	31/12/2023		31/12/2022	
Entity	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
Treasury shares	1 400 627	1.72	1 400 627	1.72
Other shareholders with less than 5% shareholdings	13 401 050	16.49	13 401 050	16.49
	81 270 000	**100**	**81 270 000**	**100**

TREASURY SHARES – MOVEMENTS

The movements in treasury shares, in 2023 and 2022, are detailed as follows:

	2023		2022	
Amounts in Euro	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
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	2023	2022
Net profit attributable to the Shareholders of Semapa	**244 507 409**	**307 089 834**
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	**3 061**	**3 845**
Diluted earnings per share	**3 061**	**3 845**

5.4 DIVIDENDS

ACCOUNTING POLICIES

Dividends per share presented are calculated based on the number of shares outstanding on the grant date.

DIVIDENDS ALLOCATED IN THE PERIOD

Amounts in Euro	Data	Amount approved	Dividends per share
Allocations in 2023			
Approval of payment of dividends relating to the 2022 net profit on an individual basis in accordance with IFRS at the Annual Shareholders' Meeting of Semapa	18/05/23	75 875 904	0.950
Allocations in 2022			
Approval of distribution of free reserves by the Extraordinary Shareholders' Meeting of Semapa	30/11/22	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	27/05/22	40 893 119	0.512

5.5 RESERVES AND RETAINED EARNINGS

FAIR VALUE RESERVES

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 related to derivatives are reclassified to profit or loss for the period (Note 5.11) as the hedged instruments affect profit or loss for the period. The fair value adjustments of financial investments recorded under this caption 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 RESERVE

The Portuguese commercial legislation 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 the company is liquidated. It may, however, be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.

The legal reserve is constituted by its maximum amount in the periods presented.

OTHER RESERVES

This caption corresponds to reserves constituted through the transfer of prior period's profit and other movements. The portion of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).

Amounts in Euro	31/12/2023	31/12/2022
Currency translation reserve	**(198 301 800)**	**(202 244 411)**
Fair value of derivative financial instruments	9 114 768	29 889 067
Fair value reserves	**9 114 768**	**29 889 067**
Legal reserve	**16 695 625**	**16 695 625**
Other reserves	**1 334 549 502**	**1 105 635 572**
Retained earnings	**(463 433)**	**990 821**
Reserves and retained earnings	**1 161 594 662**	**950 966 674**

CURRENCY TRANSLATION RESERVE

The impact of exchange rate change by currency (see Note 8.1.1 – Exchange rate risk) is as follows:

Amounts in Euro	31/12/2023	31/12/2022
Opening balance	**(202 244 411)**	**(234 772 441)**
Brazilian real	5 836 450	15 701 839
Tunisian dinar	(628 224)	(601 981)
Lebanese pound	(3 789 496)	(3 219 620)
American dollar	(7 314 701)	1 670 441
Mozambican metical	12 118 812	20 216 302
Other currencies	(2 280 230)	(1 238 951)
Closing balance	**(198 301 800)**	**(202 244 411)**

5.6 NON-CONTROLLING INTERESTS

DETAIL OF NON-CONTROLLING INTERESTS, BY SUBSIDIARY

Amounts in Euro	% held	Equity 31/12/2023	Equity 31/12/2022	Net profit 2023	Net profit 2022
Pulp and Paper					
The Navigator Company, S.A.	30.56%	319 133 516	305 690 923	79 233 810	114 552 654
Raiz – Instituto de Investigação da Floresta e Papel	3.00%	327 018	297 977	25 322	1 861
Cement					
Secil – Companhia Geral de Cal e Cimento, S.A.	0.00%	8 804	8 167	877	254
Société des Ciments de Gabès	1.28%	409 218	478 267	(1 232)	(122 470)
IRP – Indústria de Rebocos de Portugal, S.A.	25.00%	470 335	458 162	291 672	275 900
Secil – Companhia de Cimento do Lobito, S.A.	-	-	(4 291 198)	-	386 984
Ciments de Sibline, S.A.L.	48.95%	13 875 978	6 645 567	12 007 868	(273 900)
Madebritas – Sociedade de Britas da Madeira, Lda.	49.00%	-	56 716	-	(921)
Other		538 254	504 654	(456)	(796)
Other businesses					
ETSA – Investimentos, SGPS, S.A.	0.01%	10 173	10 918	1 043	1 350
Tribérica, S.A.	30.00%	258 417	385 660	(127 244)	151 644
		335 031 713	**310 245 813**	**91 431 660**	**114 972 560**

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 MZM 1 000 million to MZM 1 680 798 million subscribing MZM 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 MZM 456 596 000, corresponding to 90.02% of the Company's share capital, and the IFC's holding was revised to MZM 50 620 000, corresponding to 9.98% of the Portucel Moçambique's share capital.

On 19 December 2023, an addendum was made to the agreements initially signed with the IFC – International Finance Corporation, extending the date of entry of this institution into the capital of the subsidiary Portucel Moçambique, S.A. from 31 December 2023 to 31 December 2028.

As 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	Other businesses	Total
Balance as at 1 January 2022	**244 864 339**	**7 907 836**	**341 699**	**253 113 874**
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
Hyperinflationary economies (Lebanon)	-	(198 221)	-	(198 221)
Other movements in equity	(69 556)	(35 053)	(97 998)	(202 607)
Net profit for the period	114 554 515	265 051	152 994	114 972 560
Balance as at 31 December 2022	**305 988 900**	**3 860 335**	**396 579**	**310 245 813**
Change in the perimeter	-	4 137 119	-	4 137 119
Dividends	(60 054 694)	(306 203)	(1 789)	(60 362 686)
Currency translation reserve	(10 415)	(3 588 781)	-	(3 599 196)
Financial instruments	(6 335 974)	(36)	-	(6 336 010)
Actuarial gains and losses	609 867	75	-	609 942
Hyperinflationary economies (Lebanon)	-	(1 098 648)	-	(1 098 648)
Other movements in equity	3 718	-	1	3 719
Net profit for the period	79 259 132	12 298 729	(126 201)	91 431 660
Balance as at 31 December 2023	**319 460 534**	**15 302 590**	**268 590**	**335 031 713**

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

Loans	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 expenses on other loans” in Note 5.11 – Net Financial Results, using the effective interest rate method.
Fair value	The book value of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to their fair value. The fair value of loans bearing interest at a fixed rate is disclosed in Note 8.4 – Financial assets and liabilities
Disclosure	As a current liability, except when the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

SIGNIFICANT 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, of agreements with which it is frequent to carry out emissions with contractual maturity of less than one year but with revolving nature. Where the Group has the right to extend these loans (roll over), it classifies them as non-current liabilities.

INTEREST-BEARING LIABILITIES

	31/12/2023			31/12/2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bond loans	759 500 000	36 500 000	**796 000 000**	666 000 000	182 214 286	**848 214 286**
Commercial paper	144 750 000	37 750 000	**182 500 000**	181 500 000	46 750 000	**228 250 000**
Bank loans	177 777 985	104 181 489	**281 959 474**	179 005 652	99 525 565	**278 531 217**
Loans related charges	(5 344 927)	1 943 344	**(3 401 583)**	(5 357 671)	281 768	**(5 075 903)**
Debt securities and bank debt	**1 076 683 058**	**180 374 833**	**1 257 057 891**	**1 021 147 981**	**328 771 619**	**1 349 919 600**
Other interest-bearing debt	24 751 622	11 342 655	**36 094 277**	30 433 409	7 219 439	**37 652 848**
Other interest-bearing liabilities	**24 751 622**	**11 342 655**	**36 094 277**	**30 433 409**	**7 219 439**	**37 652 848**
Total interest-bearing liabilities	**1 101 434 680**	**191 717 488**	**1 293 152 168**	**1 051 581 390**	**335 991 058**	**1 387 572 448**

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

	31/12/2023			31/12/2022		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
FIXED RATE						
Pulp and Paper						
Bond Loans	50 000 000	-	**50 000 000**	50 000 000	-	**50 000 000**
Commercial paper	70 000 000	35 000 000	**105 000 000**	105 000 000	35 000 000	**140 000 000**
Bank loans	60 972 222	10 456 350	**71 428 572**	71 428 571	8 492 064	**79 920 635**
Cement						
Bond Loans	140 000 000	-	**140 000 000**	110 000 000	45 714 286	**155 714 286**
Commercial paper	-	1 000 000	**1 000 000**	-	-	-
Bank loans	153 677	1 863 927	**2 017 604**	-	-	-
Other businesses						
Bank loans	2 825 048	1 367 916	**4 192 964**	-	-	-
Holdings						
Bond Loans	-	-	**-**	-	100 000 000	**100 000 000**
Commercial paper	-	-	**-**	-	10 000 000	**10 000 000**
Bank loans	-	-	**-**	-	16 000 000	**16 000 000**
Total fixed rate loans	**323 950 947**	**49 688 193**	**373 639 140**	**336 428 571**	**215 206 350**	**551 634 921**
VARIABLE RATE						
Pulp and Paper						
Bond Loans	347 500 000	22 500 000	**370 000 000**	370 000 000	22 500 000	**392 500 000**
Bank loans	11 000 000	24 083 333	**35 083 333**	20 083 334	9 083 333	**29 166 667**
Cement						
Commercial paper	70 000 000	-	**70 000 000**	70 000 000	-	**70 000 000**
Bank loans	68 941 690	64 184 563	**133 126 253**	87 493 747	63 316 652	**150 810 399**
Other businesses						
Bank loans	3 885 348	2 225 400	**6 110 748**	-	133 516	**133 516**
Holdings						
Bond Loans	222 000 000	14 000 000	**236 000 000**	136 000 000	14 000 000	**150 000 000**
Commercial paper	4 750 000	1 750 000	**6 500 000**	6 500 000	1 750 000	**8 250 000**
Bank loans	30 000 000	-	**30 000 000**	-	2 500 000	**2 500 000**
Total variable rate loans	**758 077 038**	**128 743 296**	**886 820 334**	**690 077 081**	**113 283 501**	**803 360 582**
Total bank loans	**1 082 027 985**	**178 431 489**	**1 260 459 474**	**1 026 505 652**	**328 489 851**	**1 354 995 503**
% Fixed rate	30%	28%	**30%**	33%	66%	**41%**
% Variable rate	70%	72%	**70%**	67%	34%	**59%**

EMPRÉSTIMOS POR OBRIGAÇÕES

Amounts in Euro	Não Corrente	31/12/2023 Corrente	Total	Maturidade	Indexante
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	10 000 000	20 000 000	**30 000 000**	March 2025	Indexed to Euribor
Navigator 2021-2026	12 500 000	2 500 000	**15 000 000**	April 2026	Indexed to Euribor
Navigator 2020-2026	75 000 000	-	**75 000 000**	December 2026	Indexed to Euribor
Navigator 2021-2026 ESG	100 000 000	-	**100 000 000**	August 2026	Indexed to Euribor
	397 500 000	**22 500 000**	**420 000 000**		
Segment – Cement					
Secil 2019-2026	60 000 000	-	**60 000 000**	December 2026	Fixed
Secil 2020-2027	50 000 000	-	**50 000 000**	April 2027	Fixed
Secil 2023-2030	30 000 000	-	**30 000 000**	August 2030	Fixed
	140 000 000	**-**	**140 000 000**		
Holdings					
Semapa 2021-2026	50 000 000	-	**50 000 000**	December 2026	Indexed to Euribor
Semapa 2022-2027	72 000 000	14 000 000	**86 000 000**	April 2027	Indexed to Euribor
Semapa 2023-2030	100 000 000	-	**100 000 000**	June 2030	Indexed to Euribor
	222 000 000	**14 000 000**	**236 000 000**		
	759 500 000	**36 500 000**	**796 000 000**		

Amounts in Euro	Não Corrente	31/12/2022 Corrente	Total	Maturidade	Indexante
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					
Secil 2017-2022	-	-	**-**	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 2020-2027	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**		

BANK LOANS

	31/12/2023			31/12/2022		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Pulp and Paper – fixed rate	60 972 222	10 456 350	71 428 572	71 428 571	8 492 064	79 920 635
Pulp and Paper – variable rate	11 000 000	24 083 333	35 083 333	20 083 334	9 083 333	29 166 667
Cement – fixed rate	153 677	1 863 927	2 017 604	-	-	-
Cement – variable rate	68 941 690	64 184 563	133 126 253	87 493 747	63 316 652	150 810 399
Other businesses – fixed rate	2 825 048	1 367 916	4 192 964	-	-	-
Other businesses – variable rate	3 885 348	2 225 400	6 110 748	-	133 516	133 516
Holdings – fixed rate	-	-	-	-	16 000 000	16 000 000
Holdings – variable rate	30 000 000	-	30 000 000	-	2 500 000	2 500 000
	177 777 985	**104 181 489**	**281 959 474**	**179 005 652**	**99 525 565**	**278 531 217**

In December 2023, Navigator signed a new long-term loan agreement with the European Investment Bank (EIB) for Euro 115 million, maturing in 12 years. The loan will be disbursed in up to 3 instalments within 18 months of signing the contract. The loan will support the project to build and operate the high-efficiency recovery boiler at the Setúbal Industrial Complex, a key step in the decarbonisation roadmap. This green loan is part of the REPowerEU Plan, which aims to increase financing for green energy and support the autonomy and competitiveness of the European Union.

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As at 31 December 2023, loans in the form of Commercial Paper are detailed as follows:

	Amount			31/12/2023		
	Contracted	Non-current	Current	Total	Maturity	Index
Segment – Pulp and Paper						
	140 000 000	70 000 000	35 000 000	105 000 000	February 2026	Fixed
	65 000 000	-	-	-	February 2026	Indexed to Euribor
	75 000 000	-	-	-	January 2026	Indexed to Euribor
	50 000 000	-	-	-	December 2025	Indexed to Euribor
	330 000 000	**70 000 000**	**35 000 000**	**105 000 000**		
Segment – Cement						
	20 000 000	20 000 000	-	20 000 000	November 2027	Indexed to Euribor
	50 000 000	-	-	-	April 2026	Indexed to Euribor
	50 000 000	50 000 000	-	50 000 000	June 2027	Indexed to Euribor
	75 000 000	-	-	-	October 2026	Indexed to Euribor
	1 000 000	-	1 000 000	1 000 000	January 2024	Fixed
	196 000 000	**70 000 000**	**1 000 000**	**71 000 000**		
Holdings						
	40 000 000			-	May 2024	Indexed to Euribor
	80 000 000			-	July 2026	Indexed to Euribor
	40 000 000			-	August 2026	Indexed to Euribor
	6 500 000	4 750 000	1 750 000	6 500 000	October 2026	Indexed to Euribor
	90 000 000			-	January 2027	Indexed to Euribor
	20 000 000			-	March 2027	Indexed to Euribor
	25 000 000			-	May 2027	Indexed to Euribor
	301 500 000	**4 750 000**	**1 750 000**	**6 500 000**		
	827 500 000	**144 750 000**	**37 750 000**	**182 500 000**		

As at 31 December 2022, loans in the form of Commercial Paper are detailed as follows:

Amount Contracted		31/12/2022 Non-current	Current	Total	Maturity	Index
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						
	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**		
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**		
	849 000 000	**181 500 000**	**46 750 000**	**228 250 000**		

LOAN REPAYMENT PERIODS OVER ONE YEAR

Amounts in Euro	31/12/2023	31/12/2022
1 to 2 years	244 077 910	132 045 492
2 to 3 years	384 838 309	240 034 546
3 to 4 years	194 600 279	368 648 621
4 to 5 years	119 914 166	188 671 633
More than 5 years	163 348 943	127 538 769
Total	**1 106 779 607**	**1 056 939 061**

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, 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 2023 and 2022, 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 an 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 (rents).

As at 31 December 2023 and 31 December 2022, Lease liabilities are detailed as follows:

	31/12/2023			31/12/2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Pulp and Paper	62 848 761	7 148 060	**69 996 821**	55 089 083	6 551 966	**61 641 049**
Cement	24 013 596	8 371 883	**32 385 479**	28 734 457	9 262 605	**37 997 062**
Other businesses	643 386	442 227	**1 085 613**	896 471	396 400	**1 292 871**
Holdings	351 213	157 840	**509 053**	188 938	97 841	**286 779**
	87 856 956	**16 120 010**	**103 976 966**	**84 908 949**	**16 308 812**	**101 217 761**

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 include 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	Note	31/12/2023	31/12/2022
Cash		1 916 067	924 987
Short-term bank deposits	8.1.4	122 323 936	441 773 009
Other short-term investments	8.1.4	156 917 302	151 253 105
Cash and cash equivalents in the consolidated statement of cash flows		**281 157 305**	**593 951 101**
Impairment	8.1.4	(578)	(554 525)
Cash and cash equivalents		**281 156 727**	**593 396 576**

In 2023 and 2022, the amount presented under Other short-terms investments corresponds to amounts invested in portfolios of short-term financial assets, highly liquid and issuers with appropriate rating.

The movements under Impairments in 2023 are detailed as follows:

Cash	Opening balance	Increase	Reversal	Exchange rate change	Closing balance
Lebanon	**554 525**	-	(251 255)	(302 692)	**578**
	554 525	**-**	**(251 255)**	**(302 692)**	**578**

As at 31 December 2023 and 32 December 2022, 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 2023 and 2022, the movements in liabilities for financing activities are detailed as follows:

			Transactions not affecting cash and cash equivalents			
Amounts in Euro	01-01-2023	Cash flows from financing activities	Lease recognition	Exchange rate adjustment	Accrued interest	31/12/2023
Interest-bearing liabilities (Note 5.7)						
Bond loans	848 214 286	(52 214 286)	-	-	-	796 000 000
Commercial paper	228 250 000	(45 750 000)	-	-	-	182 500 000
Bank loans	278 531 217	(15 926 679)	-	8 883 638	10 471 298	281 959 474
Loans related charges	(5 075 903)	367 006	-	(532)	1 307 845	(3 401 583)
Other interest-bearing liabilities	37 652 848	(10 414 917)	-	(86 823)	8 943 169	36 094 277
Lease liabilities (Note 5.8)	101 217 761	(26 146 311)	24 680 789	657 785	3 566 942	103 976 966
Total	**1 488 790 209**	**(150 085 187)**	**24 680 789**	**9 454 068**	**24 289 254**	**1 397 129 134**

			Transactions not affecting cash and cash equivalents			
Amounts in Euro	01-01-2022	Cash flows from financing activities	Lease recognition	Exchange rate adjustment	Accrued interest	31/12/2022
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
Loans 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**

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.

As at 31 December 2023 and 31 December 2022, Net financial results are detailed as follows:

Amounts in Euro	Note	2023	2022
Interest paid on debt securities and bank debt	5.7	(54 851 714)	(31 899 063)
Interest on other financial liabilities at amortised cost		(3 407 248)	-
Commissions on loans and expenses with the opening of credit facilities		(7 055 662)	(8 011 963)
Interest paid using the effective interest method		**(65 314 624)**	**(39 911 026)**
Unfavourable exchange rate differences		-	(27 528 659)
Interest paid on lease liabilities	5.8	(4 227 742)	(3 631 751)
Financial discount of provisions | Environmental recovery	9.1	(288 498)	(117 714)
Losses on trade derivatives	8.2	(960 636)	(25 364 400)
Losses on hedging derivatives	8.2	(2 076 423)	(1 504 772)
Fair value losses on Other financial investments	8.3	(1 481 706)	-
Other expenses and financial losses		(3 789 381)	(3 307 477)
Other financial expenses and losses		**(12 824 386)**	**(61 454 773)**
Favourable exchange rate differences		6 155 887	-
Interest earned on financial assets at amortised cost		11 295 175	6 109 758
Fair value gains on Other financial investments	8.3	-	2 545 643
Other income and financial gains		1 553 252	-
Financial income and gains		**19 004 314**	**8 655 401**
Total financial expenses and losses		(78 139 010)	(101 365 799)
Total financial income and gains		19 004 314	8 655 401
Financial profit/(loss)		**(59 134 696)**	**(92 710 398)**

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 fact, as at 31 December 2023 and 31 December 2022, the cumulative inflation rate over the last three years continues to exceed 100%, which is an objective quantitative condition that leads us to consider that Lebanon is a hyperinflationary economy, in addition to the existence of other conditions set out in IAS 29.

The inflation rates and CPI index recorded in the years 2023 and 2022 were as follows:

	CPI	Inflation rate
31 December 2022	2 045.46	122%
31 December 2023*	6 760.99	231%
Average in 2023		226%

* Real until 11/2023 and estimate for 12/2023

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 statement of financial position date.

The change in the net monetary position arising from the price changes in 2023 and 2022 was recognised in the income statement under the caption Gains or losses on Net Monetary Position, representing gains of Euro 14 455 321 and Euro 979 084, respectively.

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 impact of this restatement is recognised in Comprehensive Income with an amount, in 2023, of Euro 2 160 137 (2022: Euro 441 356), net of tax effect of Euro 84 246 (2022: Euro 36 418) recoverable in subsequent years were recognised.

As at 31 December 2023, the net value of the assets and liabilities of the foreign operation in Lebanon in the Group's consolidated financial statements amounts to Euro 21.5 million (2022: Euro 13.8 million).

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 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 GROUP

Since 1 January 2023, Sodim, SGPS, SA. is the controlling company of the Semapa tax group. The companies included in the RETGS calculate income taxes as if they were taxed independently, but the controlling company of the tax group is responsible for the overall assessment and self-assessment of tax. The companies that compose the Navigator Group are part of a tax group of which The Navigator Company, S.A. is the controlling company.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group recognises liabilities for additional tax assessments that may result from reviews by the tax authorities of the different countries where the Group operates. When the 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 Portuguese Tax Authorities will not have a significant impact in the consolidated financial statements as at 31 December 2023, although the periods up to and including 2020 have already been reviewed.

UNCERTAIN TAX POSITIONS

The amount of assets and liabilities recorded for tax proceedings arises from an assessment made by the Group, as at the date of the consolidated statement of financial position, regarding potential differences of understanding with the Tax Authorities, considering the developments in tax matters.

The Company, in relation to the measurement of uncertain tax positions, considers the provisions of IFRIC 23 – "Uncertainty over Income Tax Treatments", namely the measurement of risks and uncertainties in the definition of the best estimate of the expense required to settle the obligation, by weighing all the possible results that are controlled by them and their associated probabilities.

PILLAR TWO MODEL RULES – OECD

The Group is subject to the OECD Pillar Two model rules from 1 January 2024. It has applied the exception to the recognition and disclosure of information on deferred tax assets and liabilities related to Pillar Two income taxes, as provided for in the amendments to IAS 12.

As at the date of this report, the Group is currently assessing the impact of this change. However, based on the current understanding of the interpretation of the new rules, no significant impacts are expected.

INCOME TAX RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

Amounts in Euro	2023	2022
Current tax	(88 670 296)	(151 885 251)
Change in uncertain tax positions in the period	1 904 774	13 711 281
Deferred tax (Note 6.2)	19 450 918	2 609 202
	(67 314 604)	**(135 564 768)**

In 2023 and 2022, the caption Change in uncertain tax positions in the period 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

Amounts in Euro	2023	2022
Portugal		
Nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	**22.5%**
State surcharge – on the share of taxable profits between Euro 1 500 000 and Euro 7 500 000	3.0%	3.0%
State surcharge – on the share of taxable profits between Euro 7 500 000 and Euro 35 000 000	5.0%	5.0%
State surcharge – on the share of taxable profits above Euro 35 000 000	9.0%	9.0%
Other countries		
Brazil – nominal rate	34.0%	34.0%
Tunisia – nominal rate	15.0%	15.0%
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	2023	2022
Profit/(loss) before income tax	**403 253 673**	**557 627 162**
Expected tax at nominal rate (22.5%)	90 732 076	125 466 111
State surcharge	14 056 557	29 145 278
Income tax resulting from the applicable tax rate	**104 788 633**	**154 611 389**
Differences (a)	(3 747 885)	(16 354 824)
Tax for prior periods	(20 020 108)	(11 277 795)
Recoverable tax losses	(5 484 716)	526 162
Non-recoverable tax losses	2 190 939	4 383 322
Increase in additional tax liabilities	12 487 762	7 486 061
Reversal of additional tax liabilities	(3 867 926)	(2 749 217)
Effect of the reconciliation of nominal rates of the different countries	(3 710 736)	1 100 602
Tax benefits	(5 050 804)	(1 825 457)
Hyperinflationary economies	(2 563 079)	(196 525)
Other tax adjustments	(7 707 476)	(138 950)
	67 314 604	**135 564 768**
Effective tax rate	**16.69%**	**24.31%**

(a) This amount concerns mainly:	2023	2022
Effect of applying the equity method (Note 10.3)	(7 139 371)	(7 526 731)
Capital gains/ (losses) for tax purposes	173 106	(365 141)
Capital gains/ (losses) for accounting purposes	(742 550)	(4 760 190)
Taxable provisions and impairment	5 321 348	(31 188 241)
Tax benefits	(21 113 440)	(27 385 860)
Reduction of impairment and taxed provisions	(2 603 940)	(802 653)
Post-employment benefits	(2 509 583)	(2 501 674)
Other	11 957 164	1 842 382
	(16 657 266)	**(72 688 108)**
Tax effect (22.5%)	**(3 747 885)**	**(16 354 824)**

TAX RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	31/12/2023	31/12/2022
Assets		
Corporate Income Tax – IRC	11 517 397	7 509 629
Amounts pending repayment (tax proceedings decided in favour of the Group)	18 385 534	16 216 543
	29 902 931	**23 726 172**
Liabilities		
Corporate Income Tax – IRC	11 429 068	111 567 095
Additional tax liabilities	41 197 731	29 699 555
	52 626 799	**141 266 650**

DETAIL OF CORPORATE INCOME TAX – IRC (NET)

Amounts in Euro	31/12/2023	31/12/2022
Income tax for the period	89 747 030	157 006 582
Exchange rate adjustment	(36 166)	(43 355)
Payments on account, special and additional payments on account	(80 132 028)	(44 433 314)
Withholding tax recoverable	(2 588 543)	(1 874 631)
Corporate Income Tax from prior years	(7 078 622)	(6 597 816)
	(88 329)	**104 057 466**

UNCERTAIN TAX POSITIONS – LIABILITIES

Amounts in Euro	31/12/2023	31/12/2022
Balance at the beginning of the period	**29 699 555**	**34 095 005**
Increases	18 763 897	12 492 635
Payments/Receipts/Reversals	(3 645 292)	14 004 269
Exchange rate adjustment	(459 689)	(66 370)
Charge-off	(3 160 740)	(30 825 984)
Balance at the end of the period	**41 197 731**	**29 699 555**
Changes in the period	**(1 904 774)**	**(13 711 281)**

TAXES PAID IN LITIGATION

As at 31 December 2023 and 31 December 2022, 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	31/12/2023	31/12/2022
Pulp and paper segment		
2005 Corporate income tax	10 394 386	10 394 386
2006 Corporate income tax	8 150 146	8 150 146
2018 Corporate income tax	11 138 180	14 433 913
2015 Corporate income tax – Navigator Tissue Ródão, S.A.	7 586 361	7 586 361
2015 State surcharge II	6 970 541	-
State surcharge 2016	3 761 397	3 761 397
State surcharge 2017	8 462 724	8 462 724
State surcharge 2018	12 223 705	12 223 705
State surcharge 2019	2 466 974	-
State surcharge 2020	5 183 000	-
2017 CDTJI Corporate Income Tax	-	1 522 660
	76 337 414	**66 535 292**

6.2 DEFERRED TAXES

ACCOUNTING POLICIES

Deferred tax is calculated based on the Consolidated statement of financial position on the temporary differences between the book values of the assets and liabilities and their respective tax base. To determine the deferred tax, the tax rate expected to be in force in the period in which the temporary differences will be reversed is used. 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 equity, situation in which deferred tax is also recorded under the same caption. Tax incentives attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

DEFERRED TAXES RECOGNISED RELATING TO UNUSED TAX LOSSES

As at 31 December 2023, the deferred tax assets recorded in relation to unused tax losses are mainly related to:

Deferred tax assets, in the amount of Euro 34 241 098 (31 December 2022: Euro 25 923 522) on tax losses generated in tax periods prior to the inclusion of Semapa and its subsidiaries in the tax group of which Sodim, SGPS, SA, is the controlling company, amounting to Euro 163 052 849 (2022: Euro 123 445 342), provided that the medium-term business plans of the subsidiaries Secil and ETSA (integrated in the Semapa RETGS) foresee the generation of taxable profits sufficient to recover this asset in the tax period of the said losses.

In 2023, tax losses amounting to Euro 34 020 685 (2022: Euro 18 542 318) were utilised and, moreover, tax losses amounting to Euro 73 628 192 (2022: Euro 19 695 243) recoverable in subsequent years were recognised. These transactions resulted in a decrease in deferred tax assets on these tax losses of Euro 7 144 344 (2022: Euro 3 893 887) and an increase in deferred tax assets of Euro 15 461 920 (2022: Euro 4 136 001) recoverable in subsequent years were recognised.

Unused tax losses relating to the Group's subsidiaries in Portugal Beto Madeira – Betões e Britas da Madeira, S.A. and Cimentos Madeira, Lda, the Group's subsidiary in Spain Cementos Secil, SLU and Margem Companhia de Mineração, S.A., the Group's subsidiary in Brazil, amounting to Euro 72 174 784.

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro	As at 1 January 2023	Exchange rate adjustment	Income statement			Equity	Transfers	Change in the perimeter	As at 31 December 2023
			Increases	Decreases	Net monetary position				
Temporary differences originating deferred tax assets									
Tax losses carried forward	189 467 629	2 697 896	77 248 812	(34 837 815)	-	-	-	52 846	234 629 368
Taxed provisions	38 164 136	(70 763)	16 116 308	(4 263 925)	-	-	-	-	49 945 756
Adjustment of property, plant and equipment	46 236 126	28 089	14 738 442	(20 692 557)	-	-	(14 472)	317 077	40 612 705
Pensions and other post-employment benefits	2 594 441	(17 241)	172 185	(376 948)	-	(148 276)	-	-	2 224 161
Financial instruments	-	-	1 904 741	(1 839)	-	6 502 173	-	-	8 405 075
Deferred accounting gains on transactions (intra-group)	29 872 466	10 016	2 324 149	(16 153 014)	-	-	-	-	16 053 617
Appreciation of biological assets	14 456 082	-	10 448 215	-	-	-	-	-	24 904 297
Government grants	2 196 772	-	1 322 886	(695 078)	-	-	424 055	2 565 630	5 814 265
Fair value determined in business combinations	61 366	-	-	-	-	-	-	-	61 366
Conventional capital remuneration	560 000	-	-	(280 000)	-	-	-	-	280 000
Other temporary differences	5 998 851	(774 674)	10 446 730	(9 982 404)	-	-	(1 022 300)	-	4 666 203
	329 607 869	1 873 323	134 722 468	(87 283 580)	-	6 353 897	(612 717)	2 935 553	387 596 813
Temporary differences originating deferred tax liabilities									
Revaluation of property, plant and equipment	(35 234 521)	(1 369 891)	-	586 192	-	-	-	-	(36 018 220)
Pensions and other post-employment benefits	(387 989)	-	(28 270)	17 172	-	(1 199 955)	-	-	(1 599 042)
Financial instruments	(45 281 108)	320 029	(3 311 007)	14 759	-	30 418 949	-	-	(17 838 378)
Tax incentives	(3 862 494)	-	-	462 851	-	331 950	-	(646 777)	(3 714 470)
Adjustment of property, plant and equipment	(367 346 424)	(1 770 816)	(11 384 700)	32 907 430	-	-	(33 735 165)	(3 606)	(381 333 281)
Deferred accounting losses on transactions (intra-group)	(16 893 162)	1 133	-	188 184	-	-	-	-	(16 703 845)
Appreciation of biological assets	(5 403 744)	-	-	1 883 900	-	-	-	-	(3 519 844)
Fair value of intangible assets – Brands	(226 497 104)	(134 645)	-	-	-	-	-	(6 748 000)	(233 379 749)
Fair value of fixed assets	(35 147 291)	-	-	15 271 550	-	-	-	-	(19 875 741)
Fair value determined in business combinations	(57 445 842)	138 859	(2 611 486)	5 153 772	-	-	-	(89 429 600)	(144 194 297)
Hyperinflationary economies	(13 835 795)	6 660 116	-	2 293 265	(17 462 048)	(2 247 266)	-	-	(24 591 728)
Other temporary differences	(55 330 394)	74 809	(11 422 375)	3 511 264	-	5 640	33 735 165	-	(29 425 891)
	(862 665 868)	3 919 594	(28 757 838)	62 290 339	(17 462 048)	27 309 318	-	(96 827 983)	(912 194 486)
Deferred tax assets	**85 880 368**	**782 973**	**31 791 679**	**(20 914 113)**	**-**	**1 423 106**	**-**	**2 658 109**	**101 622 122**
Deferred tax liabilities	**(237 260 488)**	**23 379**	**(8 298 190)**	**16 871 542**	**(2 968 548)**	**7 792 811**	**-**	**(25 615 416)**	**(249 454 910)**

Amounts in Euro	As at 1 January 2022	Exchange rate adjustment	Income statement			Equity	Transfers	Assets held for sale	Change in the perimeter	As at 31 December 2022
			Increases	Decreases	Net monetary position					
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	38 164 136
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 transactions (intra-group)	23 783 217	-	5 686 717	-	-	-	402 532	-	-	29 872 466
Appreciation of biological assets	-	-	14 456 082	-	-	-	-	-	-	14 456 082
Government grants	2 824 415	-	-	(627 643)	-	-	-	-	-	2 196 772
Fair value determined in 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	-	-	-	5 998 851
	326 099 280	8 214 487	49 446 005	(57 967 389)	-	(6 932 344)	402 532	10 336 213	9 085	329 607 869
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 transactions (intra-group)	(16 946 490)	3 705	-	23 303	-	-	26 320	-	-	(16 893 162)
Appreciation 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 determined in 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)	-	(1 179 620)	214 226	-	-	-	(13 835 795)
Other temporary differences	(35 477 473)	(21 955)	(21 190 994)	1 360 028	-	-	-	-	-	(55 330 394)
	(851 968 559)	(4 615 386)	(30 786 443)	77 844 528	(1 179 620)	(50 872 780)	26 320	-	(1 113 928)	(862 665 868)
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**	**(200 535)**	**(14 013 824)**	**-**	**-**	**(189 368)**	**(237 260 488)**

UNUSED TAX LOSSES WITHOUT RECOGNISED DEFERRED TAXES

31 December 2023 Amounts in Euro	Total	2024	2025	2026	2027	2028	2029 and later
Tax losses with no time limit							
Tax losses of the Semapa Tax Group (RETGS)	52 173 423	-	-	-	-	-	52 173 423
Tax losses of companies outside the Group's REGTS							
Secil Brasil Participações, S.A. (Brazil)	6 557 458	-	-	-	-	-	6 557 458
Supremo Cimentos, SA (Brazil)	57 490 564	-	-	-	-	-	57 490 564
Semapa Inversiones SL(Spain)	13 249 366	-	-	-	-	-	13 249 366
ALLMA, Lda.	162 851	-	-	-	-	-	162 851
Madebritas, Lda.	162 851	-	-	-	-	-	162 851
Navigator Africa	21 029	-	-	-	-	-	21 029
Navigator Green Fuels Setúbal	1 661	-	-	-	-	-	1 661
Navigator Green Fuels Figueira da Foz	1 661	-	-	-	-	-	1 661
Navigator Fiber Solutions	47 686	-	-	-	-	-	47 686
AISIB (Spain)	174 790	-	-	-	-	-	174 790
Zarzis Béton	60 710	-	-	-	-	-	60 710
Semapa Tax Group in Spain	2 444 494	-	-	-	-	-	2 444 494
Tax losses with time limit							
Tax losses of companies outside the Group's REGTS							
Secil Angola, SARL	1 210 668	620 422	590 246	-	-	-	-
Secil Lobito	4 105 333	1 157 755	2 071 150	876 428	-	-	-
Soime, S.A.L.	12 437	12 437	-	-	-	-	-
Portucel Moçambique	20 445 201	113 267	-	3 953 013	13 103 153	3 275 767	-
Tax losses carried forward without deferred tax	**158 322 183**	**1 903 880**	**2 661 396**	**4 829 441**	**13 103 153**	**3 275 767**	**132 548 545**

7 PAYROLL

7.1 SHORT-TERM EMPLOYEE BENEFITS

ACCOUNTING POLICIES

ACQUIRED RIGHTS - HOLIDAYS 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 Statement of financial position is shown under the caption Current payables.

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 more than 12 months after the end of the reporting period are discounted to their present value.

PAYROLL COSTS RECOGNISED IN THE PERIOD

Amounts in Euro	Note	2023	2022
Statutory bodies remuneration	7.2	13 913 500	17 995 485
Other remunerations		201 720 168	187 603 212
Post-employment benefits	7.2.10	2 531 210	2 843 279
Other payroll costs		63 807 833	73 347 124
Payroll costs		**281 972 711**	**281 789 100**

The caption Other payroll costs decreased in the current period due to a revision of the estimated liabilities associated, essentially, with the rejuvenation programme. This was caused by a longer delay between expressing interest in joining the programme and actually leaving Navigator.

OTHER PAYROLL COSTS

Amounts in Euro	2023	2022
Social Security contributions	43 438 076	38 431 954
Insurance	7 049 603	6 282 453
Social welfare costs	8 740 944	8 748 769
Compensations	(2 218 468)	13 093 118
Other payroll costs	6 797 678	6 790 830
	63 807 833	**73 347 124**

NUMBER OF EMPLOYEES AT THE END OF THE PERIOD

	31/12/2023	31/12/2022	Var. 23/22
Pulp and Paper	3 467	3 246	221
Cement	2 453	2 388	65
Other businesses	592	314	278
Holdings and Others	37	38	(1)
	6 549	**5 986**	**563**

7.2 REMUNERATION OF CORPORATE BODIES

Amounts in Euro	Note	2023	2022
Semapa Corporate Bodies			
Board of Directors		3 924 238	3 309 123
Supervisory Board		73 680	56 973
Remuneration committee		54 000	42 067
General Meeting		6 000	9 000
		4 057 918	**3 417 163**
Corporate Bodies of other Group companies		9 855 582	**14 578 322**
Total	**7.1**	**13 913 500**	**17 995 485**

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All details of the remuneration policy of the Board members of Semapa's Board of Directors are disclosed in the Company's Corporate Governance Report, Part I – Section D.

As at 31 December 2023 and 31 December 2022, 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.

Moreover, 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.

7.3 POST-EMPLOYMENT BENEFITS

ACCOUNTING POLICIES

DEFINED BENEFIT PLAN

Some of the Group 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 credit unit method, the Group recognises the costs with the attribution of these benefits as the services are provided by the employees. The total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialised and independent 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 re-measurements and recorded directly in the statement of comprehensive income, under retained earnings.

Net interest corresponds to the application of the discount rate to the value of net liabilities (value of liabilities less the fair value of fund assets) and is recognised in the income statement for the period under Payroll costs.

The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement for the period 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 profit or loss 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.

To this end, Pension Funds have been set up to capitalise on those contributions, for which employees may still make voluntary contributions, but for which the Group does not assume any additional contribution responsibilities or a pre-fixed return. Thus, the contributions made are recorded as expenses of the period in which they are recognised, regardless of the time of their settlement.

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 contributions plans	
Description	As at 31 December 2023, three Defined Contribution plans were in force covering 3 200 employees (2022: 3 097 Beneficiaries).

7.3.2 PLANOS | SUBGRUPO SECIL

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 on 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.
Plano SBI (Aplicável a 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 open 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 the longevity of participants;
- Market rate variation risk – rate variation impacts the rate used to discount liabilities (technical interest rate) which is based on yield curves of highly rated bonds with maturities similar to the liabilities' expiry dates and the fixed rate of return of the assets; and
- Risk of change in the wage and pension growth rate.

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's goal is to maintain a liability coverage level of 90%.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

7.3.4 ACTUARIAL ASSUMPTIONS

	31/12/2023	31/12/2022
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	2.25%	2.00%
Salary growth rate - other segments	2.00%	2.00%
Technical interest rate - cement segment	3.00%	2.50%
Technical interest rate - other segments	3.50%	3.50%
Pensions growth rate - cement segment	1.35%	1.58%
Pensions growth rate - other segments	1.5% or 2.00%	1.50% or 2.00%
Semapa pension reversibility rate	50.00%	50.00%
Number of Semapa 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 2023, 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 10.8 million (31 December 2022: a decrease of 0.5 percentage points in the discount rate used would result in an increase in liabilities of approximately Euro 11.2 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		Holdings		Total	
31 December 2023	No. of Benef.	Amount	No. of Benef.	Amount	No. of Benef.	Amount	No. of Benef.	Amount
Group liabilities for past services								
Current	352	50 509 668	40	22 452	-	-	392	50 532 120
Former employees	112	17 469 425	-	-	-	-	112	17 469 425
Retired employees	622	90 277 782	445	12 481 992	1	580 578	1 068	103 340 352
Market value of pension funds	-	(159 034 022)	-	(11 702 073)	-	-	-	(170 736 095)
Capital insured	-	-	56	168 149	-	-	56	168 149
Insurance Policies	-	-	-	(82 126)	-	-	-	(82 126)
Reserve account*	-	-	-	(568 807)	-	-	-	(568 807)
Unfunded pension liabilities	**1 086**	**(777 147)**	**541**	**319 587**	**1**	**580 578**	**1 628**	**123 018**
Other liabilities without allocated funds								
Healthcare assistance	-	-	5	43 567	-	-	5	43 567
Retirement and death	-	-	468	148 104	-	-	468	148 104
Total post-employment benefits	**1 086**	**(777 147)**	**1 014**	**511 258**	**1**	**580 578**	**2 101**	**314 689**
Long-service award	-	-	386	377 309	-	-	386	377 309
Total net liabilities	**1 086**	**(777 147)**	**1 400**	**888 567**	**1**	**580 578**	**2 487**	**691 998**

31 December 2023	Pulp and Paper No. of Benef.	Pulp and Paper Amount	Cement No. of Benef.	Cement Amount	Holdings No. of Benef.	Holdings Amount	Total No. of Benef.	Total Amount
Group liabilities for past services								
Current	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 liabilities without allocated funds								
Healthcare assistance	-	-	5	43 457	-	-	5	43 457
Retirement and death	-	-	432	151 975	-	-	432	151 975
Total post-employment benefits	**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**

** Excess fund in changing to DC*

HISTORICAL INFORMATION – LAST FIVE YEARS

Amounts in Euro	2019	2020	2021	2022	2023
Present value of liabilities	201 578 121	211 076 149	208 795 561	172 851 550	172 079 026
Fair value of assets and reserves	192 082 763	196 564 942	201 916 753	167 274 880	171 387 028
Surplus / (deficit)	**9 495 358**	**14 511 207**	**6 878 808**	**5 576 670**	**691 998**
Remeasurement	**15 257 474**	**9 822 581**	**2 276 241**	**1 029 116**	**2 910 271**

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 2023 Amounts in Euro	Opening balance	Exchange rate change	Changes in assumptions	Income and expenses	Actuarial deviations	Payments performed	Closing balance
Pulp and paper segment							
Pensions with autonomous fund	157 269 644	-	-	5 417 638	2 467 179	(6 897 586)	158 256 875
Cement segment							
Pensions assumed by the Group	1 908 075	-	(23 466)	42 917	(119 845)	(282 216)	1 525 465
Pensions with autonomous fund	12 239 792	-	(196 413)	292 262	96 912	(1 453 574)	10 978 979
Capital insured	185 458	(2 888)	-	22 674	18	(37 113)	168 149
Retirement and death	151 976	(15 871)	(5 119)	23 237	(3 733)	(2 385)	148 105
Healthcare assistance	43 456	-	-	1 037	2 766	(3 693)	43 566
Long-service award	365 486	-	-	92 745	-	(80 922)	377 309
Holdings							
Pensions assumed by the Group	687 663	-	-	23 430	-	(130 515)	580 578
	172 851 550	**(18 759)**	**(224 998)**	**5 915 940**	**2 443 297**	**(8 888 004)**	**172 079 026**

31 December 2022 Amounts in Euro	Opening balance	Exchange rate change	Income and expenses	Actuarial deviations	Payments performed	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 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**

7.3.8 CHANGES IN FUNDS ALLOCATED TO THE DEFINED BENEFIT PENSION PLANS

	31/12/2023		31/12/2022	
Amounts in Euro	Autonomous fund	Capital insured	Autonomous fund	Capital insured
Opening balance	**166 618 336**	**108 062**	**201 194 181**	**108 745**
Exchange rate change	-	(1 518)	-	(2 216)
Charge for the period	3 526	-	3 015	-
Interest	5 577 720	9 394	137 906	6 289
Expected return of the plan assets	6 887 686	3 301	(26 932 571)	-
Pensions paid	(8 351 173)	(37 113)	(7 784 195)	(4 756)
Amount at the end of the period	**170 736 095**	**82 126**	**166 618 336**	**108 062**

During 2023 and 2022, 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 PLAN – ESTIMATED CONTRIBUTIONS IN THE FOLLOWING PERIOD

The contributions planned for the next annual reporting period are, among other factors, dependent on the profitability of the funds' assets.

7.3.9 COMPOSITION OF THE ASSETS OF THE FUNDS ALLOCATED TO DEFINED BENEFIT PLANS

Amounts in Euro	31/12/2023	%	31/12/2022	%
Securities listed in the market				
Bonds	97 816 783	57.3%	102 557 460	61.6%
Shares	40 846 428	23.9%	42 856 268	25.7%
Public debt	23 854 341	14.0%	17 282 244	10.4%
Liquidity	2 306 289	1.4%	1 987 186	1.2%
Other treasury investments	5 912 254	3.5%	1 935 178	1.2%
	170 736 095	**100.0%**	**166 618 336**	**100%**

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 fund do not include any assets of the Group.

7.3.10 EXPENSES INCURRED WITH POST-EMPLOYMENT BENEFIT PLANS

	2023				
Amounts in Euro	Current services cost	Interest expense	Expected return on assets	Period contributions (DC Plans)	Impact on net profit (Note 7.1)
Pensions assumed by the Group	-	66 347	-	-	66 347
Pensions with autonomous fund	23 821	394 346	(285 987)	1 218 887	1 351 067
Insurance policies	6 925	15 748	(9 394)	-	13 279
Retirement and death	13 290	12 590	(2 643)	-	23 237
Healthcare assistance	-	1 037	-	-	1 037
Long-service award	26 204	9 793	56 748	-	92 745
Contributions to defined contribution plans	-	-	-	983 498	983 498
	70 240	**499 861**	**(241 276)**	**2 202 385**	**2 531 210**

	2022				
Amounts in Euro	Current services cost	Interest expense	Expected return on assets	Period contributions (DC Plans)	Impact on net profit (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**

7.3.11 REMEASUREMENTS RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME

2023 Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred tax	Impact onEquity
Post-employment benefits					
Pensions assumed by the Group	143 311	-	143 311	(39 397)	103 914
Pensions with autonomous fund	(2 367 696)	6 890 987	4 523 291	(330 509)	4 192 782
Retirement and death	8 852	-	8 852	(389)	8 463
Healthcare assistance	(2 766)	-	(2 766)	595	(2 171)
	(2 218 299)	**6 890 987**	**4 672 688**	**(369 700)**	**4 302 988**

2022 Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred tax	Impact onEquity
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**

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 GBP, PLN and CHF have some weight, having sales in other currencies less expression.

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. Therefore, changes in USD may have an impact on acquisition values.

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 exchange rate 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 DERIVATIVE FINANCIAL 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 are hedging the exchange rate risk of future operations in currencies other than the presentation currency (see Note 8.2 – Derivative financial instruments).

EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES TO FOREIGN EXCHANGE RISK AND SENSITIVITY ANALYSIS

31 December 2023	US dollar	Sterling pound	Polish zloti	Turkish lira	Swiss franc	Brazilian real
Exchange rate at the end of the period	1.105	0.869	4.340	32.653	0.926	5.350
Appreciation / (Depreciation) over the previous period	*3.60%*	*(2.01%)*	*(7.29%)*	*63.55%*	*(5.96%)*	*(3.9%)*
Average exchange rate in the period	1.082	0.870	4.542	25.760	0.972	5.401
Appreciation / (Depreciation) over the previous period	*2.68%*	*1.99%*	*(3.09%)*	*47.90%*	*(3.26%)*	*(0.7%)*
Amounts in foreign currency						
Cash and cash equivalents	13 488 061	863 437	259 824	525 311	2 731	77 266 349
Receivables	151 082 184	21 697 447	14 349 866	124 322	1 572 289	109 932 796
Other assets	20 249 572	4 474 188	-	-	-	-
Total financial assets	**184 819 817**	**27 035 072**	**14 609 690**	**649 633**	**1 575 020**	**187 199 145**
Loans	(49 042 855)	-	-	-	-	(165 792 085)
Payables	(34 023 308)	(64 414)	(25 273)	(5 124 236)	(84 250)	(314 358 916)
Total financial liabilities	**(83 066 163)**	**(64 414)**	**(25 273)**	**(5 124 236)**	**(84 250)**	**(480 151 001)**
Financial net position in foreign currency	**101 753 654**	**26 970 658**	**14 584 417**	**(4 474 603)**	**1 490 770**	**(292 951 856)**
Financial net position in Euro	**92 084 755**	**31 032 859**	**3 360 852**	**(137 035)**	**1 609 903**	**(54 754 286)**
Impact of + 10% change on exchange rate	*(8 371 341)*	*(2 821 169)*	*(305 532)*	*12 458*	*(146 355)*	*4 977 662*
Impact of + -10% change on exchange rate	*10 231 639*	*3 448 095*	*373 428*	*(15 226)*	*178 878*	*(6 083 810)*

31 December 2023	Mozambican metical	Moroccan dirham	Lebanese pound	Tunisian dinar	Angolan kwanza	South African rand
Exchange rate at the end of the period	70.650	10.945	99 118.5	3.390	925.358	20.348
Appreciation / (Depreciation) over the previous period	*3.62%*	*(1.92%)*	*120.73%*	*1.7%*	*69.90%*	*12.43%*
Average exchange rate in the period	69.106	10.955	99 118.5	3.355	747.888	19.955
Appreciation / (Depreciation) over the previous period	*2.83%*	*2.52%*	*120.73%*	*3.1%*	*53.66%*	*15.96%*
Amounts in foreign currency						
Cash and cash equivalents	24 591 876	418 145	95 272 119	3 294 010	110 560 798	40 922
Receivables	16 154 123	-	17 825 753	49 030 610	3 192 891 358	-
Other assets	-	-	-	81 719	5 040 000	-
Total financial assets	**40 745 999**	**418 145**	**113 097 872**	**52 406 339**	**3 308 492 156**	**40 922**
Loans	-	-	-	(133 212 541)	(1 731 892 009)	-
Payables	-	(134 963)	(445 209 119)	(55 194 287)	(558 517 931)	-
Total financial liabilities	**-**	**(134 963)**	**(445 209 119)**	**(188 406 828)**	**(2 290 409 940)**	**-**
Financial net position in foreign currency	**40 745 999**	**283 182**	**(332 111 247)**	**(136 000 489)**	**1 018 082 216**	**40 922**
Financial net position in Euro	**576 730**	**25 874**	**(3 351)**	**(40 121 689)**	**1 100 203**	**2 011**
Impact of + 10% change on exchange rate	*(52 430)*	*(2 352)*	*305*	*3 647 426*	*(100 018)*	*(183)*
Impact of + -10% change on exchange rate	*64 081*	*2 875*	*(372)*	*(4 457 965)*	*122 245*	*223*

31 December 2022	US dollar	Sterling pound	Polish zloti	Turkish lira	Swiss franc	Brazilian real
Exchange rate at the end of the period	1.067	0.887	4.681	19.965	0.985	5.568
Appreciation / (Depreciation) over the previous period	(5.83%)	5.55%	1.83%	31.06%	(4.68%)	(11.90%)
Average exchange rate in the period	1.053	0.853	4.687	17.417	1.005	5.441
Appreciation / (Depreciation) over the previous period	(10.94%)	(0.79%)	2.66%	65.68%	(7.08%)	(14.68%)
Amounts in foreign currency						
Cash and cash equivalents	11 599 498	920 577	628 521	277 417	60 783	200 689 277
Receivables	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**
Loans	(56 508 439)	-	-	-	-	(209 076 285)
Payables	(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)**
Financial net position in foreign currency	**100 484 342**	**32 707 788**	**22 901 511**	**378 829**	**3 201 780**	**(275 334 648)**
Financial net position in Euro	***94 209 959***	***36 877 530***	***4 892 649***	***18 975***	***3 251 528***	***(49 449 470)***
Impact of + 10% change on exchange rate	*(8 564 542)*	*(3 352 503)*	*(444 786)*	*(1 725)*	*(295 593)*	*4 495 406*
Impact of + -10% change on exchange rate	*10 467 773*	*4 097 503*	*543 628*	*2 108*	*361 281*	*(5 494 386)*

31 December 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	44 903.900	3.334	544.643	18.099
Appreciation / (Depreciation) over the previous period	(12.69%)	6.11%	43.39%	2.05%	(13.88%)	0.20%
Average exchange rate in the period	67.204	10.686	44 903.900	3.254	486.725	17.208
Appreciation / (Depreciation) over the previous period	(13.56%)	0.12%	43.39%	(1.08%)	(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	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**
Loans	-	-	-	(110 959 947)	-	-
Payables	-	(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)**	**-**
Financial net position in foreign currency	**189 217 832**	**430 081**	**(77 890 123)**	**(106 132 720)**	**15 132 713**	**40 922**
Financial net position in Euro	***2 775 269***	***38 540***	***(1 735)***	***(31 831 540)***	***27 785***	***2 261***
Impact of + 10% change on exchange rate	*(252 297)*	*(3 504)*	*158*	*2 893 776*	*(2 526)*	*(206)*
Impact of + -10% change on exchange rate	*308 363*	*4 282*	*(193)*	*(3 536 838)*	*3 087*	*251*

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 Group periodically reviews its interest rate risk management strategy. In view of the current level of interest rates, the Group has been favouring the contracting of 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.

SIGNIFICANT 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 an illustrative analysis only, 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 using the discounted cash flows method, 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 2023 and 2022, is as follows:

Amounts in Euro	31/12/2023	31/12/2022
0.5% increse in market interest rates		
Impact on profit before tax - increase / (decrease)	**(4 906 091)**	(1 833 147)

EXPOSURE TO INTEREST RATE RISK

Financial assets and liabilities bearing interest at fixed rates (which do not expose the Group to interest rate risk) and those bearing interest at variable rates (which expose the Group to interest rate risk) are detailed as follows:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As at 31 December 2023						
Current						
Current						
Cash and cash equivalents	279 241 238	-	-	-	-	**279 241 238**
Total financial assets	**279 241 238**	**-**	**-**	**-**	**-**	**279 241 238**
Liabilities						
Non-current						
Interest-bearing liabilities	-	49 999 998	204 336 792	787 723 918	59 690 940	**1 101 751 648**
Other liabilities	-	-	-	59 624 498	10 665 340	**70 289 838**
Current						
Interest-bearing liabilities	30 562 053	51 996 013	106 288 938	-	-	**188 847 004**
Other liabilities	-	3 444 138	10 250 186	-	-	**13 694 324**
Total financial liabilities	**30 562 053**	**105 440 149**	**320 875 916**	**847 348 416**	**70 356 280**	**1 374 582 814**
Net financial position	**248 679 185**	**(105 440 149)**	**(320 875 916)**	**(847 348 416)**	**(70 356 280)**	**(1 095 341 576)**

Amounts in Euro	Up to 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	593 396 577	-	-	-	-	**593 396 577**
Total financial assets	**593 396 577**	**-**	**-**	**-**	**-**	**593 396 577**
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	**593 396 577**	**(261 483 063)**	**(115 097 519)**	**(888 487 771)**	**(127 579 999)**	**(799 251 776)**

8.1.3 LIQUIDITY RISK

LIQUIDITY RISK MANAGEMENT POLICY

The Group manages liquidity risk in two ways:

(i) 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) by contracting with financial institutions 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	-1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As at 31 December 2023						
Liabilities						
Bond loans	2 054 269	11 239 750	58 975 958	707 300 284	137 745 001	917 315 262
Commercial paper	1 239 679	1 221 333	40 701 805	153 939 888	-	197 102 705
Bank loans	26 074 415	10 459 335	53 652 013	173 782 212	50 383 551	314 351 526
Other loans	4 956 586	-	7 219 439	23 227 870	-	35 403 895
Lease liabilities	87 856	123 661	8 882 578	14 788 705	10 665 340	34 548 140
Derivative financial instruments	-	-	(8 574 707)	(9 229 637)	-	(17 804 344)
Other financial liabilities	2 401 661	4 933 184	-	50 000 000	-	57 334 845
Total liabilities	**36 814 466**	**27 977 263**	**160 857 086**	**1 113 809 322**	**198 793 892**	**1 538 252 029**
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**

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	31/12/2023	31/12/2022
Undrawn credit facilities		
Holdings	311 250 000	315 500 000
Pulp and Paper	287 700 714	210 450 714
Cement	256 511 022	158 190 566
Other businesses	17 875 000	14 125 000
	873 336 736	**698 266 280**

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 Note 8.4.1 – Categories of financial instruments of the Group.

On this basis, the Group recognises expected credit losses throughout the lifetime of financial instruments that have been subject to significant increases in credit risk since its initial recognition, assessed either individually or collectively, considering all reasonable and sustainable information, including available prospective information.

If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since its initial recognition, the Group measures the impairment of that financial instrument by an amount equivalent to the expected credit losses.

IFRS 9 provides that for the calculation of these impairments, one of two models is used: the 3-step method or the use of a matrix, the distinguishing component being 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 over the last 12 months, as well as the total amount of bad debts relating to them;

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 forecasts 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 Group considered a period of 180 days, since the experience of real losses before this period is low. This period is aligned with the current risk management policies of the company, namely in what regards the credit insurance hired, and to the fact that there is no sales with significant components of funding in light of IFRS 15. Additionally, Navigator evaluated the impact of considering 180 days of default instead of the 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).

In addition, 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. As such, its exposure to credit risk is considered to have been mitigated up to acceptable levels, when compared with its 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 EQUIVALENTS

The Navigator Group adopts strict policies in approving its financial counterparties, limiting its exposure in accordance with an individual risk analysis and within previously approved limits.

As at 31 December 2023 and 31 December 2022, Trade receivables showed the following ageing structure, considering the due dates for the balances outstanding before impairment:

Amounts in Euro	Pulp and Paper	Cement	Other businesses	Total 31/12/2023	Total 31/12/2022
Amounts not due	238 684 032	49 488 596	8 155 882	296 328 510	349 812 249
from 1 to 90 days	20 206 869	20 523 836	6 163 342	46 894 047	67 929 885
from 91 to 180 days	127 789	3 792 418	2 611 898	6 532 105	5 975 691
from 181 to 360 days	42 151	2 217 489	5 057 161	7 316 801	2 317 136
from 361 to 540 days	-	684 443	2 077 346	2 761 789	1 008 726
from 541 to 720 days	-	335 130	306 073	641 203	676 838
more than 721 days	-	2 594 833	1 453 081	4 047 914	8 257 946
	259 060 841	**79 636 745**	**25 824 783**	**364 522 369**	**435 978 471**
Litigation – doubtful debts	3 293 670	12 308 407	-	15 602 077	14 223 086
Impairment	(3 293 670)	(14 180 847)	(566 913)	(18 041 430)	(21 369 923)
Trade receivables balance (Note 4.2)	**259 060 841**	**77 764 305**	**25 257 870**	**362 083 016**	**428 831 634**

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 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 client 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	31/12/2023 Gross amount	31/12/2023 Fair Value Guarantees	31/12/2022 Gross amount	31/12/2022 Fair Value Guarantees
Overdue debtor balances not considered impaired				
Overdue for less than 3 months	44 254 222	19 721 695	67 752 618	40 743 635
Overdue for more than 3 months	20 732 900	298 294	11 486 785	550 853
	64 987 122	**20 019 989**	**79 239 403**	**41 294 488**
Debtor balances considered impaired				
Overdue for less than 3 months	492 954	-	177 267	-
Overdue for more than 3 months	17 548 476	-	21 192 656	-
	18 041 430	**-**	**21 369 923**	**-**

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 2023 and 31 December 2022, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	31/12/2023	31/12/2022
AA	-	6 231 679
AA-	-	74 995 499
A+	77 860 614	204 316 040
A	62 338 437	4 168 750
A-	50 996 805	168 967 841
BBB+	12 062 501	5 847 277
BBB	27 492 241	51 918 542
BBB-	15 989 304	3 034 440
BB+	5 334 450	10 227 361
BB	8 922 827	5 697 168
BB-	-	35 693 098
B+	621 961	-
B	-	17 933
B-	20 373	2 308 949
CCC+	-	2 205 418
Other	17 601 147	16 841 594
	279 240 660	**592 471 589**

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 2023 and 31 December 2022 is detailed as follows:

Non-current	31/12/2023	31/12/2022
Other financial investments (Note 8.3)		
Receivables – non-current (Note 4.2)	19 419 978	48 718 902
Current	57 698 209	28 920 465
Receivables – current (Note 4.2)		
Derivative financial instruments (Note 8.2)	466 869 667	493 782 649
Bank deposits and short-term investments (Note 5.9)	23 314 167	54 773 410
Depósitos bancários e aplicações de tesouraria (Note 5.9)	279 241 238	592 471 589
	846 543 259	**1 218 667 015**

IMPARIDADE DE CLIENTES E OUTROS DEVEDORES

MOVIMENTOS EM PERDAS POR IMPARIDADE ACUMULADAS EM CLIENTES E OUTROS VALORES A RECEBER

	Customers – current account		Other receivables	
Amounts in Euro	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Accumulated impairment at beginning of the period	**21 369 923**	**16 007 586**	**7 459 669**	**7 088 539**
Changes due to:				
Increase	404 852	4 705 493	2 388 321	1 456 821
Reversals	(4 513 427)	(563 231)	(2 015 822)	(64 938)
Changes recognised in profit for the period	**(4 108 575)**	**4 142 262**	**372 499**	**1 391 883**
Exchange rate adjustment	(168 402)	29 679	-	(1 818)
Charge-off	2 050 347	18 442	(56 528)	(1 018 935)
Adjustments and transfers	-	1 171 954	(2 156)	-
Accumulated impairment at end of the period	**19 143 293**	**21 369 923**	**7 773 484**	**7 459 669**

8.2 DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

The fair value of Derivative financial instruments is included under Payables (Note 4.3), when negative, and under Receivables (Note 4.2), when positive.

In accordance with IFRS 9 – Financial Instruments, the Group has opted to continue applying the hedge accounting requirements of IAS 39 – Financial Instruments, until there is greater visibility on the Dynamic Risk Management (macro hedging) project currently in progress.

Whenever expectations of changes in interest or exchange rates so justify, the Group hedges these risks through derivative financial instruments, such as interest rate swaps (IRS), interest rate and foreign exchange collars, forwards, etc.

DERIVATIVE FINANCIAL INSTRUMENTS | TRADING

Although the derivatives contracted by the Group represent effective economic hedges of risks, not all of them qualify as hedging instruments in accounting terms to satisfy 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 External services and supplies (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

Derivative financial instruments used for hedging purposes may be recognised as hedging instruments provided that they comply, cumulatively, with the conditions set out in IAS 39.

CASH-FLOW HEDGE (INTEREST RATE AND EXCHANGE RATE RISKS)

In order to manage its exposure to interest rate risk and exchange rate risk, the Group enters into cash flow hedges.

Those transactions are recorded in the Interim consolidated statement of financial position at their fair value, if considered effective hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

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 relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement under Net financial results (Note 5.11). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and 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 expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement, unless the hedged item is a forecast transaction, in which case any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately 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 pounds sterling (GBP). As the Group's financial statements are presented in Euro, it is exposed to an economic risk on the conversion of these currency flows to the Euro. The Group is also required, 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 items in the statement of financial position 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 currencies other than the presentation currency, for amounts and due dates close to that exposure. The nature of the hedged risk is the accounting exchange rate change recorded on sales and purchases securitised 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 | EXCHANGE RATE RISK EUR/USD AND EUR/GBP

The Group makes use of 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 future interest payments associated with commercial paper issues by hiring an interest rate swap, which pays a fixed rate and receives a floating 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 in order to minimise 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.

ACCOUNTING ESTIMATES AND JUDGEMENTS

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions.

MOVEMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS

	2023			2022		
Amounts in Euro	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	**(10 182 937)**	**53 197 110**	**43 014 173**	**(2 612 553)**	**(4 132 630)**	**(6 745 183)**
New contracts / settlements	(3 154 636)	10 849 615	7 694 979	17 938 322	(1 409 254)	16 529 068
Change in fair value through profit or loss (Note 5.11)	2 346 219	(5 383 278)	(3 037 059)	(25 364 400)	(1 504 772)	(26 869 172)
Change in fair value through other comprehensive income (Note 5.5)	-	(36 992 772)	(36 992 772)	-	60 243 766	60 243 766
Exchange rate adjustment	(287 962)	-	(287 962)	(144 306)	-	(144 306)
Balance at the end of the period	**(11 279 316)**	**21 670 675**	**10 391 359**	**(10 182 937)**	**53 197 110**	**43 014 173**

DETAIL AND MATURITY OF DERIVATIVE FINANCIAL INSTRUMENTS BY NATURE

31 December 2023 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Foreign exchange forwards (future sales)	287 500 000	USD	2024	1 348 010	(608 037)	739 973
Interest rate swaps	405 000 000	EUR	2028	20 899 047	-	20 899 047
BHKP pulp	7 092 000	USD	2024	31 655	-	31 655
				22 278 712	**(608 037)**	**21 670 675**
Trading						
Foreign exchange forwards (future sales)	46 000 000	USD	2024	1 014 913	(4 987 262)	(3 972 349)
Foreign exchange forwards (future sales)	6 099 807	GBP	2024	-	(96 519)	(96 519)
Foreign exchange forwards	1 650 000	USD	2024	20 542	(35 301)	(14 759)
Cross currency interest rate swap	29 256 687	EUR	2024	-	(1 513 277)	(1 513 277)
Cross currency interest rate swap	52 145 527	USD	2025	-	(5 682 412)	(5 682 412)
				1 035 455	**(12 314 771)**	**(11 279 316)**
				23 314 167	**(12 922 808)**	**10 391 359**

31 December 2022 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Foreign exchange forwards (future sales)	345 000 000	USD	2023	6 011 256	-	6 011 256
Foreign exchange forwards (future sales)	144 000 000	GBP	2023	1 294 665	-	1 294 665
Interest rate swaps	425 000 000	EUR	2026/2027	38 208 097	-	38 208 097
BHKP pulp	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	EUR	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**

PULP AND PAPER SEGMENT

CASH FLOW HEDGE | EXCHANGE RATE RISK EUR/USD

During the last 6 months of 2023, the Group contracted derivative financial instruments by acquiring USD 287 500 000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2024.

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 June 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, which ended 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 ID 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 ID 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 Margem to fix the nominal value of the financing in BRL and to pay interest at the ID 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 Margem to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in EUR.

In June 2023, the subsidiary Margem, contracted an external financing in the amount of Euro 6 000 000 maturing in December 2023, 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 Margem to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in EUR.

In October 2023, the subsidiary Margem, contracted an external financing in the amount of Euro 9 256 687 maturing in October 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 Margem to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in EUR.

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 assets are measured at fair value through profit or loss when held for trading. The Group designates other investments as financial assets at fair value through other comprehensive income.

MOVEMENTS IN OTHER FINANCIAL INVESTMENTS

Amounts in Euro	31/12/2023	31/12/2022
Financial assets at fair value through other comprehensive income		
Opening balance	**29 868 205**	**10 851 150**
Acquisitions	4 801 693	18 674 707
Repayments/Disposals	-	(27 470)
Exchange rate changes recognised in profit or loss	-	(26 099)
Exchange rate changes in other comprehensive income	(360 586)	548 669
Change in fair value through other comprehensive income	(5 127 966)	(152 752)
Closing balance	**29 181 346**	**29 868 205**
Financial assets at fair value through profit or loss		
Opening balance	**18 850 697**	**10 392 942**
Change in the perimeter	211 858	-
Acquisitions	2 561 616	5 769 919
Repayments/Disposals	(436 466)	(875)
Exchange rate changes recognised in profit or loss	(286 021)	143 069
Change in fair value through profit and loss	(1 481 706)	2 545 642
Closing balance	**19 419 978**	**18 850 697**
Total	**48 601 324**	**48 718 902**

DETAIL OF OTHER FINANCIAL INVESTMENTS BY NATURE

EThese 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	31/12/2023	31/12/2022
Financial assets at fair value through other comprehensive income		
Kenko, Unipessoal, Lda.	5 185 000	4 687 800
Oceano Fresco, S.A.	2 971 000	3 006 930
Overstory, B.V.	5 306 000	1 155 000
Probe.ly	2 950 000	2 950 000
Realfevr, Lda.	3 999 998	3 999 998
Other	8 769 348	14 068 477
	29 181 346	**29 868 205**
Financial assets at fair value through profit or loss		
Alter Venture Partners Fund I SCA, SICAV-RAIF	10 057 123	10 973 474
FCR Armilar Venture Partners TechTransfer Fund	4 102 370	3 712 679
Other	5 260 485	4 164 544
	19 419 978	**18 850 697**
	48 601 324	**48 718 902**

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.
- A shareholding in Flecto, which provides a platform for equipment rental companies to better manage and maximise the turnover of their inventory.

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	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss (excluding derivatives)	Financial assets at fair value through other comprehensive income	Hedging derivative financial instruments	Derivative financial instruments at fair value through profit or loss	Non-financial assets	Total
31 December 2023								
Other financial investments	8.3	-	19 419 978	29 181 346	-	-	-	48 601 324
Receivables	4.2	602 072 325	-	-	22 278 712	1 035 455	17 386 225	642 772 717
Cash and cash equivalents	5.9	281 156 727	-	-	-	-	-	281 156 727
Total assets		**883 229 052**	**19 419 978**	**29 181 346**	**22 278 712**	**1 035 455**	**17 386 225**	**972 530 768**
31 December 2022								
Other financial investments	8.3	-	23 538 498	25 180 404	-	-	-	48 718 902
Receivables	4.2	595 909 693	-	-	53 197 110	1 576 300	20 272 294	670 955 397
Cash and cash equivalents	5.9	593 396 576	-	-	-	-	-	593 396 576
Total assets		**1 189 306 269**	**23 538 498**	**25 180 404**	**53 197 110**	**1 576 300**	**20 272 294**	**1 313 070 875**

Amounts in Euro	Note	Financial liabilities at amortised cost	Hedging derivative financial instruments	Derivative financial instruments at fair value through profit or loss	Non-financial liabilities	Financial assets outside the scope of IFRS 9	Total
31 December 2023							
Interest-bearing liabilities	5.7	1 293 152 168	-	-	-	-	1 293 152 168
Lease liabilities	5.8	-	-	-	-	103 976 966	103 976 966
Payables	4.3	707 560 115	608 037	12 314 771	386 238 484	-	1 106 721 407
Total liabilities		**2 000 712 283**	**608 037**	**12 314 771**	**386 238 484**	**103 976 966**	**2 503 850 541**
31 December 2022							
Interest-bearing liabilities	8.3	1 387 572 448	-	-	-	-	1 387 572 448
Lease liabilities	4.2	-	-	-	-	101 217 761	101 217 761
Payables	4.3	744 478 322	-	11 759 237	242 324 528	-	998 562 087
Total liabilities		**2 132 050 770**	**-**	**11 759 237**	**242 324 528**	**101 217 761**	**2 487 352 296**

8.4.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING POLICIES

The fair value of financial instruments is classified according to 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.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

FAIR VALUE OF FIXED-INTEREST INTEREST-BEARING LIABILITIES

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 Group 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 expenditure 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.

SIGNIFICANT 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 advisers, based on the probability 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 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 2022	**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 in profit or loss for the period	**(1 903 646)**	**(2 389 133)**	**8 226 641**	**3 933 862**
Change in the perimeter	-	-	2 544	2 544
Hyperinflationary economies (Lebanon)	-	450 633	1 262 114	1 712 747
Charge-off	-	(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**
Increases	1 157 987	719 293	12 043 784	13 921 064
Reversals	(39 259)	(1 592 712)	(4 642 766)	(6 274 737)
Impact in profit or loss for the period	**1 118 728**	**(873 419)**	**7 401 018**	**7 646 327**
Change in the perimeter	-	-	105 854	105 854
Hyperinflationary economies (Lebanon)	-	-	3 098 315	3 098 315
Charge-off	(327 417)	(341 908)	(991 117)	(1 660 442)
Exchange rate adjustment	49 274	(292 589)	(2 042 143)	(2 285 458)
Financial discounts	-	288 498	-	288 498
Transfers and adjustments	4 298 729	249 215	(3 994 131)	553 813
31 December 2023	**10 246 294**	**9 410 751**	**41 415 642**	**61 072 687**

LEGAL PROCEEDINGS

The outcome of provisions for legal proceedings depends on the labour or civil court decisions. As at 31 December 2023, the balance is mainly composed of amounts referring to labour processes (2023: Euro 2.8 million; 2022: Euro 2.6 million) and the processes with APA – Agência Portuguesa do Ambiente regarding the water resources tax (2023: Euro 2.3 million; 2022: Euro 2 million).

ENVIRONMENTAL RECOVERY

The amount shown under transfers and adjustments of Euro 249 218 corresponds to the revision of the quarry and landscape recovery plans carried out in 2023 (2022: Euro 450 633), namely a review of expenses and interest rates. This review also resulted in the recognition of an increase in landscape recovery assets in the same amount.

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 2023 and 31 December 2022, Other provisions includes Euro 15 500 000 and Euro 17 300 000, respectively, 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	31/12/2023	31/12/2022
GUARANTEES PROVIDED		
Pulp and Paper Segment		
Navigator guarantees for EIB loans	22 083 333	37 708 333
Ocean Network Express	2 751 947	-
Comissão Coordenação Desenvolvimento Regional	354 083	354 083
IAPMEI	1 280 701	1 280 701
Customs clearance	-	1 250
Agência Portuguesa Ambiente	2 846 271	2 390 006
Simria	338 829	338 829
Other	838 256	838 256
Cement Segment		
Agência de Desenvolvimento e Coesão	4 896 587	4 919 200
APSS – Administração dos Portos de Setúbal e Sesimbra	2 942 288	2 624 820
Consejería de Empleo, Industria y Turismo	279 648	279 648
Comissão de Coordenação e Desenv. Regional LVT	1 247 478	948 840
Comissão de Coordenação e Desenv. Regional Centro	751 042	789 647
ICNF – Instituto da Conservação da Natureza e das Florestas, I.P.	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	349 840
CCRLVT	-	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	102 590	277 541
Consej. Econ. Emp. Ind Tur. Dir Gen Minada y Energia	165 900	165 900
Comercime - Comércialização de Cimentos, Lda		-
Other	1 170 911	1 094 090
Other Businesses segment		
EDP	9 810	9 810
DGAV	900 000	900 000
IAPMEI	496 966	496 966
	46 015 875	**58 275 793**
Other commitments		
Mortgages on Land, Real Estate and Equipment	1 061 137	2 342 297
	47 077 012	**60 618 090**

PURCHASE COMMITMENTS

Amounts in Euro	31/12/2023	31/12/2022
Purchase commitments		
Pulp and paper segment | Property, plant and equipment – Manufacturing equipment	140 885 321	57 737 388
Cement segment | Property, plant and equipment – Industrial equipment	20 174 383	13 045 822
Pulp and paper segment | Wood	265 000 000	480 300 000
Cement segment | Raw materials – Petcoke and Coal	8 978 074	19 037 381
Other	10 006 641	4 241 446
	445 044 419	**574 362 037**

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.

Moreover, the Group has entered into energy purchase commitments amounting to Euro 125 753 200.

OTHER COMMITMENTS

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 340 million, of which Euro 137.6 million have already been invested until 31 December 2023 (2022: Euro 57.4 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 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund (FRDP). The Navigator Company submitted an application to the FRDP on 16 April 2008, requesting the payment of the tax debts until then settled by the Tax Authorities. On 13 December 2010, the company filed a new request for payment of debts assessed by the Tax Authorities 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 (Case 0993A/02), which confirmed the company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. has made an extra-judicial agreement with the Portuguese Tax Authorities, in which was recognised the responsibility of the Public Debt Settlement Fund (PDSF) for repaying the amount of Euro 5 725 771 corresponding to the amount of Corporate Income Tax improperly paid, resulting from the alleged incorrect qualification / consideration, by the tax administration, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote restitution to Navigator of the mentioned amount.

In this context, PDSF will be responsible for the amounts detailed as follows:

Amounts in Euro	Period	Amounts requested	Decrease due to RERD	Proceedings decided in favour of the Group	Outstanding amounts
Proceedings confirmed in court					
Corporate income tax	2002	18 923	-	-	18 923
Corporate income tax (FR)	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
VAT	2003	2 509 101	-	-	2 509 101
		26 153 852	**(2 468 472)**	**-**	**23 685 380**
		27 257 451	**(2 468 472)**	**(139 023)**	**24 649 956**

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 FRDP.

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 Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014, the Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator 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 Portuguese 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.

In January 2023, the Court, while rejecting in their entirety the defendants' pleas in law, issued a judgment against the Navigator Group and acquitted the defendants. Following this decision, the Group appealed to the Supreme Administrative Court in February 2023.

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	31/12/2023	31/12/2022
Parent company:					
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	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
Quotidian Podium, S.A.	Portugal	100.00	-	100.00	-

CEMENT COMPANIES INCLUDED IN THE CONSOLIDATION

		Direct and indirect % held by Secil			% effectively held by Semapa	
Company name	Head Office	Direct	Indirect	Total	31/12/2023	31/12/2022
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.	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. (former Seciment Investments, B.V.)	The Netherlands	100.00	-	100.00	100.00	100.00
Société des Ciments de Gabès	Tunisia	98.77	-	98.77	98.77	98.72
Sud – Béton- Société de Fabrication de Béton du Sud	Tunisia	-	98.77	98.77	98.77	98.72
Zarzis Béton	Tunisia	-	98.58	98.58	98.57	98.52
Secil Angola, SARL	Angola	100.00	-	100.00	100.00	100.00
Secil – Companhia de Cimento do Lobito, S.A.	Angola	-	100.00	100.00	100.00	51.00
Secil Britas, 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 - Indústria de Rebocos de Portugal, S.A.	Portugal	-	75.00	75.00	75.00	75.00
Sebetar – 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 Marcas, 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	51.05
Cimentos Madeira, S.A.	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
Madebritas – Sociedade de Britas da Madeira, Lda.	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

PULP AND PAPER COMPANIES INCLUDED IN THE CONSOLIDATION

Company name	Head Office	Direct and indirect % held by Navigator			% effectively held by Semapa	
		Direct	Indirect	Total	31/12/2023	31/12/2022
Parent company:						
The Navigator Company, S.A.	Portugal	69.97	-	69.97	69.97	69.97
Subsidiaries:						
Navigator España, 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
Emprémédia – 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
Empremedia RE , DAC	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
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 Fiber Solutions, S.A.	Portugal	0.10	99.90	100.00	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 Iberica, S.A.	Spain	-	100.00	100.00	69.97	69.97
Navigator Tissue Ejea, SL	Spain	100.00	-	100.00	69.97	-
Navigator Tissue France, EURL	France	-	100.00	100.00	69.97	-
Portucel Moçambique – Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	62.99	62.99
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 proteção 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
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	Morocco	-	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	69.97
Portucel Nigeria Limited	Nigeria	1.00	99.00	100.00	69.97	69.97
Navigator Green Fuels Setúbal, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Green Fuels Figueira da Foz, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	69.97	69.97

* Company merged in 2023

OTHER BUSINESSES SEGMENT COMPANIES INCLUDED IN THE CONSOLIDATION

Company name	Head Office	Direct and indirect % held by ETSA			% effectively held by Semapa	
		Direct	Indirect	Total	31/12/2023	31/12/2022
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

Company name	Head Office	Direct and indirect % held by Triangle's			% effectively held by Semapa	
		Direct	Indirect	Total	31/12/2023	31/12/2022
Parent company:						
Triangle's – Cycling Equipments, S.A	Portugal	-	100.00	100.00	100.00	-
Subsidiaries:						
Triangle's 2 – Cycling Produts, Unipessoal Lda.	Portugal	100.00	-	100.00	100.00	-

10.2 CHANGES IN THE CONSOLIDATION PERIMETER

During the period ended 31 December 2023 and 2022, the consolidation perimeter was changed against the previous period by the following corporate restructuring operations:

2023
Incorporation of Navigator Fiber Solutions, SA
Incorporation of Navigator Green Fuels Setubal, S.A.
Incorporation of Navigator Green Fuels Figueira da Foz, S.A.
Incorporation of Portucel Nigeria Limited
Acquisition of Navigator Tissue Ejea SL
Acquisition of Navigator Tissue France EURL
Merger of Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A
Acquisition of Triangle'S – Cycling Equipments, S.A.
Triangle's 2 – Cycling Produts, Unipessoal Lda.

10.3 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES

Associates are all the entities in which the Group exercises significant influence but do not have control, which is generally the case with 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 and joint ventures are accounted under the equity method.

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

	31/12/2023		31/12/2022	
Amounts in Euro	% held	Book value	% held	Book value
Associates				
Ave – Gestão Ambiental e Valorização Energética, S.A.	35.00%	167 008	35.00%	178 585
MC – Materiaux de Construction	49.36%	1 475	49.36%	1 500
Joint venture				
J.M.J. – Henriques, Lda.	50.00%	363 498	50.00%	369 912
Ultimatemod ¬– Construção Modular, S.A	50.00%	1 167 556	-	-
Utis – Ultimate Technology to Industrial Savings, S.A.	50.00%	42 475 845	50.00%	37 823 495
Other shareholdings		-		6 250
		44 175 382		**38 379 742**

MOVEMENTS IN ASSOCIATES AND JOINT VENTURES

Amounts in Euro	31/12/2023	31/12/2022
Opening balance	**38 379 742**	**4 097 178**
Acquisitions	1 818 959	26 893 324
Net appropriate profit/(loss)	7 785 162	8 904 691
Dividends distributed	(3 230 179)	(1 346 140)
Exchange rate adjustment	(568 959)	(30)
Other movements	(9 343)	(169 281)
Closing balance	**44 175 382**	**38 379 742**

INFORMATION ON ASSOCIATES AND JOINT VENTURES

		31 December 2023				
Amounts in Euro		Total Assets	Total Liabilities	Equity	Net profit	Revenue
Ave – Gestão Ambiental e Valorização Energética, S.A.	a)	6 023 067	5 545 900	477 168	416 197	19 015 606
MC – Materiaux de Construction	a)	910 457	1 071 020	(160 563)	(32 928)	2 193 655
J.M.J. – Henriques, Lda.	a)	1 046 676	310 485	736 191	(10 606)	-
Utis – Ultimate Technology to Industrial Savings, S.A.	b)	42 060 312	10 790 770	31 269 543	15 438 899	39 048 662
Ultimatemod – Construção Modular, S.A	a)	1 736 604	401 490	1 335 114	(164 886)	-

a) Amounts as at 30/11/2023
b) Amounts as at 31/12/2023

		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, S.A.	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 shares in Allmicroalgae in 12/2022

10.4 TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH RELATED PARTIES

	2023				2022		
Amounts in Euro	Purchase of services	Sales and services rendered	Other operating income	Financial (expenses) / income	Purchase of services	Sales and services rendered	Other operating income
Associates and Joint Ventures							
Ave – Gestão Ambiental e Valorização Energética, S.A.	(3 024 080)	40	129 907	-	(2 905 742)	1 265	231 383
Utis – Ultimate Technology To Industrial Savings, S.A.	(1 041 751)	-	-	-	751	-	114 710
	(4 065 831)	**40**	**129 907**	**-**	**(2 904 991)**	**1 265**	**346 093**
Other related parties							
Allmicroalgae – Natural products, S.A.	-	-	-	-	-	-	399 829
Bestweb, Lda.	(22 022)	-	-	-	(22 022)	-	-
CLA, Sociedade de Advogados	(72 000)	-	-	-	(72 000)	-	-
Hotel Ritz, S.A.	101 584	-	-	1 106	(118 493)	-	-
João Paulo Araújo Oliveira	(45 906)	-	-	-	-	-	-
José Fernando Morais Carreira de Araújo	-	-	-	-	(30 785)	-	-
Letras Criativas, Unipessoal, Lda.	(60 000)	-	-	-	(60 000)	-	-
Nofigal, Lda.	(39 600)	-	-	-	(39 600)	-	-
Sociedade Agrícola Herdade dos Fidalgos, Lda.	(347)	-	-	-	-	-	-
Sonagi - Imobiliária, S.A.	(696 141)	-	-	-	(759 257)	-	-
Sonagi, SGPS, S.A.	(3 198)	-	-	-	-	-	-
Other	-	-	-	-	(1 224)	-	-
	(1 026 536)	**-**	**-**	**1 106**	**(1 103 381)**	**-**	**399 829**
	(5 092 367)	**40**	**129 907**	**1 106**	**(4 008 372)**	**1 265**	**745 922**

BALANCES WITH RELATED PARTIES

Amounts in Euro	31/12/2023 Receivables (Note 4.2)	Payables (Note 4.3)	Receivables (Note 4.2)	Payables (Note 4.3)	31/12/2022 Lease liabilities
Shareholders					
Sodim, SGPS, S.A.	1 556 297	1 251 307	745	-	-
Cimo, SGPS, S.A.	59	1 160	-	1 160	-
Associates and Joint Ventures					
Ave – Gestão Ambiental e Valorização Energética, S.A.	507 369	588 710	337 288	1 424 778	-
Inertogrande – Central de Betão, Lda.	188 382	8 169	-	-	-
J.M.J. – Henriques, Lda.	105 116	-	131 280	-	-
Utis - Ultimate Technology to Industrial Savings, S.A.	(85)	796 988	(38 037)	900 229	-
Other related parties					
Allmicroalgae – Natural products, S.A.	-	-	-	-	-
CLA, Sociedade de Advogados	-	7 380	-	7 380	-
Cotif Sicar	-	67 294	-	41 750	-
Hotel Ritz, S.A.	-	10 831	-	10 160	-
Inertogrande	-	-	216 224	-	-
Pedro Soveral	-	-	-	6 150	-
Sociedade Agrícola da Herdade dos Fidalgos, Lda.	-	118	-	710	-
Cimigest, SGPS, S.A.	-	-	-	-	63 021
Ultimate Cell, Lda.	-	2 800 000	-	26 841 074	-
Other shareholders of subsidiaries	-	5 174	-	20 472	-
Members of the Board of Directors	549	8 997	2 139	7 255	-
	2 357 687	5 546 128	649 639	29 261 118	63 021

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. As at 31 December 2023, the Group had invested had invested USD 9.7 million in Alter Venture Partners Fund 1, corresponding to Euro 8.8 million.

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 2 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 other business segments (environment and mobility), 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:

- Operational risks relating to the Pulp and Paper segment
- Operational risks associated with the Cement segment
- Operational risks associated with the Other Businesses segment
- Risks relating to the entire Group

RISKS RELATING TO THE PULP AND PAPER SECTORS

RISKS ASSOCIATED WITH THE FORESTRY SECTOR

As at 31 December 2023, the Navigator Company Group managed approximately 109 thousand hectares (2022: 106.8 thousand hectares) distributed across Portugal and Spain, in 1 375 Management Units in 170 municipalities in Portugal, and 47 Management Units distributed across 3 provinces 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 about 12.2% 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 where the demand for certified products is an unavoidable reality. Since only a small part of the national forest is certified, in 2016, the Company started a programme to encourage producers to join sustainable forest management models that, once certified, allow the continuous improvement of management practices, the production valuation and the answer to the demand for certified products that is felt worldwide. This effort has been increasing the area of certified forest in Portugal between 2016 and 2023 both via FSC® (from 370 000 ha to around 594 110 ha) and PEFC (from 260 000 ha to around 329 744 ha).

Even so, it is clear that the effort should continue in the future, given the weight that still represents the forest area not covered by any sustainable forest management system in Portugal. As an example, at the end of 2023 the forestry area managed by the Navigator Group, although it represents about 3% of Portugal's total forested area, it represents, however, 34% of all certified Portuguese forests according with PEFC standards and 18% of all certified Portuguese forests according with FSC® standards (2022: 34% and 19%, respectively.

We are, however, optimistic about the path taken, which demonstrates the adherence of Forestry Production to sustainable forest management models. In 2023, 68% of wood from national sources, excluding wood from areas managed by the Group, already came from properties that had their forest management certified (2022: 65%). 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.

As a way of promoting the certification of forest management in the national eucalyptus forest, since 2007, the Group has continuously differentiated the value of the wood received at its factories, positively discriminating in the price of wood from management units that have certified their management. sustainable forestry. 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 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 42% 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 240 000 hectares, made available under the Investment Agreement signed with the Mozambican Government, of which around 14 000 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. Once the above conditions have been met, 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 (about 1 million tons per year), in an estimated additional investment of USD 140 million.

Due to the repeated delays in commencing construction of this infrastructure, Portucel is evaluating the possibility of alternative logistics solutions, either through the port of Nacala or by implementing a temporary solution in Macuse.

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 2 500 hectares having been planted between 2019 and 2022. The plan is to plant 1 000 hectares in the 2023-2024 campaign. 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. In 2023, approximately 74 000 m^3 of wood were harvested, with two shipments to Portugal amounting to around 60 000 m^3, and a total export volume of 251 000 m^3 through 8 shipments.

In terms of forestry production, the main factor threatening the competitiveness of the eucalyptus forestry sector lies in the low productivity of the Portuguese forest, which has a low intensity of management, contributing to decreasing profitability and increasing risks of forest fire and plant health. 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 all players. 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, both economically, socially (given the impact it has on local populations and economies) and environmentally.

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).

One of the initiatives and projects developed in 2023 was the launch of “Clube Produtores Florestais Navigator”, a pioneering initiative aimed at all those who make a living from forestry in Portugal, with the aim of supporting the company's partners in a collaborative way in the implementation of active and responsible forest management. The “Clube Produtores Florestais”, launched by Navigator in November 2023, had over a hundred members by the end of the year. This figure highlights the need in the country for a movement to enhance the capacity and competitiveness of forestry industry players.

Navigator believes that investing in the training and development of all players, through innovation in mechanical means and in attracting, valuing and retaining human resources, as well as increasing the national area in which best forestry practices are applied and all certification requirements are met, creates benefits that go far beyond strengthening the eucalyptus sector. It helps reducing the risk of fires, lowering CO_2 emissions, increasing biodiversity through conservation areas, and boosting the economy in the country's inland.

Moreover, through Biond (an association of forest-based bio-industries, representing the main industrial groups in the sector), Navigator has also collaborated in the “Melhor Eucalipto” Programme, 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, empowering productivity, also enables a reduction in the risk of wildfire by reducing the fuel load on the plots, impacting on 14 550 ha during 2022 and on more than 24 629 ha in 2023, accumulating more than 72 000 ha already intervened, with visible effects on productivity and reducing the incidence of fires. CBiond is also implementing 2 additional programmes—Replantar—which aims to provide landowners with direct financial support for the replanting of their eucalyptus forest plots, as well as an initiative of the same nature—Recuperação de Áreas Ardidas—aimed at the recovery of burned areas hit by fires, seeking the rehabilitation of these areas for forest management (331 hectares completed in 2023).

In addition to the risks related to the impacts of rural fires and plant health, there is a regulatory environment that strongly affects professional forestry activity, leading to a continued decrease in the levels of forestry intervention at scale, whose leading indicator is the evolution (continuous 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 Group as well as to third parties; and
- Increasing costs of forestry and subsequent land preparation for plantation.

In this respect, the manner in which the Navigator Group manages its woodlands is the front line for mitigating this risk. In addition, the Innovation and Development effort is aimed at adapting forestry techniques to the reality of the national forest, with a view to mitigating impacts, reducing costs and improving management practices, by the Company and by market operators.

Among the different management measures undertaken by the Group, the respect for biodiversity conservation, 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 Navigator Group has a share in the Afocelca grouping – an economic interest grouping between the Navigator Group and the ALTRI Group, whose mission is to aid 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 over 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 194 thousand hectares of forests in Portugal.

The Group also has a research institute, RAIZ, whose activity is focused on 3 main areas: Applied Research, Advisory 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 program from an economic, environmental and social perspectives; and
- 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 represented only around 12% of the Group's needs in 2023 (2022: 11%). As a result, the Company regularly has to purchase timber from the domestic market, the Spanish market and non-European markets, mainly Brazil, Uruguay and Mozambique (mainly from Navigator's local plantations).

As new forest plantations in Portugal are subject to approval by the relevant authorities and a policy of restricting land expansion limits the country's production potential, Navigator has developed a number of initiatives to support forest producers, including technical support for the replanting/maintenance of eucalyptus plantations, certification of forest management to meet commercial demand for certified products (paper and pulp) and incentives to maximise the productivity of existing areas, thereby contributing to better national forest management and consequently greater availability of raw materials.

Due to the lack of sufficient domestic wood production to meet our needs, the Group has had to increase the amount of wood imported in recent years, mainly from outside Europe, to ensure the supply of purchased eucalyptus species to the mills. The increase in the cost of this raw material compared to other nearby raw materials was/is directly related to the lower availability of wood on the world market, also due to the embargo on exports from Russia to Europe, but also to the distance between the origin of the wood (Brazil, Uruguay, Mozambique) and Portugal, new industrial pulp mills (Uruguay, Chile), increased operating costs and logistical transport costs (mainly by sea), also influenced by fluctuations in fuel prices and exchange rate effects.

As at 31 December 2023, a 10% decrease in the cost per m^3 of eucalyptus wood consumed in BEKP pulp production would have had a negative impact in the Navigator Group’s operating results of approximately Euro 37 800 000 (31 December 2022: Euro 41 100 000).

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 2023, a 10% worsening in the price of chemical products would have represented a negative impact on the Group's operating results of around Euro 19 400 000 (31 December 2022: Euro 25 200 000).

WATER

Finally, another resource required for the production process is water. Considering that 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 5% between 2019 (base year) and 2023, 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 and UWF and Tissue paper are defined in the world global market in perfect competition and have a significant impact on the Navigator Group’s revenues and on its profitability. Cyclical fluctuations in the prices of BEKP pulp and UWF and Tissue paper 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.

As at 31 December 2023, a 10% drop 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 an impact on its operating results of approximately Euro 24 900 000 and Euro 76 400 000, respectively (31 December 2022: Euro 20 900 000 and Euro 101 400 000, respectively).

DEMAND FOR THE NAVIGATOR GROUP'S PRODUCTS

Notwithstanding the references below to the concentration of the portfolio of the Navigator 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 various Navigator 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 speciality 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 social and demographic 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 economical changes, although it tends to grow faster with higher economic growth. On the other hand, an increase in production costs and, consequently, sales prices can create a downgrading effect on consumption.

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.

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 Navigator 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 are 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 generated from renewable cogeneration is sold to the grid under the general remuneration scheme established by Decree-Law 23/2010 of 25 March, republished by Decree-Law 68 A/2015 of 30 April, in its current wording.

In the first half of 2023, the sale of renewable cogeneration on the market was carried out in accordance with the general modality of the remuneration regime, switching in the second half to the special modality under Decree-Law 68 A/2015 of 30 April. The Setúbal Natural Gas Combined Cycle Power Plant continued to sell all of its electricity production to the grid under the general scheme of the aforementioned Decree-Law.

As at 31 December 2023, a 10% worsening in the price of electricity would have represented a negative impact on the Group's operating results of around Euro 5 500 000 (31 December 2022: Euro 17 300 000).

COUNTRY RISK – PORTUGAL

The Navigator Group has a strong presence in Portugal. Its activity is based on assets mainly located in Portugal. Similarly, around 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, representing approximately 0.75% of the national GDP, about 2.5% 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 2023, the expenses incurred in this project amount to Euro 137.4 million (31 December 2022: Euro 132.7 million), mainly related to plantation, land preparation and forest maintenance, to the programme for land management, environmental and social licensing, training and the construction of what is now one of Africa's largest forest nurseries.

Considering that Navigator is still working on the conditions above for Phase 1 of the MoU, as previously mentioned, the estimated probable liabilities are duly provisioned.

COUNTRY RISK – US

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.

Similarly to producers of other nationalities (Australians, Brazilians, Chinese and Indonesians), with regard to UWF paper imports to the USA, the Group has, since 2015, been the target of anti-dumping measures by the Department of Commerce of this country, and its products are subject to anti-dumping duties defined by the United States Department of Commerce – see Note 4.2. Until 2023 these duties affected the Group's earnings by Euro 30 295 018 – review periods 1 to 8 (2022: Euro 32 334 413).

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 Navigator 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 2023, the Group's 10 main BEKP Customer groups accounted for 9% of the period's production of BEKP pulp (2022: 13%) and 28% of external sales of BEKP pulp (2022: 74%). This asymmetry is a result of the strategy pursued by the 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 2023, the Navigator Group's decreased its reliance on its 10 main Customer groups for UWF paper which accounted for 35% of this product's sales during the period (2022: 39%).

The Navigator Group recorded 6 new Customers with sales in 2023. Also, regarding UWF paper, the Group follows a strategy for mitigating the risk of concentration in its customer portfolio. The Navigator Group sells UWF paper to around 134 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 NVG Hub omni-channel platform continues to strengthen links with UWF and Tissue customers. By the end of 2023, 1 000 customers were already on board. The scope of the platform is being extended to include the Pulp and Moulded Pulp businesses.

In the Packaging segment, the expansion of the offer continues with the development of new product ranges that will open doors to other high value-added segments in the short term, an evolution supported by the execution of market tests (220 in 2023) with more than 100 customers (including around 80 potential customers), of which 45 tests are still ongoing.

The packaging business, which is still developing a consolidated base on the international market, also felt the adverse effects of a year marked by overstocking throughout the distribution chain, reflected in the slowdown and irregularity of demand. In particular, the consumption of bags—one of Navigator's main segments—fell by around 40% following the introduction of in-store payment by consumers.

However, the development of the packaging business continues to show very promising signs, reflected in the growing customer base, the recognition of the quality of our Globulus eucalyptus fibre-based products and, consequently, of the gKraft™ brand, which serves brands with high exposure in sectors as diverse as fashion, food retail, e-commerce, industry and agriculture.

This recognition is reflected in the development of the customer base, which today has more than 230 active customers in 30 countries since the start of the business in 2021. This recognition goes beyond commercial success: Navigator's work in the field of sustainable packaging solutions won the National Innovation Award last June. In turn, the “From Fossil to Forest – Produtos de Embalagem Sustentáveis para Substituição do Plástico Fóssil” mobilizing agenda led by Navigator was recognised by Deloitte Portugal in the “Transformation Award – Projetos de transformação e de inovação com impacto no mercado” category.

Navigator bases its packaging paper offer on three macro gKraft™ segments: BAG, FLEX and BOX, which are subdivided into 12 segments for different applications, respectively addressing the markets of Bags (retail, consumer and industrial bags), Flexible Packaging (serving a wide range of flexible packaging) and “Boxes” (corrugated boxes for value-added products and food packaging, including board for the production of paper cups and food trays). These are products in which the innovative introduction of eucalyptus fibre qualities has been crucial to the enormous market acceptance already recognised.

During 2023, Navigator has developed new product ranges aimed at the food industry and a wide range of consumer products, whose testing and launch phase, which is still underway, represents a large-scale operation to reach new customers, supported by 220 market tests carried out in 2023. Developments included the creation of new product ranges, in particular innovative 100% eucalyptus products, with a total of 31 new grades.

As part of the diversification of the packaging business, the project for the integrated production of eucalyptus-based moulded cellulose parts to replace single-use plastic packaging in the foodservice and food packaging market continues to progress as planned, with production expected to start at the beginning of the second half of 2024 under the gKraft™ Bioshield brand. The plant will have a production capacity of around 100 million units per year, making it one of the largest in Europe and the first integrated plant in Southern Europe, entering a market with high potential and growth. It will launch 4 products for the food sector, with production flexibility and scalability to take advantage of the various opportunities opening up in the replacement of plastics.

In this segment, sales in 2023 amounted to 40 ktons (contrary to the growth rate of the first two years, which shows the strong impact of the difficult adverse market conditions experienced in 2023), representing sales of Euro 40 million.

In the tissue business, the acquisition and integration of the Goma-Camps consumer business in Spain, effective from the second quarter, positioned Navigator as the second largest producer and marketer of tissue products in the Iberian Peninsula. This acquisition contributed significantly to the increase in sales, which rose from Euro 198 million (2022) to Euro 294 million (2023), an increase of 48%.

The customer base in Spain and France was also strengthened by the acquisition, reaching 728 customers at the end of 2023 (up 15% from a base of 635).

Separately, brand building in the markets in which it operates continued at a good pace, with sales of Tissue Navigator brands reaching 30 thousand tonnes in 2023, compared to 24 thousand tonnes in 2022, an increase of 25%.

Finally, sales of more differentiated and innovative products reached a new record of 5 thousand tonnes in 2023, an increase of +64% compared to 2022.

ENVIRONMENTAL RISKS

Regulatory environment

In recent years, environmental legislation in the EU has become increasingly restrictive regarding the control of effluents. The Group's companies comply with the legislation in force in all aspects of their environmental licences, namely their various parameters (VLEs), their water use permits (TURH), their permits to emit greenhouse gases (TEGEEs), etc.

In 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 Paper—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 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.

Regarding the evolution of the EU Emissions Trading Scheme (EU ETS), the EU Directive 2018/410, of 14 March, was approved, amending Directive 2003/87/EC to reinforce the cost-effectiveness of emission reductions and investment in low carbon technologies. EU 2018/410 Directive sets out, among other things, the new CELE 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 Neutrality Roadmap (“Roteiro para a Neutralidade Carbónica”) 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.

To this end, the programme defined in 2019 includes projects based on the use of renewable energy sources, namely biomass and solar, with the aim of minimizing CO_2 emissions resulting from its activity and promoting the improvement of its energy performance.

Navigator kept its commitment and objectives for the next decade around one of the relevant themes identified within the scope of its ”Agenda 2030” 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.

In addition to contributing to climate change mitigation, Navigator's decarbonisation plan includes the use of residual forest biomass for energy production—adding value to the resource and helping to protect forests from fires—and the production of electricity from renewable sources. The company is gradually replacing its use of fossil fuels with less carbon-intensive energy sources and is investing in photovoltaic solar energy, which will allow it to produce electricity for its own use, thereby reducing energy costs.

In 2022, the company received approval from the Science Based Targets Initiative (SBTi) for its greenhouse gas (GHG) emission reduction targets based on climate science. This step has been identified by SBTi as a “key element” of a net zero decarbonisation path as recommended by the Intergovernmental Panel on Climate Change (IPCC) report.

As a bioindustry on the right side of the future, based on the eucalyptus and pulp and paper industries, we promote a forest-based bioeconomy with potential positive impacts based on the sustainable management of our forests.

In 2023, Navigator was rated “A-” in the CDP – Disclosure Initiative Action assessment, maintaining its position as a world leader in combating climate change and managing deforestation risks. The company was also awarded “ESG Industry Top Rated” based on an assessment by the rating agency Sustainalytics, which classified it as a “Low Risk ESG Company” for investors in 2022. This rating assesses a company's performance in environmental, social and governance (ESG) areas, and is therefore a recognition of the efforts made to manage the impact of its activities.

Navigator monitors the European Commission's policy and legislative initiatives 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).

Good management of financial and sustainability risks and opportunities, as well as their disclosure, encourages a favourable perception by the capital markets and, consequently, the cost of capital. Since 2023, Navigator Group has reported information on the alignment of its economic activities with the EU taxonomy and implement the recommendations of the Task Force on Climate-related financial Disclosures (TCFD).

For more detailed information on these and other initiatives under the Navigator Group's 2030 Agenda, we recommend consulting the “Sustainability Statement” section of Navigator’s Annual Report.

Risks associated with climate change

Navigator has been developing a set 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 (25 to 30 years) changes 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 disruptions in production, logistics and the supply of raw materials and energy. Uncertainties regarding climate change may also result in changes in the Group's cash flow forecasts 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 establishing and maintaining paths and firebreaks, conserving species biodiversity, and increasing monitoring during periods of fire danger.

In terms of property, plant and equipment, the Group periodically requests independent assessments and reviews of the economic useful lives of its assets. As mentioned in Note 3.7, during 2022, the Group 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, resulting in an average reduction of approximately 7 years in useful life.

Physical risks arising from fires and droughts are largely covered by the Group's property and operating loss insurance programmes. However, if the frequency and severity of these events increase as a result of climate change, the cost of such coverage could increase.

The Group believes that sustainable forest management, as well as the ability to react to events such as forest fires and diseases, play a relevant role in mitigating the negative impacts of climate change.

As widely disclosed, the Group's strategy, with a corporate purpose and a 2030 Responsible Management Agenda ("Agenda de Gestão Responsável 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, the development of sustainable products and investments in energy efficiency will enable Navigator to achieve its climate goals and an adequate response to climate challenges.

The Navigator Group continues to show a remarkable free cash-flow generation and a robust financial position, and it is the Board of Directors' belief that, given its financial and liquidity position, relevant negative impacts arising from climate change are not expected to justify the recognition of additional impairments or that jeopardize the going concern principle applied in the preparation of these consolidated financial statements.

RISKS ASSOCIATED WITH THE PRODUCTION OF ENERGY

In 2023, the macroeconomic environment remained unstable, influenced by the war in Ukraine and the resurgence of conflict in the Middle East. In this context, combined with a high inflation rate in Europe, energy prices remained high, although below the historic highs resulting from the energy crisis in 2022.

The production of electricity is an important activity for the Group, enabling the valuation of an endogenous renewable resource, the biomass generated in the production of BEKP pulp. 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.

The Group has played a pioneering role and has been promoting and developing a market for the sale of biomass for supplying its renewable cogeneration units 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.

Existing incentives in Portugal only cover the use of residual forest biomass (RFB) for electricity generation, excluding the use of wood for this purpose.

In terms of legal framework, we highlight the following diplomas:

- DDecree-Law 68-A/2015 of 30 April, which establishes provisions on energy efficiency and cogeneration and amends Decree-Law 23/2010, of 25 March, and Order 140/2012, of 14 May, revised by Order 325-A/2012, of 16 October, applicable to the regime of PRE – Special Regime Production in cogeneration;

- For the 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, of 16 February, revised by Decree-Law 225/2007, of 31 May, which changes the guaranteed remuneration period for Special Regime Production (PRE - "Produção em Regime Especial") from 15 to 25 years. For these assets, the legal framework thus supports a tariff framework that is expected to be stable over the coming years.

- Decree-Law 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 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 15/2022 of 14 January establishing the organisation and operation of the National Electric System (SEN - "Sistema Elétrico Nacional"), transposing Directive (EU) 2019/944 and Directive (EU) 2018/2021.

- Decree-Law 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 Mechanism, subsequently amended by Decree-Law 21 B/2023 of 30 March, which extends the application of the mechanism until 31 December 2023.

As the period for selling electricity from cogeneration plants under a special regime comes to an end, they will gradually switch to self-consumption, i.e. direct supply to industrial consumers, with any surpluses being sold on the market.

The Group is seeking to mitigate the risk associated with the activity 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 SEGMENT

SUPPLY OF RAW MATERIALS

Regarding the Cement segment, 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 segment develops its activity in diverse geographically markets and therefore prices depend essentially on the economic situation of each country.

DEMAND FOR THE NAVIGATOR GROUP'S PRODUCTS

The Cement segment' 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 Cement segment 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 expenses. 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.

COUNTRY RISK – LEBANON

Lebanon is experiencing a severe economic, financial and social crisis. Despite the efforts of the political forces to stabilise the situation, the outbreak of the COVID-19 pandemic, the ongoing conflict in Ukraine and the recent conflict in the Gaza Strip have further exacerbated the situation.

Moreover, the constant power cuts from the last quarter of 2021 onwards have had a negative impact on Secil's operations in the country.

2023 was further characterised by 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” (Note 5.11).

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. In October 2022, the term of office of the President of the Lebanese Republic expired and a successor is expected to be elected. Moreover, a caretaker government is in place.

LEGISLAÇÃO AMBIENTAL

The 4th period of the EU ETS – European Emissions Trading Scheme – started in 2021 and the legislative process for the new sub-period from 2026 to 2030 is underway.

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.

In 2023, we would like to highlight, due to its impact on the company, 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 transitional period started in October 2023 and will run until the end of 2025. It will come into full force at the beginning of 2026, with importers paying the cost of CO_2 emissions. At the same time, the phase-out of free allowances will begin and run until 2033.

Aware of this new framework and its impact on the reduction of free allowances to be obtained, Secil has carried out the bulk of the physical upgrading of the equipment at the Outão production unit in 2023 and is currently completing the installation of complementary equipment When completed, this will result in a 20% reduction in carbon emissions, green production of 30% of the unit's electricity consumption, minimisation of fossil fuel use and a 20% reduction in heat consumption. This investment amounts around Euro 86 million and is expected to be concluded by the first half of 2024, making this unit a European reference in energy and environmental efficiency.

Along the same lines, Secil subscribed to the Roadmap for Carbon Neutrality for the national cement sector published by ATIC and developed its own Roadmap.

RISKS ASSOCIATED WITH CLIMATE CHANGE

The Secil Group is part of a sector 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. To this end, the company has developed a series of strategies and investments to reduce its CO_2 emissions through improvements in thermal and electrical efficiency, the use of alternative fuels and by closely monitoring the development of new technologies for the capture and use of CO_2 in order to select the most appropriate one at the right time, thereby seeking to reduce its overall carbon footprint and promote adaptation to the physical and transitional risks posed 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 the first half of 2024 and which places this unit as a European reference in terms of energy and environmental efficiency.

In 2023, Secil began the process of implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) 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. The assessment and identification of risks and opportunities associated with climate change, in accordance with the TCFD methodology, will be implemented during 2024. 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 ASSOCIATED WITH THE OTHER BUSINESS 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. For Triangle's, one of the main raw materials in the manufacturing process is aluminium, which is subject to the volatility of international markets.

SALE PRICE

Given its nature, ETSA Group’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 Group.

In this context, the sales prices of some products in this sub-group are correlated with the evolution of soft commodity prices on international markets, which is an additional risk factor for the business.

PRODUCT DEMAND

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 ETSA Group’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. Triangle's operates in an open market with strong competition from Asian aircraft.

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

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.

Lisbon, 11 April 2024

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

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 consolidated statement of financial position as at 31 December 2023 (showing a total of Euro 4,674,931,503 and total equity of Euro 1,806,457,421, including a net profit for the period of Euro 244,507,409), 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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards 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 Consolidated Financial Statements" section below. We are independent of 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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.

KPMG

Recoverability of Goodwill (Euro 492,387,904), Intangible Assets (Euro 556,501,634) and Property, plant and equipment (Euro 1,859,690,492)	
See Note 1.6 Main estimates and judgements and Notes 3.1, 3.2 and 3.3 of the Financial Statements	
The Risk	**Our response to the identified 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 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 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 relevant disclosures in the financial statements, in accordance with the applicable accounting standards.

KPMG

Fair value of biological assets (Euro 115,622,249)	
See Note 1.6 Main estimates and judgements and Note 3.7 of 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 judgement 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; and ▪ We assessed the adequacy of the relevant disclosures in the financial statements, in accordance with the applicable accounting standards.

KPMG

Uncertainty over income tax treatments	
See Note 1.6 Main estimates and judgements and Notes 6.1 and 6.2 of 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 judgement 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 judgement 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 periods; and; ▪ We assessed the adequacy of the relevant disclosures in the financial statements, in accordance with the applicable accounting standards.

KPMG

Business combinations - acquisition of *Triangle's – Cycling Equipments*	
See Note 1.6 Main estimates and judgements and Note 1.2 of the Financial Statements	
The Risk	**Our response to the identified risk**
During the period ended 31 December 2023, the Group completed the acquisition of Triangle's - Cycling Equipments.S.A., an entity based in Águeda and engaged in the manufacture of aluminium bicycle frames. The consideration transferred from the acquisition amounted to Euro 217,250,092, which includes Euro 38,600,077 relating to the fair value on the acquisition date of a contingent consideration (earnout), which depends on the entity's performance. This acquisition was accounted for as a business combination and involved a number of significant judgements made by the Board of Directors, particularly in valuing the earnout, identifying and measuring the identifiable assets acquired, liabilities assumed and goodwill. Accordingly, and given the materiality of the impacts on the consolidated financial statements, we considered the acquisition to be a key audit matter.	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 obtained and analysed the documentation supporting the transaction, namely the acquisition agreement; ▪ We analysed the consideration transferred, in particular the fair value measurement of the contingent consideration on the date of acquisition; ▪ We performed procedures to analyse the methodology adopted for the valuation of assets and liabilities and verified the reasonableness of the valuation models for determining the fair value of the assets acquired and liabilities assumed, including validating their agreement with the models used for trading and their arithmetical accuracy; ▪ We involved, whenever deemed necessary, our experts to validate the fair value of assets and liabilities; and, ▪ We assessed the adequacy of the relevant disclosures in the financial statements, in accordance with the applicable accounting standards.

KPMG

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, consolidated financial performance and its consolidated cash flows, in accordance with the International Financial Reporting Standards (IFRS) 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.

Auditor´s 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 judgement 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;

- 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 consolidated financial statements represent the underlying transactions and 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 period 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 all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verification of the requirements as provided in Article 451(4) and (5) 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to Article 451(3)(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.

On the corporate governance report

Pursuant to Article 451(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 number 1 of that Article.

On the consolidated non-financial information

Pursuant to Article 451(6), of the Portuguese Companies' Code, we inform that the Group has prepared a separate report where includes the non-financial information defined in Article 508-G of the Portuguese Companies’ Code and was disclosed together with the consolidated management report.

On the remuneration report

Pursuant to Article 26(G), of the Securities Code, we inform that the Group has included in the corporate governance report, in a separate chapter, the information provided in number 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 period ended 31 December 2023 have to 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

KPMG

- 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) 537/2014

Pursuant to Article 10 of the Regulation (EU) 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. (parent Entity of the Group) in the shareholders general assembly held on 22 September 2017 for a mandate from 2018 to 2021. We were reappointed as auditors of the Group 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 22 April 2024.
- We declare that we have not provided any prohibited services as described in Article 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

22 April 2024

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(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 2023

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 2023 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 2023.

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, S.A., 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, S.A. for their collaboration.

8. We inform you that this Report and Opinion is not signed by the Member of the Supervisory Board, Mrs. Maria da Graça da Cunha Gonçalves, due to her death on 12 April. The Supervisory Board regrets with great sorrow the death of Mrs. Maria da Graça da Cunha Gonçalves and praises her personal qualities and the enormous dedication and professionalism with which she performed her duties as Member of the Company's Supervisory Board since her appointment, on 24 May 2018.

9. The Supervisory Board confirms that Mrs. Maria da Graça da Cunha Gonçalves played a relevant role with regard to the preparation and content of this Report and Opinion and monitored, during the financial year just ended and in the current year, the activities of the Company and of the Supervisory Board, contributing significantly to the fulfilment of the duties and powers of this body.

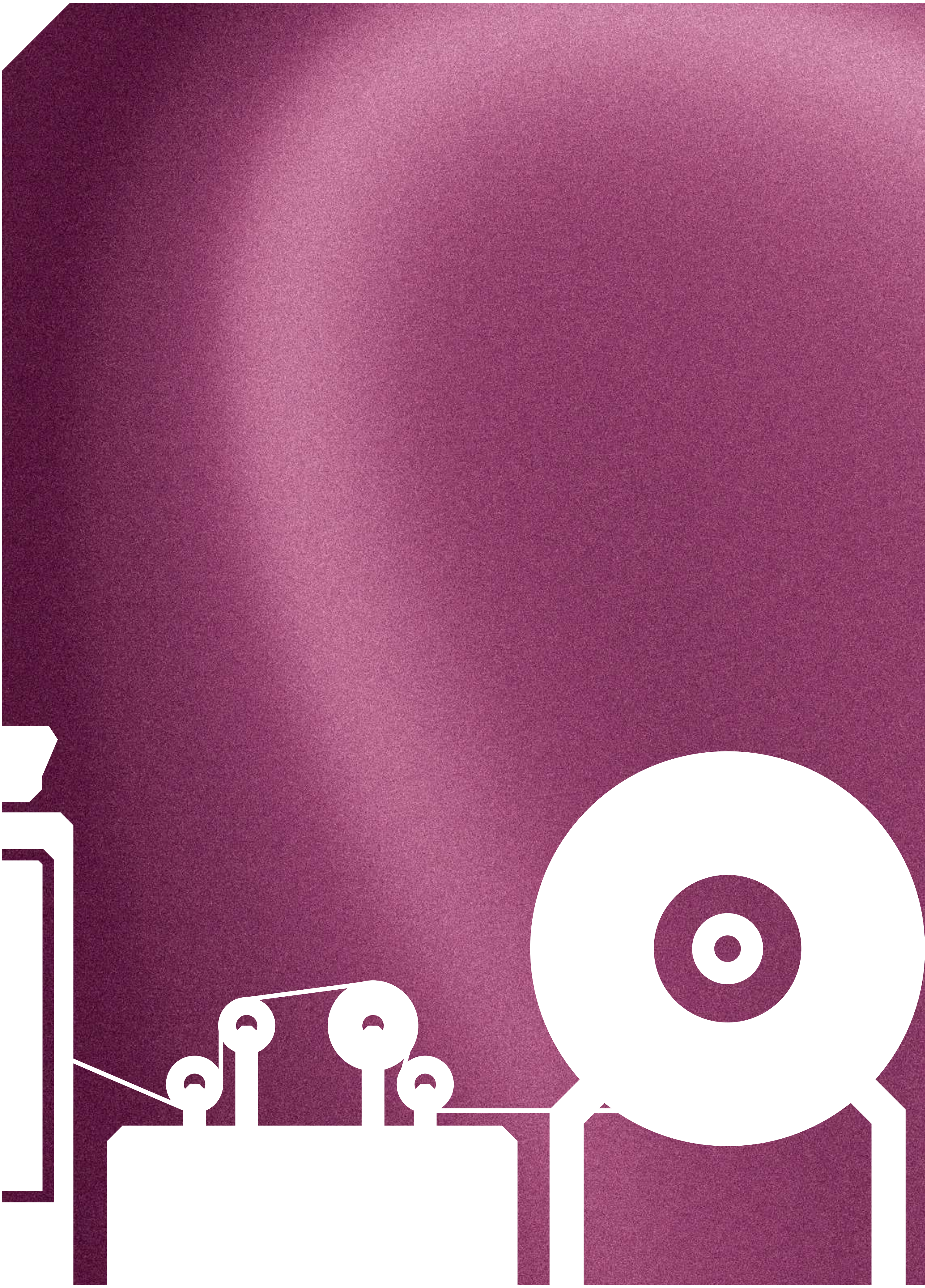
Lisbon, 22 April 2024

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member of the Audit Board,

Gonçalo Nuno Palha Gaio Picão Caldeira



SEPARATE FINANCIAL STATEMENTS

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SEPARATE INCOME STATEMENT

Amounts in Euro	Note	2023	2022
Revenue	2.1	15 996 814	12 513 339
Other operating income	2.2	148 382	25 321
External services and supplies	2.3	(7 286 810)	(4 936 142)
Payroll costs	7.1	(8 716 343)	(7 327 658)
Other operating expenses	2.3	(470 218)	(437 548)
Depreciation, amortisation and impairment losses on non-financial assets	3.3	(244 170)	(232 859)
Operating profit/(loss)		**(572 345)**	**(395 547)**
Gains/(losses) from subsidiaries and jointly-controlled entities	10.1	239 577 182	302 796 742
Financial income and gains	5.10	4 180 413	126 553
Financial expenses and losses	5.10	(13 655 495)	(6 192 086)
Profit/(loss) before income tax		**229 529 755**	**296 335 662**
Income tax	6.1.1	14 977 654	10 754 172
Net profit for the period		**244 507 409**	**307 089 834**
Earnings per share			
Basic earnings per share	5.3	3.061	3.845
Diluted earnings per share	5.3	3.061	3.845

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 11 April 2024

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	2023	2022
Net profit for the period		**244 507 409**	**307 089 834**
Items that may be reclassified to the income statement			
Other comprehensive income from subsidiaries	5.5	(16 840 059)	64 159 611
Items that may not be reclassified to the income statement			
Other comprehensive income from subsidiaries	5.5	963 259	875 988
Total other comprehensive income (net of taxes)		**(15 876 800)**	**65 035 599**
Total comprehensive income		**228 630 609**	**372 125 433**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 11 April 2024

SEPARATE STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	397 797	486 618
Right-of-use assets	3.2	440 413	282 304
Investments in subsidiaries and joint ventures	10.1	1 655 609 578	1 449 716 286
Other financial investments	8.2	28 854	23 413
Non-current receivables	4.1	30 807	28 999
Deferred tax assets	6.2	34 241 098	25 923 522
		1 690 748 547	**1 476 461 141**
Current assets			
Current receivables	4.1	24 168 747	7 096 663
Income tax	6.1.2	5 239 574	5 137 839
Cash and cash equivalents	5.8	37 975 001	167 920 763
		67 383 322	**180 155 264**
Total assets		**1 758 131 869**	**1 656 616 406**
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	(394 798 767)	(374 212 824)
Legal reserve	5.5	16 695 625	16 695 625
Other reserves	5.5	1 450 783 810	1 221 869 880
Retained earnings		88 913 994	86 613 994
Net profit for the period		244 507 409	307 089 834
Total Equity		**1 471 425 708**	**1 323 380 145**
Non-current liabilities			
Interest-bearing liabilities	5.6	254 336 792	141 082 665
Lease liabilities	5.7	304 267	188 938
Pensions and other post-employment benefits	7.2.1	580 578	687 660
Deferred tax liabilities	6.2	1 293 606	1 715 136
Non-current payables	4.2	-	2 800 000
		256 515 243	**146 474 399**
Current liabilities			
Interest-bearing liabilities	5.6	18 301 612	145 454 569
Lease liabilities	5.7	142 503	97 837
Current payables	4.2	11 746 803	39 809 455
Income tax	6.1.2	-	1 400 000
		30 190 918	**186 761 861**
Total liabilities		**286 706 161**	**333 236 260**
Total Equity and Liabilities		**1 758 131 869**	**1 656 616 406**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 11 April 2024

SEPARATE STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share capital	Treasury shares	Reserves by applying the Equity Method	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total
Equity as at 1 January 2023		**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**
Net profit for the period		-	-	-	-	-	-	244 507 409	244 507 409
Other comprehensive income (net of taxes)		-	-	(15 876 800)	-	-	-	-	(15 876 800)
Total comprehensive income for the period		**-**	**-**	**(15 876 800)**	**-**	**-**	**-**	**244 507 409**	**228 630 609**
Appropriation of 2022 net profit for the period:									
- Transfer to reserves		-	-	-	-	228 913 930	-	(228 913 930)	-
- Dividends paid	5.4	-	-	-	-	-	-	(75 875 904)	(75 875 904)
- Bonus to employees		-	-	-	-	-	2 300 000	(2 300 000)	-
Total transactions with shareholders		**-**	**-**	**-**	**-**	**228 913 930**	**2 300 000**	**(307 089 834)**	**(75 875 904)**
Other movements in equity of subsidiaries	5.5	-	-	(4 709 143)	-	1	-	-	(4 709 142)
Total other operations		**-**	**-**	**(4 709 143)**	**-**	**1**	**-**	**-**	**(4 709 142)**
Equity as at 31 December 2023		**81 270 000**	**(15 946 363)**	**(394 798 767)**	**16 695 625**	**1 450 783 810**	**88 913 994**	**244 507 409**	**1 471 425 708**

Amounts in Euro	Note	Share capital	Treasury shares	Reserves by applying the Equity Method	Legal reserve	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 net profit for the period:									
- 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**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 11 April 2024

SEPARATE STATEMENT OF CASH FLOWS

Amounts in Euro	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		16 726 387	16 570 425
Payments to suppliers		(13 227 898)	(7 184 560)
Payments to employees		(8 017 882)	(7 507 901)
Cash flows from operations		(4 519 393)	1 877 964
Income tax received/ (paid)		(23 488)	(62 048)
Other receipts / (payments) relating to operating activities		574 265	8 713 983
Cash flows from operating activities (1)		**(3 968 616)**	**10 529 899**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Financial investments		32 475 069	40 502 069
Property, plant and equipment		350	612
Interest and similar income		2 481 879	-
Dividends from subsidiaries		167 764 447	177 652 996
		202 721 745	**218 155 676**
Outflows:			
Financial investments		(211 007 574)	(24 586 000)
Property, plant and equipment		(22 069)	(44 368)
		(211 029 643)	**(24 630 368)**
Cash flows from investing activities (2)		**(8 307 898)**	**193 525 308**
CASH FLOWS FROM FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		268 150 000	163 900 000
		268 150 000	**163 900 000**
Outflows:			
Interest-bearing liabilities		(282 402 000)	(111 160 634)
Amortisation of lease agreements		(126 359)	(103 744)
Interest and similar expense		(13 414 985)	(6 758 125)
Dividends and reserves		(75 875 904)	(140 889 574)
Other financing operations		(14 000 000)	-
		(385 819 248)	**(258 912 076)**
Cash flows from financing activities (3)		**(117 669 248)**	**(95 012 076)**
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(129 945 762)**	**109 043 131**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5.8**	**167 920 763**	**58 877 632**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5.8**	**37 975 001**	**167 920 763**

The Accompanying notes form an integral part of these separate financial statements.

Lisbon, 11 April 2024

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.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS
This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. Significant estimates and judgements are indicated 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 COMPANY

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (Semapa or Company) with head office at Av. Fontes Pereira de Melo, 14, 10.º 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.

Semapa is the parent company of the Semapa Group (Group), comprising Semapa and Subsidiaries, as presented in the consolidated financial statements. The Group operates in distinct business areas, namely, pulp and paper, cements, and other businesses developed, respectively, under the aegis of the subsidiaries The Navigator Company (ex. Portucel, S.A. referred to in this document as “Navigator”), Secil – Companhia Geral de Cal e Cimento, S.A. (“Secil” or “Secil Group”) and ETSA – Investimentos, SGPS, S.A. (“ETSA” or “ETSA Group”) and Triangle's Cycling Equipments, S.A. (Triangle's) in the case of other businesses.

Semapa also holds a new 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 activity carried out by Semapa in the context of management of shareholdings is disclosed in Note 2.1 – Revenue.

Semapa is included in the consolidation perimeter of Sodim — SGPS, S.A., which is its parent company.

In turn, Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira, by virtue of the combination of a shareholders' agreement relating to Sodim and their respective direct and indirect shareholdings in the share capital of this company, have joint control over Sodim and Semapa, each of them and Sodim being attributed, in accordance with the provisions of Article 20 of the Portuguese Securities Code, 83.221% of the non-suspended voting rights relating to shares representing the share capital of Semapa.

1.2 RELEVANT EVENTS OF THE PERIOD

ACQUISITION OF NAVIGATOR TISSUE EJEA AND TRIANGLE'S CYCLING EQUIPMENT

On 31 March 2023, the subsidiary Navigator acquired all the shares representing the 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. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively.

This acquisition is part of Semapa and its subsidiaries' ambitious growth and diversification plan. The integration of this new mill has elevated Navigator to the position of second largest Iberian tissue producer, with a production and converting capacity of 180 thousand tonnes. With the acquisition of these two entities, a number of synergies are expected in the Tissue segment, as well as Semapa and its subsidiaries increasing their market share by accessing Gomà-Camps Consumer' customer portfolio, namely in markets where Semapa and its subsidiaries intend to strengthen its presence, as well as a reduction in costs through economies of scale.

At the end of the second quarter, the subsidiary Aphelion acquired 100% of the shares of Triangle's – Cycling Equipments, S.A. ("Triangle's"), based in Águeda, Portugal. Triangle's is a world reference in the production of frames for e-bikes, with several prestigious brands in the sector in its customer portfolio. The financial statements for the period ended 31 December 2023 comprise the second quarter of Triangle's operations.

TRANSFERRED CONSIDERATION

As part of the acquisitions of Navigator Tissue Ejea, S.L.U. and Triangle's – Cycling Equipments, S.A., the consideration transferred amounted to Euro 278 201 903, all of which was paid in cash and cash equivalents.

1.3 SUBSEQUENT EVENTS

Between 1 January 2024 and 11 April 2024 (Note 1.4) the following events occurred, which could give rise to adjustments to the separate financial statements of 2023.

On 22 March 2024, Navigator, through its subsidiary Navigator Paper UK Limited, launched a tender offer to acquire all the shares representing the share capital of Accrol, a UK company active in the paper processing segment.

Accrol is a leading tissue paper processing in the UK, producing private label toilet rolls, kitchen rolls and facial tissues for most of the major retailers in the UK. In its last financial year ended 30 April 2023, revenue amounted to £242 million, EBITDA to £15.6 million and net debt (pre-IFRS16) to £26.8 million.

Navigator believes that this offer represents an attractive opportunity to enter the UK market through the acquisition of a leading tissue converting business with competitive advantages, complementary values and strong alignment with Navigator, as well as a strategic opportunity to sustainably grow its tissue business in the Western European market.

The offer was 38 pence (GBP) per share, representing a premium of 11.8% to the closing price of the UK company on 21 March 2024, the last trading day immediately prior to the announcement of the offer, and valuing Accrol's equity at approximately £127.5 million.

1.4 BASIS FOR PREPARATION

AUTHORISATION TO ISSUE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 11 April 2024. However, they are still subject to approval by the General Shareholders Meeting, in accordance with the Portuguese commercial legislation.

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 2023 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 2023 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 Company's functional currency is the Euro. These separate financial statements are presented in Euro.

All monetary assets and liabilities (amounts of cash and assets and liabilities receivable or payable in fixed or determinable amounts of units of a currency) of the Company expressed in a currency other than the functional currency were translated into Euro using the exchange rates in force on the balance sheet 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 captions Profit for the period and Other comprehensive income of foreign 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 at the exchange rate on the balance sheet date. The exchange rate differences were recognised in Reserves through application of the equity method, 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 2023 and 31 December 2022, the exchange rates used for the translation of assets and liabilities expressed in currencies other than Euro are detailed as follows:

	31/12/ 2023	31/12/ 2022	Valuation/ (devaluation)		31/12/ 2023	31/12/ 2022	Valuation/ (devaluation)
TND (Tunisian dinar)				DKK (Danish krone)			
Average exchange rate for the period	3.3548	3.2535	(3.11%)	Average exchange rate for the period	7.4509	7.4396	(0.15%)
Exchange rate for the end of the period	3.3897	3.3342	(1.66%)	Exchange rate for the end of the period	7.4529	7.4365	(0.22%)
LBP (Lebanese pound)				HUF (Hungarian forint)			
Average exchange rate for the period	99 118.50	44 903.90	(120.73%)	Average exchange rate for the period	381.8527	391.4304	2.45%
Exchange rate for the end of the period	99 118.50	44 903.90	(120.73%)	Exchange rate for the end of the period	382.8000	400.8700	4.51%
USD (American dollar)				AUD (Australian dollar)			
Average exchange rate for the period	1.0816	1.0534	(2.68%)	Average exchange rate for the period	1.6288	1.5164	(7.41%)
Exchange rate for the end of the period	1.1050	1.0666	(3.60%)	Exchange rate for the end of the period	1.6263	1.5693	(3.63%)
GBP (Serling pound)				MZN (Mozambican metical)			
Average exchange rate for the period	0.8698	0.8528	(1.99%)	Average exchange rate for the period	69.1060	67.2043	(2.83%)
Exchange rate for the end of the period	0.8691	0.8869	2.01%	Exchange rate for the end of the period	70.6500	68.1800	(3.62%)
PLN (Polish zloti)				BRL (Brazilian real)			
Average exchange rate for the period	4.5420	4.6867	3.09%	Average exchange rate for the period	5.4011	5.4409	0.73%
Exchange rate for the end of the period	4.3395	4.6808	7.29%	Exchange rate for the end of the period	5.3503	5.5680	3.91%
SEK (Swedish krona)				MAD (Moroccan dirham)			
Average exchange rate for the period	11.4788	10.6305	(7.98%)	Average exchange rate for the period	10.9552	10.6861	(2.52%)
Exchange rate for the end of the period	11.0960	11.1218	0.23%	Exchange rate for the end of the period	10.9445	11.1592	1.92%
CZK (Czech koruna)				NOK (Norwegian krone)			
Average exchange rate for the period	24.0043	24.5670	2.29%	Average exchange rate for the period	11.4248	10.1033	(13.08%)
Exchange rate for the end of the period	24.7240	24.1160	(2.52%)	Exchange rate for the end of the period	11.2405	10.5138	(6.91%)
CHF (Swiss franc)				AOA (Angolan kwanza)			
Average exchange rate for the period	0.9718	1.0046	3.26%	Average exchange rate for the period	747.8882	486.7246	(53.66%)
Exchange rate for the end of the period	0.9260	0.9847	5.96%	Exchange rate for the end of the period	925.3583	544.6434	(69.90%)
TRY (Turkish lira)				MXN (Mexican peso)			
Average exchange rate for the period	25.7597	17.4170	(47.90%)	Average exchange rate for the period	19.1830	21.1789	9.42%
Exchange rate for the end of the period	32.6531	19.9649	(63.55%)	Exchange rate for the end of the period	18.7231	20.8560	10.23%
ZAR (South African rand)				AED (United Arab Emirates Dirham)			
Average exchange rate for the period	19.9551	17.2081	(15.96%)	Average exchange rate for the period	3.9710	3.8674	(2.68%)
Exchange rate for the end of the period	20.3477	18.0986	(12.43%)	Exchange rate for the end of the period	4.0581	3.9171	(3.60%)
EGP (Egyptian pound)				CAD (Canadian dollar)			
Average exchange rate for the period	33.1117	20.1843	(64.05%)	Average exchange rate for the period	1.4595	1.3692	(6.59%)
Exchange rate for the end of the period	34.2710	26.3086	(30.27%)	Exchange rate for the end of the period	1.4642	1.4440	(1.40%)

1.5 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN 2023

	Amendment
Standards and amendments endorsed by the European Union	
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 came into force on 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, 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.
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 obligations. The amendments shall be applied for annual periods beginning on or after 1 January 2023.
IFRS 17 — Insurance Contracts	The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The amendments shall be applied for annual periods beginning on or after 1 January 2023.
Amendments to IFRS 17 – Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information	The IASB has issued an amendment to the scope of the transitional requirements of IFRS 17 - Insurance Contracts, which provides insurers with an option to improve the usefulness of information to investors on first-time adoption of the new standard. The change does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 - Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in the financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment helps insurers to avoid these temporary accounting mismatches and will therefore increase the usefulness of comparative information for investors. The amendments shall be applied for annual periods beginning on or after 1 January 2023.

	Amendment
Standards and amendments endorsed by the European Union	
Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules	On 23 May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 to clarify the application of IAS 12 – Income Taxes to income taxes arising from tax legislation enacted or substantively enacted to implement the OECD Pillar Two model rules. The amendments introduce: a) mandatory temporary exception to accounting for deferred taxes arising from the jurisdictional implementation of Pillar Two model rules; and b) Disclosure requirements for affected entities to help users of financial statements understand an entity's exposure to Pillar Two income tax arising from that legislation, especially before its effective date. The mandatory temporary exception—the use of which must be disclosed—is effective immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023.

The above standards, amendments and interpretations had limited impact on the financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS OF MANDATORY APPLICATION ON OR AFTER 1 JANUARY 2024

	Amendment	Date of application
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	The 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; 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.	1 de janeiro de 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 are 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 de janeiro de 2024

STANDARDS AND AMENDMENTS NOT YET ENDORSED BY THE EUROPEAN UNION

	Alteração	Data de aplicação
Normas e alterações ainda não endossadas pela União Europeia		
Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures - Supplier Finance Arrangements	On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 – Statement of Cash Flows and IFRS 7 — Financial Instruments Disclosures. The amendments refer to the disclosure requirements relating to supplier finance arrangements—also known as supply chain financing, payables financing or recourse factoring arrangements. The new requirements supplement those already included in the IFRS standards and include disclosures on: - Terms and conditions of supplier finance agreements; - The amounts of the liabilities which are the subject of such arrangements, for which part of them the suppliers have already received payments from the providers of funds and under which caption these liabilities are presented in the balance sheet; - Maturity date intervals; and - Information on liquidity risk. The amendments are effective for periods beginning on or after 1 January 2024.	1 de janeiro de 2024
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	On 15 August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates) (the amendments). The amendments clarify how an entity should assess whether a currency is exchangeable or not and how it should determine a spot exchange rate in situations of lack of exchangeability. A currency is exchangeable for another currency when a company is able to exchange that currency for another currency on the measurement date and for a specific purpose. When a currency is not exchangeable, the company has to estimate a spot exchange rate. According to the amendments, companies will have to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures could include: a) the nature and financial impacts of the currency not being exchangeable; b) the spot exchange rate used; c) the estimation process; and d) the risks to the company because the currency is not exchangeable. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.	1 de janeiro de 2025

With respect to the above standards, which are not yet mandatory, Semapa 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 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 Company considers it may have to take in the future.

On the date on which the operations take place, the outcome could differ from those estimates.

SIGNIFICANT 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:

Estimativas e julgamentos	Notes
Recoverable amount from investments in subsidiaries and jointly-controlled entities	10. 1 – Investments in subsidiaries and jointly-controlled entities
Uncertainty over Income Tax Treatments	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 is derived from the Group's centralised management activities, corresponding to the services provided by the company to its subsidiaries in areas such as strategic planning, legal, financial, accounting and tax advice, information systems and talent management.
In providing services to Group companies, Semapa incurs mainly payroll costs and the hiring of specialised services (Note 2.3).
Revenue is recognised in accordance with IFRS 15 on a monthly basis for services provided on a regular basis over the contract 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 SEGMENT, BY GEOGRAPHIC AREA AND BY RECOGNITION PATTERN

2023	Pulp and paper	Cement	Other businesses	Total	Total %
Portugal	9 710 177	4 238 317	2 048 320	**15 996 814**	100%
	9 710 177	**4 238 317**	**2 048 320**	**15 996 814**	**100%**
Recognition pattern					
Over time	9 710 177	4 238 317	2 048 320	**15 996 814**	100%

2022	Pulp and paper	Cement	Other businesses	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%**
Recognition pattern					
Over time	8 932 995	3 235 361	344 983	12 513 339	100%

In 2023 the increase in Other businesses is due to the acquisition of Triangle's through the subsidiary Aphelion (Note 10.2).

2.2 OTHER OPERATING INCOME

As at 31 December 2023 and 31 December 2022, Other operating income is detailed as follows:

Amounts in Euro	2023	2022
Supplementary gains	146 568	-
Gains on disposal of non-current assets	480	131
Other operating income	1 334	25 190
	148 382	**25 321**

2.3 OTHER OPERATING EXPENSES

As at 31 December 2023 and 31 December 2022, Other operating expenses is detailed as follows:

Amounts in Euro	2023	2022
External services and supplies		
Specialised services – related parties	1 470 553	1 688 503
Specialised services – other	4 018 779	1 660 994
Travel and accommodation	486 499	419 139
Energy and fluids	70 245	102 349
Materials	252 512	96 491
Related Estate expenditure – related parties (Note 10.2)	696 141	759 257
Other	292 081	209 410
	7 286 810	**4 936 142**
Payroll costs (Note 7.1)	**8 716 343**	**7 327 658**
Other operating expenses		
Taxes	239 322	219 185
Losses on disposal of non-current assets	794	-
Donations	130 500	114 500
Membership fees	59 974	51 772
Other expenses	39 628	52 091
	470 218	**437 548**
Total operating expenses	**16 473 371**	**12 701 348**

No exercício de 2023, o montante relativo a gastos de locações de curto prazo foi de Euros 770 126 (2022: Euros 779 802) e a gastos de locações de ativos de valor reduzido ascenderam a Euros 12 618 (2022: Euros 10 906).

No exercício de 2023, verificou-se um incremento nos fornecimentos e serviços externos predominantemente associado aos custos com assessoria de gestão e financeira decorrentes da aquisição da Triangle's.

HONORÁRIOS FATURADOS POR SERVIÇOS DE REVISÃO LEGAL DE CONTAS E AUDITORIA

No exercício findo em 31 de dezembro de 2023 e 2022, o montante dos honorários faturados, bem assim como os respetivos gastos do período em serviços de revisão legal de contas e auditoria, foram como segue:

	2023		2022	
Amounts in Euro	Expenses in the period	Fees invoiced	Expenses in the period	Fees invoiced
KPMG (SROC) and other entities belonging to the same network				
Audit fees	49 500	60 575	51 500	35 549
Other assurance services	16 572	18 000	16 545	16 500
	66 072	**78 575**	**68 045**	**52 049**

The services indicated as Other 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.

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3 INVESTMENTS

3.1 PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment includes buildings and other structures, consisting mainly of work on third-party property, office equipment, consisting mainly of furniture and IT 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	We use the straight-line method from the moment the asset is available for use and using the rates that best reflect their estimated useful life. 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 amounts 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 booked (Note 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. All other repairs and maintenance costs are recognised in the income statement 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).

Estimated useful life (years):

Estimated useful life (years):		
	Buildings and other constructions	8 – 10
	Administrative equipment	3 – 10
	Other property, plant and equipment	8

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

Amounts in Euro	Buildings and other constructions	Equipment and other tangible assets	Total
Gross amount			
Balance as at 1 January 2022	**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**
Acquisitions	-	27 898	27 898
Disposals	-	(12 946)	(12 946)
Balance as at 31 December 2023	**2 492 800**	**1 447 655**	**3 940 455**
Accumulated amortisation and impairment losses			
Balance as at 1 January 2022	**(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)**
Depreciation for the period (Note 3.3)	(69 268)	(46 657)	(115 925)
Disposals	-	12 152	12 152
Balance as at 31 December 2023	**(2 156 496)**	**(1 386 162)**	**(3 542 658)**
Net book value as at 1 January 2022	**477 140**	**102 133**	**579 273**
Net book value as at 31 December 2022	**405 572**	**81 046**	**486 618**
Net book value as at 31 December 2023	**336 304**	**61 493**	**397 797**

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 the location where it is located 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 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 of the year (Note 2.3), on a straight-line basis.

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro	Buildings and other constructions	Equipment and other assets	Total
Gross amount			
Balance as at 1 January 2022		**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**
Acquisitions		286 354	286 354
Adjustments, transfers and write-offs		(50 475)	(50 475)
Balance as at 31 December 2023		**715 553**	**715 553**
Accumulated amortisation, depreciation and impairment losses			
Balance as at 1 January 2022		**(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)**
Depreciation		(128 245)	(128 245)
Adjustments, transfers and write-offs		50 475	50 475
Balance as at 31 December 2023		**(275 140)**	**(275 140)**
Net book value as at 1 January 2022		**240 681**	**240 681**
Net book value as at 31 December 2022		**282 304**	**282 304**
Net book value as at 31 December 2023		**440 413**	**440 413**

The company's right-of-use assets correspond essentially to vehicles.

3.3 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	2023	2022
Depreciation of property, plant and equipment for the period (Note 3.1)	115 925	128 217
Amortisation of right-of-use assets for the period (Note 3.2)	128 245	104 642
	244 170	232 859

4 WORKING CAPITAL

4.1 RECEIVABLES

RECEIVABLES FROM RELATED PARTIES AND OTHER DEBTORS

Classification	Amounts receivable from related parties result essentially from services provided to the Company's subsidiaries (Note 2.1), amounts receivable from subsidiaries under tax consolidation (Note 6.1) and loans granted to subsidiaries. The business model followed is "hold to collect". 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	Impairment losses are recorded on the basis of the general estimated credit loss model of IFRS 9.

As at 31 December 2023 and 31 December 2022, Receivables are detailed as follows:

	31/12/2023			31/12/2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Receivables – current operations with related parties	-	20 024 045	20 024 045	-	5 231 588	5 231 588
Tax consolidation – related parties (Note 10.2)	-	3 680 561	3 680 561	-	1 556 304	1 556 304
Accrued income	-	221 139	221 139	-	78 742	78 742
Deferred expenses	-	239 212	239 212	-	205 145	205 145
Other	30 807	3 790	34 597	28 999	24 884	53 883
	30 807	**24 168 747**	**24 199 554**	**28 999**	**7 096 663**	**7 125 663**

As at 31 December 2023, Receivables – current operations with related companies includes Euro 14 000 000 of treasury operations between Semapa and the subsidiary ETSA – Investimentos, SGPS, S.A. (Note 10.2)

As at 31 December 2023 and 31 December 2022, Deferred expenses in the amount of Euro 239 212 and Euro 205 145, respectively, are related to external services and supplies.

The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables is presented in Note 8.1.4 – Credit risk.

4.2 PAYABLES

FINANCIAL LIABILITIES AT AMORTISED COST	
Initial measurement	Ao justo valor, líquido dos custos de transação incorridos.
Subsequent measurement	At fair value, net of transaction costs incurred. 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 2023 and 31 December 2022, Payables are detailed as follows:

	31/12/2023		31/12/2022		
Amounts in Euro	Current	Total	Non-current	Current	Total
Payables – current operations with related parties (Note 10.2)	4 077 116	4 077 116	2 800 000	24 071 247	26 871 247
Tax consolidation – related parties (Note 10.2)	3 325 110	3 325 110	-	10 418 288	10 418 288
Trade payables – current account	143 852	143 852	-	350 619	350 619
State	966 802	966 802	-	690 300	690 300
Accrued costs	3 233 564	3 233 564	-	4 279 000	4 279 000
Other payables	359	359	-	-	-
	11 746 803	**11 746 803**	**2 800 000**	**39 809 455**	**42 609 455**

As at 31 December 2022, the amount of Euro 26 841 074 in payables corresponded to the estimated Earnout payable to Ultimate Cell (10.1).

State is detailed as follows:

Amounts in Euro	31/12/2023	31/12/2022
Income tax withholdings	124 566	118 266
Value added tax	731 681	479 615
Social Security contributions	110 555	91 642
Other taxes	-	777
	966 802	**690 300**

As at 31 December 2023 and 31 December 2022, there were no arrears with the State.

The caption Accrued costs is detailed as follows:

Amounts in Euro	31/12/2023	31/12/2022
Payroll costs	3 170 992	2 818 380
External services and supplies	62 572	1 460 620
	3 233 564	**4 279 000**

5 CAPITAL STRUCTURE

5.1 CAPITAL MANAGEMENT

POLÍTICA DE GESTÃO DE CAPITAL

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 holding companies of each business line having 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

	31/12/2023		31/12/2022	
Entity	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
Treasury shares	1 400 627	1.72	1 400 627	1.72
Other shareholders with less than 5% shareholdings	13 401 050	16.49	13 401 050	16.49
	81 270 000	**100.00**	**81 270 000**	**100.00**

TREASURY SHARES - MOVEMENTS

	2023		2022	
	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
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	2023	2022
Net profit attributable to the Shareholders of Semapa	**244 507 409**	**307 089 834**
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	**3.061**	**3.845**
Diluted earnings per share	**3.061**	**3.845**

5.4 DIVIDENDS

COMPANY'S 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 period in which the dividends are approved by the shareholders and until they are paid.

DIVIDENDS ALLOCATED IN THE PERIOD

Amounts in Euro	Data	Montante atribuído	Dividendos por ação
Dividends allocated in 2023			
Approval of payment of dividends relating to the 2022 net profit on an individual basis in accordance with IFRS at the Annual Shareholders' Meeting of Semapa	18 May 2023	75 875 904	0.950
Dividends allocated 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

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 fair value adjustments of financial investments recorded under this caption is not recycled to profit or loss.

LEGAL RESERVES

The Portuguese commercial legislation 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 the company is liquidated. It may, however, be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.
The legal reserve is constituted by its maximum amount in the periods presented.

OTHER RESERVES

This caption corresponds to reserves constituted through the transfer of prior period's profit and other movements. The portion of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).

Amounts in Euro	31/12/2023	31/12/2022
Reserves by applying the Equity Method	(394 798 767)	(374 212 824)
Legal reserve	16 695 625	16 695 625
Other reserves	1 450 783 810	1 221 869 880
Retained earnings	88 913 994	86 613 994
Reserves and retained earnings	**1 161 594 662**	**950 966 675**

RESERVES BY APPLYING THE EQUITY METHOD – MOVEMENTS

Amounts in Euro	2023	2022
Balance at the beginning of the period	**(374 212 824)**	**(439 079 146)**
Other comprehensive income		
Items that may be reclassified to the income statement		
Fair value of financial instruments	(20 774 299)	31 631 581
Currency translation reserve	3 934 240	32 528 030
	(16 840 059)	**64 159 611**
Items that may not be reclassified to the income statement		
Actuarial gains and losses	2 100 622	534 034
Exchange differences in equity instruments	8 371	548 670
Impact of hyperinflationary economies	(1 145 734)	(206 716)
	963 259	**875 988**
Other movements	(4 709 143)	(169 277)
	(4 709 143)	**(169 277)**
Balance at the end of the period	**(394 798 767)**	**(374 212 824)**

The amount of Euro 4 709 143 recorded under Other movements in the period ended 31 December 2023 refers essentially to the acquisition of minority interests by the subsidiary Secil.

RESERVES BY APPLYING THE EQUITY METHOD – BY SUBSIDIARY AND JOINTLY-CONTROLLED ENTITY

Amounts in Euro	31/12/2023	31/12/2022
Subsidiaries		
ETSA Investimentos, SGPS, S.A.	(9 227 389)	(9 227 389)
Secil – Companhia Geral de Cal e Cimento, S.A.	(283 047 623)	(280 100 836)
Semapa Inversiones, S.L.	(36 763 554)	(36 763 554)
Semapa Next, S.A.	(4 183 415)	86 335
The Navigator Company, S.A.	(61 365 308)	(47 998 968)
Jointly-controlled entity		
UTIS – Ultimate Technology to Industrial Savings, S.A.	(211 478)	(208 412)
	(394 798 767)	**(374 212 824)**

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 expenses on other loans” in Note 5.10 - Net Financial Results, using the effective interest rate method.
Fair value	The book value of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to their fair value.
Disclosure	The fair value of loans bearing interest at a fixed rate is disclosed in Note 8.3 - Financial assets and liabilities. As a current liability, except when 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 roll over these loans, it presents them as non-current liabilities.

As at 31 December 2023 and 31 December 2022, interest-bearing liabilities are detailed as follows:

	31/12/2023			31/12/2022		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Bond loans	222 000 000	14 000 000	236 000 000	136 000 000	114 000 000	250 000 000
Commercial paper	4 750 000	1 750 000	6 500 000	6 500 000	11 750 000	18 250 000
Bank loans	30 000 000	-	30 000 000	-	18 500 000	18 500 000
Charges with the issue of loans	(2 413 208)	2 468 034	54 826	(1 417 335)	1 118 991	(298 344)
Debt securities and bank debt	**254 336 792**	**18 218 034**	**272 554 826**	**141 082 665**	**145 368 991**	**286 451 656**
Short-term loans from subsidiaries (Note 10.2)	-	83 578	83 578	-	85 578	85 578
Other interest-bearing liabilities	**-**	**83 578**	**83 578**	**-**	**85 578**	**85 578**
Total interest-bearing liabilities	**254 336 792**	**18 301 612**	**272 638 404**	**141 082 665**	**145 454 569**	**286 537 234**

The maturity analysis of interest-bearing liabilities is presented in the Note 8.1.3 – Liquidity risk.

BOND LOANS

Amounts in Euro	31/12/2023	31/12/2022	Maturity	Interest rate
Semapa 2016 / 2023	-	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	86 000 000	100 000 000	October 2027	Variable rate indexed to Euribor
Semapa 2023 / 2030	100 000 000	-	June 2030	Variable rate indexed to Euribor
	236 000 000	**250 000 000**		

EMPRÉSTIMOS BANCÁRIOS

	31/12/2023		31/12/2022	
Index	**Non-current**	**Total**	**Current**	**Total**
Fixed rate	-	-	16 000 000	16 000 000
Variable rate	30 000 000	30 000 000	2 500 000	2 500 000
	30 000 000	**30 000 000**	**18 500 000**	**18 500 000**

FINANCIAL COVENANTS IN FORCE

Considering the contracted limits, in 2023 and 2022, 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 lease incentives, variable lease payments, and amounts expected to be paid as residual value. Lease payments also include the price of exercise of 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 determines the 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 (rents).
Disclosure	As a current liability, except when the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

	31/12/2023			31/12/2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Vehicles	304 267	142 503	446 770	188 938	97 837	286 775
	304 267	**142 503**	**446 770**	**188 938**	**97 837**	**286 775**

The maturity analysis of interest-bearing liabilities is presented in the Note 8.1.3 – Liquidity risk.

5.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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 5.6).

Amounts in Euro	31/12/2023	31/12/2022
Cash	100	350
Short-term bank deposits	37 974 901	167 920 413
Cash and cash equivalents	**37 975 001**	**167 920 763**

5.9 CASH FLOWS FROM FINANCING ACTIVITIES

MOVEMENTS IN LIABILITIES FOR FINANCING ACTIVITIES

			Transactions not affecting cash and cash equivalents				
Amounts in Euro	01/01/2023	Cash flows from financing activities	Leases recognition	Amortisation costs	Accrued interest	Other operations	31/12/2023
Interest-bearing liabilities (Note 5.6)							
Bond loans	250 000 000	(14 000 000)	-	-	-	-	236 000 000
Commercial paper	18 250 000	(11 750 000)	-	-	-	-	6 500 000
Bank loans	18 500 000	11 500 000	-	-	-	-	30 000 000
Charges with the issue of loans	(298 344)	10 863 034	-	(13 331 069)	2 821 205	-	54 826
Other interest-bearing liabilities	85 578	(2 000)	-	-	-	-	83 578
Lease liabilities (Note 5.7)	286 775	(126 359)	286 354	-	-		446 770
Total	**286 824 009**	**(3 515 325)**	**286 354**	**(13 331 069)**	**2 821 205**	**-**	**273 085 174**

			Transactions not affecting cash and cash equivalents				
Amounts in Euro	01/01/2022	Cash flows from financing activities	Leases recognition	Amortisation costs	Accrued interest	Other operations	31/12/2022
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**

5.10 NET FINANCIAL RESULTS

The company classifies as “financial income” income and gains resulting from treasury management activities such as: i) interest earned on the investment of cash surpluses; and ii) changes in the fair value of financial investments measured at fair value through profit or loss.

As at 31 December 2023 and 31 December 2022, Net financial results are detailed as follows:

Amounts in Euro	2023	2022
Interest paid on debt securities and bank debt	(11 732 306)	(4 426 969)
Interest paid on other interest-bearing liabilities	(857)	(124)
Commissions on loans and expenses with the opening of credit facilities	(1 877 063)	(1 638 285)
Interest paid using the effective interest method	**(13 610 226)**	**(6 065 378)**
Interest paid on lease liabilities	(9 443)	(6 727)
Financial expenses related to the capital structure	**(13 619 669)**	**(6 072 105)**
Fair value losses on Other financial investments	(28 372)	(119 981)
Other expenses and financial losses	(7 454)	-
Financial expenses and losses	**(13 655 495)**	**(6 192 086)**
Interest earned on financial assets at amortised cost	2 662 355	78 742
Fair value gains on Other financial investments	33 813	47 811
Compensatory interest	1 480 749	-
Other income and financial gains	3 496	-
Financial income and gains	**4 180 413**	**126 553**
Financial profit/(loss)	**(9 475 082)**	**(6 065 533)**

Interest earned on financial assets at amortised cost essentially corresponds to interest from financial investments.

The amount of compensatory interest refers to tax proceedings with the Tax Authorities that have been resolved in the company's favour.

6 INCOME TAX

6.1 INCOME TAX FOR THE PERIOD

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the Statement of financial position date.

According to the legislation in force, the gains and losses on investments in subsidiaries, associates and joint ventures, resulting from the application of the equity method are not relevant for tax purposes and 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 GROUP

The controlling company of the tax group which includes Semapa and its subsidiaries is Sodim, SGPS, S.A. (Note 1.1), since 1 January 2023.

The amounts the Company has receivable from or payable to other companies in the tax group in respect of their liabilities are presented under Receivables (Note 4.1) and Payables (Note 4.2).

The Company recognises liabilities for additional tax assessments that may result from inspections by the Tax Authorities. 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 in which 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 at 31 December 2023, although the periods up to and including 2018 have already been reviewed.

ADDITIONAL TAX LIABILITIES FOR UNCERTAIN TAX POSITIONS

The amount of assets and liabilities recorded for tax proceedings arises from an assessment made by the Company, as at the date of the Statement of Financial Position, as to potential differences of interpretation with the Portuguese tax authorities regarding the application of tax rules and recent developments.

The Company, in relation to the measurement of uncertain tax positions, considers the provisions of IFRIC 23 – "Uncertainty over Income Tax Treatments", namely the measurement of risks and uncertainties in the definition of the best estimate of the expense required to settle the obligation, by weighing all the possible results that are controlled by them and their associated probabilities.

6.1.1 TAX AMOUNT RECOGNISED IN THE INCOME STATEMENT

Amounts in Euro	2023	2022
Current tax	6 238 548	12 062 359
Deferred tax	8 739 106	(1 308 187)
	14 977 654	**10 754 172**

NOMINAL TAX RATE

	2023	2022
Portugal		
Nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	**22.5%**
State surcharge – on the share of taxable profits between Euro 1 500 000 and Euro 7 500 000	3.0%	3.0%
State surcharge – on the share of taxable profits between Euro 7 500 000 and Euro 35 000 000	5.0%	5.0%
State surcharge – on the share of taxable profits above Euro 35 000 000	9.0%	9.0%

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE FOR THE PERIOD

Amounts in Euro	2023	2022
Profit/(loss) before income tax	**229 529 755**	**296 335 662**
Expected tax at nominal rate (22.5%)	51 644 195	66 675 524
Income tax resulting from the applicable tax rate	**51 644 195**	**66 675 524**
Differences (a)	(53 885 047)	(68 111 401)
Tax for prior periods	(7 118 300)	(10 427 375)
Additional tax liabilities	(1 400 000)	(2 749 217)
Recoverable tax losses	(5 098 255)	2 744 065
Autonomous taxation	879 753	1 114 232
	(14 977 654)	**(10 754 172)**
Effective tax rate	**-6.53%**	**-3.63%**

(a) This amount concerns mainly:	2023	2022
Effect of applying the equity method (Note 10.1)	(239 577 182)	(302 796 742)
Capital gains/ (losses) for tax purposes	(314)	131
Capital gains/ (losses) for accounting purposes	314	(131)
Employee benefits (Note 7.2.1)	23 431	23 431
Employee benefits – pensions paid (Note 7.2.1)	(130 513)	(130 514)
Other	195 166	186 486
	(239 489 098)	(302 717 339)
Tax effect (22.5%)	**(53 885 047)**	**(68 111 401)**

6.1.2 TAX AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Amounts in Euro	31/12/2023	31/12/2022
Assets		
Corporate Income Tax – IRC	5 239 574	5 137 839
	5 239 574	**5 137 839**
Liabilities		
Corporate Income Tax – IRC	-	1 400 000
	-	**1 400 000**

DETAIL OF CORPORATE INCOME TAX – IRC (NET)

Amounts in Euro	31/12/2023	31/12/2022
Income tax for the period	-	(1 114 232)
Income tax for the period of subsidiaries	-	(1 936 728)
Payments on account, special and additional payments on account	314 724	5 237 046
Withholding tax recoverable	-	163 681
Income tax recoverable from prior years	4 924 850	2 788 072
Additional tax liabilities	-	(1 400 000)
	5 239 574	**3 737 839**

In the period prior to 1 January 2023, amounts receivable from and payable to the State were recorded, namely payments on account, special payments and additional payments on account, as well as corporate income tax from previous periods. From 1 January 2023 and thereafter, these amounts will be recorded as receivables and payables to the tax group's controlling company, Sodim, SGPS, S.A. (Note 10.2).

ADDITIONAL TAX LIABILITIES – LIABILITIES

Amounts in Euro	2023	2022
Balance at the beginning of the period	**1 400 000**	**7 847 546**
Reversals	(1 400 000)	(2 749 217)
Amount recognised in profit for the period (Note 6.1.1) – (gain) / loss	**(1 400 000)**	**(2 749 217)**
Charge-off	-	(3 698 329)
Balance at the end of the period	**-**	**1 400 000**

During the 2023 financial year, several tax cases were finalised and Semapa reversed the excess in the amount of Euro 1 400 000.

6.2 DEFERRED TAXES

Deferred tax is calculated based on the Statement of financial position on the temporary differences between the book values of the assets and liabilities and their respective tax base. To determine the deferred tax, the tax rate expected to be in force in the period in which the temporary differences will be reversed is used.

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 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 has the ability to control the period of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not reverse in the near future.

DEFERRED TAXES RECOGNISED RELATING TO UNUSED SUBSIDIARIES TAX LOSSES

The company recognises deferred tax liabilities on tax losses and tax benefits collected by subsidiaries that are part of the RETGS, carried forward intra-group, whenever they are expected to be used in the future by those same subsidiaries on an individual basis.

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro	As at 1 January 2023	Income Statement Increases	Income Statement Decreases	Other movements	As at 31 December 2023
Temporary differences originating deferred tax assets					
Tax losses carried forward	123 445 342	73 628 192	(34 020 685)	-	163 052 849
	123 445 342	**73 628 192**	**(34 020 685)**	**-**	**163 052 849**
Temporary differences originating deferred tax liabilities					
Intra-group tax losses carried forward	(5 918 648)	(651 111)	5 918 648	-	(651 111)
Intra-group tax benefits carried forward	(472 220)	(1 630 767)	946 075	41	(1 156 872)
	(6 390 868)	**(2 281 878)**	**6 864 722**	**41**	**(1 807 983)**
Deferred tax assets	**25 923 522**	**15 461 920**	**(7 144 344)**	**-**	**34 241 098**
Deferred tax liabilities	**(1 715 136)**	**(1 767 500)**	**2 189 031**	**(1)**	**(1 293 606)**

Amounts in Euro	As at 1 January 2022	Income Statement Increases	Income Statement Decreases	Other movements	As at 31 December 2022
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					
Intra-group tax losses carried forward	-	(5 918 648)	-	-	(5 918 648)
Intra-group tax benefits carried forward	(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)**

In 2023, tax losses amounting to Euro 34 020 685 were used up and, in addition, tax losses recoverable in subsequent years amounting to Euro 73 628 192 were recognised. These operations led to a reduction in deferred tax assets on these tax losses in the amount of Euro 7 144 344 and an increase in deferred tax assets in the amount of Euro 15 461 920.

As at 31 December 2023, deferred tax liabilities in the amount of Euro 1 293 606 (2022: Euro 1 715 136), refer to intra-group adjustments derived from the recognition of tax losses and benefits by Semapa's subsidiaries included in the REGTS.

UNUSED TAX LOSSES WITHOUT RECOGNISED DEFERRED TAXES

In accordance with the provisions of Law 24-D/2022 of 30 December, which approved the State Budget for 2023, the carry forward of tax losses no longer has a time limit. As at 31 December 2023, Semapa had unused tax losses, with no recognised deferred tax assets, as they are not expected to be recoverable, in the amount of Euro 52 173 423.

7 PAYROLL

7.1 PAYROLL COSTS

SHORT-TERM EMPLOYEE BENEFITS

ACQUIRED RIGHTS – HOLIDAYS 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 Statement of financial position is shown under the caption Current payables.

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 more than 12 months after the end of the reporting period are discounted to their present value.

Amounts in Euro	2023	2022
Remuneration of Corporate Bodies (Note 7.3)	4 057 918	3 319 163
Other remunerations	3 221 559	2 916 769
Post-employment benefits (Note 7.2.1)	23 431	23 431
Compensations	213 950	88 503
Charges on remunerations	958 480	774 588
Other payroll costs	241 005	205 204
Payroll costs	**8 716 343**	**7 327 658**
Number of employees at the end of the period	**33**	**33**

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.

In the periods presented, the amount of the liability reflected in the statement of financial position, under the caption "Liabilities for post-employment benefits", corresponds to Semapa's liability for a single retired beneficiary who did not join the revocation of the Company's directors' pension plan, which took place in December 2012. The company has not set up funds for this liability.

Actuarial deviations resulting from changes in the value of estimated liabilities, as a result of changes to the financial and demographic assumptions used and experience gains, are recognised 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 the net liabilities and is recognised in profit for the period under Payroll costs.

The gains and losses generated by a settlement of a defined-benefit plan are recognised in profit for the period when the settlement occurs.

ACTUARIAL ASSUMPTIONS

Liabilities relating to employee benefit plans with defined benefits are calculated on the basis of certain actuarial assumptions. Changes in these assumptions may have a significant impact on those liabilities.

As at 31 December 2023 and 31 December 2022, the actuarial assumptions were as follows:

	31/12/2023	31/12/2022
Social Security Benefits Formula	Decree Law no 187/2007 of 10 May	
Mortality table	TV 88/90	TV 88/90
Disability rate	EKV 80	EKV 80
Pensions growth rate	0.75%	0.75%
Technical interest rate	1.25%	1.25%
Pension reversibility rate	50.00%	50.00%
Number of complement annual payments	12	12

7.2.1 PENSION LIABILITIES

	2023		2022	
Amounts in Euro	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Group liabilities for past services				
Retired employees	1	580 578	1	687 660
Unfunded pension liabilities	**1**	**580 578**	**1**	**687 660**

EVOLUTION OF LIABILITIES FOR PAST SERVICES

Amounts in Euro	Opening balance	Net interest (Note 7.1)	Payments performed	Closing balance
2023	687 660	23 431	(130 513)	580 578
2022	794 743	23 431	(130 514)	687 660

7.3 REMUNERATION OF CORPORATE BODIES

The remuneration of the members of the corporate bodies, including the estimate for the management bonus for the years ended 31 December 2023 and 31 December 2022, was as follows:

Amounts in Euro	2023	2022
Board of Directors		
Remunerations	1 822 500	1 587 023
Management premium	2 101 737	1 624 100
Supervisory Board and other corporate bodies	133 681	108 040
Total (Note 7.1)	**4 057 918**	**3 319 163**

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All details of the remuneration policy of the Board members of Semapa's management are disclosed in the Company's Corporate Governance Report, Part I – Section D.

As at 31 December 2023 and 31 December 2022, 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, nor iii) payments based on allocated shares. The outstanding balances with members of Semapa's Board of Directors 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 assumed by the Company depends on the cash flows generated by the subsidiaries, which include the distribution of dividends, the payment of interest, the repayment of loans granted and the payment for services rendered by the Company. The ability of Semapa's subsidiaries to generate positive cash flows and make funds available to the holding company depends on their results, available reserves and financial structure.

The Semapa Group has a risk-management programme, which focuses its analysis on the activity and performance of 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 Company and main subsidiaries, in accordance with the policies approved by the Board of Directors and monitored by the Company's Control and Risks 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 arising from the Group's activity is mainly associated with externally obtained financing (Note 5.6).

8.1.1 FOREIGN EXCHANGE RISK

CURRENCY RISK MANAGEMENT POLICY

In the context of the 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 evolution of the exchange rates associated with the geographies relevant to its subsidiaries could lead to a significant decrease in the value of the assets and results of the subsidiaries and in the distribution of dividends to the Company. The Group seeks to mitigate this risk by constantly monitoring its exposure to each currency and using natural hedges, as well as by contracting derivative financial instruments for currency hedging, 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 an illustrative analysis only, since changes in market rates rarely occur separately.

EXPOSURE TO INTEREST RATE RISK

Amounts in Euro	31/12/2023	31/12/2022
0.5% increse in market interest rates		
Impact on profit before tax – increase / (decrease)	(1 362 918)	(804 178)

Financial assets and liabilities bearing interest at fixed rates (which do not expose the Company to interest rate risk) and those bearing interest at variable rates (which expose the Company to interest rate risk) are detailed as follows:

As at 31 December 2023	Fixed rate						
Amounts in Euro	Amount	%	Below 3 months	3-12 months	Total	%	Toral interest bearing
Current							
Non-current							
Receivables (Note 4.1)	-	0%	30 807	-	30 807	100%	30 807
Current							
Receivables (Note 4.1)	24 168 747	100%	-	-	-	0%	24 168 747
Cash and cash equivalents (Note 5.8)	37 975 001	100%	-	-	-	0%	37 975 001
Total financial assets	**62 143 748**	**100%**	**30 807**	**-**	**30 807**	**0%**	**62 174 555**
Liabilities							
Non-current							
Interest-bearing liabilities	-	0%	50 000 000	206 750 000	256 750 000	100%	256 750 000
Lease liabilities (Note 5.7)	304 267	100%			-	0%	304 267
Current							
Interest-bearing liabilities	-	0%	-	15 833 578	15 833 578	100%	15 833 578
Lease liabilities (Note 5.7)	142 503	100%			-	0%	142 503
Payables (Note 4.2)	11 746 803	100%			-	0%	11 746 803
Total financial liabilities	**12 193 573**	**4%**	**50 000 000**	**222 583 578**	**272 583 578**	**96%**	**284 777 151**
Net financial position	**49 950 175**		**(49 969 193)**	**(222 583 578)**	**(272 552 771)**		**(222 602 596)**

As at 31 December 2022	Fixed rate						
Amounts in Euro	Amount	%	Below 3 months	3-12 months	Total	%	Toral interest bearing
Current							
Non-current							
Receivables (Note 4.1)	-	0%	28 999	-	28 999	100%	28 999
Current							
Receivables (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 (Note 5.6)	-	0%	142 500 000		142 500 000	100%	142 500 000
Lease liabilities (Note 5.7)	188 938	100%	-	-	-	0%	188 938
Payables (Note 4.2)	2 800 000	100%	-	-	-	0%	2 800 000
Current							
Interest-bearing liabilities (Note 5.6)	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 (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)**

8.1.3 LIQUIDITY RISK

LIQUIDITY RISK MANAGEMENT POLICY

The Company manages the 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
- by contracting with financial institutions 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 cover i) potential business acquisitions and ii) cash requirements for scheduled repayments of financing in accordance with the cash budget and actual execution.

CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES (UNDISCOUNTED CASH FLOWS, INCLUDING INTEREST)

Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As at 31 December 2023						
Liabilities						
Interest-bearing liabilities						
Bond loans	1 375 144	-	24 971 458	155 292 209	105 653 389	287 292 200
Commercial paper	-	-	2 101 305	5 128 272	-	7 229 577
Bank loans	-	-	1 685 918	16 859 256	20 371 613	38 916 787
Other loans	-	-	83 578	-	-	83 578
Lease liabilities	12 350	25 567	114 012	315 394	-	467 323
Total liabilities	**1 387 494**	**25 567**	**28 956 271**	**177 595 131**	**126 025 002**	**333 989 465**
Of which interest (at the rates prevailing at that date)	**1 376 034**	**1 767**	**6 769**	**39 540 863**	**7 025 001**	**47 950 434**
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 (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 at that date)	**412 892**	**991**	**5 363 181**	**12 976 153**	**-**	**18 753 217**

The undiscounted cash flows from loans obtained and other amounts payable, included above, are detailed as follows:

Amounts in Euro	31/12/2023	31/12/2022
Below 12 months	**30 369 332**	**190 006 072**
1 to 2 years	54 461 931	23 077 739
2 to 3 years	56 313 080	44 771 900
3 to 4 years	56 747 219	44 867 727
4 to 5 years	10 072 901	45 710 923
1 to 5 years	**177 595 131**	**158 428 289**
More than 5 years	**126 025 002**	-
Total	**333 989 465**	**348 434 361**

The contractual maturity of the interest-bearing liabilities presupposes the fulfilment of financial covenants, as detailed in Note 5.6 – Interest-bearing liabilities.

AVAILABLE AND UNDRAWN CREDIT FACILITIES

Amounts in Euro	31/12/2023	31/12/2022
Undrawn credit facilities		
Commercial paper	301 500 000	305 750 000
Other credit facilities	9 750 000	9 750 000
	311 250 000	**315 500 000**
Commercial paper used (Note 5.6)	6 500 000	18 250 000
Other credit facilities used (Note 5.6)	266 000 000	18 500 000
Contracted credit facilities (nominal value)	**583 750 000**	**352 250 000**

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 (three-step model).

Since the credit risk of subsidiaries is considered low, due to the reduced risk of uncollectability and their ability to repay on demand, the impairment estimate corresponds to the first stage of the model with the assessment of the risk of uncollectability of the cash flows for the next 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 successful recovery, these amounts are recognised in profit for the period.

CREDIT RISK MANAGEMENT POLICY

The Company has no significant commercial activities other than managing the Group's financial investments and providing services to subsidiaries.

In the context of the separate financial statements, the credit risk relating to financial assets to which the Company is directly exposed arises mainly from loans and other receivables from subsidiaries (Note 4.1) and cash and cash equivalents (Note 5.8).

RECEIVABLES FROM SUBSIDIARIES

The Group has not recognised any impairment on amounts due from subsidiaries in respect of services provided and financing provided by the Group to subsidiaries during the periods presented.

OTHER RECEIVABLES

Receivables are initially recognised at fair value and are subsequently measured at amortised cost, less any impairment necessary to bring them to their expected net realisable value.

Impairment losses are recognised in accordance with expected credit losses over the respective terms if, at each reporting date, there is a significant increase in credit risk since the initial recognition of the receivables.

Payment after a delay of 180 days or more is considered a default, based on actual historical loss experience over a statistically relevant period.

MAXIMUM EXPOSURE TO CREDIT RISK

Amounts in Euro	31/12/2023	31/12/2022
Non-current		
Other financial investments (Note 8.2)	28 854	23 413
Receivables (Note 4.1)	30 807	28 999
Current		
Cash and cash equivalents (Note 5.8)	37 975 001	167 920 763
	38 034 662	**167 973 175**

As at 31 December 2023 and 31 December 2022, the credit quality of financial assets (cash and cash equivalents) whose counterparties are financial institutions is as follows:

Amounts in Euro	31/12/2023	31/12/2022
A+	21 048 000	82 000 000
A-	2 295	82 204 433
BBB+	3 538 659	3 301 665
BBB	13 328 483	-
Other	57 464	414 315
	37 974 901	**167 920 413**

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 assets are measured at fair value through profit or loss when held for trading. The Company designates other investments as financial assets at fair value through other comprehensive income.

Amounts in Euro	31/12/2023	31/12/2022
Financial assets at fair value through profit or loss		
Ynvisible, SA	28 854	23 413
	28 854	**23 413**

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	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets outside the scope of IFRS 9	Non-financial assets	Total
31 December 2023						
Other financial investments	8.2	-	28 854	-	-	28 854
Receivables	4.1	23 708 396	30 807	221 139	239 212	24 199 554
Cash and cash equivalents	5.8	37 975 001	-	-	-	37 975 001
Total assets		**61 683 397**	**59 661**	**221 139**	**239 212**	**62 203 409**
31 December 2022						
Other financial investments	8.2	-	23 413	-	-	23 413
Receivables	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**

Amounts in Euro	Note	Passivos financeiros ao custo amortizado	Passivos não financeiros	Total
31 December 2023				
Interest-bearing liabilities	5.6	272 638 404	-	272 638 404
Lease liabilities	5.7	446 770	-	446 770
Payables	4.2	10 780 001	966 802	11 746 803
Total liabilities		**283 865 175**	**966 802**	**284 831 977**
31 December 2022				
Interest-bearing liabilities	5.6	286 537 234	-	286 537 234
Lease liabilities	5.7	286 775	-	286 775
Payables	4.2	41 919 154	690 300	42 609 455
Total liabilities		**328 743 163**	**690 300**	**329 433 463**

8.3.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of financial instruments is classified according to 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 book value 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 when: (i) the Company has a legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.
Subsequent measurement	Provisions are reviewed on 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 book value 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.

In the periods ended 31 December 2023 and 31 December 2022, Semapa has not identified any liabilities that would justify the recognition of provisions.

9.2 COMMITMENTS

In the periods ended 31 December 2023 and 31 December 2022, Semapa has no commitments other than those disclosed above.

9.3 CONTINGENT ASSETS AND LIABILITIES

For the periods ended 31 December 2023 and 31 December 2022, Semapa has not identified any contingent assets and liabilities that would require disclosure.

10 GROUP STRUCTURE

10.1 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

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 ENTITY

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.

Under the equity method, financial investments are initially recognised at cost and subsequently adjusted by the amount corresponding to the participation in the net profits of subsidiaries and jointly controlled entities against “Gains/(losses) from subsidiaries and jointly-controlled entities”, by dividends received and by other changes in their equity against “Other comprehensive income”. Moreover, investments in subsidiaries and jointly controlled entities may be adjusted through the recognition of impairment losses.

The accounting policies of 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 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 JOINT VENTURES

The Company tests its investments in subsidiaries and jointly controlled entities for impairment annually and whenever there is an indication that the investments may be impaired.

In the separate financial statements, goodwill included in the valuation of financial assets is not presented separately and the impairment tests are based on the total carrying value of the tested investments.

These forecasts 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.

Cash flows are discounted using weighted average cost of capital (WACC) rates calculated using the capital asset pricing model (CAPM) and based on the weighted average cost of debt and equity capital estimated for the segments in which the cash generating units (CGUs) operate. The risk-free interest rate used is based on market information on medium- to long-term sovereign debt. The beta and leverage of the sectors are based on information from a wide range of comparable companies subject to an annual review. All this information is collected from international and independent sources, including Reuters and rating agencies (S&P, Moody's and Fitch).

The growth rate in perpetuity reflects Management's medium-term vision for the different CGUs, bearing in mind 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 in which the Group operates. The sources of macroeconomic forecasts are the IMF and Banco de Portugal.

The assumptions underlying the business plans are detailed below:

ASSUMPTIONS ON THE BASIS OF THE BUSINESS PLANS

Assumptions (CAGR 2024-2028)			Other businesses	
	Pulp and Paper	Cement*	Environment	Mobility
Sales in quantity (kt)				
Reference	UWF Paper	Cement and Clinker	Fat [3.5]	-
CAGR sales in quantity (kt)	0.1%	-3.5% - 6.0%	-2.6%	-
Sales in quantity (units)				
Reference	-	-	-	Frames for e-bikes
CAGR sales in quantity (units)	-	-	-	43.9%
Average price of sale ML/t				
Reference	UWF Paper	Grey cement in the Internal Market	Fat [3.5]	-
CAGR average price of sale ML/t	0.7%	2.4% - 11.5%	0.1%	-
Average price of sale ML/units				
Reference	-	-	-	Frames for e-bikes
CAGR average price of sale ML/units	-	-	-	6.5%
Total Cash Costs LC				
CAGR Total Cash Costs LC	0.21%	1.3% - 4.3%	2.95%	54.8%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola

Assumptions (CAGR 2023-2027)	Pulp and Paper	Cement*	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 price of sale ML/t			
Reference	UWF Paper	Grey cement in the Internal Market	Fat [3.5]
CAGR average price of sale ML/t	-1.8%	2.5% - 21.3%	-7.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-6.25%	3.8% - 24.0%	0.91%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon and Angola

MACROECONOMIC AND FINANCIAL ASSUMPTIONS

The main assumptions considered at macroeconomic level are forecasts 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 segment). The sources of forecasts are the IMF and Banco de Portugal.

The perpetuity growth rate reflects the Boards of Directors' vision of the medium and long term for the different Cash Generating Units (CGUs), bearing in mind the macroeconomic assumptions.

	31/12/2023				31/12/2022			
Financial assumptions	Risk-free interest rate*	WACC rate EUR	Perpetuity growth rate EUR	Tax rate	Risk-free interest rate*	WACC rate EUR	Perpetuity growth rate EUR	Tax rate
Pulp and Paper								
Portugal								
Explicit Planning Period	3.51%	6.85%	-	27.50%	2.94%	6.76%	-	27.50%
Perpetuity	3.51%	6.85%	0.00%	27.50%	2.94%	6.76%	0.00%	27.50%
Cement								
Portugal								
Explicit Planning Period	3.51%	6.55%	-	27.50%	2.94%	6.48%	-	27.50%
Perpetuity	3.51%	6.55%	1.88%	27.50%	2.94%	6.48%	1.85%	27.50%
Environment								
Portugal								
Explicit Planning Period	3.51%	8.23%	-	25.50%	2.94%	7.70%	-	25.50%
Perpetuity	3.51%	8.23%	2.00%	25.50%	2.94%	7.70%	1.25%	25.50%
Mobility**								
Portugal								
Explicit Planning Period	3.51%	6.96%	-	27.50%	-	-	-	-
Perpetuity	3.51%	6.96%	0.00%	27.50%	-	-	-	-

Nota: In Cements WACC rates in Euro between 6.48% and 20.50% were also considered for Brazil, Tunisia, Angola and Lebanon

* Includes Country Risk Premium
** Aphelion's subsidiary (Triangle's Cycling Equipments, S.A.)

IMPAIRMENT TESTS

As a result of the impairment tests performed in 2023 and 2022, 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:

	31/12/2023				31/12/2022			
WACC Rate Sensitivity Analysis	-50bps	+50bps	-1%	+1%	-50bps	+50bps	-1%	+1%
Pulp and Paper								
Explicit Planning Period	2%	-2%	5%	-5%	2%	-2%	5%	-5%
Perpetuity	8%	-6%	14%	-11%	7%	-6%	15%	-11%
Explicit Planning and Perpetuity	9%	-8%	20%	-15%	10%	-8%	21%	-16%
Cement								
Explicit Planning Period	3%	-3%	6%	-5%	3%	-3%	6%	-6%
Perpetuity	10%	-9%	23%	-16%	11%	-9%	25%	-17%
Explicit Planning and Perpetuity	13%	-11%	30%	-20%	14%	-12%	32%	-22%
Environment								
Explicit Planning Period	2%	-2%	5%	-5%	2%	-2%	4%	-4%
Perpetuity	8%	-7%	17%	-12%	6%	-5%	13%	-10%
Explicit Planning and Perpetuity	10%	-9%	23%	-16%	8%	-7%	18%	-13%
Mobility*								
Explicit Planning Period	2%	-2%	5%	-4%	-	-	-	-
Perpetuity	6%	-5%	13%	-10%	-	-	-	-
Explicit Planning and Perpetuity	9%	-7%	19%	-14%	-	-	-	-

* Aphelion's subsidiary (Triangle's Cycling Equipments, S.A.)

VARIATION OF SEMAPA EQUITY BY A CHANGE IN FREE CASH FLOW:

	31/12/2023				31/12/2022			
Pulp and Paper	Cement	+5%	-10%	+10%	-5%	+5%	-10%	+10%
Environment	-6%	6%	-11%	11%	-6%	6%	-11%	11%
Mobility*	-7%	7%	-13%	13%	-7%	7%	-14%	14%
Ambiente	-5%	5%	-10%	10%	-5%	5%	-9%	9%
Mobilidade*	-5%	5%	-10%	10%	-	-	-	-

* Aphelion's subsidiary (Triangle's Cycling Equipments, S.A.)

As at 31 December 2023 and 31 December 2022, investments in financial investments recorded using the equity method in the statement of financial position, including goodwill, had the following composition:

		31/12/2023			31/12/2022		
Company name	Head Office	Equity	% held	Balance*	Equity	% held	Balance*
Subsidiaries							
Aphelion, S.A.	Portugal	177 018 600	100.00%	177 018 600	41 924	100.00%	41 924
ETSA Investimentos, SGPS, S.A.	Portugal	82 570 480	99.99%	82 560 307	89 239 196	99.99%	89 228 278
Quotidian Podium, S.A.	Portugal	49 640	100.00%	49 640	-	-	-
Secil – Companhia Geral de Cal e Cimento, S.A.	Portugal	304 370 773	100.00%	438 527 277	305 643 031	100.00%	439 800 168
Semapa Inversiones, S.L.	Spain	105 564	100.00%	105 564	101 045	100.00%	101 045
Semapa Next, S.A.	Portugal	48 953 270	100.00%	48 953 270	48 124 114	100.00%	48 124 114
The Navigator Company, S.A.	Portugal	1 062 728 146	69.97%	865 919 075	1 017 963 740	69.97%	834 597 262
Joint ventures							
UTIS – Ultimate Technology to Industrial Savings, S.A.	Portugal	31 269 543	50.00%	42 475 845	21 964 842	50.00%	37 823 495
				1 655 609 578			**1 449 716 286**

* Includes goodwill

The subsidiary The Navigator Company, S.A. is a public company listed on Euronext Lisbon and is part of the PSI20 index, the main benchmark index on the Portuguese stock exchange. As at 31 December 2023, the Navigator share price was Euro 3 548 (Euro 3 454 as at 31 December 2022).

During 2023, Semapa pursued its growth and expansion strategy through the acquisition of the company Triangle's, through the subsidiary Aphelion. As part of this initiative, Semapa increased its share capital in the subsidiary Aphelion in the amount of Euro 179 950 000.

As at 21 December 2023, the company Quotidian Podium, S.A. was incorporated, with the corporate purpose of providing advisory services in company management and business monitoring and development, wholly owned by Semapa.

RECONCILIATION OF THE EQUITY OF MATERIAL SUBSIDIARIES AND OF THE JOINTLY-CONTROLLED ENTITY WITH THE BALANCE OF THE FINANCIAL INVESTMENT

31 December 2023	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Profit for the period	Net profit	Comprehensive income
Subsidiárias							
Aphelion, S.A.	1 463 703	215 605 403	122 276	39 928 230	-	(2 973 324)	(2 973 324)
ETSA Investimentos, SGPS, S.A.	38 546 858	79 706 807	34 019 092	1 405 676	48 109 366	9 331 284	9 331 284
Quotidian Podium, S.A.	50 000	-	360	-	-	(360)	(360)
Secil – Companhia Geral de Cal e Cimento, S.A.	294 750 108	974 389 260	512 356 524	427 645 223	693 348 710	42 746 989	45 274 579
Semapa Inversiones, S.L.	115 084	-	9 520	-	-	4 520	4 520
Semapa Next, S.A.	259 385	50 315 393	862 283	759 225	1 019 886	(1 867 593)	(6 137 344)
The Navigator Company, S.A.	899 081 837	1 704 678 240	632 281 690	908 423 223	1 953 242 900	263 851 946	255 849 998
Jointly-controlled entity							
UTIS – Ultimate Technology to Industrial Savings, S.A.	25 658 356	16 401 957	10 788 270	2 500	39 048 662	15 438 899	15 432 767

31 December 2022	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Profit for the period	Net profit	Comprehensive income
Subsidiárias							
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	913 856 112	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

The amounts presented for each subsidiary may differ from those presented individually by each in their statutory financial statements, as a result of harmonisation adjustments and others arising from the application of the accounting standards in force.

RECONCILIATION OF THE EQUITY OF THE MATERIAL SUBSIDIARIES AND OF THE ENTITY TOGETHER

31 December 2023 Amounts in Euro	Aphelion, S.A.	ETSA Investimentos, SGPS, S.A.	Quotidian Podium, 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	177 018 600	82 570 480	49 640	304 370 773	105 564	48 953 270	1 062 728 146	31 269 543
% held	100.00%	99.99%	100.00%	100.00%	100.00%	100.00%	69.97%	50.00%
	177 018 600	**82 560 308**	**49 640**	**304 361 972**	**105 564**	**48 953 270**	**743 594 628**	**15 634 772**
Goodwill	-	-	-	134 165 305	-	-	122 324 446	26 841 074
Financial investment	**177 018 600**	**82 560 307**	**49 640**	**438 527 277**	**105 564**	**48 953 270**	**865 919 075**	**42 475 845**

31 December 2022 Amounts in Euro	Aphelion, S.A.	ETSA Investimentos, SGPS, S.A.	Quotidian Podium, 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	100.00%	99.99%	-	100.00%	100.00%	100.00%	69.97%	50.00%
	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**

MOVEMENTS IN INVESTMENTS IN SUBSIDIARIES

Amounts in Euro	2023	2022
Opening balance	**1 449 716 286**	**1 248 160 273**
Acquisitions		
Investment in UTIS – Ultimate Technology to Industrial Savings, S.A.	-	46 000
UTIS goodwill – Ultimate Technology to Industrial Savings, S.A.	-	26 841 074
Share capital increase in Aphelion, S.A.	179 950 000	-
Share capital increase in Quotidian Podium, S.A.	50 000	-
Additional capital contributions		
Semapa Next, S.A.	6 966 500	24 540 000
Acquisitions and capital increases	**186 966 500**	**51 427 074**
Repayment of share premium		
Repayment of additional capital contributions		
Secil – Companhia Geral de Cal e Cimento, S.A.	(32 300 000)	(40 500 000)
Capital decreases, disposals and settlements	**(32 300 000)**	**(40 500 000)**
Share of (losses)/gains from the application of the equity method		
Aphelion, S.A.	(2 973 324)	(865)
ETSA Investimentos, SGPS, S.A.	9 330 241	12 073 382
Quotidian Podium, S.A.	(360)	-
Secil – Companhia Geral de Cal e Cimento, S.A.	42 746 112	12 360 811
Semapa Inversiones, S.L.	4 520	(12 205)
Semapa Next, S.A.	(1 867 593)	2 708 696
The Navigator Company, S.A.	184 618 137	266 912 541
UTIS – Ultimate Technology to Industrial Savings, S.A.	7 719 449	8 754 382
Net profit	**239 577 182**	**302 796 742**
Dividends		
The Navigator Company, S.A.	(139 929 984)	(174 917 457)
ETSA Investimentos, SGPS, S.A.	(15 998 212)	(999 888)
Secil – Companhia Geral de Cal e Cimento, S.A.	(8 772 218)	-
UTIS – Ultimate Technology to Industrial Savings, S.A.	(3 064 033)	(1 116 780)
Dividends distributed	**(167 764 447)**	**(177 034 125)**
Other comprehensive income	(15 877 107)	64 866 322
Other movements	(4 708 836)	-
Other equity changes of subsidiaries	**(20 585 943)**	**64 866 322**
Closing balance	**1 655 609 578**	**1 449 716 286**

10.2 TRANSACTIONS WITH RELATED PARTIES

BALANCES WITH RELATED PARTIES

Amounts in Euro	31/12/2023				
	Receivables (Note 4.1)	Receivables – RETGS (Note 4.1)	Payables (Note 4.2)	Payables – RETGS (Note 4.2)	Interest-bearing liabilities (Note 5.6)
Shareholders					
Cimo – Gestão de Participações, SGPS, S.A.	59	-	-	-	-
Sodim, SGPS, S.A.	485 465	1 070 425	1 251 307	-	-
	485 524	**1 070 425**	**1 251 307**	**-**	**-**
Subsidiaries – direct shareholdings (Note 10.1)					
Aphelion, S.A.	-	-	48	328	42 042
ETSA Investimentos, SGPS, S.A.	14 111 565	-	-	56 029	-
Secil – Companhia Geral de Cal e Cimento, S.A.	1 476 933	-	-	2 273 822	-
Semapa Inversiones, S.L.	-	-	106	-	41 536
Semapa Next, S.A.	490 556	42 696	-	-	-
The Navigator Company, S.A.	952 804	-	-	-	-
	17 031 858	**42 696**	**154**	**2 330 179**	**83 578**
Other subsidiaries of Semapa Group					
Abapor – Comércio e Indústria de Carnes, S.A.	-	-	-	62 668	-
Argibetão – Soc. de Novos Prod. de Argila e Betão, S.A.	-	8 272	-	-	-
Beto Madeira – Betões e Britas da Madeira, S.A.	-	2 480	-	-	-
Betotrans II – Unipessoal, Lda.	-	5 347	-	-	-
Biological – Gestão de Resíduos Industriais, Lda.	-	-	-	69 644	-
Madebritas – Sociedade de Britas da Madeira, Lda.	18 224	-	-	10 073	-
Cimentos Madeira, Lda.	-	-	-	26 177	-
Ciminpart – Investimentos e Participações, SGPS, S.A.	-	-	-	4 640	-
ETSA Log, S.A.	-	-	-	15 142	-
Florimar – Gestão e Participações, S.G.P.S., Lda.	-	-	-	3 531	-
ITS – Indústria Transformadora de Subprodutos, S.A.	-	411 170	-	-	-
Sebol – Comércio e Indústria de Sebo, S.A.	-	-	-	803 055	-
Secil Britas, S.A. (former Secil – Britas, S.A.)	351 942	1 223 666	-	-	-
Secil-Betão – Indústrias de Betão, S.A.	-	31 155	-	-	-
Secil Brands – Marketing, Publicidade, Gestão e Desenvolv. de Marcas, Lda.	43 543	476 766	-	-	-
Secil Martingança – Aglomerantes e Novos Materiais para a Construção, S.A.	262 988	408 583	-	-	-
Triangle's – Cycling Equipments, S.A	1 829 010	-	-	-	-
	2 505 707	**2 567 439**	**-**	**994 930**	**-**
Other related parties					
CLA – Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	-	-	7 380	-	-
Hotel Ritz, S.A.	-	-	9 159	-	-
Sociedade Agrícola da Herdade dos Fidalgos, Unipessoal, Lda.	-	-	118	-	-
Ultimate Cell, Lda.	-	-	2 800 000	-	-
Members of the Board of Directors	550	-	8 998	-	-
	550	**-**	**2 825 655**	**-**	**-**
	20 023 639	**3 680 561**	**4 077 116**	**3 325 110**	**83 578**

Amounts in Euro	31/12/2022 Receivables (Note 4.1)	Receivables – RETGS (Note 4.1)	Payables (Note 4.2)	Payables – 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 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	-	-	-
Madebritas – Sociedade de Britas da Madeira, Lda.	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**

As at 31 December 2023 and 31 December 2022, borrowings from shareholders and subsidiaries refer to short-term treasury operations bearing interest at market rates, debited quarterly.

TRANSACTIONS WITH RELATED PARTIES

	2023			
Amounts in Euro	Purchase of goods and services	Sales and services rendered	Financial (expenses) / income	Amount of loans granted
Subsidiaries – direct shareholdings (Note 10.1)				
Aphelion, S.A.	-	-	(426)	-
ETSA Investimentos, SGPS, S.A.	-	384 925	24 059	14 000 000
Secil – Companhia Geral de Cal e Cimento, S.A.	-	4 238 317	-	-
Semapa Inversiones, S.L.	-	-	(431)	-
Semapa Next, S.A.	(1 019 886)	-	-	-
The Navigator Company, S.A.	-	9 710 177	-	-
	(1 019 886)	**14 333 419**	**23 202**	**14 000 000**
Other subsidiaries of Semapa Group				
Empremédia – Corretores de Seguros. S.A.	(113 048)	-	-	-
Triangle's – Cycling Equipments, S.A	-	1 663 395	-	-
	(113 048)	**1 663 395**	**-**	**-**
Other related parties				
Aliança Florestal – Soc. Desenv. Agro-Florestal, S.A.	(93)	-	-	-
Bestweb, Lda.	(22 022)	-	-	-
CLA – Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	(72 000)	-	-	-
Hotel Ritz, S.A.	(94 453)	-	-	-
João Paulo Araújo Oliveira	(45 906)	-	-	-
Letras Criativas, Unipessoal, Lda.	(60 000)	-	-	-
Nofigal, Lda.	(39 600)	-	-	-
Sociedade Agrícola da Herdade dos Fidalgos, Lda.	(347)	-	-	-
Sonagi – Imobiliária, S.A.	(696 141)	-	-	-
Sonagi, SGPS, S.A.	(3 198)	-	-	-
	(1 033 760)	**-**	**-**	**-**
	(2 166 694)	**15 996 814**	**23 202**	**14 000 000**

Amounts in Euro	2022			
	Purchase of goods and services	Sales and services rendered	External services recharge	Amount of interest-bearing liabilities
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**

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 owned by the latter and where Semapa's head office operates, on Av. Fontes Pereira de Melo, no. 14, in Lisbon.

In 2023, the amount of loans granted of Euro 14 000 000 refers to short-term treasury operations bearing interest at market rates, debited on a monthly basis).

RECEIVABLES AND PAYABLES – TAX CONSOLIDATION (RETGS)

The balances receivable and payable to the subsidiaries included in the Company's tax sub-group related to RETGS operations (Note 6.1) are as follows:

Amounts in Euro	31/12/2023 Receivable	31/12/2023 Payable	31/12/2022 Receivable	31/12/2022 Payable
Income tax on subsidiaries	5 349 198	1 987 780	5 618 221	1 989 724
Corporate Income Tax receivables	(2 727 051)	(4 957 633)	(4 127 130)	(12 166 335)
Withholding tax recoverable	(12 010)	(101 152)	(331)	(8 632)
International double taxation	-	(318 361)	-	(233 045)
Corporate Income Tax from prior years	(0)	64 256	65 544	-
	2 610 137	**(3 325 110)**	**1 556 304**	**(10 418 288)**

Conforme referido na Note 6.1, a partir de 1 de janeiro de 2023, os valores relativos a imposto sobre o rendimento estão registados em valores a receber e a pagar à empresa-mãe Sodim.

Amounts in Euro	31/12/2023 Receivable
Corporate Income Tax receivables	2 300 382
Withholding tax recoverable	776 643
International double taxation	318 361
Corporate Income Tax from prior years	(2 324 961)
	1 070 425

OTHER RELATED PARTY DISCLOSURES

In 2018, the subsidiary Semapa Next. S.A. entered into an agreement to invest 12 million dollars in Alter Venture Partners Fund 1, an entity in which a member of the executive team is also a non-executive board member of Semapa. As at 31 December 2023, the Group had invested USD 9.7 million in Alter Venture Partners Fund 1, corresponding to Euro 8.8 million.

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, 11 April 2024

THE CERTIFIED ACCOUNTANT

Paulo Jorge Morais Costa

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

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 2023 (showing a total of Euro 1,758,131,869 and total equity of Euro 1,471,425,708, including a net profit for the period of Euro 244,507,409), 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 2023 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 judgement, were of most significance in our audit of the financial statements of the current period. 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.

Valuation of financial investments (Euro 1,655,609,578)	
See Note 1.6 Main estimates and judgements and Note 10.1 of 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 related to this matter and analysed the budgeting procedures on which projections are based, by comparing the current performance with estimates made in previous years, and the integrity of the discounted cash flow model; ▪ We assessed whether there were signs of impairment in the financial investments; ▪ We performed and analysed impairment tests on financial investments, based on discounted cash flow models, performing the following procedures: - We verified the arithmetic accuracy of the models; - 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 relevant disclosures in the financial statements, in accordance with the applicable accounting standards.

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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 misstatement whether due to fraud or error, and to issue an auditor´s report based on 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 judgement 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;

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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 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 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 period 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 all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Article 451(4) and (5) 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(3)(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(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 number 1 of that Article.

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On the remuneration report

Pursuant to Article 26-G(6), of the Securities Code, we inform that the Entity has included in the corporate governance report, in a separate chapter, the information provided in number 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 period ended 31 December 2023 have to 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 obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format.

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) 537/2014

Pursuant to Article 10 of the Regulation (EU) 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 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.
- 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 22 April 2024.
- We declare that we have not provided any prohibited services as described in Article 5 of Regulation (EU) 537/2014 of the European Parliament and of the

Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit.

22 April 2024

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(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 2023

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 2023 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 2023.

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, S.A., 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, S.A. for their collaboration.

9. We inform you that this Report and Opinion is not signed by the Member of the Supervisory Board, Mrs. Maria da Graça da Cunha Gonçalves, due to her death on 12 April. The Supervisory Board regrets with great sorrow the death of Mrs. Maria da Graça da Cunha Gonçalves and praises her personal qualities and the enormous dedication and professionalism with which she performed her duties as Member of the Company's Supervisory Board since her appointment, on 24 May 2018.

10. The Supervisory Board confirms that Mrs. Maria da Graça da Cunha Gonçalves played a relevant role with regard to the preparation and content of this Report and Opinion and monitored, during the financial year just ended and in the current year, the activities of the Company and of the Supervisory Board, contributing significantly to the fulfilment of the duties and powers of this body.

Lisbon, 22 April 2024

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member of the Audit Board,

Gonçalo Nuno Palha Gaio Picão Caldeira

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SUSTAINABILITY SUPPORT INFORMATION

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CONTENTS

9.1 SUSTAINABILITY SUPPORT INFORMATION

9.1.1 GENERAL DISCLOSURES

GRI 2: THE ORGANISATION AND ITS REPORTING PRACTICES

GRI 2-2: Entities included in the organization's sustainability reporting

This sustainability report considers the affiliates The Navigator Company, Secil and ETSA, in addition to the Holding (which includes Semapa Next). Sustainability information on Triangle's, whose acquisition took place in June 2023, is not being considered, although this company is part of the financial consolidation perimeter. Semapa has a stake in a joint venture – UTIS – which is not part of the financial consolidation perimeter and is therefore also excluded from the sustainability report.

Regarding the subsidiary Navigator, the disclosures are consolidated in line with the financial reporting perimeter, apart from the groups of indicators indicated in the following table. The differences between the perimeter considered in the 2022 report and the perimeter considered in 2023 are essentially because, in 2023, information on activities in Mozambique were considered whenever possible, as well as activities relating to the new Tissue industrial plant (Ejea) in Spain, acquired in April 2023. The integration of data from these geographies is ongoing and has not yet been consolidated for all the indicators in this report. For more information on the calculation of each disclosure, please refer to the respective methodological notes.

Perimeter	GRI Disclosures
Operations in Portugal	2-21, 302-4, 304-1, 304-2, 304-3, 304-4, 305-5, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Operations in Portugal and Mozambique	2-8, 202-1, 203-1, 401-3, 405-2
Operations in Portugal and Spain*	301-1, 301-2, 302-1, 302-3, 305-1, 305-2, 305-3, 305-4, 305-7, 306-3, 306-4, 306-5
Operations in Portugal, Spain* and Mozambique	303-1, 303-2, 303-3, 303-4, 303-5, 306-1, 306-2
Operations in Portugal, Mozambique, and International Offices	2-7, 401-1, 404-1, 404-3, 405-1

*Includes only the new Ejea industrial plant.

About the affiliate Secil, the exercise was carried out to summarise the GRI standards that are only reported in some geographies, excluding the rest that were reported in all units.

Perimeter	GRI Disclosures
Operations in Angola, Brazil, Cape Verde, Lebanon, Portugal, Spain, and Tunisia	2-21, 301-1, 301-2
Operations in Angola, Brazil, Lebanon, Portugal, Spain, and Tunisia	401-3
Operations in Angola, Brazil, Lebanon, Portugal, and Tunisia	305-1, 305-2, 305-4
Operations in Brazil, Lebanon, Portugal, and Tunisia	202-1
Operations in Brazil, Lebanon, Portugal, and Tunisia	305-7
Operations in Brazil, Portugal, and Tunisia	201-4
Operations in Brazil, Cape Verde, and Portugal	405-2
Operations in Brazil and Portugal	308-1, 414-1
Operations in Portugal	304-1, 304-3, 308-2, 401-2, 414-2
Operations in Brazil	406-1

GRI 2-4: Restatements of information

To better meet the GRI standards, in 2023 some of the Semapa Group's disclosures were adjusted/updated in relation to the data covered in the last sustainability report. Some of the data were revised based on information made available after the report was published and due to the exercise to standardise criteria for reporting disclosures between the Holding and Affiliated companies. In the case of Navigator, the integration of data from operations in Mozambique also led to the reformulation of some disclosures.

The disclosures subject to information reformulation are: 2-7; 2-8; 2-30; 303-3/4/5; 305-1; 305-2; 305-4; 305-5; 306-3/4/5; 401-1; 401-3; 403-8; 403-10; 404-1; 405-1. For more information, please refer to the respective methodological notes.

9.1.2 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 total compensation ratio

The Holding's annual compensation ratio in 2023 was 15.36.

STRATEGY, POLICIES AND PRACTICES

GRI 2-27: Compliance with laws and regulations

There were no significant incidents or fines paid due to non-compliance with laws and/or regulations.

STAKEHOLDER ENGAGEMENT

GRI 2-28: Membership associations

Semapa Holding actively participates in the following associations:

- AEM – Association of Companies Issuing Listed Securities
- Business Roundtable Association Portugal
- Portuguese Institute of Corporate Governance
- Forum for Competitiveness
- GRACE – Responsible Companies – Association

In addition to this, the Group's companies participate in other sectoral and sustainability associations, which are available in their respective sustainability reports (Navigator and Secil).

9.1.3 ECONOMIC DISCLOSURES

GRI 201: ECONOMIC PERFORMANCE

GRI 201-1: Direct economic value generated and distributed (k€)

Company/ Affiliated	Description	2021	2022	2023
Semapa Group	**Direct economic value generated**	**2 228 306**	**3 287 321**	**2 912 102**
	Revenues	2 228 306	3 287 321	2 912 102
	Economic value distributed	**1 792 879**	**2 541 464**	**2 395 700**
	Operating Costs	1 389 223	1 930 102	1 774 981
	Employee wages and benefits	248 317	281 789	281 973
	Payments to providers of capital	125 027	274 823	174 192
	Payments to government	28 019	52 303	162 305
	Community investments	2 294	2 446	2 249
	Economic value retained	**435 426**	**745 857**	**516 402**

GRI 201-2: Financial implications and other risks and opportunities due to climate change				
Company/ Affiliated	Description	2021	2022	2023
Navigator	Number of CO_2 emission licences (unit)	620 805	574 123	494 851
	Market value (thousand €)	50 068	46 785	38 628
Secil	Number of CO_2 emission licences (unit)	2 349 520	2 326 945	2 370 341
	Market value (thousand €)	189 489	189 623	185 029

Semapa Group is committed to decarbonising its operations and is implementing roadmaps for decarbonisation of emissions in each of the affiliates. These roadmaps are the Group's main plans not only to contribute as much as possible to global decarbonisation and thus contribute to greater stability in the energy network, but also to avoid costs associated with emissions permits.

The possible increase in the cost of purchasing energy (fuel or electricity), associated with the decarbonisation of the economy, is one of the financial implications the Group may face in the coming years. Another financial implication that the Group must consider are the costs incurred through the EU ETS market, namely with CO_2 licences (shown in the table above). Whilst ETSA is not currently covered by the EU ETS, legislation may change in the future and small installations that are not currently covered may also pay for CO_2 emissions.

For more information, please refer to the Navigator and Secil reports.

GRI 201-3: Obligations with defined benefit plans and other retirement plans

This information is available in the Annual Statement Reports of the respective Affiliates.

GRI 201-4: Financial assistance received from government (thousands of euros)				
Company/ Affiliated	Description	2021	2022	2023
Semapa Group	**Tax incentives/Credits (thousand €)**	11 472	5 226	7 771
	Subsidies (thousand €)	562	13 413	13 931
	Support for research and R&D (thousand €)	2 560	1 533	2 800

GRI 202: MARKET PRESENCE

GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage				
Company/ Affiliated	Description	2021	2022	2023
Navigator	Men	1.07	1.13	1.09
	Women	1.07	1.13	1.09
Secil	Men	1.00	1.00	1.04
	Women	1.00	1.00	1.04
ETSA	Men	1.03	1.01	1.01
	Women	1.03	1.01	1.01
Holdings	Men	1.72	1.64	1.85
	Women	1.26	1.56	1.45

Note 1: The data presented only relate to Portugal, as it is the country with the largest number of employees (representing 75% of the Group's total). Detailed information for other countries where Navigator and Secil operate is available in their respective reports.

GRI 203: INDIRECT ECONOMIC IMPACTS

GRI 203-1: Investments in infrastructure and services provided

At Group level, the indirect economic impacts resulting from investments in infrastructure and services have not been systematically assessed. The figures for investment in the community are shown in disclosure 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. It should be noted, however, that in 2023, the Group has 6 139 Employees (GRI 2-7) and distributed around 282.0 million euros in salaries and benefits (GRI 201-1). In addition to their Employees, the Group's companies distribute their purchasing volume to several thousand suppliers, the majority of which are national, totalling more than 2 million euros[1] (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 – accounting for around 1% of GDP[2] and occupying 3rd place2 on the list of Portugal's largest exporting companies. 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 jobs in the country where it buys most of its raw materials and services, it ranks 1st on the list of exporting companies with the greatest contribution to National Value Added2. Over 30 000 direct, indirect, and induced jobs are generated through its activities[3].

GRI 204: PROPORTION OF SPENDING ON LOCAL SUPPLIERS

GRI 204-1: Proportion of spending on local suppliers

Company/ Affiliated	Description	2021	2022	2023
Navigator	Total number of suppliers	7 172	7 303	7 490
	Local suppliers (%)	74%	73%	73%
	Foreign suppliers (%)	26%	27%	27%
	Total costs with suppliers (thousands €)	1 382 341	1 934 460	1 793 052
	Purchases made from local suppliers (%)	74%	72%	74%
	Purchases from foreign suppliers (%)	26%	28%	26%
Secil	Total number of suppliers	7 759	5 771	5 698
	Local suppliers (%)	92%	89%	89%
	Foreign suppliers (%)	8%	11%	11%
	Total costs with suppliers (thousands €)	553 397	501 304	591 047
	Purchases made from local suppliers (%)	78%	72%	65%
	Purchases from foreign suppliers (%)	22%	28%	35%
ETSA	Total number of suppliers	864	938	969
	Local suppliers (%)	96%	94%	94%
	Foreign suppliers (%)	4%	6%	6%
	Total costs with suppliers (thousands €)	17 570	26 873	27 733
	Purchases made from local suppliers (%)	98%	94%	94%
	Purchases from foreign suppliers (%)	2%	6%	6%

1 These figures are not consolidated for the Group and refer, as an indication, to the sum of the affiliates.

2 Source: Data released by INE – Statistics Portugal for 2021

3 Source: KPMG Study – 2016

Holdings	Total number of suppliers	223	240	279
	Local suppliers (%)	83%	88%	88%
	Foreign suppliers (%)	17%	12%	12%
	Total costs with suppliers (thousands €)	7 110	8 180	11 615
	Purchases made from local suppliers (%)	87%	95%	96%
	Purchases from foreign suppliers (%)	13%	5%	4%
Semapa Group	**Total number of suppliers**	**16 018**	**14 252**	**14 722**
	Local suppliers (%)	**84%**	**81%**	**81%**
	Foreign suppliers (%)	**16%**	**19%**	**19%**
	Total costs with suppliers (thousands €)	**1 960 418**	**2 470 817**	**2 423 447**
	Purchases made from local suppliers (%)	**76%**	**72%**	**72%**
	Purchases from foreign suppliers (%)	**24%**	**28%**	**28%**

GRI 205: ANTI-CORRUPTION

GRI 205-1: Operations subject to a corruption risk assessment

In 2019, Semapa Holding began developing and implementing a risk management and control system applicable to the entire Group, a description of which can be found briefly in this document and in more detail in the Corporate Governance Report. In addition, within the Group and considering the most recent legislative and regulatory changes, policies, and systems for controlling and preventing corruption and related offences have also been prepared and developed.

In 2023, in the case of Navigator, 15 specific operations were submitted for a corruption risk assessment. Operations are those departments of the organisation involved in contracting, payments, or institutional relations, identified in the Prevention of Corruption and Related Offences Plan, according to criteria of relevance in terms of corruption risk. Significant risks are those identified in the Plan for the Prevention of Corruption and Related Offences as "high" or "critical". In 2023, no significant corruption risks were identified.

In the case of Secil, corruption risks are assessed when there are reports of corruption through the integrity channel, and there were no reports of corruption in 2023.

GRI 205-2: Communication and training on anti-corruption policies and procedures

Semapa Group has developed risk management and control systems and communicated its anti-corruption policies and procedures to its employees.

At Navigator, the Policy for the Prevention of Corruption and Related Offences is communicated to all employees, business partners and other stakeholders through publication on the Intranet and Internet sites. In addition, the Navigator Group offers a range of training courses on Ethics and Integrity to all its Employees, regardless of location or function, in e-learning format, via digital platforms. In 2023, Navigator has developed specific training on the Prevention of Corruption and Related Offences. A total of 2 227 employees were covered by anti-corruption training.

Regarding Secil, the Corruption Prevention Policy was developed and approved in 2023.

It should also be noted that within the Semapa Group, whistleblowing channels have been in place since 2022, including any alleged violation of EU standards, legal provisions, regulations and/or articles of association, with a guarantee of anonymity and confidentiality for whistleblowers, and the respective processes and regulations for reporting irregularities within the Group have also been updated.

GRI 205-3: Confirmed incidents of corruption and actions taken

In 2023 there was no record of any corruption case involving Semapa Group companies.

In the case of Navigator, following the events that took place in 2020 and 2021, supported by the criminal investigation in 2020 into alleged corruption in the wood reception activity at one of our manufacturing centres, which led to the dismissal with just cause of the workers involved in that activity, legal proceedings are still underway in the labour and criminal courts. In fact, during 2023 and because of this investigation, Navigator continued to monitor, in the competent labour courts, the legal proceedings challenging the regularity and lawfulness of the dismissals of 28 workers, and to date there have been no further developments in these proceedings. On the other hand, in the criminal courts, Navigator, as an assistant, monitored the investigation phase of the case, which resulted in an order for indictment and confirmation that the case would proceed to trial.

GRI 206: ANTI-COMPETITIVE BEHAVIOUR

GRI 206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

The Department of Commerce of the United States of America initiated an anti-dumping proceeding against Portugal (in particular in this case against The Navigator Company, S.A. as the only domestic producer), which began on 21 January 2014 when a group of US office paper producers and a number of industry unions filed a complaint to investigate alleged dumping practices in imports of paper in various formats from five countries, namely Australia, Brazil, China, Indonesia and Portugal.

Currently, and because of this process, exports from Portugal to the United States of certain types of paper marketed by Navigator are subject to an anti-dumping duty, and initially deposits are made with customs, which are subject to subsequent adjustments as new decisions are published by the Department of Commerce.

In mid-2022, the final rate for the 5th review period (2020-2021) was determined and set at 5.81%. The final determination of this rate led Navigator to pay additional amounts compared to the deposits initially made, a process that was finalised in March 2023. In August 2023, the final rate for the 6th review period (2021-2022) was determined, which was set at 7.11%. This is also the rate that is being used for the deposits that Navigator must make at each import, although subject to subsequent adjustments, depending on the effective rates calculated in subsequent periods.

Semapa, Secil and ETSA have not been subject to legal action for anti-competitive behaviour, unfair competition, or monopoly.

GRI 207: TAXATION

GRI 207-1: Fiscal approach

As part of the business carried out by the companies that integrate the Semapa Group, they incur in a multiplicity of taxes, fees and contributions, and the Group is an important contributor to state revenue in Portugal and thus to the fulfilment of social objectives and national development. Tax policy therefore has a significant impact on the business fabric, affecting the Group's entire value chain.

The **Semapa Group's tax policy** is aligned with the Group's business development strategy, defined in accordance with the economic substance of its activity. This is why the tax treatment of the Group's transactions is carried out in response to its economic activity, and the tax implications of these transactions are just one of the many economic reasons to be considered in the Semapa Group's management decisions.

The tax policy is analysed and approved annually by the Executive Committee and the Board of Directors. Regular meetings are held with the CFO – Chief Financial Officer to analyse the implementation of Semapa Group's tax policy.

GRI 207-2: Fiscal governance, control, and risk management

The **Semapa Group's tax policy** 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: GRI 207-3: Stakeholder engagement and management of tax issues

The Semapa Group takes a proactive stance in its dealings with the Tax Authority, especially 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.

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 2022 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 89.4M€, million euros, broken down geographically in the table below, identifying income tax payments by jurisdiction/country:

Amounts in Euros

	Tax Jurisdiction	Profit before income taxes (adjusted) 2021	Income tax paid (on a cash basis) 2022	% Income tax paid (on a cash basis) 2022
AO	Angola	0	143 258	0.16%
AT	Austria	11 279	4 268	0.00%
BR	Brazil	8 512 628	11 975 032	13.39%
CV	Cape Verde	462 247	365 620	0.41%
DE	Germany	20 836	2 405	0.00%
EG	Egypt	2 176	2 000	0.00%
ES	Spain	1 172 971	347 287	0.39%
FR	France	32 620	26 322	0.03%
GB	United Kingdom	306 101	0	0.00%
IE	Irland	375 032	220 107	0.25%
IT	Italy	17 380	17 087	0.02%
LB	Lebanon	29 015	22 089	0.02%
MA	Morroccos	1 592	1 621	0.00%
MX	Mexico	6 692	8 737	0.01%
MZ	Mozambique	1 016	1 488	0.00%
NL	Netherlands	202 841	98 048	0.11%
PL	Poland	2 945 849	1 964	0.00%
PT	Portugal	25 918 413	73 587 879	82.31%
TN	Tunisia	771 906	1 427 688	1.60%
TR	Turkey	4 353	12 310	0.01%
UAE	United Arab Emirates	0	0	0.00%
US	United States of America	306 846	1 137 557	1.27%
ZA	South Africa	0	0	0.00%
Total		41 101 793	89 402 767	100%

Therefore, in the context of compliance with the country-by-country tax reporting obligations presented by the Group, it is evident that in 2022, the Group paid in Portugal 82.31% of the overall corporate income tax supported among the 23 jurisdictions where it is represented.

9.1.4 ENVIRONMENTAL DISCLOSURES

GRI 301: MATERIALS

GRI 301-1: Materials used by weight or volume (t)

Company/ Affiliated	Description	2021	2022	2023
Navigator	Renewable	4 558 516	4 619 939	4 251 275
	Non-renewable	506 399	536 904	462 940
	Subtotal	**5 064 915**	**5 156 843**	**4 714 215**
Secil	Renewable	18 241	61 442	46 822
	Non-renewable	18 769 901	17 343 204	17 494 798
	Subtotal	**18 788 142**	**17 404 646**	**17 541 620**
ETSA	Renewable	135 500	142 656	153 497
	Non-renewable	-	-	-
	Subtotal	**135 500**	**142 656**	**153 497**
Semapa Group	Renewable	**4 712 257**	**4 824 037**	**4 451 594**
	Non-renewable	**19 276 300**	**17 880 108**	**17 957 738**
	Total	**23 988 557**	**22 704 145**	**22 409 332**

Note 1: Navigator's renewable materials include: wood; starch; eucalyptus fibre; long fibre; recycled fibre; and packaging paper. Non-renewable materials include chemical products (i.e. sodium hydroxide, sodium chlorate, sulphuric acid, among others).

Note 2: The data for 2023 include Navigator's activities in Portugal and Spain (Ejea). The data for previous years only include Portugal.

Note 3: The materials reported by Secil in this disclosure refer to the raw materials consumed in the production processes and, in the case of Madeira (Portugal), at the cement terminal, for the years 2021, 2022 and 2023, packaging materials were also reported.

Note 4: In Secil's Construction Materials Business Area, raw materials to produce concrete, both purchased externally and produced internally by the Cement Business Area, were considered for 2023. For 2021 and 2022, only cement purchased externally was considered.

GRI 301-2: Recycled input materials used (%)

Company/ Affiliated	Description	2021	2022	2023
Navigator	Total input materials used	1 282 318	1 344 105	1 076 092
	Recycled input materials used	201	84	0
	Recycled input materials used (%)	0.02%	0.01%	0.00%
Secil	Total input materials used	18 788 142	17 404 646	17 541 620
	Recycled input materials used	997 523	694 684	878 397
	Recycled input materials used (%)	5.31%	3.99%	5.01%
ETSA	Total input materials used	135 500	142 656	153 497
	Recycled input materials used	135 500	142 656	153 497
	Recycled input materials used (%)	100%	100%	100%

Note 1: At Navigator, the calculation considers the amount of recycled fibre in relation to the total amount of fibre used. The data for 2023 include Navigator's activities in Portugal and Spain (Ejea). Data for previous years only include Portugal.

Note 2: At Secil the recycled materials considered include, for example, ash, tyres, slag, filter dust and fuels derived from waste.

GRI 302: ENERGY

GRI 302-1: Energy consumption within the organization (GJ)

Company/ Affiliated	Description	2021	2022	2023
Navigator	Non-renewable energy consumption	9 811 472	9 825 584	7 788 102
	Renewable energy consumption	31 962 573	31 802 148	31 688 941
	Consumption of purchased energy	4 651 165	4 910 655	5 400 128
	Energy sold	5 178 509	5 372 917	5 130 339
	Subtotal	**41 246 701**	**41 165 471**	**39 746 832**
Secil	Non-renewable energy consumption	16 519 257	13 423 212	12 874 331
	Renewable energy consumption	305 704	1 242 167	679 434
	Purchased energy consumption	2 119 988	1 917 994	3 031 990
	Energy sold	-	-	-
	Subtotal	**18 944 949**	**16 583 373**	**16 585 756**
ETSA	Non-renewable energy consumption	143 952	116 539	99 066
	Renewable energy consumption	268 724	303 299	358 118
	Consumption of purchased energy	30 841	33 821	36 443
	Energy sold	-	-	-
	Subtotal	**443 517**	**453 659**	**493 627**
Holdings	Non-renewable energy consumption	1 308	1 281	1 340
	Renewable energy consumption	-	-	-
	Consumption of purchased energy	400	495	585
	Energy sold	-	-	-
	Subtotal	**1 708**	**1 776**	**1 925**
Semapa Group	Non-renewable energy consumption	**26 475 989**	**23 366 616**	**20 762 839**
	Renewable energy consumption	**32 537 001**	**33 347 614**	**32 726 493**
	Consumption of purchased energy	**6 802 394**	**6 862 965**	**8 469 146**
	Energy sold	**5 178 509**	**5 372 917**	**5 130 339**
	Total	**60 636 875**	**58 204 278**	**56 828 139**

Note 1: For Navigator, the primary renewable energy consumed includes, since 2021, the electrical energy produced at photovoltaic solar power stations. In 2022, the energy data began to include petrol and propane consumption at other company facilities, as well as fleet fuels.

Note 2: For Navigator, in 2021 and 2022, the data refer only to Portugal. In 2023, Navigator's activities in Spain (Ejea) were also included.

Note 3: For Secil, in the years 2022 and 2023, the consumption of fuels from renewable sources refers only to Portugal, as it is the only geography where it was possible to separate the fossil and biogenic fraction, thus obtaining the fraction of renewable and non-renewable energy.

GRI 302-3: Energy intensity (TJ/ turnover M€)				
Company/ Affiliated		2021	2022	2023
Navigator	Total energy consumption (GJ)	46 425 210	46 538 387	44 877 171
	Turnover (M€)	1 596	2 465	1 953
	Energy intensity (TJ/ turnover M€)	29.1	18.9	23.0
Secil	Total energy consumption (GJ)	18 944 949	16 583 373	16 585 756
	Turnover (M€)	496	603	693
	Energy intensity (TJ/ turnover M€)	38.2	27.5	23.9
ETSA	Total energy consumption (GJ)	443 517	453 659	493 627
	Turnover (M€)	40	55	48
	Energy intensity (TJ/ turnover M€)	11.1	8.3	10.3
Semapa Group	**Total energy consumption (GJ)**	**65 813 676**	**63 575 419**	**61 956 553**
	Turnover (M€)	**2 132**	**3 122**	**2 706**
	Energy intensity (TJ/ turnover M€)	**30.9**	**20.4**	**22.9**

Note 1: Semapa Holding's energy consumption is considered immaterial and, therefore, was not included in the calculation of the intensity indicator.

Note 2: In the case of Navigator, the calculation of energy intensity by turnover considered energy consumption from primary sources and purchased electricity. The data for 2023 include the activities relating to the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 3: For Secil, the calculation of energy intensity by turnover considered the organisation's total energy consumption.

GRI 302-3: Energy intensity – Specific activity indicators				
Company/ Affiliated		2021	2022	2023
Navigator	Energy intensity (GJ/t produced)	12.50	12.00	12.80
Secil	Energy intensity (tCO_2e/t clinker production) – Cement	3.44	3.23	3.35
ETSA	Energy intensity (GJ/t of raw material collected and transformed)	3.27	3.18	3.25

Note 1: The calculation of energy intensity considered energy consumption by primary sources (excluding energy from Biomass Thermoelectric Plants – BTP) and the total quantity of products manufactured. The energy used by BTP is included in the total energy consumed, however, these values are not included in the calculation of energy intensity, since this consumption is not related to the production process.

Note 2: At Secil, the calculation of energy intensity – activity-specific indicators – considered the total energy consumption in the Cement Business Area and the production of cement products.

GRI 302-4: Reduction of energy consumption (GJ/t)				
Company/ Affiliated		2021	2022	2023
Navigator		51 184	65 682	5 604
Secil		-	-	-
ETSA		20 350	34 284	17 578

Note 1: At Navigator, the calculation of energy consumption reductions is based on the energy efficiency projects completed in each reporting year. The figures are calculated for one year of operation, based on project information, according to a methodology validated under the Energy Management System, certified by ISO 50001. These figures include activities in Portugal.

Note 2: In the case of ETSA, an extended shutdown for preventive maintenance at the BERP (Biomass Energy Recovery Plant) at the beginning of 2023 resulted in improved equipment reliability throughout the year, eliminating the use of fossil fuels for steam production, namely ecoslops and fuel oil. In addition, the commitment to more efficient driving and the acquisition of new vehicles led to a reduction in diesel consumption.

GRI 303: WATER AND EFFLUENTS

GRI 303-3: Water withdrawal (m^3)

Company/ Affiliated	Description	2021	2022	2023
Navigator	Surface water	38 894 889	36 418 849	35 137 592
	Groundwater	26 915 968	27 009 359	26 620 000
	Third-party water	86 038	75 125	231 451
	Produced water	0	0	0
	Subtotal	**65 896 895**	**63 503 333**	**61 989 043**
Secil	Surface water	200 932	250 507	222 312
	Groundwater	1 327 475	1 192 938	1 459 701
	Third-party water	172 197	190 145	297 782
	Produced water	0	0	0
	Subtotal	**1 700 604**	**1 633 590**	**1 979 796**
ETSA	Surface water	0	0	0
	Groundwater	77 395	82 031	97 971
	Third-party water	2 470	19 335	22 558
	Produced water	45 061	45 837	49 269
	Subtotal	**124 926**	**147 203**	**169 798**
Holdings	Surface water	0	0	0
	Groundwater	0	0	0
	Third-party water	670	762	629
	Produced water	0	0	0
	Subtotal	**670**	**762**	**629**
Semapa Group	Surface water	39 095 821	36 669 357	35 359 904
	Groundwater	28 320 838	28 284 328	28 177 672
	Third-party water	261 375	285 367	552 420
	Produced water	45 061	45 837	49 269
	Total	**67 723 095**	**65 284 888**	**64 139 266**

Note 1: In the case of Navigator, this includes water withdrawn from the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023. The total volume of water withdrawn for 2023 now includes forestry operations (in Mozambique and Portugal) and the figures for 2021 and 2022 have also been updated accordingly. The data for Mozambique only include forest nursery operations and are not available for 2021.

Note 2: Secil's data for 2022 have been updated in accordance with an external audit carried out after the publication of the 2022 sustainability report. In addition, the water collected in the quarries is now considered surface water, rather than produced water, since it accumulates naturally in the quarries and is not the result of a production process. The 2021 and 2022 data have been adjusted to reflect this re-categorisation.

Note 3: For ETSA, produced water corresponds to evaporated water resulting from the processing of raw materials.

Water withdrawals made in Lebanon and Tunisia by the affiliate Secil are identified as regarding areas of water stress, therefore, the data corresponding to the sum of these two geographies are presented below (data also included in the figures reported in the previous table).

Company/ Affiliated	Description	2021	2022	2023
Secil	Surface water	-	0	0
	Groundwater	-	241 800	316 109
	Third-party water	-	25 120	0
	Produced water	-	0	28 836
	Total	**-**	**266 920**	**344 945**

Note: It was not possible to report water withdrawal data in water-stressed areas for 2021.

GRI 303-4: Water discharge (m³) Company/ Affiliated	2021	2022	2023
Navigator	54 301 834	52 160 502	48 609 947
Secil	375 713	160 620	167 538
ETSA	96 349	98 622	109 717
Holdings	603	686	566
Semapa Group	**54 774 499**	**52 420 430**	**48 887 768**

Note 1: For Navigator, the treatment levels used in each plant are those that meet the legal requirements reflected in the Discharge Licences for each industrial unit and incorporate the Best Available Techniques (BAT) for the sector, in accordance with Commission Implementing Decision 2014/687/EU of 26 September 2014, which establishes the Emission Levels Associated with Best Available Techniques (NEAMTD). It should be noted that the 2023 data include water discharges from the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 2: For Secil, the data for 2022 have been updated in accordance with the external audit carried out after the publication of the 2022 sustainability report.

Note 3: At ETSA, treated effluents include evaporated water resulting from the processing of raw materials, after the condensation process in the aerocondensers.

Note 4: In the case of the Holding Company, a network inflow factor of 0.90 was used to calculate water disposal, since only water is used in the offices. Article 123 of Regulatory Decree 23/95 of 23 August was used as a reference.

Water withdrawals made in Lebanon and Tunisia by the subsidiary Secil are identified as regarding areas of water stress, therefore, data corresponding to the sum of water discharged from these two geographies are presented below (data also included in the figures reported in the previous table).

Company/ Affiliated	2021	2022	2023
Secil	-	90 067	98 628

GRI 303-5: Water consumption (m³) Company/ Affiliated	2021	2022	2023
Navigator	11 595 061	11 342 831	13 377 869
Secil	1 324 892	1 472 970	1 812 258
ETSA	28 577	48 581	60 081
Holdings	67	76	63
Semapa Group	**12 948 596**	**12 864 458**	**15 250 271**

Note 1: Much of the water collected by Navigator's industrial units, as well as the water introduced into the production processes by raw materials (wood and chemicals), is returned to the environment in the form of treated effluent and vapour. Some of the water used accompanies the products and process waste produced by the various industrial units. Based on the methodology described in standard 303-5, the volume of water consumed corresponds to the difference between the volume of water abstracted and the volume of water discharged. Note that this figure does not include water discharged in the form of vapour because, although it is not measurable, it is in fact returned to the environment. The total volume of water consumption for 2023 now includes forestry operations (in Mozambique and Portugal) and the figures for 2021 and 2022 have also been updated accordingly. The data for Mozambique only include forest nursery operations and are not available for 2021. The 2023 data also include the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 2: The figures for 2022 for Secil have been updated in accordance with an external audit carried out after the publication of the 2022 sustainability report.

Note 3: In the case of Holding, the figures were obtained by consulting the monthly invoices, the majority of which correspond to estimated figures. Only 30 per cent of the figures correspond to actual readings.

Water withdrawals made in Lebanon and Tunisia by the subsidiary Secil are identified as regarding areas of water stress, therefore, data corresponding to the sum of water consumption from these two geographies are presented below (data also included in the figures reported in the previous table).

Company/ Affiliated	2021	2022	2023
Secil	-	176 853	246 317

Note: It was not possible to report water consumption data in water-stressed areas for 2021.

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	2021	2022	2023
Navigator	53 563	53 738	56 684
Secil	491	491	491
Semapa Group	**54 054**	**54 229**	**57 175**

Note: Secil assessed the protected areas based on Portugal's national network of protected areas and the IBAT tool (Integrated Biodiversity Assessment Tool).

GRI 304-3: Protected or restored habitats

In 2023, Navigator was responsible for protecting and restoring 4 611 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	2021	2022	2023
Navigator	Critically endangered	4	5	5
	Endangered	13	13	17
	Vulnerable	36	39	43
	Near threatened	21	24	26
	Least concern	182	195	192

Note: This disclosure is answered only considering the data relating to Navigator.

GRI 305: EMISSIONS

GRI 305-1: Direct (Scope 1) GHG emissions (tCO_2e)

Company/ Affiliated	2021	2022	2023
Navigator	584 090	592 428	509 494
Secil	3 593 774	3 269 719	3 223 163
ETSA	11 835	9 965	8 734
Holding	---	---	99
Semapa Group	**4 189 699**	**3 872 113**	**3 741 489**

Note 1: Navigator followed the GHG protocol guidelines. The base year figure (2018) used to calculate direct CO_2 emissions in the Climate and Nature area is 774 464 tonnes of CO_2, which corresponds to emissions verified under the EU ETS – European Emissions Trading Scheme. Since 2020, Navigator has adopted the GHG Protocol methodology, which has resulted in a more complete inventory of Greenhouse Gas (GHG) emissions, accounting for new categories of emissions, in addition to those already reported under the EU ETS.

Note 2: For Navigator, the 2022 data, including EU-ETS emissions, fluorinated gases, fleet emissions, methane, and nitrous oxide, have been updated, incorporating the EU-ETS verification that took place after the publication of the 2022 Sustainability Report, information not previously available, and updates to the Global Warming Potentials (GWP) published by the IPCC.

Note 3: The scope 1 inventory does not include international offices or Mozambique, due to the low significance of the data (less than 0.2%). The 2023 data include activities relating to the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 4: The data reported by Secil in this disclosure refer to CO_2 emissions and only consider the Cement Business Area in Portugal (Maceira, Outão and Pataias Branco), Angola (Lobito), Brazil (Adrianópolis and Pomerode), Lebanon (Sibline) and Tunisia (Gabés). CO_2 emissions were calculated according to the GCCA protocol methodology. The emission factors used to calculate Portugal's Scope 1 emissions are the most recent. The emission factors used to calculate Scope 1 emissions for the other geographies are from the IPCC report dated 2006. The data for the years 2021 and 2022 have been updated in accordance with the external audits carried out after the publication of SR 2022.

Note 5: ETSA data for 2021 and 2022 have been updated with natural gas data from Tribérica, which were not available at the time of publication of the 2022 report.

Note 6: The Holding started reporting this disclosure for the first time in 2023, relating to fleet data.

GRI 305-2: : Energy indirect (Scope 2) GHG emissions (tCO_2) (market-based method)

Company/ Affiliated	2021	2022	2023
Navigator	246 860	307 355	317 389
Secil	168 809	135 044	142 525
ETSA	1 554	2 037	2 045
Semapa Group	**417 223**	**444 436**	**461 959**

Note 1: Market-based emissions are being reported based on the suppliers' emission factors.

Note 2: For Navigator, 2022 market-based emissions were revised based on information made available after the publication of the 2022 sustainability report. The market-based emissions consider the suppliers' emission factors as well as the supply of 115 GWh/year under a PPA – Power Purchase Agreement, with 100% renewable energy supply. The figures for 2023 are provisional, as the final emission factor figures are not yet available. The scope 2 inventory does not include international offices or Mozambique, due to the low significance of the data (less than 0.02%). The 2023 data include emissions from the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 3: The data reported by Secil in this disclosure relate to CO_2 emissions and only consider the Cement Business Area in Portugal (Maceira, Outão and Pataias Branco), Angola (Lobito), Brazil (Adrianópolis and Pomerode), Lebanon (Sibline) and Tunisia (Gabés). The figures for 2021 and 2022 have been updated in line with the external audits carried out after the publication of the 2022 sustainability report.

GRI 305-2: Energy indirect (Scope 2) GHG emissions (tCO_2) (Location-based method)			
Company/ Affiliated	**2021**	**2022**	**2023**
Navigator	---	---	234 597
Secil	---	---	129 552
ETSA	---	---	1 545
Holdings	---	---	25
Semapa Group	**---**	**---**	**365 720**

Note 1: International Energy Agency (IEA) emission factors were used to calculate scope 2 (location-based) emissions. The 2023 data we calculated using the 2022 emission factor (provisional). Emissions reported according to the location-based method were included in the Semapa Group's sustainability reporting from 2023.

Note 2: At Navigator, the scope 2 inventory does not consider the international offices or Mozambique, due to the low significance of the data (less than 0.02%). The 2023 data include emissions from the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 3: The data reported in this disclosure refer to CO_2 emissions and only consider the Cement Business Area in Portugal (Maceira, Outão and Pataias Branco), Angola (Lobito), Brazil (Adrianópolis and Pomerode), Lebanon (Sibline) and Tunisia (Gabés). In 2021 and 2022, CO_2 emissions from the Pataias Grey plant in Portugal were also considered.

Note 4: The Holding started reporting this disclosure for the first time in 2023. It includes electricity consumption by offices and the fleet.

GRI 305-4: GHG emissions intensity (tCO_2e/turnover M€)				
Company/ Affiliated		**2021**	**2022**	**2023**
Navigator	GHG emissions (Scope 1+2) (tCO_2e)	830 950	899 783	826 883
	Turnover (M€)	1 596	2 465	1 953
	Intensity of GHG emissions (tCO_2e/turnover M€)	520.7	365.1	423.3
Secil	GHG emissions (Scope 1+2) (tCO_2e)	3 762 583	3 404 763	3 365 687
	Turnover (M€)	496	603	693
	GHG emissions intensity (tCO_2e/turnover M€)	7 587.4	5 646.4	4 854.6
ETSA	GHG emissions (Scope 1+2) (tCO_2e)	13 389	12 002	10 779
	Turnover (M€)	40	55	48
	Intensity of GHG emissions (tCO_2e/turnover M€)	334.7	219.8	224.1
Holdings	GHG emissions (Scope 1+2) (tCO_2e)	0	0	0
	Turnover (M€)	0	0	-1
	Intensity of GHG emissions (tCO_2e/turnover M€)	---	---	---
Semapa Group	GHG emissions (Scope 1+2) (tCO_2e)	4 606 922	4 316 549	4 203 349
	Turnover (M€)	2 132	3 122	2 706
	GHG emissions intensity (tCO_2e/turnover M€)	2 161.4	1 382.6	1 553.2

GRI 305-4: GHG emissions intensity – Specific activity indicators				
Company/ Affiliated		2021	2022	2023
Navigator	GHG emissions intensity (tCO_2e/t produced)	0.19	0.18	0.18
Secil	GHG emissions intensity (tCO_2e/t clinker production)	839.95	851.97	857.58
ETSA	GHG emissions intensity (tCO_2e/t of raw material collected and transformed)	0.10	0.08	0.07

Note 1: Please refer to GRI 305-1 and 305-2 for more information on calculating the respective values. The calculous of the emissions intensity considered market-based emissions (scope 2 emissions).

Note 2: At Navigator, for the calculation of emissions intensity per tonne produced, scope 1 emissions are considered, excluding BTP emissions and the total quantity of products manufactured, in line with the calculation of energy intensity. The methodology for calculating emissions intensity by turnover considers total Scope 1 and 2 emissions. The data for 2023 include emissions from the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 4: At Secil, the methodology for calculating emissions intensity per tonne produced – activity-specific indicators – considers scope 1 CO_2 emissions for the Cement Business Area (geographies: Portugal, Angola, Brazil, Lebanon, and Tunisia) and clinker production. The figures for 2021 and 2022 have been updated in line with the direct CO_2 emissions reviewed following the external audits carried out after the publication of the 2022 sustainability report.

GRI 305-5: Reduction of GHG emissions (tCO_2e)				
Company/ Affiliated		2021	2022	2023
Navigator		184 606	4 576	12 230
ETSA		534	202	1 591

Note 1: The calculation of the reduction in GHG emissions refers to the emissions avoided by the sale of high-efficiency renewable electricity. The data only include Navigator's activities in Portugal. In 2023, the disclosure was calculated based on the energy efficiency and decarbonisation projects implemented in the current year, seeking greater alignment with reporting recommendations and transparency of information. The figures for 2021 and 2022 shown in the table have already been adjusted in line with the new methodology.

Note 2: This disclosure has been reported for ETSA since 2023, including historical data. It should be noted that the reductions reported are the result of improvements in BRPS's operation. Its calculation considered the emissions data for 2022 and 2023 relating to the fuel used to produce steam at the ITS in Coruche – ecoslops and biomass. In 2023 there was greater consumption of biomass to the detriment of ecoslops, which resulted in a greater reduction in emissions.

GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions (t)				
Company/ Affiliated	Description	2021	2022	2023
Navigator	NO_x	1 687	1 737	1 780
	SO_x	76	83	64
	Particulate matter (PM)	262	261	198
	Other	---	---	---
Secil	NO_x	6 919	6 207	4 768
	SO_x	1 197	1 143	1 145
	Particulate matter (PM)	101	157	125
	Other	---	---	---
ETSA	NO_x	48	47	45
	SO_x	47	50	23
	Particulate matter (PM)	10	9	8
	Other	6	8	4
Semapa Group	NO_x	8 653	7 991	6 592
	SO_x	1 319	1 276	1 232
	Particulate matter (PM)	373	427	331
	Other	6	8	4

Note 1: At Navigator, for emission sources subject to continuous monitoring, the data reported is obtained through online monitoring of flow parameters and pollutants. There are low-emission sources whose emissions are accounted for through occasional monitoring, carried out twice a year by an accredited laboratory. The results of these spot checks can be influenced by the type of fuel used. When an installation is not subject to monitoring in the year in question (e.g. sources monitored every three years), annual emissions are calculated based on the last monitoring, considering the operating hours of the year to which the emissions relate. The data for 2023 include activities relating to the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 2: At Secil, the emissions reported in this disclosure relate to the Cement Business Area (geographies: Portugal, Angola, Brazil, Lebanon, and Tunisia). For Portugal (Outão, Maceira and Pataias Branco) all emission sources are considered, while in Lebanon (Sibline), Brazil (Adrianópolis) and Tunisia (Gabés) only emissions from kilns are considered.

Note 3: At ETSA, the other category includes Volatile Organic Compounds (VOCs).

GRI 306: WASTE

GRI 306-3: Waste generated (t)

Company/ Affiliated	Description	2021	2022	2023
Navigator	Hazardous waste	565	697	933
	Non-hazardous waste	397 457	410 021	440 709
	Subtotal	**398 022**	**410 717**	**441 642**
Secil	Hazardous waste	746	421	834
	Non-hazardous waste	26 126	28 237	47 024
	Subtotal	**26 872**	**28 658**	**47 857**
ETSA	Hazardous waste	259	375	431
	Non-hazardous waste	12 916	14 568	15 695
		Subtotal	**14 943**	**16 126**
Semapa Group	**Hazardous waste**	**1 570**	**1 493**	**2 198**
	Non-hazardous waste	**436 499**	**452 826**	**503 427**
	Total	**438 069**	**454 319**	**505 625**

GRI 306-3: Waste generated (t)

Company/ Affiliated	Description	2021	2022	2023
Navigator	Recovery	280 599	279 862	296 348
	Disposal	126 486	133 342	148 587
	Subtotal	**407 085**	**413 204**	**444 935**
Secil	Recovery	25 156	18 698	38 948
	Disposal	1 716	9 960	8 909
	Subtotal	**26 872**	**28 658**	**47 857**
ETSA	Recovery	11 588	13 249	14 426
	Disposal	1 587	1 694	1 700
	Subtotal	**13 175**	**14 943**	**16 126**
Semapa Group	**Recovery**	**317 343**	**311 809**	349 721
	Disposal	**129 789**	**144 996**	159 196
	Total	**447 132**	**456 805**	**508 918**

Note 1: At Navigator, the difference between the waste generated and the sum of waste destined for recovery and disposal operations in 2022 results from the recovery of waste produced in 2021 that was stored. In addition, part of the waste generated in 2022 was temporarily stored at our facilities, as provided for in the respective environmental licences and the new RGGR (DL-102D/2020). The figures for 2021 and 2022 have been corrected due to the inclusion of waste from Navigator's forestry operations. The data for 2023 include activities relating to the Ejea Tissue plant, which was integrated into the Navigator Group from April 2023.

Note 2: At Secil, the waste reported at Secil Betão (Portugal) in 2023 includes waste that had been accumulated for 10 years in the different warehouses and which was sent for disposal this year. In addition, at Secil Concreto (Brazil) several cleaning operations were carried out at the concrete plants, which resulted in the production of waste that was later sent for disposal. These two operations resulted in higher waste production compared to previous years.

GRI 306-4: Waste diverted from disposal (t)				
Company/ Affiliated	Description	2021	2022	2023
Navigator	Hazardous waste	396	532	648
	Non-hazardous waste	280 204	279 330	292 675
	Subtotal	**280 599**	**279 862**	**293 323**
Secil	Hazardous waste	596	366	286
	Non-hazardous waste	24 560	18 332	38 662
	Subtotal	**25 156**	**18 698**	**38 948**
ETSA	Hazardous waste	-	-	-
	Non-hazardous waste	11 588	13 249	12 715
	Subtotal	**11 588**	**13 249**	**12 715**
Semapa Group	**Hazardous waste**	**992**	**898**	**934**
	Non-hazardous waste	**316 351**	**310 911**	**344 052**
	Total	**317 343**	**311 809**	**344 986**

Note 1: Navigator's 2021 and 2022 figures have been corrected due to the inclusion of waste from forestry operations.

Note 2: Navigator's 2023 data include Navigator's activities in Portugal and Spain (Ejea). The figures for previous years only include Portugal.

GRI 306-5: Waste directed to disposal (t)				
Company/ Affiliated	Description	2021	2022	2023
Navigator	Hazardous waste	169	165	271
	Non-hazardous waste	126 316	133 177	148 316
	Subtotal	**126 486**	**133 342**	**148 587**
Secil	Hazardous waste	150	55	548
	Non-hazardous waste	1 566	9 905	8 362
		Subtotal	**9 960**	**8 909**
ETSA	Hazardous waste	259	375	431
	Non-hazardous waste	9 028	10 023	11 307
	Subtotal	**9 287**	**10 398**	**11 738**
Semapa Group	**Hazardous waste**	**578**	**595**	**1 250**
	Non-hazardous waste	**136 911**	**153 105**	**167 984**
	Total	**137 489**	**153 700**	**169 234**

Nota 1: Os dados da Navigator referentes a 2021 e 2022 foram corrigidos devido à inclusão dos resíduos referentes às operações florestais. Os dados de 2023 incluem as atividades relativas à fábrica de tissue de Ejea, integrada no Grupo Navigator a partir de abril 2023.

GRI 308: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

GRI 308-1: New suppliers selected based on environmental criteria

Semapa Group has been endeavouring to make its supply chain increasingly sustainable and, as a result, more environmentally responsible.

In accordance with the certifications held by the Navigator and Secil companies, they are committed to exercising their influence by increasingly engaging and making aware their various suppliers (including service providers and subcontractors) to critical aspects linked to the environment, as well as safety, business integrity and quality, among others. In 2023, Secil applied the Code of Conduct for Suppliers, implemented in 2022, and evaluated 10% of its ESG critical suppliers. 411 new suppliers were selected based on environmental criteria. It should be noted that in 2023 the entire supplier base in Portugal was segmented according to the GCCA guidelines, including calculations specific to environmental and social issues.

In ETSA's case, 16.3 per cent of new suppliers were assessed according to environmental criteria (41 out of 252). It should be noted that the company considers that all new suppliers of raw materials are also assessed based on environmental criteria (at least in terms of the collection of by-products / waste), since their incorporation requires the presentation of veterinary and/or environmental authorisations.

9.1.5 SOCIAL DISCLOSURES

GRI 2-7: Employees

Company/ Affiliated	Type of Contract	Gender	2021	2022	2023
Navigator	**Number of employees**	**Male**	**2 616**	**2 672**	**2 688**
		Female	**534**	**574**	**629**
		Other	**0**	**0**	**0**
		Total	**3 150**	**3 246**	**3 317**
	Permanent employees (open-ended contracts)	Men	2 537	2 549	2 550
		Women	496	533	576
		Other	0	0	0
		Subtotal	**3 033**	**3 082**	**3 126**
	Temporary employees (fixed or uncertain term contract)	Male	79	123	138
		Female	38	41	53
		Other	0	0	0
		Subtotal	**117**	**164**	**191**
	Non-guaranteed hours employees	Male	0	0	0
		Female	0	0	0
		Other	0	0	0
		Subtotal	0	0	0
		Total	**3 150**	**3 246**	**3 317**
	Full-time employees	Male	2 615	2 672	2 688
		Female	529	569	625
		Other	0	0	0
		Subtotal	**3 144**	**3 241**	**3 313**
	Part-time employees	Male	1	0	0
		Female	5	5	4
		Other	0	0	0
		Subtotal	**6**	**5**	**4**
		Total	**3 150**	**3 246**	**3 317**

Secil	**Number of employees**	**Men**	**2 073**	**2 066**	**2 117**
		Women	**282**	**301**	**336**
		Other	**0**	**0**	**0**
		Total	**2 355**	**2 367**	**2 453**
	Permanent employees (open-ended contracts)	Men	1 873	1 864	1 913
		Women	275	288	306
		Other	0	0	0
		Subtotal	**2 148**	**2 152**	**2 219**
	Temporary employees (fixed or uncertain term contract)	Men	200	202	204
		Women	7	13	30
		Other	0	0	0
		Subtotal	**207**	**215**	**234**
	Non-guaranteed hours employees	Men	0	0	0
		Women	0	0	0
		Other	0	0	0
		Subtotal	**0**	**0**	**0**
		Total	**2 355**	**2 367**	**2 453**
	Full-time employees	Men	NA	2 061	2 114
		Women	NA	298	333
		Other	NA	0	0
		Subtotal	**NA**	**2 359**	**2 447**
	Part-time employees	Men	NA	5	3
		Women	NA	3	3
		Other	NA	0	0
		Subtotal	**NA**	**8**	**6**
		Total	**2 355**	**2 367**	**2 453**
ETSA	**Number of employees**	**Men**	**218**	**244**	**256**
		Women	**59**	**70**	**76**
		Other	**0**	**0**	**0**
		Total	**277**	**314**	**332**
	Permanent employees (open-ended contracts)	Men	179	188	209
		Women	51	61	68
		Other	0	0	0
		Subtotal	**230**	**249**	**277**
	Temporary employees (fixed or uncertain term contract)	Men	39	56	47
		Women	8	9	8
		Other	0	0	0
		Subtotal	**47**	**65**	**55**
	Non-guaranteed hours employees	Men	0	0	0
		Women	0	0	0
		Other	0	0	0
		Subtotal	**0**	**0**	**0**
		Total	**277**	**314**	**332**
	Full-time employees	Men	218	244	256
		Women	59	70	76
		Other	0	0	0
		Subtotal	**277**	**314**	**332**
	Part-time employees	Men	0	0	0
		Women	0	0	0
		Other	0	0	0
		Subtotal	**0**	**0**	**0**
		Total	**277**	**314**	**332**

Holdings	**Number of employees**	**Men**	13	13	**14**
		Women	19	25	**23**
		Other	0	0	**0**
		Total	32	38	**37**
	Permanent employees (open-ended contracts)	Men	13	13	14
		Women	18	24	23
		Other	0	0	0
		Subtotal	31	37	**37**
	Temporary employees (fixed or uncertain term contract)	Men	0	0	0
		Women	1	1	0
		Other	0	0	0
		Subtotal	1	1	**0**
	Non-guaranteed hours employees	Men	0	0	0
		Women	0	0	0
		Other	0	0	0
		Subtotal	0	0	**0**
		Total	32	38	**37**
	Full-time employees	Men	13	13	14
		Women	19	25	23
		Other	0	0	0
		Subtotal	32	38	**37**
	Part-time employees	Men	0	0	0
		Women	0	0	0
		Other	0	0	0
		Subtotal	0	0	**0**
		Total	32	38	**37**
Semapa Group	**Number of employees**	**Men**	4 920	4 995	**5 075**
		Women	894	970	**1 064**
		Other	0	0	**0**
		Total	5 814	5 965	**6 139**
	Permanent employees (open-ended contracts)	**Men**	4 602	4 614	**4 686**
		Women	840	906	**973**
		Other	0	0	**0**
		Total	5 442	5 520	**5 659**
	Temporary employees (fixed or uncertain term contract)	**Men**	318	381	**389**
		Women	54	64	**91**
		Other	0	0	**0**
		Total	372	445	**480**
	Non-guaranteed hours employees	**Men**	0	0	**0**
		Women	0	0	**0**
		Other	0	0	**0**
		Total	0	0	**0**
		Total	5 814	5 965	**6 139**
	Full-time employees	**Men**	2 846	4 990	**5 072**
		Women	607	962	**1 057**
		Other	0	0	**0**
		Total	3 453	5 952	**6 129**
	Part-time employees	**Men**	1	5	**3**
		Women	5	8	**7**
		Other	0	0	**0**
		Total	6	13	**10**
		Total	3 459	5 965	**6 139**

GRI 2-7: Employees					
Company/ Affiliated	**Type of Contract**	**Country**	**2021**	**2022**	**2023**
Navigator	**Number of employees**	**Portugal**	2 944	3 039	**3 120**
		Spain	-	-	**20**
		Mozambique	129	131	**130**
		Tunisia	-	-	**-**
		Angola	-	-	**-**
		Brazil	-	-	**-**
		Lebanon	-	-	**-**
		Other countries	77	76	**47**
		Total	3 150	3 246	**3 317**
	Permanent employees (open-ended contracts)	Portugal	2 845	2 892	2 941
		Spain	-	-	20
		Mozambique	119	121	120
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	75	74	45
		Subtotal	3 039	3 087	**3 126**
	Temporary employees (fixed or uncertain term contract)	Portugal	99	147	179
		Spain	-	-	0
		Mozambique	10	10	10
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	2	2	2
		Subtotal	111	159	**191**
	Non-guaranteed hours employees	Portugal	0	0	0
		Spain	-	-	0
		Mozambique	0	0	0
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	0	0	0
		Subtotal	0	0	**0**
		Total	3 150	3 246	**3 317**
	Full-time employees	Portugal	NA	NA	3 120
		Spain	-	-	20
		Mozambique	NA	NA	130
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	NA	NA	43
		Subtotal	3 144	3 241	**3 313**

	Part-time employees	Portugal	NA	NA	0
		Spain	-	-	0
		Mozambique	NA	NA	0
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	NA	NA	4
		Subtotal	**6**	**5**	**4**
		Total	**3 150**	**3 246**	**3 317**
Secil	**Number of employees**	Portugal	NA	NA	1 091
		Spain	NA	NA	28
		Mozambique	-	-	-
		Tunisia	NA	NA	251
		Angola	NA	NA	97
		Brazil	NA	NA	556
		Lebanon	NA	NA	391
		Other countries	NA	NA	39
		Total	**2 355**	**2 367**	**2 453**
	Permanent employees (open-ended contracts)	Portugal	NA	NA	902
		Spain	NA	NA	28
		Mozambique	-	-	-
		Tunisia	NA	NA	241
		Angola	NA	NA	80
		Brazil	NA	NA	556
		Lebanon	NA	NA	378
		Other countries	NA	NA	34
		Subtotal	**2 148**	**2 152**	**2 219**
	Temporary employees (fixed or uncertain term contract)	Portugal	NA	NA	189
		Spain	NA	NA	0
		Mozambique	-	-	-
		Tunisia	NA	NA	10
		Angola	NA	NA	17
		Brazil	NA	NA	0
		Lebanon	NA	NA	13
		Other Countries	NA	NA	5
		Subtotal	**207**	**215**	**234**
	Non-guaranteed hours employees	Portugal	NA	NA	0
		Spain	NA	NA	0
		Mozambique	-	-	-
		Tunisia	NA	NA	0
		Angola	NA	NA	0
		Brazil	NA	NA	0
		Lebanon	NA	NA	0
		Other countries	NA	NA	0
		Subtotal	**0**	**0**	**0**
		Total	**2 355**	**2 367**	**2 453**

	Full-time employees	Portugal	NA	NA	1 089
		Spain	NA	NA	28
		Mozambique	-	-	-
		Tunisia	NA	NA	251
		Angola	NA	NA	97
		Brazil	NA	NA	552
		Lebanon	NA	NA	391
		Other countries	NA	NA	39
		Subtotal	**NA**	**2 359**	**2 447**
	Part-time employees	Portugal	NA	NA	2
		Spain	NA	NA	0
		Mozambique	-	-	-
		Tunisia	NA	NA	0
		Angola	NA	NA	0
		Brazil	NA	NA	4
		Lebanon	NA	NA	0
		Other countries	NA	NA	0
		Subtotal	**NA**	**8**	**6**
		Total	**0**	**2 367**	**2 453**
ETSA	**Number of employees**	**Portugal**	**277**	**314**	**332**
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Total	**277**	**314**	**332**
	Permanent employees (open-ended contracts)	Portugal	230	249	277
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**230**	**249**	**277**
	Temporary employees (fixed or uncertain term contract)	Portugal	47	65	55
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**47**	**65**	**55**

	Non-guaranteed hours employees	Portugal	0	0	0
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**0**	**0**	**0**
		Total	**277**	**314**	**332**
	Full-time employees	Portugal	277	314	332
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**277**	**314**	**332**
	Part-time employees	Portugal	0	0	0
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**0**	**0**	**0**
		Total	**277**	**314**	**332**
Holdings	**Number of employees**	**Portugal**	**32**	**38**	**37**
		Spain	**-**	**-**	**-**
		Mozambique	**-**	**-**	**-**
		Tunisia	**-**	**-**	**-**
		Angola	**-**	**-**	**-**
		Brazil	**-**	**-**	**-**
		Lebanon	**-**	**-**	**-**
		Other countries	**-**	**-**	**-**
		Total	**32**	**38**	**37**
	Permanent employees (open-ended contracts)	Portugal	31	37	37
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**31**	**37**	**37**

	Temporary employees (fixed or uncertain term contract)	Portugal	1	1	0
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**1**	**1**	**0**
	Non-guaranteed hours employees	Portugal	0	0	0
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**0**	**0**	**0**
		Total	**32**	**38**	**37**
	Full-time employees	Portugal	32	38	37
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**32**	**38**	**37**
	Part-time employees	Portugal	0	0	0
		Spain	-	-	-
		Mozambique	-	-	-
		Tunisia	-	-	-
		Angola	-	-	-
		Brazil	-	-	-
		Lebanon	-	-	-
		Other countries	-	-	-
		Subtotal	**0**	**0**	**0**
		Total	**32**	**38**	**37**
Semapa Group	**Number of employees**	**Portugal**	**NA**	**NA**	**4 580**
		Spain	**NA**	**NA**	**48**
		Mozambique	**NA**	**NA**	**130**
		Tunisia	**NA**	**NA**	**251**
		Angola	**NA**	**NA**	**97**
		Brazil	**NA**	**NA**	**556**
		Lebanon	**NA**	**NA**	**391**
		Other countries	**NA**	**NA**	**86**
		Total	**3 459**	**3 598**	**6 139**

	Permanent employees (open-ended contracts)	Portugal	NA	NA	4 157
		Spain	NA	NA	48
		Mozambique	NA	NA	120
		Tunisia	NA	NA	241
		Angola	NA	NA	80
		Brazil	NA	NA	556
		Lebanon	NA	NA	378
		Other countries	NA	NA	79
		Total	3 300	3 373	**5 659**
	Temporary employees (fixed or uncertain term contract)	Portugal	NA	NA	423
		Spain	NA	NA	0
		Mozambique	NA	NA	10
		Tunisia	NA	NA	10
		Angola	NA	NA	17
		Brazil	NA	NA	0
		Lebanon	NA	NA	13
		Other countries	NA	NA	7
		Total	159	225	**480**
	Non-guaranteed hours employees	Portugal	NA	NA	0
		Spain	NA	NA	0
		Mozambique	NA	NA	0
		Tunisia	NA	NA	0
		Angola	NA	NA	0
		Brazil	NA	NA	0
		Lebanon	NA	NA	0
		Other countries	NA	NA	0
		Total	0	0	**0**
		Total	3 459	3 598	**6 139**
	Full-time employees	Portugal	NA	NA	**4 578**
		Spain	NA	NA	**48**
		Mozambique	NA	NA	**130**
		Tunisia	NA	NA	**251**
		Angola	NA	NA	**97**
		Brazil	NA	NA	**552**
		Lebanon	NA	NA	**391**
		Other countries	NA	NA	**82**
		Total	309	352	**6 129**
	Part-time employees	Portugal	NA	NA	**2**
		Spain	NA	NA	**0**
		Mozambique	NA	NA	**0**
		Tunisia	NA	NA	**0**
		Angola	NA	NA	**0**
		Brazil	NA	NA	**4**
		Lebanon	NA	NA	**0**
		Other countries	NA	NA	**4**
		Total	0	0	**10**
		Total	309	352	**6 139**

Note 1: The figures refer to the number of employees as of 31 December of each year.

Note 2: NA – Not available; "-" – not applicable.

Note 3: To ensure greater consistency between the various Semapa Group companies, and in line with a better understanding of the GRI guidelines regarding the classification of employees and non-employee workers, the data for 2021 and 2022 have been recalculated. Thus, the new alignment provides for the exclusion of trainees (and scholarship holders, in the case of Navigator) from GRI 2-7 and their inclusion in GRI 2-8. In the case of Secil, there has been an adjustment to the figures reported for 2021, the only period to record trainees. This adjustment justifies updating the total number of employees and the fact that it is not broken down by type of contract, gender, and country. In 2023, all employees at the Group's various facilities were considered, except for the Governing Bodies.

In the case of the 2021 and 2022 data, there is no data available for the employee categories.

Note 4: In the case of Navigator, the 150 employees of Navigator Tissue Ejea are not included. The data for 2021 and 2022 for Navigator have been corrected due to the consolidation of the "fixed-term contract" and "temporary" categories, previously reported in a disaggregated manner, as well as due to the inclusion of employees from Mozambique. The breakdown of this historical information by type of contract and country is not available, which is why only the totals are presented.

Note 5: In the case of Secil, in 2023, the reporting of this disclosure considered all the employees of the various facilities belonging to the Group (it should be noted that in 2022 the employees of Secil Angola (3) and Trancim Lebanon (18) are not included).

GRI 2-8: Non-employee workers

On 31 December 2023, the Semapa Group's subsidiaries reported the following non-employee workers: Navigator – 12 863; Secil – 1 764; ETSA – 0; Holding – 1. These include workers whose jobs are carried out both in the industrial complexes and in the forestry areas. In the case of Navigator Portugal, in addition to resident external workers, one-off workers were also counted, who provide support to the organisation in various services, namely maintenance, cleaning and work associated with annual shutdowns. In the case of Mozambique, there were 145 external workers, hired to provide technical and operational services, forestry, and social development. For the remaining countries, it was not possible to calculate the disclosure for 2023.

GRI 2-30: Collective bargaining agreements

Company/ Affiliated	Description	2021	2022	2023
Navigator	Number of employees	3 150	3 246	3 317
	Number of employees covered by collective bargaining agreements	2 944	3 039	3 120
	Percentage of employees covered by collective bargaining agreements	93.46%	93.6%	94.1%
Secil	Number of employees	2 355	2 367	2 453
	Number of employees covered by collective bargaining agreements	2 231	2 266	2 375
	Percentage of employees covered by collective bargaining agreements	94.7%	95.7%	96.8%
ETSA	Number of employees	277	314	332
	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%
Holdings	Number of employees	32	38	37
	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**	**5 814**	**5 965**	**6 139**
	Number of employees covered by collective bargaining agreements	**5 175**	**5 305**	**5 495**
	Percentage of employees covered by collective bargaining agreements	**89.0%**	**88.9%**	**89.5%**

Note 1: Please refer to disclosure 2-7 for detailed information on the number of employees and the changes that occurred in the 2021 and 2022 reports.

Note 2: In the case of Navigator, the figures for 2021 and 2022 have been corrected due to the inclusion of Mozambique employees. Tissue Ejea, despite being covered by a collective bargaining agreement – Convenio Colectivo Estatal de Pastas, Papel y Cartón – , are not included in the consolidated data for this disclosure given that they are still being consolidated in the Group's internal system. There are no collective bargaining agreements in Mozambique.

Note 3: In the case of Secil, all the employees of the various facilities belonging to the Group were considered, except the Governing Bodies.

GRI 401: EMPLOYMENT

GRI 401-1: New employee hires and employee turnover

Company/ Affiliated	Gender	2021						2022						2023					
		Entries			Exits			Entries			Exits			Entries			Exits		
		<30	30 a 50	>50	<30	30 a 50	>50	<30	30 a 50	>50	<30	30 a 50	>50	<30	30 a 50	>50	<30	30 a 50	>50
Navigator	Male	52	66	5	14	74	122	129	113	6	20	72	100	85	103	6	30	80	67
	Female	27	24	1	10	24	13	59	45	1	10	46	10	50	53	0	13	23	12
	Subtotal	**79**	**90**	**6**	**24**	**98**	**135**	**188**	**158**	**7**	**30**	**118**	**110**	**135**	**156**	**6**	**43**	**103**	**79**
Secil	Male	58	151	16	21	90	74	65	122	29	34	107	86	84	131	31	21	101	74
	Female	14	28	0	9	21	1	25	28	1	10	28	4	41	38	1	18	24	3
	Subtotal	**72**	**179**	**16**	**30**	**111**	**75**	**90**	**150**	**30**	**44**	**135**	**90**	**125**	**169**	**32**	**39**	**125**	**77**
ETSA	Male	6	25	4	5	22	11	19	46	10	14	30	8	20	39	9	12	35	9
	Female	3	4	1	3	1	1	1	13	4	2	5	0	0	7	1	0	2	0
	Subtotal	**9**	**29**	**5**	**8**	**23**	**12**	**20**	**59**	**14**	**16**	**35**	**8**	**20**	**46**	**10**	**12**	**37**	**9**
Holdings	Male	0	0	0	0	0	0	0	1	0	0	0	1	0	2	1	0	3	0
	Female	1	5	0	0	0	1	3	4	2	2	1	1	1	3	0	1	3	1
	Subtotal	**1**	**5**	**0**	**0**	**0**	**1**	**3**	**5**	**2**	**2**	**1**	**2**	**1**	**5**	**1**	**1**	**6**	**1**
Semapa Group	**Male**	**116**	**242**	**25**	**40**	**186**	**207**	**213**	**282**	**45**	**68**	**209**	**195**	**189**	**275**	**47**	**63**	**219**	**150**
	Female	**45**	**61**	**2**	**22**	**46**	**16**	**88**	**90**	**8**	**24**	**80**	**15**	**92**	**101**	**2**	**32**	**52**	**16**
	Total	**161**	**303**	**27**	**62**	**232**	**223**	**301**	**372**	**53**	**92**	**289**	**210**	**281**	**376**	**49**	**95**	**271**	**166**
Navigator	Male	23%	4%	1%	6%	5%	16%	45%	7%	1%	7%	5%	14%	27%	6%	1%	10%	5%	9%
	Female	42%	7%	1%	16%	7%	12%	65%	14%	1%	11%	14%	9%	41%	14%	0%	11%	6%	10%
	Subtotal	**27%**	**5%**	**1%**	**8%**	**5%**	**16%**	**49%**	**8%**	**1%**	**8%**	**6%**	**13%**	**31%**	**8%**	**1%**	**10%**	**5%**	**9%**
Secil	Male	36%	13%	2%	13%	8%	10%	41%	11%	4%	22%	9%	11%	46%	11%	4%	12%	9%	10%
	Female	27%	14%	0%	18%	11%	2%	47%	16%	1%	19%	16%	6%	60%	19%	1%	26%	12%	4%
	Subtotal	**34%**	**13%**	**2%**	**14%**	**8%**	**9%**	**43%**	**11%**	**4%**	**21%**	**10%**	**11%**	**50%**	**12%**	**4%**	**16%**	**9%**	**9%**
ETSA	Male	25%	22%	5%	21%	19%	13%	95%	34%	11%	70%	22%	9%	77%	29%	9%	46%	26%	9%
	Female	43%	12%	5%	43%	3%	5%	25%	31%	17%	50%	12%	0%	0%	16%	4%	0%	5%	0%
	Subtotal	**29%**	**20%**	**5%**	**26%**	**16%**	**12%**	**83%**	**33%**	**13%**	**67%**	**20%**	**7%**	**65%**	**26%**	**8%**	**39%**	**21%**	**7%**
Holdings	Male	---	0%	0%	---	0%	0%	---	8%	0%	---	0%	50%	---	18%	33%	---	27%	0%
	Female	50%	56%	0%	0%	0%	14%	100%	31%	25%	67%	8%	13%	50%	21%	0%	50%	21%	14%
	Subtotal	**50%**	**25%**	**0%**	**0%**	**0%**	**10%**	**100%**	**20%**	**20%**	**67%**	**4%**	**20%**	**50%**	**20%**	**10%**	**50%**	**24%**	**10%**
Semapa Group	**Male**	**28%**	**9%**	**2%**	**10%**	**7%**	**13%**	**46%**	**10%**	**3%**	**15%**	**7%**	**13%**	**36%**	**9%**	**3%**	**12%**	**7%**	**9%**
	Female	**36%**	**11%**	**1%**	**17%**	**8%**	**8%**	**57%**	**16%**	**4%**	**16%**	**14%**	**7%**	**47%**	**16%**	**1%**	**16%**	**8%**	**7%**
	Total	**30%**	**9%**	**2%**	**11%**	**7%**	**12%**	**49%**	**11%**	**3%**	**15%**	**8%**	**12%**	**39%**	**10%**	**3%**	**13%**	**7%**	**9%**

Note 1: In the case of Navigator, the figures for 2021 and 2022 have been corrected due to the inclusion of employees from Mozambique. The figures presented exclude the employees of the new Tissue plant in Spain (Ejea).

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 or part-time employees, such as life insurance, health insurance, a pension fund or school support subsidies. In Secil's case, most benefits are offered to all employees, regardless of the type of contract or working hours. The only exceptions are the benefits that permanent employees have by default that are not offered to temporary employees, namely the Pension Fund, School Allowance and Parental Allowance. In ETSA's case, there are no temporary or part-time employees.

GRI 401-3: Parental leave

Company/ Affiliated	Description	Gender	2021	2022	2023
Navigator	Number of employees who started parental leave in the reporting period	Male	117	113	131
		Female	38	37	42
		Subtotal	**155**	**150**	**173**
	Total number of employees that returned to work after parental leave ended	Male	117	113	131
		Female	38	37	42
		Subtotal	**155**	**150**	**173**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Male	-	110	100
		Female	-	36	33
		Subtotal	**-**	**146**	**133**
	Return to work rate	Male	100.0%	100.0%	100.0%
		Female	100.0%	100.0%	100.0%
		Subtotal	**100.0%**	**100.0%**	**100.0%**
	Retention rate (12 months)	Male	-	94.0%	88.5%
		Female	-	94.7%	89.2%
		Subtotal	**-**	**94.2%**	**88.7%**
Secil	Number of employees who started parental leave in the reporting period	Male	32	46	33
		Female	12	10	15
		Subtotal	**44**	**56**	**48**
	Total number of employees that returned to work after parental leave ended	Male	32	46	33
		Female	12	6	12
		Subtotal	**44**	**52**	**45**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Male	29	42	41
		Female	10	8	5
		Subtotal	**39**	**50**	**46**
	Return to work rate	Male	100.0%	100.0%	100.0%
		Female	100.0%	60.0%	80.0%
		Subtotal	**100.0%**	**92.9%**	**93.8%**
	Retention rate (12 months)	Male	90.6%	91.3%	89.0%
		Female	83.3%	80.0%	83.0%
		Subtotal	**88.6%**	**89.3%**	**88.0%**

ETSA	Number of employees who started parental leave in the reporting period	Male	2	10	11
		Female	2	3	2
		Subtotal	4	13	**13**
	Total number of employees that returned to work after parental leave ended	Male	2	10	11
		Female	2	3	2
		Subtotal	4	13	**13**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Male	2	10	11
		Female	2	3	2
		Subtotal	4	13	**13**
	Return to work rate	Male	100.0%	100.0%	100.0%
		Female	100.0%	100.0%	100.0%
		Subtotal	100.0%	100.0%	**100.0%**
	Retention rate (12 months)	Male	100.0%	100.0%	100.0%
		Female	100.0%	100.0%	100.0%
		Subtotal	100.0%	100.0%	**100.0%**
Holdings	Number of employees who started parental leave in the reporting period	Male	1	2	0
		Female	3	1	0
		Subtotal	4	3	**0**
	Total number of employees that returned to work after parental leave ended	Male	1	2	0
		Female	3	1	0
		Subtotal	4	3	**0**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Male	1	2	0
		Female	3	1	0
		Subtotal	4	3	**0**
	Return to work rate	Male	100.0%	100.0%	-
		Female	100.0%	100.0%	-
		Subtotal	100.0%	100.0%	**-**
	Retention rate (12 months)	Male	100.0%	100.0%	-
		Female	100.0%	100.0%	-
		Subtotal	100.0%	100.0%	**-**
Grupo Semapa	**Number of employees who started parental leave in the reporting period**	**Male**	152	171	**175**
		Female	55	51	**61**
		Total	207	222	**236**
	Total number of employees that returned to work after parental leave ended	**Male**	152	171	**175**
		Female	55	47	**58**
		Total	207	218	**233**
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	**Male**	n.s.	164	**152**
		Female	n.s.	48	**40**
		Total	n.s.	212	**192**
	Return to work rate	**Male**	100.0%	100.0%	**100.0%**
		Female	100.0%	92.2%	**95.1%**
		Total	100.0%	98.2%	**98.7%**
	Retention rate (12 months)	**Male**	n.s.	95.9%	**86.9%**
		Female	n.s.	94.1%	**65.6%**
		Total	n.s.	95.5%	**81.4%**

Note 1: In the case of Navigator, due to methodology adjustments, the data on the number of employees who returned to work and remained with the company after 12 months and the respective rate were corrected compared to those reported in the previous year. The calculation is made considering the number of employees who remained at the company after 12 months. For this reason, the data for 2021 are not presented, as they were not calculated until the following year (2022). The data cover Navigator's activities in Portugal and Mozambique. The figures presented exclude the activities of the international offices and the new unit in Spain (Ejea). The legislation applicable to operations in Mozambique is different from that applicable in Portugal.

Note 2: n.s. – not significant.

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, have Occupational Health and Safety Management Systems (OSHMS) certified in accordance with ISO 45001. In the case of Secil, the exception is the Brazil geography, which has an OSHMS system in place but not certified.

All Semapa Holding's sites are covered by the OSH system and are periodically visited by the company providing Occupational Health and Safety (OSH) services.

GRI 403-2: Hazard identification, risk assessment and incident investigation

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 OSH report drawn up 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 companies specialised in this area to detect opportunities for improvement.

So that all employees can participate in this process, although there is no specific procedure defined, they are invited to report hazards or potential hazards directly to their line manager.

Semapa analyses the annual OSH report every year, comparing developments with the previous year's version.

Pulp and Paper Segment:

Risk identification	In terms of Hazard Identification and Risk Assessment, this is carried out by the operational teams responsible for the activities, in direct coordination with the OSH teams, using internal and external consultancy services whenever necessary.
Process quality	The results of these processes are assessed through internal and external audits, inspections, and checks, both by official bodies and by Navigator teams. Monitoring makes use of performance indicators, so that the results of the processes can be monitored.
Integration of process results into OSHMS improvement	In terms of methodological approach, the assessment carried out is translated into risk assessment matrices which 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 to legislation, among others. It should be noted that in cases where employees do not participate directly in the revision of the matrix, they are informed of the changes.
Hazard reporting processes available to employees	In terms of reporting, all employees can report hazards, dangerous situations, or safety incidents, either by name or anonymously. We use various procedures, such as PG -8 – Incident Reporting and Investigation, the Unsafe Conditions register, Safety Walks and the Codes of Ethics and Conduct, which allow us to safeguard employees against possible reprisals.
Processes that allow employees to protect themselves from situations that they believe could cause injury or illness	All employees are aware that they can refuse to carry out high-risk tasks that could lead to injury without the appropriate mitigating measures being implemented. In this context, various procedures are in place to guide them in 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.
How are employees protected against possible reprisals for reporting the two previous points?	We use various procedures, such as PG -8 – Incident Communication and Investigation, the register of Unsafe Conditions, Safety Walks and the Codes of Ethics and Conduct, which safeguard employees against possible reprisals.
Incident investigation procedure	Work incidents are analysed using PG 28, as well as the Hazard Identification and Risk Assessment procedures. PG 28 determines how incidents should be categorised and reported, which investigation team should be appointed, the root causes that led to the incident and the corrective measures to be implemented, with the respective persons responsible and implementation deadlines. These reports are widely publicised throughout the company, allowing the different industrial complexes and forestry areas, with similar operations and tasks, to evaluate and discuss the reports, identifying the possibility of similar situations occurring, or even applying the actions identified.

Cement segment:

Risk identification	Through the Hazard and Risk Assessment implemented at each site.
Process quality	Qualified training for OSH technicians and OSH training for workers.
Integration of process results into OSHMS improvement	Internal and external audits are carried out as part of the Management Systems. In the event of accidents at work or the implementation of new equipment/projects or improvements, the hazard and risk assessment is reviewed. There is also a periodic review of this assessment so that it can be continually improved.
Hazard reporting processes available to employees	Through safety procedures, namely the reporting of incidents or near misses, there is a restricted committee of defined composition in the various geographies, which assesses situations of accidents at work, guaranteeing decision-making in the management of consequences and the implementation of measures, if necessary.
Processes that allow employees to protect themselves from situations that they believe could cause injury or illness	There is a STOP and GO card policy which aims to give all workers the authority to identify what should not be done and which could have consequences for their health and safety. The right to refuse is integrated into the philosophy of this policy.
How are employees protected against possible reprisals for reporting the two previous points?	Through safety procedures, namely the reporting of incidents or near misses, there is a restricted committee with a defined composition in the various geographies, which assesses situations of accidents at work, guaranteeing decision-making in the management of consequences and the implementation of measures, if necessary.
Incident investigation procedure	There is an accident investigation report for each accident, which establishes the mandatory requirements and rules to be followed for reporting, classifying, and investigating safety events. Recommendations and lessons learnt are drawn up and disseminated through Group-wide alerts. In addition, there are periodic OSH meetings at various levels of the company where this information is presented and discussed.

Other Businesses – ETSA:

Risk identification	Hazard Identification and Risk Assessment is carried out according to a methodology based on the analysis and observation of tasks, the behaviour of workers while carrying out their duties, interviews with workers and information and documentation provided by ETSA. The risk assessment considers the risk control measures already in place and provides for 4 levels of risk – low, moderate, high, and very high – whereby for moderate, high and very high-risk levels additional prevention and protection measures are defined, giving priority to technical, collective protection and organisational measures. The measures defined are included in a list of safety measures, which prioritises them according to the level of risk. The risk assessment is revised whenever justified, considering accidents and incidents and suspected or confirmed occupational illnesses, safety audits/inspections, recommendations from workers/service providers, monitoring results, changes in working conditions, results of consultations with workers, new areas/activities/tasks/equipment, new legal requirements, emergency situations and other OSH-related reasons. Whenever necessary, depending on the general risk assessment, specific risk assessments are carried out. In addition to the general OSH risk assessment, there are other specific risk assessments, namely the biological risk assessment, which includes all ETSA units and companies, as well as the explosion risk assessment, included in the explosion protection manual, drawn up in 2023. The implementation of safety measures is monitored internally through meetings between the heads of each area/unit and through periodic audits carried out by the company providing occupational safety services. Information on hazards and risks is disseminated through training and the online publication of relevant documents. In the case of foreign workers, and to overcome the language barrier, the use of simple language in communications with them is ensured.
Process quality	Company providing safety services duly authorised by the Working Conditions Authority (ACT). The technical team has a Certificate of Professional Aptitude (CAP) as a Senior Occupational Safety Technician. The people in charge of each unit are trained: Employer's Representative (with a programme drawn up in accordance with ACT).
Integration of process results into OSHMS improvement	The organisation does not have an Occupational Health and Safety Management System (OHSMS).

Hazard reporting processes available to employees	Safety visits to ETSA's facilities are accompanied by managers/workers from each sector, so that they can identify hazards together with the OSHTs. Information on dangerous situations is also collected during training sessions. Worker consultation sessions are also held, as provided for in the legal framework for promoting safety and health at work (and other specific OSH legislation), at least once a year for general OSH topics and twice a year for work equipment. The MAIS ETSA programme has also been implemented (based on collecting suggestions for improvement from employees about infrastructure, equipment, processes, etc.)
Processes that allow employees to protect themselves from situations that they believe could cause injury or illness	The policy of worker engagement in occupational safety and health activities, namely in identifying dangerous situations and suggesting safety measures; the policy of open communication between workers and those in charge on aspects related to occupational safety and health. Carrying out training activities and drawing up safety instructions. Providing information on the employer's general obligations (considering the provisions of the legal regime for the promotion of safety and health at work) and carrying out occupational health consultations.
How are employees protected against possible reprisals for reporting 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 their supervisor draw up an internal accident record – to be sent to Human Resources (HR) and the occupational safety services company. 2. If applicable, HR ensures that the report is filled in and sent to the insurance company. 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 and discuss safety measures to be implemented. 4. The final report includes: a description of the accident, an analysis of the causes, the safety measures to be implemented and those responsible, and the need to revise the risk assessment. A list of accidents/ incidents is drawn up in which actions are associated with each occurrence and which allows the status of the implementation of the measures to be monitored. Internal meetings are held periodically (involving those responsible for each area/unit) to ensure that implementation is monitored. In the context of external security activities and services, this monitoring is also carried out periodically. The measures are defined with priority given to technical, organisational, and collective protection measures, to the detriment of the others.

GRI 403-3: Health Services

Semapa Holding:

A medical fitness form is drawn up every year, following complementary diagnostic tests, an electrocardiogram, and a follow-up consultation.

The company also schedules an annual visit to its premises by the medical team, which takes blood for analyses and carries out complementary diagnostic tests. These are analysed by the doctor at a later appointment, which is also during working hours. When there are situations that require ongoing monitoring, the employee is referred to their family doctor.

	Pulp and Paper	Cement	Other Businesses – ETSA
Health services	At Navigator we have several corporate initiatives aimed at improving working practices, procedures, and conditions across the board, to make operations healthier and safer. Together, the Medical and OSH teams make periodic visits to the industrial units, which is an opportunity to jointly assess conditions on the ground and validate the measures to be implemented.	Health services are largely provided by occupational medicine. Safety services monitor health-related risks, such as: (a) total dust, respirable dust, and silica; (b) noise; and (c) vibrations, maintaining an action plan to eliminate or reduce risks.	Health services are provided by: (a) assessing and controlling the occupational risks inherent in each job; (b) carrying out initial / periodic / occasional clinical assessments to ensure that the professional is fit to carry out their duties; (c) preventing illnesses in the course of work.
Quality assurance	The relationship between the OHS and Occupational Medicine teams ensures that relevant information is shared, specifically risk assessments, the results of monitoring of agents (chemical, physical, biological, and ionising radiation) and, more recently, issues relating to CRM chemical agents that can affect reproduction. 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, as well as jointly defining specific and/or permanent mitigating measures.	The quality of this service is ensured through internal and external audits; communications to workers about the dangers, risks, and occupational illnesses to which they may be subjected; regular meetings with workers; and monitoring the action plans defined.	To ensure the quality of this service, it is provided by a specialised external company with accredited skills. Employees can access the service through a clinical assessment and with specific recommendations for each workplace.

GRI 403-4: Employee Involvement, Consultation and Communication on Safety and Health at Work

Semapa Holding:

In September 2022, employees were consulted in accordance with Article 18 of Law 102/2009 of 10 September 2009, as amended by Law 3/2014 of 28 January, with a view to obtaining an opinion. Semapa Holding therefore consulted the employees' health and safety representatives in writing or, failing that, the employees themselves on:

1. The assessment of occupational safety and health risks, including those relating to groups of workers subject to special risks;
2. Safety and health measures before they are implemented or, as soon as possible, in the event of their urgent implementation;
3. Measures which, because of their impact on technologies and functions, have an impact on safety and health at work;
4. The programme and organisation of occupational safety and health training;
5. The appointment of the employer's representative who monitors the activity of the service modality adopted;
6. The appointment and dismissal of workers carrying out specific duties in the fields of safety and health at work
7. health and safety in the workplace;
8. The designation of the workers responsible for implementing the measures provided for in Article 15(9);
9. The type of services to be adopted, as well as the use of services outside the company or qualified technicians to ensure that all or part of the occupational safety and health activities are carried out;
10. The protective equipment that needs to be used;
11. The risks to safety and health, as well as the protection and prevention measures and how they are applied, both in relation to the activity carried out and in relation to the company, establishment or service;
12. The annual list of fatal accidents at work and those causing incapacity for work of more than three working days, drawn up by the end of March of the following year;
13. The reports on accidents at work referred to in the previous paragraph.

Pulp and Paper Segment

Since 2020, Navigator has been consulting all its employees via an online survey. This survey is carried out twice a year and is widely publicised to encourage as many people as possible to take part. The questions cover various aspects of OSH, namely 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 responses obtained.

In addition to this, consultations can also be held with the Health and Safety Committees at each of the industrial sites. All the complexes (except for Vila Velha de Ródão and the forestry areas) have Occupational Health and Safety Committees. Meetings are held regularly, at least once a year. These committees are responsible for discussing risk assessments, hazards, and procedures, as well as communicating the concerns of employees. Portuguese legislation defines the composition of these committees, and the company guarantees their fulfilment and application.

Cement Segment

At Secil, there are various ways of ensuring communication with employees, including: periodic employee surveys; meetings of the workers' committee or with employee representatives on OSH issues; and the existence of safety boards displayed in the units with relevant information.

There are joint worker-management committees in the various geographies, according to locally defined intervals. In general, they are responsible for assessing all OSH issues. Examples include recommending penalty/recognition actions arising from workplace accidents or other situations observed; suggesting corrective and preventive actions to reduce risks, workplace accidents and improve employee health; suggesting or giving an opinion on OSH prevention and monitoring programmes; promoting and suggesting training actions in health and safety; and discussing the quality and comfort of Personal Protective Equipment (PPE).

Other Businesses – ETSA

The organisation does not have an OSH management system. As far as information/communication is concerned, this is ensured by sharing OSH documentation on online consultation points, and by posting documents on the premises and on staff management boards. Communication is also ensured through training courses on the subject.

During safety visits/audits, as well as training sessions, workers are consulted about safety conditions. In addition, worker consultation actions are carried out, as provided for in the legal regime for the promotion of Occupational Safety and Health (OSH) – and other specific OSH legislation. The MAIS ETSA programme is also in place (based on collecting suggestions for improvement from employees regarding infrastructure, equipment, processes, etc.). It should be noted that there are no joint labour committees.

GRI 403-5: Occupational health and safety training of employees

Semapa Holding

Self-protection measures are being implemented, including fire drills (evacuation exercises) and first aid training. It should also be noted that all the training needs of Semapa Holding's employees are assessed annually, following receipt of the annual OSH report. All training in this area is free of charge and during working hours.

Pulp and Paper Segment

Navigator provides a series of compulsory training courses – as laid down in national legislation – with occasional supplementary training. The Learning Centre provides employees with a range of training courses covering various safety topics.

For 2023-2024, a training plan dedicated to OSH issues is being implemented at Navigator. The welcome sessions have a new format, where new employees are invited to learn in more detail about the activities, dangers, emergency situations, collective and individual measures adopted by the company, as well as the main procedures in force. Sharing incidents and experience is also an important element of the programme.

From the second half of 2023, all Navigator employees were invited to attend a Safety: SAFEPRO e-learning course. This course has an intense programme of over 11 hours of training spread over 10 modules and covers the most critical and important topics across the board. This training had a completion rate of more than 85 per cent, exceeding the target (80 per cent).

This OSH training plan will continue to evolve, with specific training courses planned, by function, on more technical topics.

In addition, 8 Safety Leadership workshops were held, covering the entire Navigator chain of command, from the CE to supervisors, totalling 300 employees.

If the training takes place outside working hours, employees are compensated through additional remuneration. In areas considered more critical, where the risks of the activities are higher, training in this area is stepped up by the local OSH team.

External workers must attend compulsory training developed by Biond, known as CS-P – Safety Card for the Paper Industry. In situations where work or projects are considered special, training can always be provided on the most important safety issues.

It should also be noted that, together with the Training area, a competences matrix has been developed by function, identifying for each Employee, and according to the tasks assigned to them, which mandatory training they should have. This project should be further developed in 2024/2025.

Cement Segment

About OSH, compulsory training is provided because of legal requirements and other voluntary training, particularly in behaviour and leadership in safety. There is also OSH induction training for new internal and external employees. Risk assessment results are also communicated.

Other Businesses – ETSA

All employees are trained in Occupational Health and Safety (OHS), covering the following content: Legal Framework; Basic Concepts of Occupational Health and Safety; Duties and Responsibilities of Workers and Employers; Statistics of Accidents at Work; Hazards and Risks in the Workplace; Prevention and Protection Measures; Manual Handling of Loads; Personal Protective Equipment; Safety Instructions; and Safety Signs; Safety Data Sheets. Within the scope of specific hazards, the following were also covered: chemical risks, biological risks, safety of machinery and work equipment and manual handling of loads. Training sessions were held on Biological Risks, Safety of Machinery and Equipment and Working at Heights and Confined Spaces, in accordance with the roles and responsibilities of each worker.

In 2023, training was given on explosive atmospheres (ATEX).

ETSA also assesses training needs through worker consultation sessions, as provided for in the legal regime for promoting OSH (and other legislation on the matter), held at least once a year for general OSH topics and twice a year for work equipment. The external safety services have drawn up a training programme based on the legal requirements relating to training (listed in the most diverse legislation relating to safety and health at work), considering the information provided by workers (collected in training courses, audits, etc.), and based on knowledge of the activities carried out. The programme is managed by Human Resources. External services help prioritise the actions to be provided.

All training is provided free of charge and always during working hours.

GRI 403-6: Promotion of Employee Health

Semapa Holding

Employees have access to comprehensive health insurance, which can be extended to other members of the family for an additional fee, lower than the market price.

In addition, a general practitioner is available on a weekly basis for prescriptions and complementary tests.

Pulp and Paper Segment

Navigator has an Occupational Health (OH) team, curative medicine and a permanent nursing team in the industrial and forestry areas, and all Navigator employees have access to these services. All Navigator employees have access to these services. The plants have a Medical Centre accessible to all employees, enabling them to raise their needs with health professionals. The nursing staff provides round-the-clock assistance to employees, apart from Vila Velha de Ródão, where nurses are only available 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 accompanying employees who need support in any of the areas. The resident team provides its services at the medical centres and develops more comprehensive programmes with employees, such as physical activity at work, sleep analysis, shift work, social responses, among others. Every year in October, we celebrate Health Month by organising various initiatives to increase contact and proximity with operations, and the feedback we receive is very positive. To complement our actions in health promotion, we offer a Health Insurance policy that allows access to a vast network of health services and specialists.

Cement Segment

At Secil, there are occupational health services for all workers, and in the factories, there is a medical workplace and, in some cases, in addition to occupational health, there is also curative health. To complement action in health promotion, the company provides general health insurance.

There is also a plan for periodic consultations and examinations, which is monitored, and measures are taken to ensure that any deviations identified are fully complied with.

Other Businesses – ETSA

The company offers a curative medicine service at all its establishments and to all its employees.

This service facilitates access to medical services, without the need for employees to go to health centres or other doctors, and without the need to travel.

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 impacts on occupational health and safety, directly linked to its operations, is not differentiated, since OSH is a transversally and corporately coordinated function, although each complex has a local OSH coordination team.

Cement Segment

Secil has a zero-harm policy for its employees, contractors, and the community in which it operates. Identifying hazards and assessing the risks arising from its activities is the cornerstone for preventing and mitigating negative impacts on all employees. It is important to review and update them, and it is through the implementation of the action plan of the measures deemed necessary that the reduction of negative impacts is guaranteed.

Other Businesses – ETSA

ETSA monitors occupational health and safety conditions at collection points, through the Commercial Area, deploying teams to maintain the equipment installed at collection points.

There is also a system for reporting non-conformities/opportunities for improvement identified by workers at collection points.

The data are processed by the managers and directors of the corresponding areas, in co-operation with the Commercial Area.

GRI 403-8: Workers covered by an occupational health and safety management system

Company/ Affiliated	Description	2021	2022	2023
Navigator	Total number of employees	3 021	3 115	3 187
	Total number of other workers	14 293	10 324	12 863
	Employees covered by the OSHMS	3 021	3 115	3 187
	Other workers covered by the OSHMS	14 293	10 324	12 863
	Total (employees and other workers) covered by the OSHMS	**17 314**	**13 439**	**16 050**
	Percentage of employees covered by the OSHMS	100%	100%	100%
	Percentage of other workers covered by the OSHMS	100%	100%	100%
	Percentage of employees and other workers covered by the OSHMS	**100%**	**100%**	**100%**
	Employees covered by the OSHMS – certified	2 780	2 904	2 947
	Other workers covered by the OSHMS – certified	13 896	10 324	12 863
	Total (employees and other workers) covered by the OSHMS – certified	**16 676**	**13 228**	**15 810**
	Percentage of employees covered by the OSHMS – certified	92%	93%	92%
	Percentage of other workers covered by the OSHMS – certified	97%	100%	100%
	Percentage of employees and other workers covered by the OSHMS – certified	**96%**	**98%**	**99%**
Secil	Total number of employees	2 355	2 367	2 453
	Total number of other workers	1 838	1 861	1 764
	Employees covered by the OSHMS	2 362	2 367	2 453
	Other workers covered by the OSHMS	1 838	1 861	1 764
	Total (employees and other workers) covered by the OSHMS	**4 200**	**4 228**	**4 217**
	Percentage of employees covered by the OSHMS	100%	100%	100%
	Percentage of other workers covered by the OSHMS	100%	100%	100%
	Percentage of employees and other workers covered by the OSHMS	**229%**	**100%**	**100%**
	Employees covered by the OSHMS – certified	1 809	1 819	1 897
	Other workers covered by the OSHMS – certified	1 614	1 642	1 592
	Total (employees and other workers) covered by the OSHMS – certified	**3 423**	**3 461**	**3 489**
	Percentage of employees covered by the OSHMS – certified	77%	77%	77%
	Percentage of other workers covered by the OSHMS – certified	88%	88%	90%
	Percentage of employees and other workers covered by the OSHMS – certified	**82%**	**82%**	**83%**

ETSA	Total number of employees	277	314	332
	Total number of other workers	0	0	0
	Employees covered by the OSHMS	0	0	0
	Other workers covered by the OSHMS	0	0	0
	Total (employees and other workers) covered by the OSHMS	**0**	**0**	**0**
	Percentage of employees covered by the OSHMS	0%	0%	0%
	Percentage of other workers covered by the OSHMS	---	---	---
	Percentage of employees and other workers covered by the OSHMS	**0%**	**0%**	**0%**
	Employees covered by the OSHMS – certified	0	0	0
	Other workers covered by the OSHMS – certified	0	0	0
	Total (employees and other workers) covered by the OSHMS – certified	**0**	**0**	**0**
	Percentage of employees covered by the OSHMS – certified	0%	0%	0%
	Percentage of other workers covered by the OSHMS – certified	---	---	---
	Percentage of employees and other workers covered by the OSHMS – certified	0%	0%	0%
Holding	Total number of employees	32	38	37
	Total number of other workers	2	1	2
	Employees covered by the OSHMS	32	38	37
	Other workers covered by the OSHMS	0	0	0
	Total (employees and other workers) covered by the OSHMS	**32**	**38**	**37**
	Percentage of employees covered by the OSHMS	100%	100%	100%
	Percentage of other workers covered by the OSHMS	0%	0%	0%
	Percentage of employees and other workers covered by the OSHMS	**94%**	**97%**	**95%**
	Employees covered by the OSHMS – certified	32	38	37
	Other workers covered by the OSHMS – certified	0	0	0
	Total (employees and other workers) covered by the OSHMS – certified	**32**	**38**	**37**
	Percentage of employees covered by the OSHMS – certified	100%	100%	100%
	Percentage of other workers covered by the OSHMS – certified	0%	0%	0%
	Percentage of employees and other workers covered by the OSHMS – certified	**94%**	**97%**	**95%**
Semapa Group	**Total number of employees**	**3 459**	**5 965**	**6 139**
	Total number of other workers	**16 133**	**12 186**	**14 629**
	Employees covered by the OSHMS	**5 415**	**5 520**	**5 677**
	Other workers covered by the OSHMS	**16 131**	**12 185**	**14 627**
	Total (employees and other workers) covered by the OSHMS	**21 546**	**17 705**	**20 304**
	Percentage of employees covered by the OSHMS	**157%**	**93%**	**92%**
	Percentage of other workers covered by the OSHMS	**100%**	**100%**	**100%**
	Percentage of employees and other workers covered by the OSHMS	**110%**	**98%**	**98%**
	Employees covered by the OSHMS – certified	**4 621**	**4 761**	**4 881**
	Other workers covered by the OSHMS – certified	**15 510**	**11 966**	**14 455**
	Total (employees and other workers) covered by the OSHMS – certified	**20 131**	**16 727**	**19 336**
	Percentage of employees covered by the OSHMS – certified	**134%**	**80%**	**80%**
	Percentage of other workers covered by the OSHMS – certified	**96%**	**98%**	**99%**
	Percentage of employees and other workers covered by the OSHMS – certified	**103%**	**92%**	**93%**

Note 1: At Navigator, there are several activities that are not covered by certified OSH systems, namely Forest Management, Wood Supply and RAIZ, which are not within the scope of certification. However, the activities carried out in these areas follow the same principles and procedures The data presented do not include employees from Spain (Ejea), Mozambique nor the international offices.

Note 2: For Secil, given the Semapa Group's new alignment of criteria, which provides for the exclusion of trainees from GRI 2-7 and inclusion in GRI 2-8, there has been an adjustment to the figures reported for 2021, the only period to record trainees, namely seven. This adjustment justifies updating the total number of employees from 2362 to 2355 in 2021.

Note 3: ETSA does not currently have an occupational health and safety management system.

GRI 403-9: Work-related injuries – Employees

Company/ Affiliated	Description	2021	2022	2023
Navigator	Number of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	3	1	0
	Number of recordable work-related injuries	132	178	133
	No. accidents resulting in absence	49	51	35
	Number of workdays lost	3 443	2 667	1 286
	Number of hours worked	5 866 472	5 725 135	5 237 695
	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)	0.5	0.2	0.0
	Rate of recordable work-related injuries	22.5	31.1	25.4
	Lost time injury frequency rate	8.4	8.9	6.7
	Injury severity rate	586.9	465.8	245.5
Secil	Number of fatalities as a result of work-related injury	1	0	1
	Number of high-consequence work-related injuries (excluding fatalities)	4	1	2
	Number of recordable work-related injuries	55	49	58
	No. accidents resulting in absence	33	24	32
	Number of workdays lost	1 028	824	975
	Number of hours worked	4 737 660	4 716 395	4 854 654
	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	0.2	0.0	0.2
	Rate of high-consequence work-related injuries (excluding fatalities)	0.8	0.2	0.4
	Rate of recordable work-related injuries	11.6	10.4	11.9
	Lost time injury frequency rate	7.0	5.1	6.6
	Injury severity rate	217.0	174.7	200.8
ETSA	Number of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	1	0
	Number of recordable work-related injuries	26	30	22
	No. accidents resulting in absence	26	28	22
	Number of workdays lost	1 088	754	354
	Number of hours worked	494 331	546 844	617 610
	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	1.8	0.0
	Rate of recordable work-related injuries	52.6	54.9	35.6
	Lost time injury frequency rate	52.6	51.2	35.6
	Injury severity rate	2 201.0	1 378.8	573.2

Holdings	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	42 248	68 872	68 660
	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
Semapa Group	**Number of fatalities as a result of work-related injury**	**1**	**0**	**1**
	Number of high-consequence work-related injuries (excluding fatalities)	**7**	**3**	**2**
	Number of recordable work-related injuries	**213**	**257**	**213**
	No. accidents resulting in absence	**108**	**103**	**89**
	Number of workdays lost	**5 559**	**4 245**	**2 615**
	Number of hours worked	**11 140 711**	**11 057 246**	**10 778 619**
	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	**0.1**	**0.0**	**0.1**
	Rate of high-consequence work-related injuries (excluding fatalities)	**0.6**	**0.3**	**0.2**
	Rate of recordable work-related injuries	**19.1**	**23.2**	**19.8**
	Lost time injury frequency rate	**9.7**	**9.3**	**8.3**
	Injury severity rate	**499.0**	**383.9**	**242.6**

GRI 403-9: Work-related injuries – Other Workers

Company/ Affiliated	Description	2021	2022	2023
Navigator	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	15	84	95
	No. accidents resulting in absence	15	23	21
	Number of workdays lost	0	0	0
	Number of hours worked	3 858 480	4 448 055	4 493 836
	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	3.9	18.9	21.1
	Lost time injury frequency rate	3.9	5.2	4.7
	Injury severity rate	0.0	0.0	0.0

Secil	Number of fatalities as a result of work-related injury	1	0	1
	Number of high-consequence work-related injuries (excluding fatalities)	0	1	0
	Number of recordable work-related injuries	33	36	61
	No. accidents resulting in absence	20	18	19
	Number of workdays lost	366	524	289
	Number of hours worked	3 174 083	3 269 051	3 705 019
	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	0.3	0.0	0.3
	Rate of high-consequence work-related injuries (excluding fatalities)	0.0	0.3	0.0
	Rate of recordable work-related injuries	10.4	11.0	16.5
	Lost time injury frequency rate	6.3	5.5	5.1
	Injury severity rate	115.3	160.3	78.0
ETSA	Number of fatalities as a result of work-related injury	---	---	---
	Number of high-consequence work-related injuries (excluding fatalities)	---	---	---
	Number of recordable work-related injuries	---	---	---
	No. accidents resulting in absence	---	---	---
	Number of workdays lost	---	---	---
	Number of hours worked	---	---	---
	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	---	---	---
	Rate of high-consequence work-related injuries (excluding fatalities)	---	---	---
	Rate of recordable work-related injuries	---	---	---
	Lost time injury frequency rate	---	---	---
	Injury severity rate	---	---	---
Holdings	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	3 696	1 824	3 116
	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
Semapa Group	**Number of fatalities as a result of work-related injury**	**1**	**0**	**1**
	Number of high-consequence work-related injuries (excluding fatalities)	**0**	**1**	**0**
	Number of recordable work-related injuries	**48**	**120**	**156**
	No. accidents resulting in absence	**35**	**41**	**40**
	Number of workdays lost	**366**	**524**	**289**
	Number of hours worked	**7 036 259**	**7 718 930**	**8 201 971**
	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	**0.1**	**0.0**	**0.1**
	Rate of high-consequence work-related injuries (excluding fatalities)	**0.0**	**0.1**	**0.0**
	Rate of recordable work-related injuries	**6.8**	**15.5**	**19.0**
	Lost time injury frequency rate	**5.0**	**5.3**	**4.9**
	Injury severity rate	**52.0**	**67.9**	**35.2**

GRI 403-9: Work-related injuries – total number of direct employees and other workers				
Company/ Affiliated	**Description**	**2021**	**2022**	**2023**
Navigator	Number of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	3	1	0
	Number of recordable work-related injuries	147	262	228
	No. accidents resulting in absence	64	74	56
	Number of workdays lost	3 443	2 667	1 286
	Number of hours worked	9 724 952	10 173 190	9 731 531
	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)	0.3	0.1	0.0
	Rate of recordable work-related injuries	15.1	25.8	23.4
	Lost time injury frequency rate	6.6	7.3	5.8
	Injury severity rate	354.1	262.2	132.1
Secil	Number of fatalities as a result of work-related injury	2	0	2
	Number of high-consequence work-related injuries (excluding fatalities)	4	2	2
	Number of recordable work-related injuries	88	85	119
	No. accidents resulting in absence	53	42	51
	Number of workdays lost	1 394	1 348	1 264
	Number of hours worked	7 911 743	7 985 446	8 559 673
	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	0.3	0.0	0.2
	Rate of high-consequence work-related injuries (excluding fatalities)	0.5	0.3	0.2
	Rate of recordable work-related injuries	11.1	10.6	13.9
	Lost time injury frequency rate	6.7	5.3	6.0
	Injury severity rate	176.2	168.8	147.7
ETSA	Number of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	1	0
	Number of recordable work-related injuries	26	30	22
	No. accidents resulting in absence	26	28	22
	Number of workdays lost	1 088	754	354
	Number of hours worked	494 331	546 844	617 610
	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	1.8	0.0
	Rate of recordable work-related injuries	52.6	54.9	35.6
	Lost time injury frequency rate	52.6	51.2	35.6
	Injury severity rate	2 201.0	1 378.8	573.2

Holdings	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	45 944	70 696	71 776
	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
Semapa Group	**Number of fatalities as a result of work-related injury**	**2**	**0**	**2**
	Number of high-consequence work-related injuries (excluding fatalities)	**7**	**4**	**2**
	Number of recordable work-related injuries	**261**	**377**	**369**
	No. accidents resulting in absence	**143**	**144**	**129**
	Number of workdays lost	**5 925**	**4 769**	**2 904**
	Number of hours worked	**18 176 970**	**18 776 176**	**18 980 590**
	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	**0.1**	**0.0**	**0.1**
	Rate of high-consequence work-related injuries (excluding fatalities)	**0.4**	**0.2**	**0.1**
	Rate of recordable work-related injuries	**14.4**	**20.1**	**19.4**
	Lost time injury frequency rate	**7.9**	**7.7**	**6.8**
	Injury severity rate	**326.0**	**254.0**	**153.0**

Note 1: At Navigator, the hours worked by employees of commercial subsidiaries outside Portugal are not included in the scope of this disclosure, as there is no structured incident reporting system. The data presented do not include employees from Spain (Ejea), Mozambique nor the international offices.

Notes 2: According to GRI criteria, serious accidents at work are injuries from which the worker will not recover, i.e. is expected to recover fully within a maximum of six months to the health condition prior to the accident.

According to the GRI criteria, it includes all accidents that result in one of the following possibilities: deaths, accidents with and without sick leave, accidents that result in loss or reduction of ability to work or transfer to another role, accidents that lead to medical treatment beyond first aid, loss of consciousness, serious injury diagnosed by a doctor or other qualified health professional. It can also be referred to as TRI (Total Recordable Incidents). It coincides with the total reported in the Single Report.

Note 3: The normalisation factor for hours worked of 1 000 000 was used to calculate the indices.

Methodological notes on the calculations made:

GRI formulae:

- Index of deaths resulting from accidents at work = (No. of deaths resulting from accidents at work / No. of hours worked) x 1 000 000
- Serious accidents at work rate = (No. of serious accidents at work (excluding fatalities) / No. of hours worked) x 1 000 000
- Index of compulsory reportable accidents at work = (No. of accidents at work / No. of hours worked) x 1 000 000

Consolidated Report formulae:

- Frequency Rate = (No. of accidents with sick leave / No. of hours worked) x 1 000 000 000
- Severity Rate = (No. of days lost / No. of hours worked) x 1 000 000

GRI 403-10: Work-related ill health

Company/ Affiliated	Description	2021	2022	2023
Navigator	Number of fatalities as a result of work-related ill health	0	0	0
	Number of cases of recordable work-related ill health	1	10	7
	Number of cases of confirmed work-related ill health	1	0	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	8	3	3
	Number of cases of confirmed work-related ill health	1	0	1
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	1	3
Holdings	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	**9**	**13**	**10**
	Number of cases of confirmed work-related ill health	**2**	**1**	**4**

Note 1: It should be noted that the figures presented above only refer to company employees and not external workers.

Note 2: In the case of Navigator, the figures presented do not include employees from Spain (Ejea), Mozambique nor the international offices.

Note 3: In the case of ETSA, the 2022 figures have been updated to the number of confirmed occupational diseases.

GRI 404: EDUCATION AND TRAINING

GRI 404-1: Average hours of training per year per employee

Company/ Affiliated	Description			2021	2022	2023
Navigator	**Total number of training hours provided to employees**	Top management	Male	385	534	1 558
			Female	911	215	330
		Senior management	Male	11 951	16 188	19 813
			Female	8 046	8 801	11 975
		Middle management	Male	6 653	8 760	14 482
			Female	1 423	2 326	4 393
		Administrative	Male	---	---	---
			Female	---	---	---
		Operatives	Male	88 865	92 690	189 776
			Female	6 232	7 155	16 793
		Subtotal	Male	107 854	118 173	225 629
			Female	16 612	18 497	33 491
	Average training hours per employee	Top management	Male	15	15	54
			Female	182	54	66
		Senior management	Male	31	40	47
			Female	37	33	44
		Middle management	Male	23	30	44
			Female	14	20	28
		Administrative	Male	---	---	---
			Female	---	---	---
		Operatives	Male	46	48	99
			Female	30	38	87
		Total	**Male**	**41**	**44**	**84**
			Female	**31**	**32**	**53**
			Total	**40**	**42**	**78**

Secil	Total number of training hours provided to employees	Top management	Male	616	503	1 549
			Female	194	98	265
		Senior management	Male	3 378	1 087	2 523
			Female	1 192	764	892
		Middle management	Male	5 404	3 866	9 070
			Female	1 748	869	3 094
		Administrative	Male	4 908	3 064	7 036
			Female	1 582	1 095	3 618
		Operatives	Male	24 716	18 904	48 381
			Female	419	331	479
		Subtotal	Male	39 022	27 424	68 559
			Female	5 135	3 157	8 348
	Average training hours per employee	Top management	Male	15	12	42
			Female	24	12	33
		Senior management	Male	42	14	33
			Female	66	40	47
		Middle management	Male	24	16	37
			Female	20	10	32
		Administrative	Male	19	11	20
			Female	10	8	22
		Operatives	Male	17	13	34
			Female	10	7	10
		Total	**Male**	**19**	**13**	**32**
			Female	**17**	**10**	**25**
			Total	**19**	**13**	**31**
ETSA	Total number of training hours provided to employees	Top management	Male	39	251	124
			Female	9	18	82
		Senior management	Male	157	302	179
			Female	21	36	122
		Middle management	Male	134	338	135
			Female	-	-	-
		Administrative	Male	312	327	537
			Female	447	736	984
		Operatives	Male	1 896	2 684	2 236
			Female	44	282	113
		Subtotal	Male	2 538	3 902	3 210
			Female	521	1 072	1 300
	Average training hours per employee	Top management	Male	20	126	62
			Female	9	18	82
		Senior management	Male	39	101	45
			Female	21	36	122
		Middle management	Male	19	48	14
			Female	---	---	---
		Administrative	Male	17	18	28
			Female	16	26	31
		Operatives	Male	10	15	10
			Female	2	9	3
		Total	**Male**	**12**	**19**	**13**
			Female	**9**	**17**	**17**
			Total	**11**	**18**	**14**

Holdings	**Total number of training hours provided to employees**	Top management	Male	56	272	305
			Female	69	318	378
		Senior management	Male	13	42	282
			Female	78	206	553
		Middle management	Male	13	14	9
			Female	13	8	35
		Administrative	Male	-	-	-
			Female	-	-	-
		Operatives	Male	-	-	77
			Female	4	97	37
		Subtotal	Male	82	328	673
			Female	164	629	1 003
	Average training hours per employee	Top management	Male	8	45	44
			Female	17	64	63
		Senior management	Male	4	8	71
			Female	10	26	61
		Middle management	Male	13	14	9
			Female	13	8	18
		Administrative	Male	---	---	---
			Female	---	---	---
		Operatives	Male	-	-	39
			Female	1	10	6
		Total	**Male**	6	23	**48**
			Female	9	26	**44**
			Total	8	25	**45**
Semapa Group	**Total number of training hours provided to employees**	**Top management**	**Male**	1 096	1 560	**3 536**
			Female	1 183	649	**1 055**
		Senior management	**Male**	15 499	17 619	**22 797**
			Female	9 337	9 807	**13 542**
		Middle management	**Male**	12 204	12 979	**23 696**
			Female	3 184	3 203	**7 522**
		Administrative	**Male**	5 220	3 391	**7 573**
			Female	2 029	1 831	**4 602**
		Operatives	**Male**	115 477	114 278	**240 470**
			Female	6 699	7 865	**17 422**
		Total	**Male**	149 496	149 827	**298 071**
			Female	22 432	23 355	**44 142**
	Average training hours per employee	**Top management**	**Male**	15	18	**47**
			Female	66	36	**53**
		Senior management	**Male**	32	36	**45**
			Female	38	33	**45**
		Middle management	**Male**	23	24	**41**
			Female	17	16	**29**
		Administrative	**Male**	19	11	**21**
			Female	11	11	**24**
		Operatives	**Male**	33	32	**68**
			Female	23	29	**60**
		Total	**Male**	31	30	**59**
			Female	24	24	**42**
			Total	30	29	**56**

Note 1: Please refer to disclosure 2-7 for detailed information on the number of employees and the changes in the 2021 and 2022 report.

Note 2: For Navigator, the data for 2021 and 2022 have been corrected due to the inclusion of data for Mozambique. The 2023 figures include all the Navigator Group's activities, with the exception of the employees of the new Tissue unit in Spain (Ejea).

GRI 404-3: Percentage of employees receiving regular performance and career development reviews					
Company/ Affiliated	Description		2021	2022	2023
Navigator	Governance bodies	Male	---	---	---
		Female	---	---	---
		Subtotal	**---**	**---**	**---**
	Top management	Male	68%	100%	100%
		Female	80%	100%	100%
		Subtotal	**70%**	**100%**	**100%**
	Senior management	Male	98%	100%	100%
		Female	100%	99%	100%
		Subtotal	**99%**	**99%**	**100%**
	Middle management	Male	99%	100%	100%
		Female	100%	98%	100%
		Subtotal	**99%**	**99%**	**100%**
	Administrative	Male	---	---	---
		Female	---	---	---
		Subtotal	**---**	**---**	**---**
	Operatives	Male	100%	97%	98%
		Female	97%	96%	100%
		Subtotal	**99%**	**97%**	**99%**
Secil	Governance bodies	Male	---	---	---
		Female	---	---	---
		Subtotal	**---**	**---**	**---**
	Top management	Male	85%	69%	100%
		Female	88%	88%	88%
		Subtotal	**85%**	**72%**	**98%**
	Senior management	Male	79%	64%	94%
		Female	94%	74%	94%
		Subtotal	**82%**	**66%**	**94%**
	Middle management	Male	80%	69%	97%
		Female	98%	90%	100%
		Subtotal	**85%**	**75%**	**98%**
	Administrative	Male	98%	81%	100%
		Female	67%	69%	99%
		Subtotal	**86%**	**77%**	**99%**
	Operatives	Male	61%	64%	96%
		Female	79%	80%	100%
		Subtotal	**61%**	**65%**	**96%**

ETSA	Governance bodies	Male	100%	100%	100%
		Female	---	---	---
		Subtotal	**100%**	**100%**	**100%**
	Top management	Male	100%	100%	100%
		Female	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
	Senior management	Male	100%	100%	100%
		Female	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
	Middle management	Male	100%	100%	100%
		Female	---	---	---
		Subtotal	**100%**	**100%**	**100%**
	Administrative	Male	100%	100%	100%
		Female	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
	Operatives	Male	100%	100%	100%
		Female	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
Holdings	Governance bodies	Male	0%	100%	100%
		Female	---	100%	---
		Subtotal	**0%**	**100%**	**100%**
	Top management	Male	100%	100%	100%
		Female	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
	Senior management	Male	100%	100%	100%
		Female	100%	88%	100%
		Subtotal	**100%**	**92%**	**100%**
	Middle management	Male	100%	100%	100%
		Female	100%	100%	100%
		Subtotal	**100%**	**100%**	**100%**
	Administrative	Male	---	---	---
		Female	---	---	---
		Subtotal	**---**	**---**	**---**
	Operatives	Male	100%	100%	100%
		Female	100%	60%	100%
		Subtotal	**100%**	**67%**	**100%**
Semapa Group	Governance bodies	**Male**	**50%**	**100%**	**100%**
		Female	**---**	**100%**	**---**
		Total	**50%**	**100%**	**100%**
	Top management	**Male**	**81%**	**83%**	**100%**
		Female	**89%**	**94%**	**95%**
		Total	**83%**	**85%**	**99%**
	Senior management	**Male**	**95%**	**93%**	**99%**
		Female	**100%**	**96%**	**100%**
		Total	**96%**	**94%**	**99%**
	Middle management	**Male**	**90%**	**86%**	**99%**
		Female	**99%**	**94%**	**100%**
		Total	**93%**	**88%**	**99%**
	Administrative	**Male**	**98%**	**82%**	**100%**
		Female	**72%**	**74%**	**99%**
		Total	**88%**	**80%**	**99%**
	Operatives	**Male**	**83%**	**83%**	**98%**
		Female	**94%**	**93%**	**100%**
		Total	**84%**	**84%**	**98%**

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

GRI 405-1: Diversity of governance bodies and employees

Company/ Affiliated	Description			2021	2022	2023
Navigator	**Gender**	Governance bodies	Male	76.9%	75.0%	64.3%
			Female	23.1%	25.0%	35.7%
		Top management	Male	83.3%	89.5%	84.8%
			Female	16.7%	10.5%	15.2%
		Senior management	Male	64.4%	60.1%	60.6%
			Female	35.6%	40.0%	39.4%
		Middle management	Male	74.9%	72.7%	68.3%
			Female	25.1%	27.3%	31.7%
		Administrative	Male	---	---	---
			Female	---	---	---
		Operatives	Male	90.0%	91.2%	90.8%
			Female	10.0%	8.8%	9.2%
		Subtotal	**Male**	**83.0%**	**82.3%**	**81.0%**
			Female	**17.0%**	**17.7%**	**19.0%**
	Age group	Governance bodies	<30	0.0%	0.0%	0.0%
			30-50	15.4%	0.0%	21.4%
			>50	84.6%	100.0%	78.6%
		Top management	<30	0.0%	0.0%	0.0%
			30-50	50.0%	31.6%	27.3%
			>50	50.0%	68.4%	72.7%
		Senior management	<30	8.0%	11.6%	12.9%
			30-50	65.0%	63.0%	61.9%
			>50	26.9%	25.5%	25.2%
		Middle management	<30	9.5%	11.5%	11.7%
			30-50	52.4%	54.4%	56.7%
			>50	38.0%	34.1%	31.5%
		Administrative	<30	---	---	---
			30-50	---	---	---
			>50	---	---	---
		Operatives	<30	11.1%	13.3%	13.7%
			30-50	62.7%	62.7%	63.7%
			>50	26.2%	24.0%	22.6%
		Subtotal	**<30**	**10.2%**	**12.5%**	**13.0%**
			30-50	**61.5%**	**61.1%**	**61.8%**
			>50	**28.3%**	**26.4%**	**25.2%**

Secil	**Gender**	Governance bodies	Male	100.0%	87.0%	80.0%
			Female	0.0%	13.0%	20.0%
		Top management	Male	83.3%	84.0%	81.8%
			Female	16.7%	16.0%	18.2%
		Senior management	Male	81.8%	80.0%	79.8%
			Female	18.2%	20.0%	20.2%
		Middle management	Male	72.5%	73.0%	72.1%
			Female	27.5%	27.0%	27.9%
		Administrative	Male	63.2%	66.0%	65.3%
			Female	36.8%	34.0%	34.7%
		Operatives	Male	97.1%	97.0%	96.3%
			Female	2.9%	3.0%	3.7%
		Subtotal	**Male**	**86.9%**	**87.3%**	**86.3%**
			Female	**13.1%**	**12.7%**	**13.7%**
	Age group	Governance bodies	<30	0.0%	0.0%	0.0%
			30-50	33.3%	13.0%	30.0%
			>50	66.7%	87.0%	70.0%
		Top management	<30	0.0%	0.0%	4.5%
			30-50	27.1%	26.0%	20.5%
			>50	72.9%	74.0%	75.0%
		Senior management	<30	2.0%	0.0%	3.2%
			30-50	55.6%	53.0%	50.0%
			>50	42.4%	47.0%	46.8%
		Middle management	<30	11.7%	10.0%	10.2%
			30-50	69.6%	70.0%	73.8%
			>50	18.7%	20.0%	16.0%
		Administrative	<30	14.9%	17.0%	18.9%
			30-50	50.2%	49.0%	54.4%
			>50	34.9%	34.0%	26.7%
		Operatives	<30	7.5%	7.0%	7.9%
			30-50	56.6%	57.0%	54.9%
			>50	35.9%	36.0%	37.2%
		Subtotal	**<30**	**9.0%**	**9.0%**	**10.0%**
			30-50	**56.5%**	**56.0%**	**56.7%**
			>50	**34.5%**	**35.0%**	**33.3%**

ETSA	**Gender**	Governance bodies	Male	100.0%	87.0%	100.0%
			Female	0.0%	13.0%	0.0%
		Top management	Male	83.0%	84.0%	66.7%
			Female	17.0%	16.0%	33.3%
		Senior management	Male	82.0%	80.0%	80.0%
			Female	18.0%	20.0%	20.0%
		Middle management	Male	72.0%	73.0%	100.0%
			Female	28.0%	27.0%	0.0%
		Administrative	Male	63.0%	66.0%	37.3%
			Female	37.0%	34.0%	62.7%
		Operatives	Male	97.0%	97.0%	83.8%
			Female	3.0%	3.0%	16.2%
		Subtotal	**Male**	**78.9%**	**77.1%**	**77.1%**
			Female	**21.1%**	**22.9%**	**22.9%**
	Age group	Governance bodies	<30	0.0%	0.0%	0.0%
			30-50	33.3%	50.0%	50.0%
			>50	66.7%	50.0%	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%	80.0%	80.0%
			>50	14.3%	20.0%	20.0%
		Administrative	<30	13.0%	0.0%	0.0%
			30-50	54.3%	60.8%	60.8%
			>50	32.6%	39.2%	39.2%
		Operatives	<30	11.6%	9.7%	9.7%
			30-50	50.5%	51.0%	51.0%
			>50	38.0%	39.4%	39.4%
		Subtotal	**<30**	**11.1%**	**7.5%**	**7.5%**
			30-50	**52.1%**	**53.6%**	**53.6%**
			>50	**36.8%**	**38.9%**	**38.9%**

Holdings	**Gender**	Governance bodies	Male	72.7%	60.0%	60.0%
			Female	27.3%	40.0%	40.0%
		Top management	Male	63.6%	53.8%	53.8%
			Female	36.4%	46.2%	46.2%
		Senior management	Male	27.3%	30.8%	30.8%
			Female	72.7%	69.2%	69.2%
		Middle management	Male	50.0%	33.3%	33.3%
			Female	50.0%	66.7%	66.7%
		Administrative	Male	---	---	---
			Female	---	---	---
		Operatives	Male	25.0%	25.0%	25.0%
			Female	75.0%	75.0%	75.0%
		Subtotal	**Male**	**48.8%**	**44.2%**	**44.2%**
			Female	**51.2%**	**55.8%**	**55.8%**
	Age group	Governance bodies	<30	0.0%	0.0%	0.0%
			30-50	36.4%	40.0%	40.0%
			>50	63.6%	60.0%	60.0%
		Top management	<30	0.0%	0.0%	0.0%
			30-50	72.7%	69.2%	69.2%
			>50	27.3%	30.8%	30.8%
		Senior management	<30	9.1%	15.4%	15.4%
			30-50	72.7%	76.9%	76.9%
			>50	18.2%	7.7%	7.7%
		Middle management	<30	0.0%	0.0%	0.0%
			30-50	0.0%	33.3%	33.3%
			>50	100.0%	66.7%	66.7%
		Administrative	<30	---	---	---
			30-50	---	---	---
			>50	---	---	---
		Operatives	<30	12.5%	0.0%	0.0%
			30-50	50.0%	62.5%	62.5%
			>50	37.5%	37.5%	37.5%
		Subtotal	**<30**	**4.7%**	**3.8%**	**3.8%**
			30-50	**55.8%**	**59.6%**	**59.6%**
			>50	**39.5%**	**36.5%**	**36.5%**

Grupo Semapa	Gender	Governance bodies	Male	84.2%	68.4%	**68.4%**
			Female	15.8%	31.6%	**31.6%**
		Top management	Male	80.4%	56.3%	**56.3%**
			Female	19.6%	43.8%	**43.8%**
		Senior management	Male	66.2%	44.4%	**44.4%**
			Female	33.8%	55.6%	**55.6%**
		Middle management	Male	73.6%	84.6%	**84.6%**
			Female	26.4%	15.4%	**15.4%**
		Administrative	Male	60.7%	37.3%	**37.3%**
			Female	39.3%	62.7%	**62.7%**
		Operatives	Male	93.0%	82.0%	**82.0%**
			Female	7.0%	18.0%	**18.0%**
		Total	Male	84.5%	72.7%	**72.7%**
			Female	15.5%	27.3%	**27.3%**
	Age group	Governance bodies	<30	0.0%	0.0%	**0.0%**
			30-50	27.8%	42.1%	**42.1%**
			>50	72.2%	57.9%	**57.9%**
		Top management	<30	0.0%	0.0%	**0.0%**
			30-50	40.2%	62.5%	**62.5%**
			>50	59.8%	37.5%	**37.5%**
		Senior management	<30	7.3%	11.1%	**11.1%**
			30-50	63.5%	77.8%	**77.8%**
			>50	29.2%	11.1%	**11.1%**
		Middle management	<30	8.4%	0.0%	**0.0%**
			30-50	59.9%	69.2%	**69.2%**
			>50	31.7%	30.8%	**30.8%**
		Administrative	<30	14.7%	0.0%	**0.0%**
			30-50	50.7%	60.8%	**60.8%**
			>50	34.6%	39.2%	**39.2%**
		Operatives	<30	9.7%	9.4%	**9.4%**
			30-50	59.6%	51.3%	**51.3%**
			>50	30.7%	39.3%	**39.3%**
		Total	<30	9.4%	7.0%	**7.0%**
			30-50	58.9%	54.4%	**54.4%**
			>50	31.7%	38.5%	**38.5%**

Note 1: Please refer to disclosure 2-7 for detailed information on the number of employees and changes in the 2021 and 2022 report (excluding the Board of Directors).

Note 2: Navigator's figures for 2021 and 2022 have been corrected due to the inclusion of figures for Mozambique Employees. The 2023 figures include all the Navigator Group's activities, except for the employees of the new Tissue unit in Spain (Ejea).

Note 3: In 2023, Secil's 2022 figures have been corrected, as there was an error regarding the total percentages of age groups.

GRI 405-2: Ratio of basic salary and remuneration of women to men					
Company/ Affiliated	**Employee category**		**2021**	**2022**	**2023**
Navigator	Governance bodies	Ratio	0.28	0.31	0.25
	Top management	Ratio	0.68	0.74	0.72
	Senior management	Ratio	0.75	0.68	0.75
	Middle management	Ratio	0.66	0.66	0.67
	Administrative	Ratio	---	---	---
	Operatives	Ratio	0.88	0.89	0.84
Secil	Governance bodies	Ratio	---	0.09	---
	Top management	Ratio	---	1.13	1.05
	Senior management	Ratio	---	0.92	0.84
	Middle management	Ratio	---	0.84	1.00
	Administrative	Ratio	---	0.93	0.98
	Operatives	Ratio	---	0.95	1.01
ETSA	Governance bodies	Ratio	---	---	---
	Top management	Ratio	---	0.84	0.84
	Senior management	Ratio	---	1.32	0.96
	Middle management	Ratio	---	---	---
	Administrative	Ratio	---	0.78	0.79
	Operatives	Ratio	---	0.74	0.77
Holdings	Governance bodies	Ratio	0.43	0.26	0.23
	Top management	Ratio	1.18	1.19	0.79
	Senior management	Ratio	0.95	0.68	0.76
	Middle management	Ratio	0.83	0.84	0.93
	Administrative	Ratio	---	---	---
	Operatives	Ratio	1.76	1.30	1.23

Note 1: It should be noted that the calculation of this disclosure only records salaries in Portugal, as this is the country with the largest number of employees (representing 75% of the Group's total) – detailed information for the other countries where Navigator and Secil operate is available in the respective reports.

Note 2: The missing values in the table are due to the lack of data for men or women, so the calculation of the ratio is not applicable.

Note 3: In the case of Navigator, the data in this disclosure do not consider the employees of the international offices nor the operations of the new Tissue unit (Ejea) in Spain.

At Semapa Group there is no wage differentiation between men and women, and the entry salary is the same for both genders, male and female. The salary ratio presented considers the macro-level framework aggregator, so naturally and for each of these levels, there are different framework subgroups as well as different career paths, which impacts on the average values obtained for the salary ratio and therefore the values reported.

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 channels for irregularities, no complaints about impacts at this level have been received.

In the case of Navigator, the Human Rights Policy was approved at the end of 2022, which provides for the implementation of due diligence procedures, and a new Third Party Integrity Verification System was implemented in 2023, which includes the identification of ESG risks with the business partners with which it has business relations.

GRI 408: CHILD LABOUR

GRI 408-1: Operations and suppliers with significant risk for incidents of child labour

Based on the existing channels for irregularities, no complaints about impacts at this level have been received.

In the case of Navigator, the Human Rights Policy was approved at the end of 2022, which provides for the implementation of due diligence procedures, and a new Third Party Integrity Verification System was implemented in 2023, which includes the identification of ESG risks with the business partners with which it has business relations.

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 channels for irregularities, no complaints about impacts at this level have been received.

In the case of Navigator, the Human Rights Policy was approved at the end of 2022, which provides for the implementation of due diligence procedures, and a new Third Party Integrity Verification System was implemented in 2023, which includes the identification of ESG risks with the business partners with which it has business relations.

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 the Group's companies and extends to service providers and suppliers, reflected in guiding documents such as codes of conduct. The Group's companies contract this type of service. In Semapa's case, security guards receive comprehensive training in five-year cycles. In 2023, no specific training was provided in this area.

GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS

GRI 414-1: New suppliers selected based on social criteria

Among the affiliate companies' practices are the existence of codes of conduct for suppliers and the definition of qualification criteria, among others. In accordance with the certifications held by the subsidiaries, they are committed to exercising their influence by increasingly involving and sensitising their various suppliers (including service providers and subcontractors) to critical aspects linked to safety, the environment, business integrity and quality, among others. Mention should also be made of the approval of the Human Rights Policy.

In the case of ETSA, in 2023 the criteria for assessing new suppliers subject to due diligence processes for social impacts was changed. Based on this change in criteria, it considers that it is not currently developing social impact due diligence but is analysing ways in which it could develop this criterion. In Secil's case, in 2023 the entire supplier base in Portugal was segmented according to the GCCA guidelines, including calculations specific to environmental and social issues.

GRI 415: PUBLIC POLICIES

GRI 415-1: Political contributions

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

At Semapa Group, product labelling and information requirements are an important factor due to the nature of the products. While Secil and ETSA require all packaged products to be labelled, Navigator complies with Regulation (EU) no. 453/2010 of 20 May by issuing a technical safety data sheet for all products, which contains a description of the main characteristics, applications and advice on use and recycling. It also applies the Ecolabel, FSC and PEFC certification logos, among others, to all its products.

GRI 417-2: Incidents of non-compliance related to product and service labelling

Semapa Group has not identified any cases of non-compliance regarding the labelling of products and services.

GRI 417-3: Incidents of non-compliance related to marketing communications

Semapa Group has not identified any cases of non-compliance related to marketing communications.

KPMG

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 engaged 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 9 of the Annual Report for the period ended 31 December 2023, prepared in accordance with the requirements of the Global Reporting Initiative Standards (GRI Standards).

Responsibilities of Management

Management is responsible for:

— the preparation of the sustainability information, included in chapter 9 of the 2023 Sustainability Report, in accordance with the Global Reporting Initiative Standards (Information);

— the design, implementation and maintenance of an appropriate information and internal control system to enable the preparation of information that is free from material misstatement, whether due to errors or fraud;

— the prevention and detection of fraud and errors and for the identification and ensuring that Semapa 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 the engagement to obtain limited assurance about whether nothing has come to our attention that causes us to believe that the sustainability information included in chapter 9 of the Annual Report for the period ended 31 December 2023 has not been prepared, in all material respects, in accordance with GRI Standards. Accordingly, this engagement included, among other procedures, the following:

- Interviews with senior management and relevant staff, at corporate and operational level, concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff responsible for preparing the sustainability information included in chapter 9 of the Annual Report for the period ended 31 December 2023;
- Comparing the information presented in chapter 9 of Semapa's Annual Report for the period ended 31 December 2023, to corresponding information in the relevant underlying sources to determine whether all relevant information contained in such underlying sources has been included in the Report; and
- Reading the information presented in chapter 9 of Semapa's Annual Report 2023, to determine whether it is in line with our overall knowledge of Semapa.

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 on the basis of, 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 chapter 9 of the Annual Report for the period ended 31 December 2023 has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards.

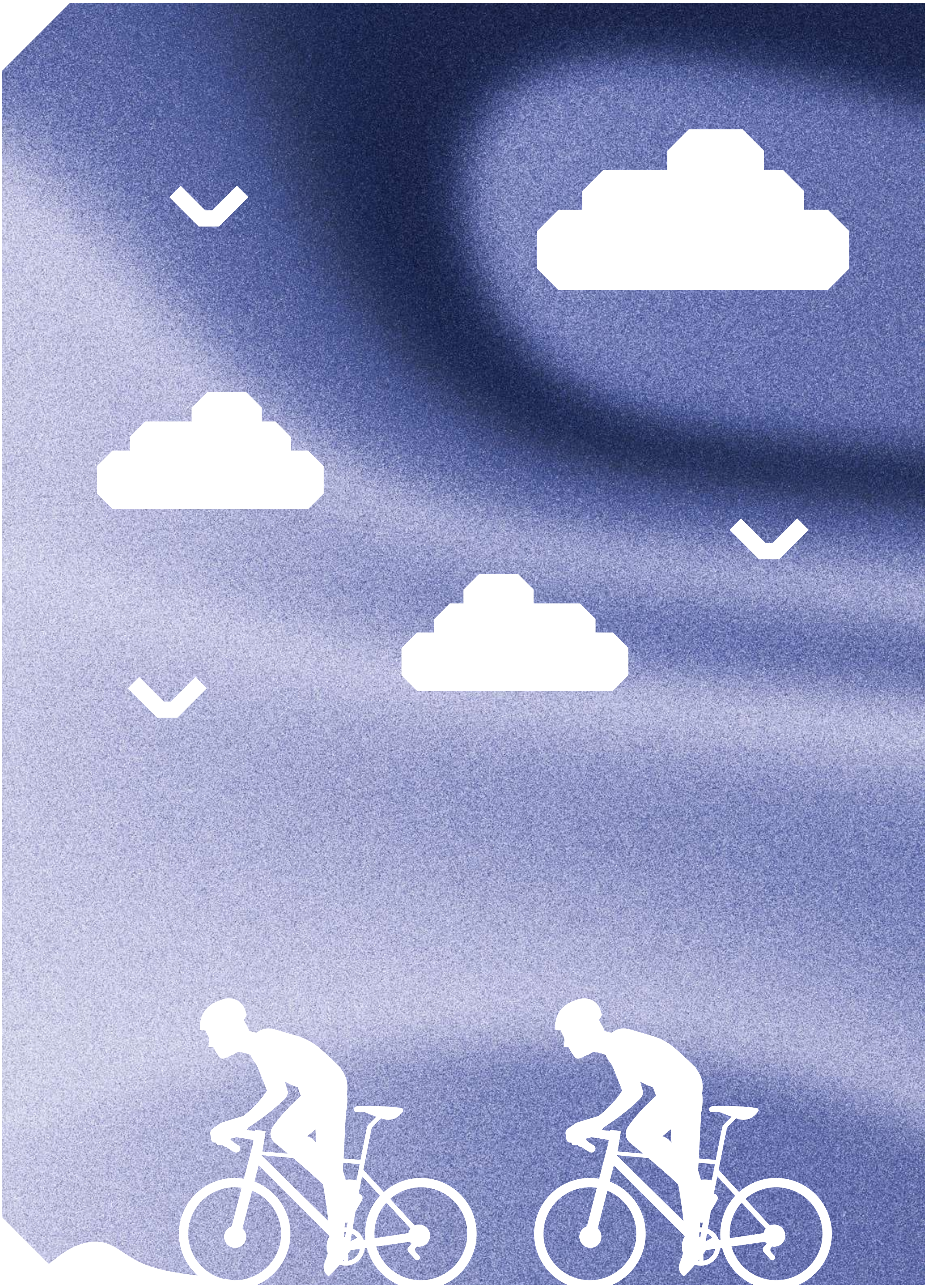
KPMG

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 2023 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, 22 April 2024

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(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)



ANNEXES

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10.1 CORRESPONDENCE TABLE WITH GRI

Material topic	GRI standards	GRI disclosures	Location
Climate change and energy	GRI 302: Energy 2016	302-1/3/4	Chap. 4.2.2
	GRI 305: Emissions 2016	305-1/2/4/5/7	
Human capital and talent	GRI 401: Employment 2016	401-1/2/3	Chap. 4.3.1
	GRI 404: Training and Education 2016	404-1/2/3	
Conservation of biodiversity and ecosystem services	RI 304: Biodiversity 2016	304-1/2/3/4	Chap. 4.2.5
Sustainable value creation	GRI 201: Economic Performance 2016	201-1/2/3/4	Chap. 4.4.2
	GRI 202: Market Presence 2016	202-1	
	GRI 203: Indirect Economic Impacts 2016	203-1/2	
	GRI 207: Tax 2019	207-1/2/3/4	
	GRI 417: Marketing and Labelling 2016	417-1/2/3	
	GRI 204: Proportion of spending on local suppliers 2016	204-1	
	GRI 308: Supplier Environmental Assessment 2016	308-1	
	GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	
	GRI 408: Child Labour 2016	408-1	
	GRI 409: Forced or Slave Labour 2016	409-1	
	GRI 410: Safety Practices 2016	410-1	
	GRI 414: Social Assessment of Suppliers 2016	414-1/2	
Group culture and motivation	-	-	Chap. 4.3.1
Circular economy	GRI 301: Materials 2016	301-1/2	Chap. 4.2.4
	GRI 306: Waste 2020	306-1/2/3/4/5	
Community engagement	GRI 413: Local Communities 2016	413-1	Chap. 4.3.3

Material topic	GRI standards	GRI disclosures	Location
Business ethics	GRI 205: Anti-corruption 2016	205-1/2/3	Chap. 4.4.1
	GRI 206 Anti-competitive Behaviour 2016	206-1	
	GRI 405 Diversity and Equal Opportunity 2016	405-1/2	
	GRI 406 Non-discrimination 2016	406-1	
	GRI 415 Public Policy 2016	415-1	
Water management	GRI 303 Water and Effluents 2018	303-1/2/3/4/5	Chap. 4.2.3
Risk management	-	-	Chap. 2.4
Innovation, research, and development	-	-	Chap. 4.4.3
Occupational health, safety, and well-being	GRI 403 Occupational Health and Safety 2018	403-1/2/3/4/5/6/7/8/9/10	Chap. 4.3.2

Note: In addition to the standards and disclosures mentioned above, we also included the GRI 3 Standard: Material Topics and the disclosures in GRI 2 Standard: Mandatory General Disclosures.

10.2 GRI CONTENT INDEX

Statement of use:	Semapa Group has reported in accordance with the GRI Standards for the period from January 1st to December 31st 2023.
GRI 1 used:	GRI 1: Fundaments 2021
Applicable GRI Sector Standard(s):	N.A.

GRI Standard	Content	Location and observations
General disclosures		
GRI 2: General Disclosures 2021		
2-1	Organisational details	Chap. 2.1 Semapa Identity | Where We Are **(Page 22 and 23)** Technical details **(Page 579)**
2-2	Entities included in the organization's sustainability reporting	Chap. 9.1.1 General disclosures **(Page 498)**
2-3	Reporting period, frequency and contact point	Technical details **(Page 579)**
2-4	Restatements of information	Chap. 9.1.1 General disclosures **(Page 498)**
2-5	External assurance	Chap. 9.2 Independent Limited Assurance Report **(Page 557-559)**
2-6	Activities, value chain and other business relationships	Chap. 2.1 Semapa Identity | What We Do **(Page 21-23)** Chap. 4.4.2 Sustainable value creation **(Page 189-202)**
2-7	Employees	Chap. 4.3.1 Talent management and human capital development **(Page 157-158)** Chap. 9.1.5 Social disclosures **(Page 517-526)**
2-8	Workers who are not employees	Chap. 9.1.5 Social disclosures **(Page 526)**
2-9	Governance structure and composition	Chap. 2.3 Governance Model **(Page 28-29)** Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-10	Nomination and selection of the highest governance body	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-11	Chair of the highest governance body	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-12	Role of the highest governance body in overseeing the management of impacts	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-13	Delegation of responsibility for managing impacts	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-14	Role of the highest governance body in sustainability reporting	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure Chap. 9.1.2 Governance disclosures **(Page 499)**

GRI Standard	Content	Location and observations
2-15	Conflicts of interest	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | E. Transactions with Related Parties. Conflicts of Interest
2-16	Communication of critical concerns	Chap. 4.1.1 Approach to sustainability and governance structure **(Page 90)** Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | C. Internal Organisation | II. Reporting of Irregularities
2-17	Collective knowledge of the highest governance body	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-18	Evaluation of the performance of the highest governance body	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Administration and supervision | B) Functioning
2-19	Remuneration policies	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | D. Remuneration and Remuneration Report
2-20	Process to determine remuneration	Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance D. Remuneration and Remuneration Report
2-21	Annual total compensation ratio	Chap. 9.1.2 Governance disclosures **(Page 499)**
2-22	Statement on sustainable development strategy	Chap. 1 Overview 2023 | Message from the Chairman and CEO **(Page 8-9)** Chap. 4.1.1 Approach to sustainability and governance structure **(Page 89-90)**
2-23	Policy commitments	2.1 Semapa Identity| Purpose, Mission, and Values **(Page 18-19)** Chap. 4.1.1 Approach to sustainability and governance structure **(Page 89-90)** Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-24	Embedding policy commitments	Chap. 4.4.1 Business Ethics **(Page 89-90)** Chap. 4.1.1 Approach to sustainability and governance structure **(Page 181-189)** Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | B. Governing bodies and committees | II. Management and supervision | A) Structure
2-25	Processes to remediate negative impacts	Chap. 4.4.1 Business Ethics **(Page 181-189)** Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | C. Internal Organisation | III. Internal Control and Risk Management
2-26	Mechanisms for seeking advice and raising concerns	Chap. 4.4.1 Business Ethics **(Page 183)** Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | C. Internal Organisation | II. Reporting of Irregularities Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance C. Internal Organisation | III. Internal Control and Risk Management
2-27	Compliance with laws and regulations	Chap. 9.1.2 Governance disclosures **(Page 499)**
2-28	Membership associations	Chap. 9.1.2 Governance disclosures **(Page 499)**
2-29	Approach to stakeholder engagement	Chap. 4.1.5 Our Relationship with Stakeholders **(Page 102-103)**
2-30	Collective bargaining agreements	Chap. 9.1.5 Social disclosures **(Page 526)**

GRI Standard	Content	Location and observations
Material topics		
GRI 3: Material topics 2021		
3-1	Process to determine material topics	Chap. 4.1.4 Our Material Topics **(Page 98-99; 102)**
3-2	List of material topics	Chap. 4.1.4 Our Material Topics **(Page 100-101)**
3-3	Management of material topics	Chap. 4.2 I Environmental Information **(Page 130-156)** Chap. 4.3 Social Information **(Page 157-180)** Chap. 4.4 Governance Information **(Page 181-209)**
Economic Performance		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Chap. 4.3.3 Community Engagement **(Page 173)** Chap. 4.4.2 Sustainable value creation **(Page 189-190)** Chap. 9.1.3 Economic disclosures **(Page 499)**
201-2	Financial implications and other risks and opportunities due to climate change	Chap. 9.1.3 Economic disclosures **(Page 500)**
201-3	Defined benefit plan obligations and other retirement plans	Chap. 9.1.2 Governance disclosures **(Page 500)**
201-4	Financial assistance received from government	Chap. 9.1.3 Economic disclosures **(Page 500)**
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Chap. 9.1.3 Economic disclosures **(Page 500)**
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Chap. 9.1.3 Economic disclosures **(Page 501)**
203-2	Significant indirect economic impacts	Chap. 9.1.3 Economic disclosures **(Page 501)**
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Chap. 4.4.2 Sustainable value creation **(Page 184-195)** Chap. 9.1.3 Economic disclosures **(Page 501-502)**
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Chap. 9.1.3 Economic disclosures **(Page 502)**
205-2	Communication and training about anti-corruption policies and procedures	Chap. 4.4.1 Business Ethics **(Page 185)** Chap. 9.1.3 Economic disclosures **(Page 502)**
205-3	Confirmed incidents of corruption and actions taken	Chap. 4.4.1 Business Ethics **(Page 183)** Chap. 9.1.3 Economic disclosures **(Page 503)**
GRI 206: Anti-competitive Behaviour 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Chap. 9.1.3 Economic disclosures **(Page 503)**
GRI 207: Tax 2019		
207-1	Approach to tax	Chap. 9.1.3 Economic disclosures **(Page 503)**
207-2	Tax governance, control, and risk management	Chap. 9.1.3 Economic disclosures **(Page 504)**
207-3	Stakeholder engagement and management of concerns related to tax	Chap. 9.1.3 Economic disclosures **(Page 504)**
207-4	Country-by-country reporting	Chap. 9.1.3 Economic disclosures **(Page 504-505)**

GRI Standard	Content	Location and observations
Environmental performance		
GRI 301: Materiais 2016		
301-1	Materials used by weight or volume	Chap. 4.2.4 Circular economy **(Page 143-145)** Chap. 9.1.4 Environmental disclosures **(Page 506)**
301-2	Recycled input materials used	Chap. 9.1.4 Environmental disclosures **(Page 506)**
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Chap. 4.2.2 Climate change and energy **(Page 130-132))** Chap. 9.1.4 Environmental disclosures **(Page 507)**
302-3	Energy intensity	Chap. 4.2.2 Climate change and energy **(Page 130)** Chap. 9.1.4 Environmental disclosures **(Page 507)**
302-4	Reduction of energy consumption	Chap. 9.1.4 Environmental disclosures **(Page 508)**
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Chap. 4.2.3 Water management **(Page 138-142)**
303-2	Management of water discharge-related impacts	Chap. 4.2.3 Water management **(Page 138-142)**
303-3	Water withdrawal	Chap. 4.2.3 Water management **(Page 138-139)** Chap. 9.1.4 Environmental disclosures **(Page 509)**
303-4	Water discharge	Chap. 4.2.3 Water management **(Page 138)** Chap. 9.1.4 Environmental disclosures **(Page 510)**
303-5	Water consumption	Chap. 4.2.3 Water management **(Page 138-139)** Chap. 9.1.4 Environmental disclosures **(Page 510-511)**
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. 4.2.5 Conservation of biodiversity and ecosystem services **(Page 151)** Chap. 9.1.4 Environmental disclosures **(Page 511)**
304-2	Significant impacts of activities, products, and services on biodiversity	Chap. 4.2.5 Conservation of biodiversity and ecosystem services **(Page 151)**
304-3	Habitats protected or restored	Chap. 4.2.5 Conservation of biodiversity and ecosystem services **(Page 151)** Chap. 9.1.4 Environmental disclosures **(Page 511)**
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Chap. 9.1.4 Environmental disclosures **(Page 511)**
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Chap. 4.2.2 Climate change and energy **(Page 130-132)** Chap. 9.1.4 Environmental disclosures **(Page 512)**
305-2	Energy indirect (Scope 2) GHG emissions	Chap. 4.2.2 Climate change and energy **(Page 130; 132)** Chap. 9.1.4 Environmental disclosures **(Page 512-513)**
305-4	GHG emissions intensity	Chap. 4.2.2 Climate change and energy **(Page 130)** Chap. 9.1.4 Environmental disclosures **(Page 513-514)**
305-5	Reduction of GHG emissions	Chap. 9.1.4 Environmental disclosures **(Page 514)**
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Chap. 9.1.4 Environmental disclosures **(Page 514-515)**

GRI Standard	Content	Location and observations
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Chap. 4.2.4 Circular economy **(Page 143-150)**
306-2	Management of significant waste-related impacts	Chap. 4.2.4 Circular economy **(Page 143-150)**
306-3	Waste generated	Chap. 4.2.4 Circular economy **(Page 143-145)** Chap. 9.1.4 Environmental disclosures **(Page 515-516)**
306-4	Waste diverted from disposal	Chap. 4.2.4 Circular economy **(Page 143-145)** Chap. 9.1.4 Environmental disclosures **(Page 516)**
306-5	Waste directed to disposal	Chap. 4.2.4 Circular economy **(Page 143-145)** Chap. 9.1.4 Environmental disclosures **(Page 516)**
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Chap. 9.1.4 Environmental disclosures **(Page 517)**
Social performance		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Chap. 9.1.5 Social disclosures **(Page 527)**
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chap. 9.1.5 Social disclosures **(Page 528)**
401-3	Parental leave	Chap. 9.1.5 Social disclosures **(Page 528-529)**
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Chap. 4.3.2 Occupational health, safety and well-being **(Page 166)** Chap. 9.1.5 Social disclosures **(Page 530)**
403-2	Hazard identification, risk assessment, and incident investigation	Chap. 9.1.5 Social disclosures **(Page 530-532)**
403-3	Occupational health services	Chap. 4.3.2 Occupational health, safety and well-being **(Page 169-172)** Chap. 9.1.5 Social disclosures **(Page 532-533)**
403-4	Worker participation, consultation, and communication on occupational health and safety	Chap. 4.3.2 Occupational health, safety and well-being **(Page 169-172)** Chap. 9.1.5 Social disclosures **(Page 533-534)**
403-5	Worker training on occupational health and safety	Chap. 4.3.2 Occupational health, safety and well-being **(Page 169-172)** Chap. 9.1.5 Social disclosures **(Page 534-535)**
403-6	Promotion of worker health	Chap. 4.3.2 Occupational health, safety and well-being **(Page 169-171)** Chap. 9.1.5 Social disclosures **(Page 536)**
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chap. 9.1.5 Social disclosures **(Page 536-537)**
403-8	Workers covered by an occupational health and safety management system	Chap. 4.3.2 Occupational health, safety and well-being **(Page 166)** Chap. 9.1.5 Social disclosures **(Page 537-539)**
403-9	Work-related injuries	Chap. 4.3.2 Occupational health, safety and well-being **(Page 166-167)** Chap. 9.1.5 Social disclosures **(Page 539-543)**
403-10	Work-related ill health	Chap. 9.1.5 Social disclosures **(Page 544)**

GRI Standard	Content	Location and observations
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Chap. 4.3.1 Talent management and human capital development **(Page 157; 159)** Chap. 9.1.5 Social disclosures **(Page 544-547)**
404-2	Programs for upgrading employee skills and transition assistance programs	Chap. 4.3.1 Talent management and human capital development **(Page 159-165)**
404-3	Percentage of employees receiving regular performance and career development reviews	Chap. 4.3.1 Talent management and human capital development **(Page 157)** Chap. 9.1.5 Social disclosures **(Page 547-548)**
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Chap. 4.4.1 Business Ethics **(Page 183-188)** Chap. 9.1.5 Social disclosures **(Page 549-553)**
405-2	Ratio of basic salary and remuneration of women to men	Chap. 9.1.5 Social disclosures **(Page 554)**
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Chap. 4.4.1 Business Ethics **(Page 181)** Chap. 9.1.5 Social disclosures **(Page 555)**
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. 9.1.5 Social disclosures **(Page 555)**
GRI 408: Child Labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour	Chap. 9.1.5 Social disclosures **(Page 555)**
GRI 409: Forced or Compulsory Labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Chap. 9.1.5 Social disclosures **(Page 555)**
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Chap. 9.1.5 Social disclosures **(Page 555)**
GRI 413: Comunidades Locais 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Chap. 4.3.3 Community Engagement **(Page 173-180)**
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Chap. 9.1.5 Social disclosures **(Page 556)**
GRI 415: Public Policy 2016		
415-1	Political contributions	Chap. 9.1.5 Social disclosures **(Page 556)**
GRI 417: Marketing and Labelling 2016		
417-1	Requirements for product and service information and labelling	Chap. 9.1.5 Social disclosures **(Page 556)**
417-2	Incidents of non-compliance concerning product and service information and labelling	Chap. 9.1.5 Social disclosures **Page 556**)
417-3	Incidents of non-compliance concerning marketing communications	Chap. 9.1.5 Social disclosures **(Page 556)**

10.3 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 Semapa Identity | Purpose, Mission, and Values Chap. 4.1.1 Approach to sustainability and governance structure Chap. 4.1.2 Global Framework Chap. 4.1.3 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. 4. Sustainability Statement Chap. 9.1 Sustainability Support Information Chap. 9.1.1 General disclosures (GRI 2-4)
B. Corporate and Business Model	1. General description of the Company's/Group's business model and form of organisation, indicating the main business areas and markets in which it operates (if possible, with recourse to organizational charts, graphs or functional tables).	Chap. 2.1 Semapa Identity | Who We are Chap. 2.1 Semapa Identity | What We Do Chap. 2.2 Strategic Lines
C. Main 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. 2.4 Strategic Risk Management Chap. 9.1.2 Governance disclosures (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 Environmental Information
	2. Description of key performance indicators set.	Chap. 4.2 Environmental Information Chap. 9.1.4 Environmental disclosures (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. 4.2.2 Climate change and energy Chap. 4.2.3 Water management Chap. 4.2.4 Circular economy Chap. 9.1.4 Environmental disclosures (GRI 301-1/2, 302-1/3, 303-1/2/3/4/5/6)
	ii. Pollution and climate change	Cap.4.2.2 Climate change and energy Chap. 9.1.4 Environmental disclosures (GRI 305-1/2/3/4/5/6/7)
	iii. Circular economy and waste management	Chap. 4.2.4 Circular economy Chap. 9.1.4 Environmental disclosures (GRI 301-1/2, 306-3/4/5)
	iv. Biodiversity protection	Chap. 4.2.5 Conservation of biodiversity and ecosystem services Chap. 9.1.4 Environmental disclosures (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. 4.4.2 Sustainable value creation
	2. Description of key performance indicators set.	Chap. 4.4.2 Sustainable value creation Chap. 9.1.2 Governance disclosures (GRI 2-25) Chap. 9.1.3 Economic disclosures (GRI 201-1, 203-1, 204-1, 207-4) Chap. 9.1.4 Environmental disclosures (GRI 308-1) Chap. 9.1.5 Social disclosures (GRI 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. 4.3.3 Community Engagement Chap. 9.1.5 Social disclosures (GRI 413-1)
	ii. Subcontracting and suppliers	Chap. 4.4.2 Sustainable value creation Chap. 9.1.3 Economic disclosures (GRI 204-1) Chap. 9.1.4 Environmental disclosures (GRI 308-1/2) Chap. 9.1.5 Social disclosures (GRI 414-1/2)
	iii. Consumers	Chap. 4.4.2 Sustainable value creation Chap. 9.1.5 Social disclosures (GRI 417-1/2/3)
	iv. Responsible investment	Chap. 4.4.2 Sustainable value creation
	v. Stakeholders	Chap. 4.1.5 Our Relationship with Stakeholders
	vi. Taxes	Chap. 4.4.2 Sustainable value creation Chap. 9.1.3 Economic disclosures (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. 4.3 Social Information Chap. 4.4.1 Business Ethics
	2. Description of key performance indicators set.	Chap. 4.3 Social Information Chap. 4.4.1 Business Ethics Chap. 9.1.5 Social disclosures (GRI 2-7, 2-30, 202-1, 401-1/3, 403- 1/2/3/4/5/6/7/8/9/10, 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 Talent management and human capital development Chap. 9.1.5 Social disclosures (GRI 2-7, 401-1, 404-1, 405-1/2, 406-1)
	ii. Labour organisation	Chap. 4.3.1 Talent management and human capital development Chap. 4.4.1 Business Ethics Chap. 9.1.5 Social disclosures (GRI 401-2/3)
	iii. Health and safety	Chap. 4.3.2 Occupational health, safety and well-being Chap. 9.1.5 Social disclosures (GRI 403-1/2/3/4/5/6/7/8/9/10)
	iv. Social relations	Chap. 9.1.5 Social disclosures (GRI 2-30)
	v. Training	Chap. 4.3.1 Talent management and human capital development Chap. 9.1.5 Social disclosures (GRI 404-1/2/3)
	vi. Equality	Chap. 4.4.1 Business Ethics Chap. 9.1.5 Social disclosures (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. 4.4.1 Business Ethics Chap. 4.4.2 Sustainable value creation Chap. 9.1.2 Governance disclosures (GRI 2-27) Chap. 9.1.5 Social disclosures (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. Fight Against Corruption And Bribery Attempts	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. 4.4.1 Business Ethics Chap. 9.1.3 Economic disclosures (GRI 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 Chap. 6 Corporate Governance Report | Part I – Information on Capital Structure, Organization and Corporate Governance | E. Transactions with Related Parties. Conflicts of Interest

ART II – INFORMATION ON STANDARDS/GUIDELINES FOLLOWED

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. 4.1.3 Our Contribution to the Sustainable Development Goals Chap. 4 Sustainability Statement
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. 9.1 Sustainability Support Information Chap. 10.2 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.	N.A.
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.	Chap. 9.1.2. Governance disclosures (GRI 2-28)

10.4 WEF CORRESPONDENCE TABLE

Pillar	Theme	Metrics	Alignment to GRI
Governance	Purpose of Governance	Setting purpose	GRI 2-12
	Quality of the Governance 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 Opportunities	Integrating risk and opportunity into business process	No correspondence with GRI
Planet	Climate Change	Greenhouse Gas (GHG) Emissions	GRI 305-1/2/3
		TCFD implementation	No correspondence with GRI
	Loss of biodiversity	Land use and ecological sensitivity: Land use and ecological sensitivity focused on protected areas or with high biodiversity value	GRI 304-1
	Availability of drinking water	Water consumption and withdrawal in water stressed 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 because 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 correspondence with 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 401-1
		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 201-1
		Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	GRI 201-4
		Financial investment contribution: Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.	No correspondence with GRI
		Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	No correspondence with GRI
	Innovation of better products and services	Total R&D expenses	No correspondence with GRI
		Total costs related to research and development	No correspondence with 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

MAKING IT BETTER SEMAPA

PUBLICATION CYCLE AND REPORTING PERIOD
This report refers to the activities carried out during 2023
(from 1 January to 31 December) and is published annually.

DATE OF PUBLICATION
April 2024

ESG TECHNICAL SUPPORT
Stravillia Sustainability Hub

CONCEPTION AND DESIGN
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Company Registration and Corporate Taxpayer Number: 502 593 130 | Share Capital 81 270 000 euros
ISIN: PTSEM0AM0004 | LEI: 549300HNGOW85KIOH584 | Ticker: Bloomberg (SEM PL); Reuters (SEM.LS)

MAKING IT BETTER SEMAPA

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

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