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Annual Report

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Annual Report



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# 1 Chairman's Letter

[102-14]

Dear shareholders,

FY 2020 was absolutely exceptional, marked by the health and economic crisis due to the COVID-19 pandemic. Virtually all economic activities were interrupted in Spain for a large part of the year.

In the second half, production activities were also interrupted for nearly 60 days due to the completion of the cellulose plant extension and modernisation project through the investment of around €80 million, which was a success as regards time frame, budget and planned objectives.

In such a complex scenario in which demand clearly contracted, paper sales fell by only 28% on the previous year. Revenue from electricity sales also declined by 30% due to the sharp fall in selling prices and the cut in production. EBITDA totalled €19.13 million in 2020, 48% down, while net profit amounted to €4.24 million, 80% down.

The pandemic will not only be remembered for the global health emergency or the unprecedented lockdown measures imposed worldwide to contain it, but also for causing a fall in economic activity in 2020 not experienced in recent times.

At Iberpapel we have managed to maximise defence of our business and jobs while prioritising the health and safety of all our employees. All hygiene and health measures considered to be appropriate were taken with magnificent results.

We also helped to maintain employment and alleviate the economic crisis caused by the pandemic, generating value for the supply chain. In 2020, Iberpapel pledged not to implement temporary (ERTE) or permanent (ERE) lay-off proceedings during the pandemic.

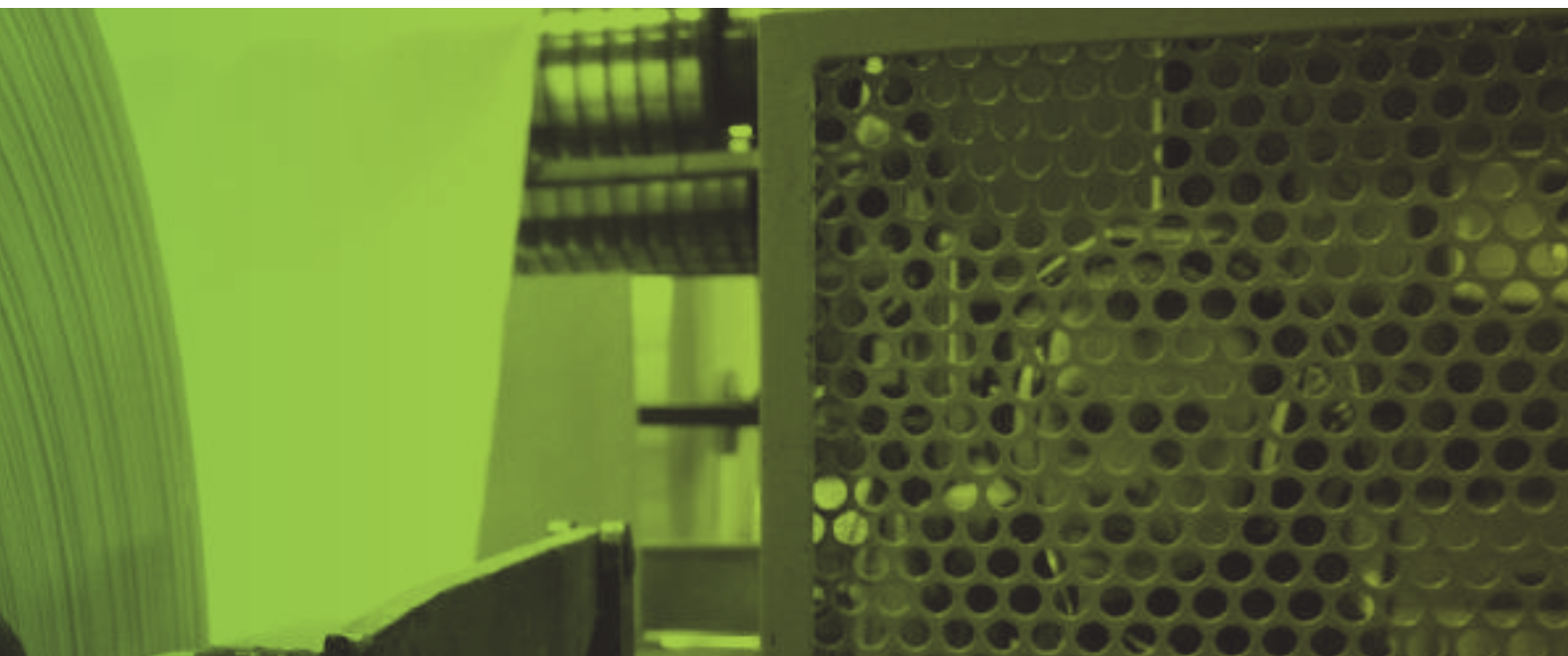
As regards our environmental performance, we have made a commitment to the environment in the form of our Climate Change Policy and Environmental Policy, prioritising three strategic aspects of the organisation: energy efficiency, biomass energy recovery and CO<sub>2</sub> emissions removal in our forests, which act as sinks. Our business model and, more specifically, our forestry division, are a great ally in combating climate change, in which we are pioneers thanks to the contributions made to the United Nations' approval of the first consolidated method for calculating CO<sub>2</sub> capture in plantations that have degraded land, associated with the Kyoto Protocol Clean Development Mechanisms, as well as being the industry's first company in Spain to obtain carbon credits certified by an independent body for the removal of CO<sub>2</sub> from the atmosphere. For years, we have pressed on with other challenges as important as the circular economy and we have invested in sustainable growth so that all our efforts include an environmental component, uncoupling environmental impacts from production growth.

Since the first edition in 2011, Iberpapel has prepared this Annual Report in accordance with the Global Reporting Initiative (GRI) Standards. Following on from the initiative implemented through the previous edition of the Integrated Report, so as to enhance transparency and provide information that is useful and clear for all stakeholders, we have voluntarily observed a part of the requirements of Law 11/2018 on non-financial information and diversity and of EU Directive 2017/C215/01.

In conclusion, I'd like to thank all our collaborators, including those who are with us now and those that came before them, for their commitment in the past 86 years and particularly during the difficult times in 2020, when their contribution was critical to protect our leading market position and keep providing a top quality service.

Finally, I believe it to be important to highlight the attitude of our entire team, which was decisive in maintaining our competitive position in the market and providing the highest quality service.

Íñigo Echevarría Canales  
*Iberpapel's Chairman*







# Iberpapel

## at a Glance

# 2

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2.1 Our performance in 2020

2.2 Milestones in 2020 and future challenges

## 2.1 Our performance in 2020

### Financial and non-financial highlights and key indicators

Iberpapel is an integrated paper group with a history of over 80 years, committed to quality, service and the environment. Since the beginning, it has been one of Spain's leading players in the printing and writing paper market.

How we helped our stakeholders and the Group develop in 2020:

#### OUR PEOPLE

Number of employees <sup>(1)</sup>	% indefinite contracts	No. of disabled employees
297 +1.02% vs. 2019	92.26% -0.6% vs. 2019	10 +11.1% vs. 2019

#### OUR CUSTOMERS

% long-term domestic customers <sup>(2)</sup>	% long-term international customers <sup>(2)</sup>	Specialty paper sales
92% +1% vs. 2019	93% -1% vs. 2019	20% +60% vs. 2019

#### OUR SUPPLIERS

Payments to suppliers	Custody chain certified timber suppliers
€153,380 thousand -27% vs. 2019	100% = vs. 2019

#### OUR COMMUNITIES

Domestic suppliers	Community sponsorships	Involvement in forums and associations
93% -1% vs. 2019	4 = vs. 2019	12 = vs. 2019

#### OUR ENVIRONMENTAL RESPONSIBILITY

CO2 emissions avoided	Power consumption	Waste reused
161,951 t CO <sub>2</sub> -32.7% vs. 2019	0.62 MWh/t +12.3% vs. 2019	66% +57% vs. 2019

#### OUR CORPORATE GOVERNANCE

% Code of Good Governance recommendations followed	No. of Board of Directors meetings	% attendance at the Annual General Meeting
97% -1% vs. 2019	11 +10% vs. 2019	82.33% -1.94% vs. 2019

#### OUR FINANCIAL HIGHLIGHTS

EBITDA	Net profit	General liquidity (x) <sup>(3)</sup>	Leverage ratio
€19.13 million -48.30% vs. 2019	€4.24 million -80.44% vs. 2019	3.63 +1.11% vs. 2019	(12.63)% -57% vs. 2019

#### OUR SHAREHOLDERS

Dividends in FY 2019	Pay-out	Return on Equity (ROE) <sup>(5)</sup>
0.3 €/share <sup>(4)</sup> -45.45% vs. 2019	76.92 +187.77% vs. 2019	2.56 -73.96% vs. 2019

<sup>(1)</sup> At the year end (31/12/2020). / <sup>(2)</sup> For more than 5 years. / <sup>(3)</sup> Calculated as the product of dividing current assets by current liabilities, representing the proportion of short-term debts covered by assets that will be cashed at approximately the same time as the debts will fall due. / <sup>(4)</sup> 0.10 euros per share proposed to the General Meeting. / <sup>(5)</sup> ROE: EBIT divided by shareholders' funds.



## Iberpapel's highlights

[102-7]

<b>Economic performance (million euro)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Change 2019-20</b>	<b>Change 2018-19</b>
Revenue	152.88	213.47	221.07	(28.38)%	(3.44)%
Gross operating profit (EBITDA)	19.13	36.99	40.91	(48.28)%	(9.58)%
Operating margin (% of revenue)	12.57	17.33	18.51	(27.47)%	(6.37)%
Operating profit (EBIT)	6.67	26.3	29.99	(74.63)%	(12.30)%
Attributable net profit	4.24	21.68	25.21	(80.44)%	(14.00)%
Margin (% of sales)	2.77	10.16	11.4	(72.74)%	(10.88)%
<b>Balance sheet (million euro)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Δ 2019/20</b>	<b>Δ 2018/19</b>
Total assets	397.92	378.76	382.94	5.06%	(1.09)%
Equity	260.89	266.83	255.36	(2.23)%	4.49%
Net borrowings	(32.95)	(78.77)	(91.68)	(58.17)%	(14.08)%
Investments	58.17	22.73	19.28	155.92%	17.89%
<b>Financial and management ratios</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Δ 2019/20</b>	<b>Δ 2018/19</b>
Net debt/Equity (%)	(12.63)	(29.52)	(35.9)	(57.22)%	(17.77)%
Net debt/EBITDA	(1.72)	(2.13)	(2.36)	(19.25)%	(9.75)%
Return on Equity (%) <sup>(1)</sup>	7.33	13.86	16.02	(47.11)%	(13.48)%
EBITDA return on equity (%) <sup>(2)</sup>	1.63	8.12	9.87	(79.93)%	(17.73)%
Working capital (million euro) <sup>(3)</sup>	132.59	151.48	170.98	(12.47)%	(11.40)%
General liquidity (x) <sup>(4)</sup>	3.63	3.59	4.22	1.11%	(14.93)%
<b>Shareholder return (euro per share)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Δ 2019/20</b>	<b>Δ 2018/19</b>
Interim dividend	0.20	0.4	0.4	(50.00)%	=
Supplementary, definitive dividend*	0.10*	0.15	0.3	(33.33)%	(50.00)%
Dividend yield (%)	1.74	2.16	2.12	(19.44)%	1.89%
Pay-out (%)	76.92	26.73	29.33	187.77%	(8.86)%
<b>Our stock</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Δ 2019/20</b>	<b>Δ 2018/19</b>
Number of shares	11,039,829	11,039,829	11,039,829	=	=
Capitalisation (million euro)	189.89	281.52	364.31	(32.55)%	(22.73)%
Year-end share price (euro)	17.2	25.5	33	(32.55)%	(22.73)%
Average share price during the year (euro)	19.86	26.79	33.58	(25.87)%	(20.22)%
Per-share equity (euro)	23.63	24.17	23.13	(2.23)%	4.50%
Price/Per-share equity (x)	1.37	1.05	1.43	30.48%	(26.57)%
PER (price-to-earnings ratio) (x)	44.1	12.39	13.81	255.93%	(10.28)%
Earnings per share (euro)	0.39	2.06	2.39	(81.07)%	(13.81)%
<b>Social responsibility</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Δ 2019/20</b>	<b>Δ 2018/19</b>
Employees (average headcount 31/12) (no.)	297	294	291	1.02%	1.03%
Employees with indefinite contracts (%)	92.26%	92.8%	94.16	(0.58)%	(4.63)%
Custody chain certified suppliers	100	100	100	=	=
<b>Environment</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Δ 2019/20</b>	<b>Δ 2018/19</b>
CO2 emission savings (t)	161,951	240,666	244,290	(32.7)%	(1.48)%
Power consumption (MWh/t)	0.62	0.552	0.544	12.3%	1.47%
Waste reused (%)	66	42	48	57%	(12.50)%
<b>Corporate governance</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Δ 2019/20</b>	<b>Δ 2018/19</b>
Code of Good Governance recommendations followed (%)	97	98	98	(1)%	0%
Board of Directors meetings (no.)	11	10	12	10.00%	(16.67)%
Attendance at the Annual General Meeting (%)	82.13	83.96	84.47	(2.18)%	(0.60)%

\* Proposed to the General Meeting.

<sup>(1)</sup> Calculated as the result of dividing EBITDA by shareholders' funds.<sup>(2)</sup> Calculated as the quotient formed by net profit and equity, representing the relationship between economic profit and the equity capital necessary to obtain it.<sup>(3)</sup> Calculated as the excess of current assets over current liabilities, representing the company's capacity to continue to do business as normal in the short term.<sup>(4)</sup> Calculated as the product of dividing current assets by current liabilities, representing the proportion of short-term debts covered by assets that will be cashed at approximately the same time as the debts will fall due.

## 2.2 Milestones in 2021 and future challenges

**The renovation and extension of PGZ's cellulose plant was commissioned in the third quarter of 2020**

**02  
FEBRUARY 2020**

Iberpapel announces that the new facilities will be commissioned and connected to the pre-existing cellulose plant in the second quarter.

**26  
FEBRUARY 2020**

The Iberpapel Group announces the profit of €21.68 million obtained in 2019.

**09  
MARCH 2020**

The Annual General Meeting is convened.

**20  
MARCH 2020**

Iberpapel's Board of Directors calls off the Annual General Meeting due to the health situation.

**27  
MARCH 2020**

Iberpapel announces a delay in the commissioning of the new cellulose plant facilities announced on 2 February due to the declaration of the state of emergency.

**11  
MAY 2020**

The Annual General Meeting is convened.

**18  
JUNE 2020**

Iberpapel announces that at the end of July the new cellulose plant facilities will be completed and commissioned, and that there will be a maintenance stoppage at the Hernani plant lasting approximately 50 days.

The investment in the new MG paper machine (which also forms part of the "Hernani Project") will be temporarily delayed due to the current uncertainty regarding health, the economy and business both nationally and internationally, caused by the COVID-19 crisis.

**24  
JUNE 2020**

The resolutions adopted by the Annual General Meeting on 23 June are attached.

**26  
JUNE 2020**

Reorganisation of the Corporate Social Responsibility Committee.

**30  
NOVEMBER 2020**

The Board of Directors resolves to pay a gross interim dividend of €0.20 per share out of 2020 profits.

## Future challenges chapter by chapter

### 3. Our Group

- Having completed the cellulose plant extension and renovation, we will aim to optimise the plant's performance.
- Continue to grow in specialty paper by developing new products so that this market accounts for 30% of the total in 2021.
- Bolster the Company's leading position in the printing and writing paper segment.
- Maximise the yield from forestry assets, following high sustainability standards.
- Assure tight cost control, as in recent years.
- Sell short-fibre cellulose (bleached eucalyptus kraft pulp).

### 4. Our social responsibility

- Intensify dialogue with stakeholders in line with the policy drawn up in 2020.
- Protect employee health and safety through occupational risk prevention initiatives and plans.
- Favour employee career development through training initiatives.
- Strengthen customer relations to retain their confidence.
- Oversee fulfilment of the Iberpapel Group's ethical, social and environmental requirements in the supply chain.
- Support initiatives to stimulate social development through donations and sponsorships.

### 5. Our environmental responsibility

- Improve the main environmental indicators.
- Progress with the assimilation of circular economy principles in environmental management.
- Confront the threat of climate change and global warming together and in coordination with governments, multilateral bodies, the private sector and society as a whole.

### 6. Our corporate governance

- Continue to integrate CSR into the Company's management procedures as a strategic pillar of good governance (Corporate Social Responsibility Committee).
- Review and adapt corporate CSR policies to market best practices.

### 7. FY 2021

- Maximise value by increasing investor confidence and future sustainability.





# Our Group

## 3

3.1 The Iberpapel Group and value creation

3.2 Market context

3.3 Our strategic vision and outlook

3.4 Investment and innovation in the Iberpapel Group

3.5 The Iberpapel Group's business

3.6 Impact of COVID-19 and Iberpapel's response

# 3.1 The Iberpapel Group and value creation

[103-2, 103-3, 413-2]

We take a number of key capitals ...	... to bring value to our main stakeholders ...	... and we have positive impacts on society and the environment.
<p><b>Financial</b> Available shareholders' funds, debt and grants.</p>	<p><b>Shareholders, investors and the financial community</b> Transparency, sound financial structure, sustainable growth and dividend policy.</p>	<p><b>Conservation of natural environments, biodiversity and ecological processes.</b></p>
<p><b>Industrial</b> Machinery, plants and equipment.</p>	<p><b>Customers</b> Quality products and services, commercial flexibility and customer satisfaction.</p>	<p><b>Clear commitment to state-of-the-art energies and technologies that reduce environmental impacts and help to fight climate change.</b></p>
<p><b>Intellectual</b> Technology, systems, licences and industry knowledge.</p>	<p><b>Suppliers</b> Solid relationships within a framework of loyalty, honesty and responsible management.</p>	<p><b>Committed, qualified team thanks to training and promotion in a pleasant working climate.</b></p>
<p><b>Human</b> Experience, capacity and team motivation.</p>	<p><b>Employees</b> Participative dialogue, diversity, life-work balance, equal opportunities and working conditions.</p>	<p><b>Development and well-being in the Group's areas of influence thanks to our support, training and cooperation with local communities.</b></p>
<p><b>Natural</b> Forests and environmental processes such as waste reuse.</p>	<p><b>Environment</b> Sustainable forestry, use of renewable energies in paper manufacture, reduction of emissions, protection of biodiversity and management of waste and water.</p>	<p><b>Competitive, sustainable products and services thanks to the inclusion of innovation in our strategy.</b></p>
<p><b>Social</b> Cooperation, transparency and trusting relationships with stakeholders.</p>	<p><b>Regulators and associations</b> Collaboration with the competent administrations and bodies, and compliance with applicable regulations.</p>	<p><b>Society</b> Support and development in local communities.</p>

## 3.2 Market context

### Current and future outlook for the global and domestic economy

Iberpapel's performance may only be understood by visualising its business on a large scale and analysing its market context. It is very important to have actions plans based on forward-looking estimates and to first study risks and opportunities.

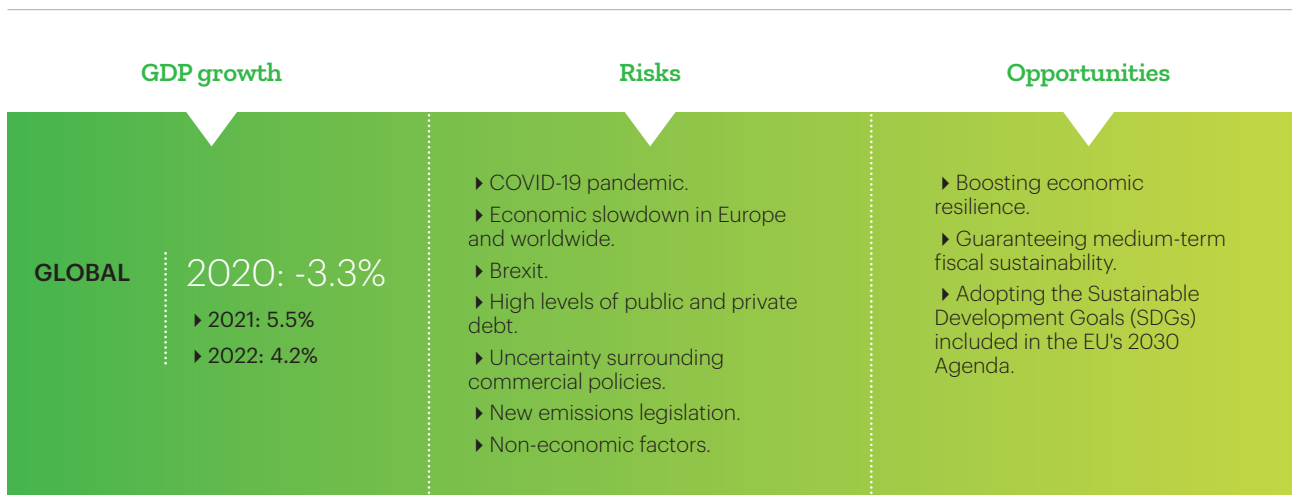
Iberpapel has examined the current economic picture influencing the paper industry in the countries where it operates and has analysed forecasts that might impact the Company's performance.

After a year of the pandemic, the global outlook is still very uncertain. New virus mutations and the incessant loss of human lives are reasons for concern, although the growing coverage provided by immunisation allows optimism.

The pandemic will not only be remembered for the global health emergency or the unprecedented lockdown measures imposed worldwide to contain it, but also for causing a fall in economic activity in 2020 not experienced in recent times.

The approval and supply of vaccines has fanned hope that the pandemic will reach a turning point. In the midst of this exceptional uncertainty, the world's economy is projected to grow 5.5% in 2021 and 4.2% in 2022.

The recovery of projected growth this year follows on from the collapse in 2020, when the global economy shrank by an estimated 3.3%.



A similar scenario has been observed at the domestic level. According to the latest IMF report, Spain will undergo the largest GDP decrease in the advanced economies in 2020, with a fall of 11%. The impact of the pandemic on the domestic economy has nearly tripled the last major GDP collapse of 3.8% in 2009. Economic activity is expected to rally by 6.4% in 2021, as compared with 5.9% estimated in the previous forecast, and by the projected 4.7% in 2022.

Unemployment is another of the factors that will play a key role in the coming years at the domestic level. In 2020, the unemployment rate rose to 15.5% at the year end. It is expected to reach 16.8% in 2021 because of the pandemic and then to mellow in 2022 to end the year at 15.8%.

## Paper industry outlook

Global paper and board production declined by 5% on the previous year due to the impact on demand of the COVID-19 pandemic at the European and global levels.

Paper plays a role in numerous aspects of human life, such as education, communication, hygiene, trade and transport. As a hugely significant sector within the global economy, the paper industry promotes sustainability by contributing to the Sustainable Development Goals.





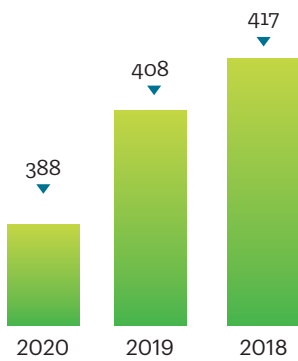
**In Spain, apparent consumption of paper and board shrank by 4.7% in relation to 2019, although some product types grew significantly, such as corrugated cardboard<sup>1</sup>.**

<sup>1</sup>According to data reported by the Spanish association of pulp, paper and board manufacturers (ASPAPPEL).

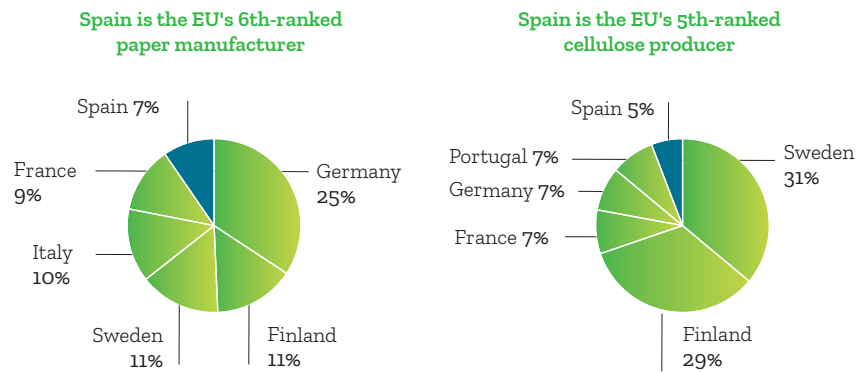
At the European level and according to preliminary statistics published in December by the Confederation of European Paper Industries (CEPI), in 2020 paper and board production in its member countries fell 5% to reach a total production of 85.1 million tonnes at the year end, due mainly to the European economic slowdown and health restrictions to combat COVID-19.

This downward trend was also observed in many other parts of the world. China, USA, Japan, India, Korea and Canada reported production decreases of between 2% and 17%. Overall, worldwide paper and board production declined by around 5.0% in relation to the previous year, according to initial estimates.

Total paper and board production (million t)



Paper and cellulose manufacturing in the European Union (% of total EU production)



According to Euro-Graph data, paper sales in Europe fell 13% compared with 2019. A similar trend was observed in sales outside Europe, which decreased by 14% in 2020. European demand for uncoated paper fell by 13% in 2020 as compared with 4% in 2019.

Spain's paper industry is one of the country's most solid sectors. Competitiveness, growth and respect for the environment are its three main pillars. In line with emerging trends, the paper industry is constantly evolving and the focus is on achieving the innovation and quality necessary to reach higher levels of efficiency, productivity and specialisation, accompanied by concern for the environment and sustainability.



Early data published by the Spanish tax authorities in 2020 show a 2.2% decline in exports growth to total 2,593 thousand tonnes, while paper and board imports fell by 6.8% to 2,877 thousand tonnes.

In Spain, the paper industry has a total of 10 cellulose plants and 69 paper and board mills. The sector has a major multiplier effect as the driver of a powerful value chain whose overall contribution (direct+indirect+induced) to the Spanish economy represents 4.5% of GDP and 18.5% of industrial jobs. The paper value chain, beginning with local raw materials, generates added value well above the average for Spanish industry, accounting for 8.8% of industrial turnover and 13.2% of added value. The paper industry directly employs 16,635 people and creates around 80,000 indirect jobs<sup>2</sup>.

**During the period 2015-2019, the sector invested €1,720 million, plus a further €250 million envisaged for 2020.**

According to 2020 figures, Spain continues to be the fifth-ranked cellulose producer (5% of total production) and sixth-ranked paper producer (7% of total production) in the European Union, after Germany, Finland, Sweden, Italy and France. This means that the paper sector contributes high added value to Spanish industry and has a considerable positive impact on society<sup>2</sup>.

<sup>2</sup>Paper Industry Annual Report 2019. Aspapel

### Conclusions on the market context and the impact on Iberpapel's results

- ▶ In such a complex market, there is no doubt that the impact of COVID-19 on the economy in general will be huge. Despite this disheartening outlook, not all industries will suffer the same losses.
- ▶ Most plants operated without interruptions in 2020, including those in which the pace of production was reduced due to the fall in demand.
- ▶ In 2020, paper and board production in the member countries of the Confederation of European Paper Industries (CEPI) declined by 5%. Production fell less significantly in Spain, however, by 2.6% on the previous year.
- ▶ In conclusion, we consider that the industry is holding out with dignity and will continue to play an important role in the future global economy. In this operating context, following a production stoppage of over 55 days due to the commissioning of the cellulose plant renovation and extension, Iberpapel reached a net profit of €4.24 million, 80% down on the previous year.

## Future trends and Iberpapel's adaptation

We actively seek to anticipate new trends so as to protect our leading position in the market and offer a top quality service. According to the analysis carried out, there are two main trends: the circular economy and changing consumer habits.

### Trend 1: Bioeconomy

In Horizon Europe 2021-2027 and Road Map 2050, Europe's paper industry is seen as the most competitive, innovative and sustainable provider of carbon-neutral solutions, bolstering the role of forests and timber products in our daily lives in order to replace more CO<sub>2</sub>-intensive raw materials and close the cycle of raw material use by means of the circular economy. In 2020, Spain collected 66.9% of paper to become the second-ranked country in Europe for recycling.

Iberpapel is aligned with the European and national approach, as our management system already includes inputs obtained from natural sources. Firstly, the basic raw material is timber, a natural, renewable resource. Secondly, the pulp and paper production process is managed to assure maximum efficiency and sustainability.

A recovery line forms part of the cellulose pulp manufacturing process. This produces high-pressure steam which is used to generate thermal energy and power. Papelera Guipuzcoana de Zicuñaga (PGZ) also has a high-efficiency natural gas combined cycle cogeneration system that simultaneously produces heat and power in the plant. The reuse of waste within the plant or in external facilities is prioritised as part of the circular economy.



## Trend 2: Changing consumer habits

The boom in electronic commerce has leveraged the paper industry's capacity to adapt to consumer needs. In recent years, the consumption of paper for packaging and labelling has grown faster than the gross domestic product (GDP) and the trend is expected to carry on growing thanks to the increase in online purchasing and globalisation.

**Responsible and sustainable consumption:** studies show that up to 44% of consumers declare to have stopped buying certain branded products they feel are not sustainable, which leads us to conclude that environmental respect is now an aspect to be considered in product-related decision-making.

### The growth of digital commerce

Iberpapel is responding to this changing context and has been working since 2010 to develop new products that meet customers' needs. The following products are increasingly important: Baking paper, Vellum SC, Vellum TT, Zicubag, Zicubarrier, Zicuflex, Zicukraft, Zicupharma, Zicupharma HO, Zicusil and Zicusil SCK. Iberpapel remains committed to developing more new products.

### Responsible and sustainable consumption

Green certification, guaranteeing that products respect the environment and people, can make a considerable competitive difference. So Iberpapel has the internationally recognised PEFC™ and FSC® certificates and only works with timber suppliers that are custody chain certified, assuring environmental well-being and the Group's integrity.



## The paper industry and sustainability

Stakeholders that use the paper industry's products are increasingly aware of the environmental impact of paper generation and demand more functional products with a smaller associated carbon footprint. Consequently, Spain's paper industry has invested in new technologies and environmental management plans in recent years to become one of the most innovative sectors in the domestic economy.

As a result of these sustainability trends, responsible management of forests and plantations is increasingly important on a global level, as well as better use of the potential for a bioeconomy and circular economy in the paper industry, through inputs obtained from natural sources or waste.

Similarly, sustainable forestry management is the focus in Spain, by means of new green initiatives and processes that are more productive, efficient and responsible, assuring a lower environmental impact. The paper industry is seeking to build wealth and contribute to the quality of life of all stakeholders in the value chain, while encouraging society to move towards product recycling and reuse on the path to a sustainable future.

### Sustainability at Iberpapel

Sustainable growth and environmental protection are fully integrated into the Group's strategy, forming part of the Company's values and culture. We have a comprehensive energy efficiency and climate change policy, we implement best available technologies to minimise its environmental impact, we assure reforestation of timber sources, we promote sustainable management systems and we seek to guarantee product quality by means of environmental certification.

All these strategies are in line with best practices in an industry in which sustainability is increasingly relevant. The Corporate Social Responsibility Committee, which reports to the Board of Directors, reflects our commitment to society and the environment.

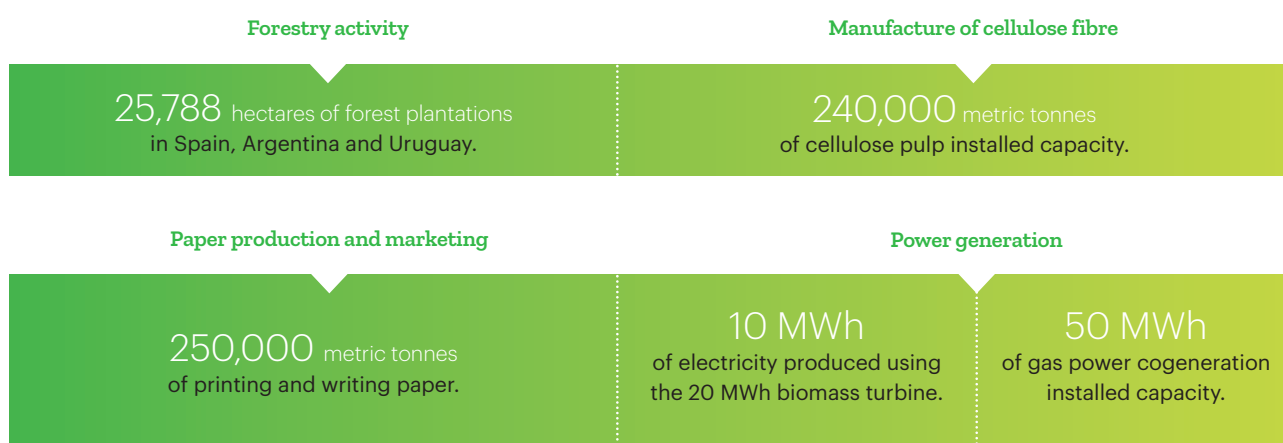


## 3.3 Our strategic vision and outlook

[102-19; 102-20; 102-21; 102-26; 102-31]

Iberpapel and its subsidiaries are an integrated group engaged directly in all areas of the paper manufacturing process.

### THE IBERPAPEL GROUP AT A GLANCE



Iberpapel is an international integrated paper group formed by 17 companies: the parent company Iberpapel Gestión, S.A. and 16 wholly-owned direct or indirect subsidiaries, there being no non-controlling interests.

### The Iberpapel Group's activities

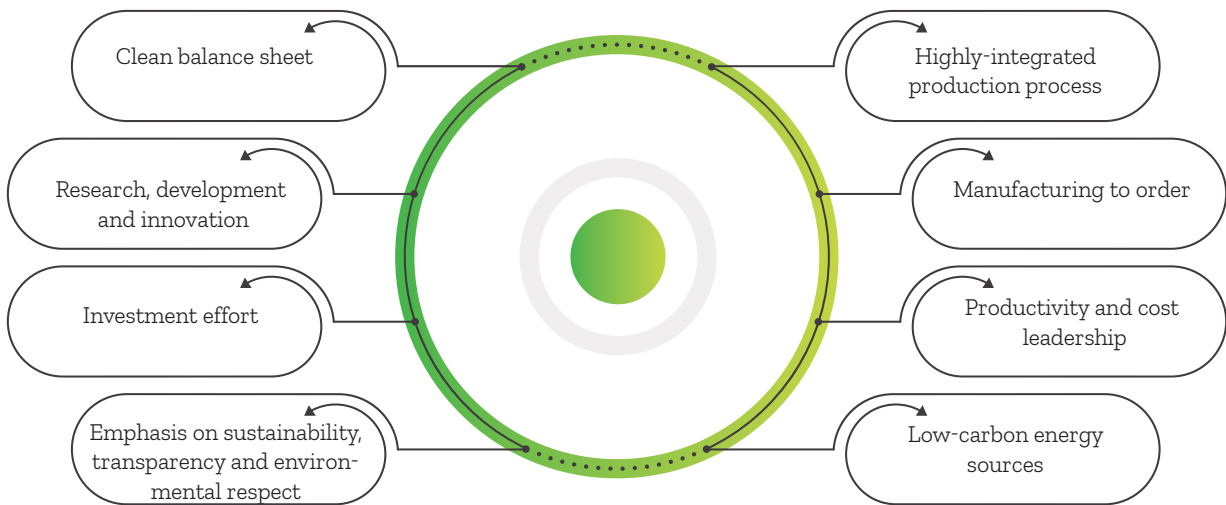
- **Forestry activity**, through companies having their tax domicile in Spain, Uruguay and Argentina.
- **Industrial activity**, through Papelera Guipuzcoana de Zicuñaga, S.A.U.
- **Commercial activity**, through companies that sell paper in Spain, where approximately 50% of products are sold, and companies exporting paper mainly to Europe.

All the parent company's shares are listed on the Madrid and Bilbao stock exchanges.

## Our business model and strategic vision

The success of our business model is based on a high level of integration of each of the production phases: timber, cellulose, paper and cogeneration. This provides a clear competitive advantage in terms of costs, all of which combines well with a highly flexible industrial and commercial set-up.

### OUR BUSINESS MODEL'S MAIN STRENGTHS



The Company's strategy is intended to consolidate efficiency, productivity and cost control, without forsaking growth, thanks to new investments made to increase production capacity, diversify products and boost growth in all our markets. The combination of these distinctive factors and our competitive advantages has brought a solid positioning in the industry and success in overcoming complicated market situations.

#### CLEAN BALANCE SHEET

- The Iberpapel Group has a healthy financial situation assuring competitive shareholder returns while undertaking investments to stimulate future growth.

**HIGHLY-INTEGRATED  
PRODUCTION PROCESS**

- The subsidiary Papelera Guipuzcoana de Zicuñaga, S.A.U. (PGZ) has two plants making paper and cellulose. The cellulose plant produces all the pulp needed in the paper mill. The company also has a biomass gas co-generation power plant that supplies heat to the industrial process and electricity to the grid.

**MAKE-TO-ORDER  
PRODUCTION**

- Make-to-order production, allowing:
  - > Improved pricing.
  - > Guaranteed sale of all products.
  - > High degree of customer satisfaction.

**PRODUCTIVITY AND  
EFFICIENCY LEADERSHIP**

- Insistence on cost control to boost productivity leadership.

**LOW-CARBON ENERGY  
SOURCES**

- Major effort to use energy technologies that have a lower environmental impact.
- Implementation of the Climate Change Policy.

**EMPHASIS ON  
SUSTAINABILITY,  
TRANSPARENCY AND  
ENVIRONMENT RESPECT**

- Commitment to integrating corporate social responsibility (CSR) into business strategy as a factor that enhances competitiveness and strengthens stakeholder confidence.
- Pursuit of the Sustainable Development Goals through our three business divisions.

**INVESTMENT EFFORT**

- Continuous investments throughout the Group's history, making annual improvements to the industrial and environmental technology used in facilities.

**RESEARCH, DEVELOPMENT  
AND INNOVATION**

- Constant innovation in the search for new products that will bring growth opportunities.
- Development of solutions to cut greenhouse gas emissions, such as the one implemented at Iberpapel's plantations in Uruguay.

These distinctive factors have allowed us to reach a good positioning in the industry and overcome exceptionally difficult market circumstances. We aim to consolidate our model's efficiency, productivity and cost control without losing sight of growth, thanks to new investments in production capacity and product diversification.

Our international vocation complements the growth strategy and has helped to reduce exposure to the economic situation. Exports and major investments in both industrial and forestry activities have brought considerable flexibility in the face of fluctuating supply prices, and optimisation of the customer portfolio and paper sales.



## Pillars of the Iberpapel Group's strategy in 2020

[102-2; 102-4; 102-6]



- ▶ The core focus of the Group's growth is a clear commitment to new product development, innovation and technology.
- ▶ Tight cost control.

### Strategy by division

#### Forestry

Iberpapel's current forestry assets allow a significant supply of eucalyptus, the main raw material used by the Group's industrial division, to be assured. However, the logged timber is currently sold in the local markets.

- Assurance of supplies to the Industrial Division of the main raw material, eucalyptus, managing 25,788 hectares of forested land.
- Silvopastoral system in our South American plantations, integrated with the forestry business, combining the yield from forestry assets with respect for nature.
- Consolidation of the Genetic and Silviculture Improvement Plan and use of best technologies to achieve the highest quality timber and integration of forestry with wildlife.
- Selling in local markets.

#### Industrial

In 2020, despite the economic and health situation, the subsidiary Papelera Guipuzcoana de Zicuñaga, S.A.U. successfully completed the modernisation and extension of its cellulose production facilities, which were commissioned in the third quarter. This included the implementation of new BATs (Best Available Techniques) and the use of more efficient, environmentally sustainable processes. Capacity was also increased to over 240,000 tonnes.

- The strategy will be focused on optimising performance so as to produce high-quality, short-fibre cellulose both for our paper plant and for sale to third parties.

#### Commercial

Expansion of the market for specialty papers and traditional products will continue in Spain and abroad, offering products with a greater projection and added value.

- Growth in the specialty paper market to reach 30% of total paper sales and consolidation of our position in traditional markets.
- Sale of short-fibre cellulose (bleached eucalyptus kraft pulp).

## Integration of CSR into the Iberpapel Group's strategy and management

### Composition of the Corporate Social Responsibility Committee

- ▶ Mr. Jesús Alberdi Areizaga  
Chairman
- ▶ Mr. Néstor Basterra Larroude  
Member
- ▶ Ms. Rosa María Sanz García  
Member

The Corporate Social Responsibility Committee assists the Board in the oversight of the CSR strategy. The independent director Jesús Alberdi Areizaga chairs the committee, which is formed by two independent directors and the Group's Vice-Chair. Committee members are renewed, re-appointed and removed by the Board of Directors.

As part of corporate social responsibility governance, this committee's primary objectives are to promote, among other aspects, the responsible development of the Group's core business, placing people at the centre; maximise sustainable value creation shared with our shareholders, other stakeholders and society as a whole; manage the risks and opportunities arising in the market responsibly; and maximise the positive impacts of the business on our local areas while preventing and minimising any negative impacts, as far as possible.

**Iberpapel Gestión, S.A.'s 2020 Corporate Social Responsibility Committee Report contains further details of its remit and activities and can be found in the corporate governance section of the Group's website.**

The committee met three times in 2020 to drive and guide Iberpapel's corporate social responsibility actions and report to the Board of Directors on the current situation.

The Corporate Social Responsibility Policy, approved by the Board of Directors in 2018, is a point of reference to define and drive behaviours that allow value to be generated within a culture of social responsibility through responsible development in all the Group's undertakings.

We also have policies setting out our commitments in key areas of financial and non-financial performance, such as the Anti-Corruption Policy addressing compliance, the Board of Director's Diversity Policy on social aspects or the Climate Change Policy reflecting our environmental pledges.

The latter policy recognises the impact of global warming on society and business, as well as related action areas. This policy has been fully integrated with the Group's strategic vision as a way to build value for stakeholders while enhancing business sustainability.

The plan prioritises a number of matters that Iberpapel regards as strategic, including energy efficiency, biomass energy recovery and CO<sub>2</sub> emissions removal by our plantations.

In the coming years, we will carry on implementing plans to develop policies already in place so as to ensure that both our corporate culture and our strategic direction are instilled with this policy.

Chapter 4 of this Report contains further details of our CSR approach and commitments.

## Future prospects

Iberpapel faces new market challenges from a privileged position, since the Company has been capable of adapting to market needs thanks to its strategy and the competitive advantages of its business model.

During the period 2017-2020, the Group invested some €80 million to increase production capacity and modernise the cellulose plant.



# 3.4 Investment and innovation in the Iberpapel Group

[203-1]

## A history of continuous investment and innovation

### Latest success story

Commissioning of the extension and modernisation of the cellulose plant (2017-2020), which became operational in the third quarter of 2020.

► Phase-one investment at 31/12/2020:

**€80 million**

Iberpapel understands that the key to assuring sustainable growth is to commit to the continuous improvement of processes, investing in activities that enhance our competitiveness so as to do business in a manner that is efficient, integrated and oriented towards stakeholder value generation.

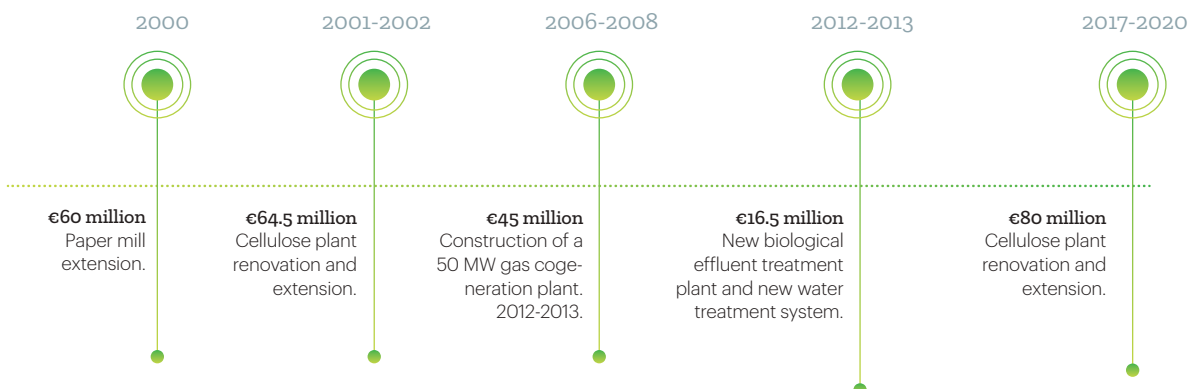
The Group invested over €384 million during the period 2000-2020. During this time, the most significant investments in the Industrial Division were the extension of paper production capacity, which began in 2000 with a new paper machine and continued with the cellulose plant extension in 2002, the construction of a 50 MW gas cogeneration plant in 2008 and the cellulose plant modernisation in 2020.

This significant investment in improving the production unit will doubtless have a very positive impact on the quality of our paper and the competitiveness of our products.

As regards innovation, the Commercial Division has diversified from our traditional products in recent years, the main new offerings being: Zicubag (paper for bags, high mechanical resistance), Zicubag GR (greaseproof paper), Zicuflex (packaging paper) and Vellum SC (label face).

In the Forestry Division, the main investment was made in 2010, when €10 million was spent to buy new forest land in order to position the business in the south east of Uruguay.

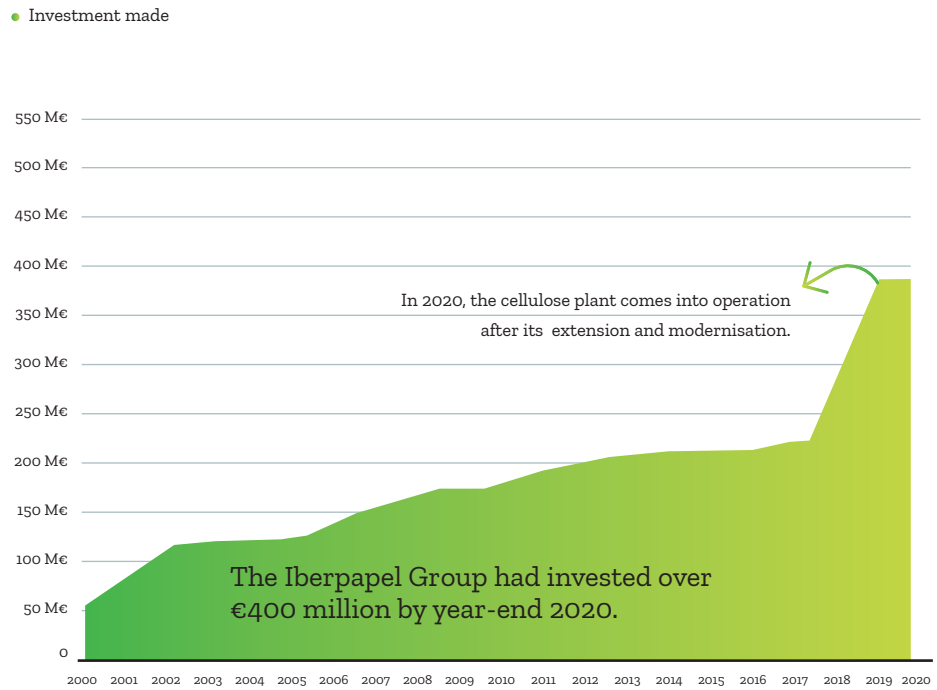
### MAIN IMPROVEMENTS 2000-2020



In a context of constant changes, Iberpapel has managed to adapt and harness its potential to undertake major projects that will boost competitiveness in the coming years.

## A determined commitment to the future

The large investment of over €400 million made by Iberpapel in recent years has brought us to an optimal level of efficiency and competitiveness that will protect us in very complicated times, such as 2020 due to COVID-19, and included the roll-out of new BATs (Best Available Techniques) and more efficient, environmentally sustainable processes.



Iberpapel recognised €33 million in cash resources at 31 December 2020.



2020 success story.

## Modernisation of PGZ's cellulose plant

Papelera Guipuzcoana de Zicuñaga, S.A. reformed the cellulose production plant in order to modernise the facilities and increase bleached eucalyptus kraft pulp production capacity up to 240,000 tonnes/year.

New Best Available Techniques (BATs) were included, as set out in the BREF document on the production of pulp, paper and board, drawn up on the basis of Industrial Emissions Directive 2010/75/EU.

### TECHNOLOGICAL SCOPE OF THE CHANGES

The renovation affected virtually all the cellulose plant facilities although, in view of its relevance, the main change was the replacement of the old continuous wood cooking digester with a new state-of-the-art digester able to produce the high-quality, short-fibre kraft cellulose required for our paper machines.

Changes were also made in the treatment and washing plant, the black liquor recovery boiler and the caustification plant.

#### Main changes made:

##### Fibre line

- **New digester:**
  - New blow tank.
  - Vapour reboiler system to reduce odorous gases.
    - > Oxygen delignification.
    - > Renovation of the treatment and washing plant.
    - > Washing filter and thickening press to make unbleached paper.
  - Auxiliary items and equipment needed for the proper functioning of the facilities, such as circulation pipes and pumps, electrical installation, transformation and engine control centre, CCM, instruments and control equipment.
  - New distributed control system (DCS).
  - Improvement of the odorous gas elimination system by increasing the recovery points and capacity of the treatment system.

##### Recovery line

- Renovation of the evaporation plant
- Renovation of the recovery boiler
- Renovation of the caustification plant



### ENVIRONMENTAL IMPACTS OF THE RENOVATION

The latest technological developments and Best Available Techniques (BATs) applicable to cellulose manufacture were included in the cellulose plant renovation. These techniques have been approved by the European Commission and apply to all facilities in Europe.

As a result of the cellulose plant renovation, efficiency has been increased in terms of the consumption of timber and chemical products. The quality of the cellulose produced has also improved.

PGZ has implemented a comprehensive system to collect and treat diffuse emissions associated with the characteristic kraft plant smell. This considerably reduces the odorous effect on the environment, in comparison with other European plants.

The cellulose plant modernisation process was used to make new environmental improvements. The reduction of odorous emissions during the process was a core aspect during the design and engineering of the new facilities.

In the year of the coronavirus pandemic, PGZ successfully completed the ambitious renovation of its plant. Zicuñaga now has a modern, efficient cellulose facility. This has been possible thanks to the involvement of all levels of the company and cooperation by numerous undertakings that have taken part in the project.

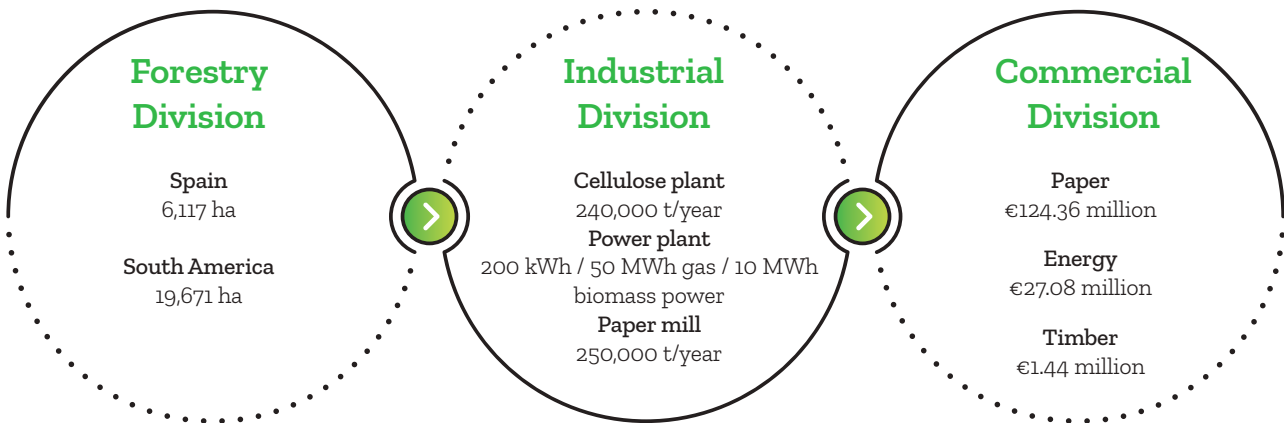


# 3.5 The Iberpapel Group's business

[102-2, 102-4, 102-6]

## Business structure

The Group has a history and experience of over 80 years in the paper industry. The integrated production model comprises three divisions spanning the entire paper value chain, from source (Forestry Division) to marketing (Commercial Division) through raw material transformation processes (Industrial Division). This maximises the value generated and allows synergies among our divisions, favouring our ability to compete in the market.





SOLID INTERNATIONAL PRESENCE THROUGH OUR THREE DIVISIONS:

Europe and Africa

- Commercial agents

- Albania | Germany | Algeria | Austria | Belgium | Bosnia | Croatia | Denmark | Egypt | Slovakia | Slovenia | France | Greece | Hungary | Ireland | Italy | Macedonia | Morocco | Netherlands | Poland | Portugal | United Kingdom | Czech Republic | Romania | San Marino | Serbia | Tunisia and Turkey.

South America

- Forest plantations

Spain

- Forest plantations
- Industrial plant
- Divisions and commercial agents

- La Palma del Condado (Huelva).
- Hernani (Guipúzcoa).
- Barcelona | Irún | Madrid | San Sebastián | Seville.

- Argentina: reforestation, forestry and timber sales in Colón.
- Uruguay: reforestation, forestry and timber sales in Paysandú and Montevideo.

- Forestry activity
- Industrial activity
- Commercial activity

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**SOLID INTERNATIONAL PRESENCE THROUGH OUR THREE DIVISIONS:**


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**1935-1941**

Although Papelera Guipuzcoana de Zicuñaga, S.A.U. was incorporated on 24 October 1935, business did not commence until 1941, with the manufacture of cellophane paper.

**1947**

Installation of a paper machine with a width of 2.20 metres and a production capacity of 2,000 tonnes per year.

**1958**

Installation of a second paper machine and two static fibre boilers with a capacity of 75 m<sup>3</sup>, achieving an annual output of 14,000 tonnes of cellulose.

**1971**

Commissioning of a new cellulose facility and modernisation of the paper machines to reach an annual production capacity of 35,000 tonnes.

**1975**

Start of the forestry project in Huelva.

**1978**

Closing down of the cellophane plant and retraining and reassignment of personnel to paper production, without the need for any large-scale redundancies.

**1979**

Commissioning of a new paper machine, dismantling the old machine number 2. This entailed extending and optimising the cellulose plant, resulting in a production increase year after year.

**1988**

Start of the forestry project in Argentina and Uruguay.

**1997**

21/07/1997  
Incorporation of Iberpapel Gestión, S.A.

28/11/1997  
The Company's stock is admitted to trading on the stock exchange.

**2000**

Commissioning of paper machine number 4, boosting paper production capacity by 250%.

**2003**

Extension of the cellulose plant, increasing its production capacity by more than 90%.

**2008**

Commissioning of the 50 MW cogeneration plant, entailing an investment of €45 million.

**2011**

The Group begins to build a new biological treatment plant and outlet, entailing an investment of €16.4 million.

**2013**

The Group begins to build a new biological treatment plant and outlet, entailing an investment of €16.4 million.

**2015**

Cellulose production increase at the Hernani plant and a sound performance in the forestry area.

**2017**

Our sound financial structure allows us to launch the Hernani Project as a key to the Group's growth.

**2018**

Start of a new phase of growth.

**2019**

Phase one of the "Hernani Project": renovation and modernisation of the cellulose plant.

**2020**

Completion of the extension and renovation of the cellulose plant, despite the economic and health crisis caused by COVID-19.

### 3.5.1 Forestry Division

[103-2, 103-3, 304-2]

"Forest masses act as carbon sinks, absorbing 2,000 million tonnes of CO<sub>2</sub> each year."<sup>2</sup>

#### SUSTAINABLE FOREST MANAGEMENT: A KEY FACTOR

The aim of forestry management is to obtain the maximum yield from our plantations under the strictest sustainability criteria.

In the past decade, interest in protecting and managing forest masses has grown thanks to increased awareness of their role in the global carbon cycle and direct and indirect benefits for society. So all agents are channelling their efforts into sustainable forest management, which consists of organising, conserving and sustainably developing the world's forests.

These efforts were reflected in the Paris Agreement on Climate Change approved by 195 countries on 11 December 2015, formally recognising the decisive role of forests and trees in reducing greenhouse gases (GHGs) accumulating in the atmosphere, promoting sustainable management, favouring conservation and disapproving deforestation. The United Nations 17 Sustainable Development Goals (SDGs) approved in 2015 include sustainable forest management in "Goal 15 Life on land", stipulating 12 specific targets for 2030.

"Forests are an integral part of the planet's sustainable development due to the economic, sociocultural and environmental benefits they provide, as they perform an essential function in the water cycle, soil conservation, carbon sequestration and habitat protection. Sustainable management is crucial to achieve a sustainable agriculture and food security."<sup>2</sup>

#### SDG 15



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

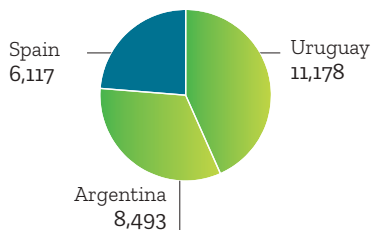
Forests and trees support sustainable agriculture because, among other aspects, they stabilise soils and climate, regular water flows and provide shade, shelter and a habitat for pollinators and the natural predators of agricultural pests. When integrated into agricultural land, forests and trees boost productivity. They also help to provide food security for hundreds of millions of people for whom they are important sources of food, energy and income in difficult times. Recognising these reciprocal benefits and finding a balance between them will allow those in charge to design policies that will improve resources so as to speed up 2030 Agenda achievements.

The State of the World's Forests report explains that deforestation, mainly caused by the conversion of forest land into agricultural and livestock farmland, not only jeopardises the sectors that benefit in some way from the forest community but also seriously impacts the variety of life on the planet. Changes in the use of land aggravate the loss of habitats, soil erosion, decline in clean water sources and release of carbon into the atmosphere, so finding the formula to increase agricultural production and enhance food security without reducing forest areas is one of the great challenges of our time.

<sup>2</sup>Source: State of the World's Forests 2018, FAO



Distribution of forest assets 2020 (hectares/country)



## THE FORESTRY DIVISION IN DETAIL

We currently have total forest assets of 25,788 hectares, of which 19,671 hectares (76%) are located in South America. At year-end 2020, our forest assets were distributed as shown in the chart.

Our Group works mainly with *Eucalyptus globulus ssp globulus Labill* or white eucalyptus from the Iberian Peninsula. The timber is purchased from producers on the Cantabrian Coast and in Portugal. There is a shortfall in timber production and volatility in the European market, so that our own timber reserves provide a competitive advantage and protection against any supply and demand tensions that complicate supplies of this basic raw material, as well as against cyclical price fluctuations in Spain and Portugal.

Iberpapel is aware of the vital importance of sustainable forest management in our industry, timber being our essential raw material in paper manufacture. Our sustainability criteria are designed to guarantee the growth and persistence of forest masses and associated values. We continuously promote the optimisation of production processes in harmony with the preservation of the environment. In line with this philosophy, the Company has defined the following forest management guidelines:

- Gradual inclusion of the best seeds and selection of superior quality trees.
- Preparation of land prioritising soil conservation using the best techniques.
- Implementation of silvopastoral systems, integrating prior land uses, traditionally livestock farming, into forestry projects.
- Recovery of soil productivity by creating meadows and improving them continuously through the planting of fodder species, weed control and stabilisation using rill to combat rainwater erosion.
- Commitment to reduce the use of agrochemicals.

Our forestry production system has brought recognition from Uruguayan government bodies and the approval of forestry projects submitted, the majority of which have been classed as Artificial Protective Forests in view of their social, environmental and economic benefits. The latest forest property to obtain this recognition was "El Flaco", at the end of 2014.

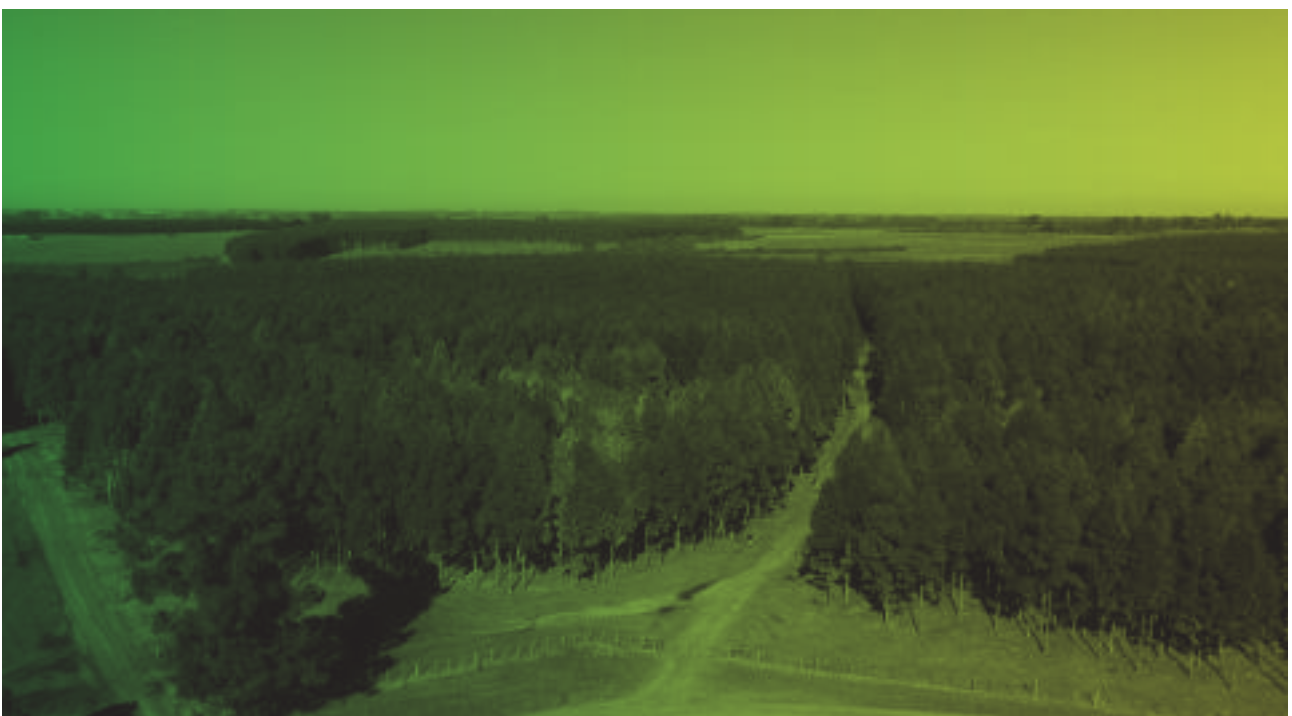
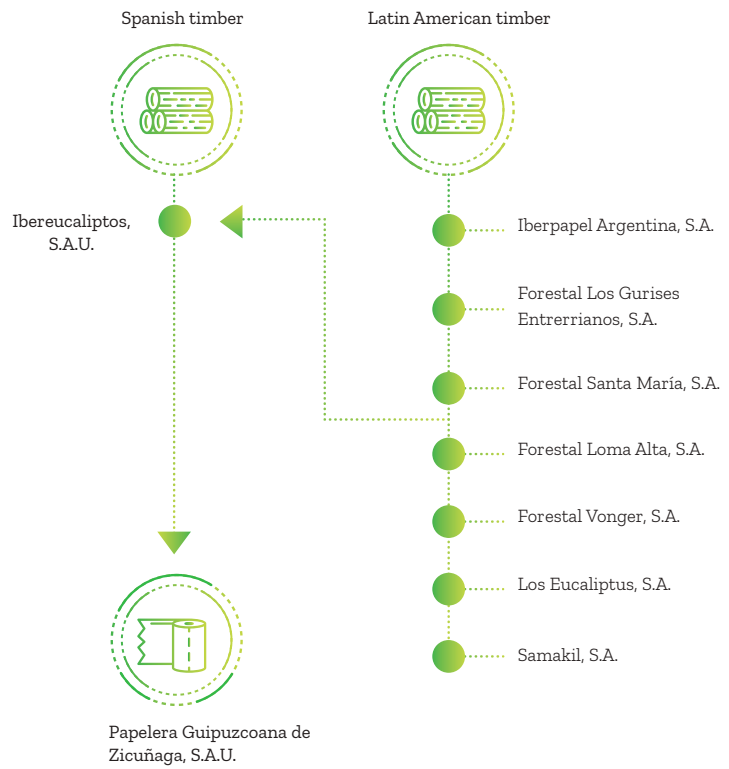
Latin America is at the head of the developing areas in the promotion of private investment in forests. The high proportion of privately owned forests in the region is one of the driving factors behind this trend. These countries were also pioneers in the use of fiscal instruments, particularly payments for environmental services (or ecosystems), designed to encourage more suitable environmental management.

Other strategies employed in the area include the creation of specific national forestry funds and the promotion of new partnerships through portfolio approaches to raise funds.

Argentina and Uruguay, as countries in the Southern Cone, are very well positioned to leverage the advantages of being low-cost timber producers compared with traditional producers in the northern hemisphere. Forest areas in Uruguay and Argentina total around 1.2 million hectares. In Argentina, they are concentrated mainly in the Misiones, Corrientes and Entre Ríos provinces. In Uruguay, they are distributed equally across the northern, west coast, central, north eastern and south eastern zones.

In order to reduce dependence on forest supplies from the Iberian Peninsula and increase self-sufficiency, Iberpapel designed an expansion plan in South America. In 1988, we purchased our first property in Argentina, and one year later in Uruguay, embarking on our forestry activity in Latin America.

### THE FORESTRY DIVISION'S STRUCTURE



## The Iberpapel Group's main investments

### Spain

- **1975:** The project to acquire assets in Huelva begins with the purchase of 264 ha in two properties, El Naranjal and Sierra del Águila.
- **1975-1980:** In the first five years, 3,554 ha were acquired in 26 properties in the province of Huelva, in the Sierras de Aracena and Andévalo areas.
- **1982-1983:** Three more properties were acquired in Sierra de Aracena totalling 599 hectares.
- **1983-1984:** Two important adjoining properties were purchased in the Campiña de Huelva area. Assets in Spain reached a stable 6,117 ha.
- **2004:** The association Asociación de Productores Onubenses de Madera (APOM) was formed together with several owners, providing coverage for timber producers. This forestry association is now an association of high-land owners covering all the other produce of the properties.
- **2013:** Forestry management is certified under FSC standards with registration code GFA-FM/COC-002538-C for all the assets.

### Latin America

- **1988-1989:** Acquisition of forest land in the departments of Colón and Concepción de Uruguay, Entre Ríos, R. Argentina and the department of Paysandú, R. Oriental del Uruguay.
- **2005:** Start of strategic positioning in the south east of Uruguay.
- **2007:** Los Eucaliptus, S.A. obtains general authorisation from the government to own forest land in Uruguay.
- **2008:** Los Eucaliptus, S.A. obtains FSC® forestry management certification for its assets.
- **2010:** Forest land in south east Uruguay reaches 10.000 hectares in the departments of Canelones, Lavalleja and Maldonado.
- **2013:** Planting of eucalyptus species for solid wood uses begins in Argentina.
- **2014:** Marketing of timber from the south of Uruguay begins.
- **2016:** Los Eucaliptus, S.A. signs an agreement to build a bridge that will allow goods to be carried through the zone, in the department of Canelones.
- **2018:** Los Eucaliptus, S.A. renews FSC® forestry management certification for its assets.
- **2019:** Our forestry assets in Argentina are UY20/81841041 certified by PEFC/CERFOAR.
- **2020:** Los Eucaliptus, S.A. begins to trade in carbon bonds.

Forest areas in Uruguay and Argentina:  
[http://www.spf.com.uy/forestacion/zonas\\_forestadas/#](http://www.spf.com.uy/forestacion/zonas_forestadas/#)

### Key aspects of the genetic and silviculture improvement plan

- ▶ Application of the best technologies to achieve the highest quality timber and integration of forestry with natural systems.
- ▶ Selection of superior trees.
- ▶ Optimisation of land use by planting the most suitable species.
- ▶ Inclusion of new eucalyptus species with different timber qualities.

### A) Our silviculture improvement plan

The plan was launched in 1994 with the aim of applying the best technologies to obtain the highest quality timber and integrate forestry with the protection of natural systems while allowing and encouraging forest grazing. The implementation of this plan has allowed a substantial increase in the timber's volume and morphological quality.

The plan began with the selection of superior *Eucalyptus globulus*, obtained from different locations and with diverse characteristics. These trees show high adaptability and natural rusticity, the main advantage of which is higher productivity per surface unit.

Our strategy involves reforesting the most suitable areas with these superior trees and trees obtained from select seeds. Less suitable zones are planted with other more appropriate eucalyptus species so as to optimise land usage. In both cases, the best silviculture techniques are applied to maximise productivity per surface unit and sustainably increase timber production.

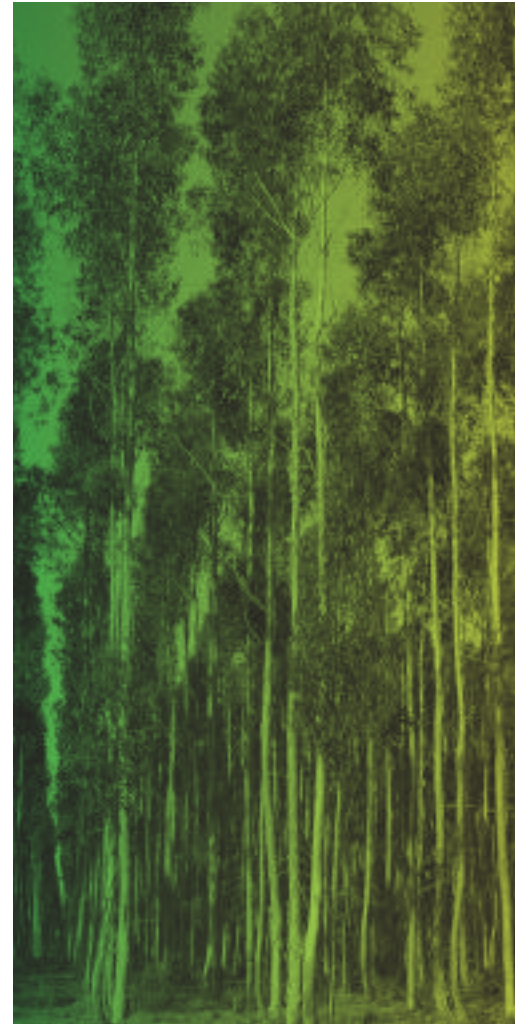
Having established the general lines of action, the plans are adapted to each of the areas in which we have plantations.

In Argentina, the forestry business was diversified by bringing in other eucalyptus species with qualities that are suitable for timber and cellulose such as the *Eucalyptus Grandis Hill* ex Maiden or *Eucalyptus Grandis*.

In Uruguay, a reforestation project began in 2005, planting *Eucalyptus Globulus* forests on very severely eroded soils, combined with silvopastoral activities. It was conducted in forest plantations in the departments of Canelones, Maldonado and Lavalleja, covering an area of 4,691 hectares.

This project also involves the absorption of CO<sub>2</sub> emissions through forest masses, which act as sinks for greenhouse gases. In order to calculate and monitor CO<sub>2</sub> removal as a result of this project, we previously developed a specific methodology approved by the United Nations under the name ARACM0001 (Afforestation and Reforestation of Degraded Land), which is now applied to other forestry projects both in Uruguay and also in Brazil, Chile, China, India and the Democratic Republic of the Congo. It is the first consolidated methodology to be approved for the forestry industry.

Through this project, we are contributing to the SDGs and sustainable development in Uruguay, including the following environmental achievements:



**CERTIFICATION OF CO<sub>2</sub> REMOVAL AT OUR URUGUAYAN PLANTATIONS UNDER THE INTERNATIONAL VCS**



### Biological assets

Iberpapel's biological assets comprise tree plantations (silviculture). The Group classifies its biological assets based on their physical and geographic characteristics, the basic unit of biological assets being the "batch", that is the set of biological assets associated with a certain plot of land which have common physical features.

As the main physical characteristics when defining batches, the Group takes into account the species of the biological asset and its level of maturity, as the basic value parameters.

### Basic features of batches

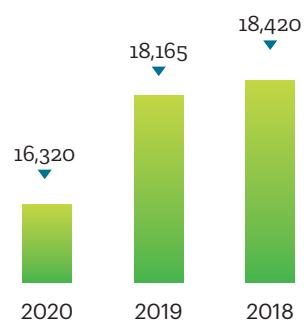
As indicated, geographical location and common physical properties are stated for each batch of biological assets. The main characteristics are:

- **Species:** the biological asset species identifies the different families of a group of biological assets (trees).
- **Quality:** a characteristic that identifies the differing qualities of each species (seed, clone).
- **Average annual increment (AAI):** the value that establishes the annual growth of biological assets for each batch, estimated based on measurements by technical personnel and statistical data.
- **Degree of maturity:** a code that identifies the degree of the asset's biological transformation:
  - **Immature:** those that are not ready for harvesting or the biological transformation is insignificant.
  - **Mature:** those that are ready for harvesting or picking, or are able to support regular production, harvesting or picking.
  - **Agricultural product:** products obtained through processing or picking mature biological assets.

### BIOLOGICAL ASSETS

(Thousand euro)	2020	2019	2018
Immature	14,527	16,362	17,024
Mature	1,793	1,803	1,396
<b>Year end</b>	<b>16,320</b>	<b>18,165</b>	<b>18,420</b>

Biological assets at the year end  
(thousand euro)



For further details of the process whereby the inventory of biological assets is prepared, the essential characteristics of batches and valuation of batches of biological assets, see point "2.8. Biological assets" of Iberpapel Gestión, S.A.'s Annual Accounts, which are available in Iberpapel's website:

<http://www.iberpapel.es/accionista-e-inversores/informacion-economica-y-financiera>



### 3.5.2 Industrial Division

Iberpapel has become a benchmark in the printing and writing paper production sector thanks to our industrial and environmental technology, supported by ongoing investment.

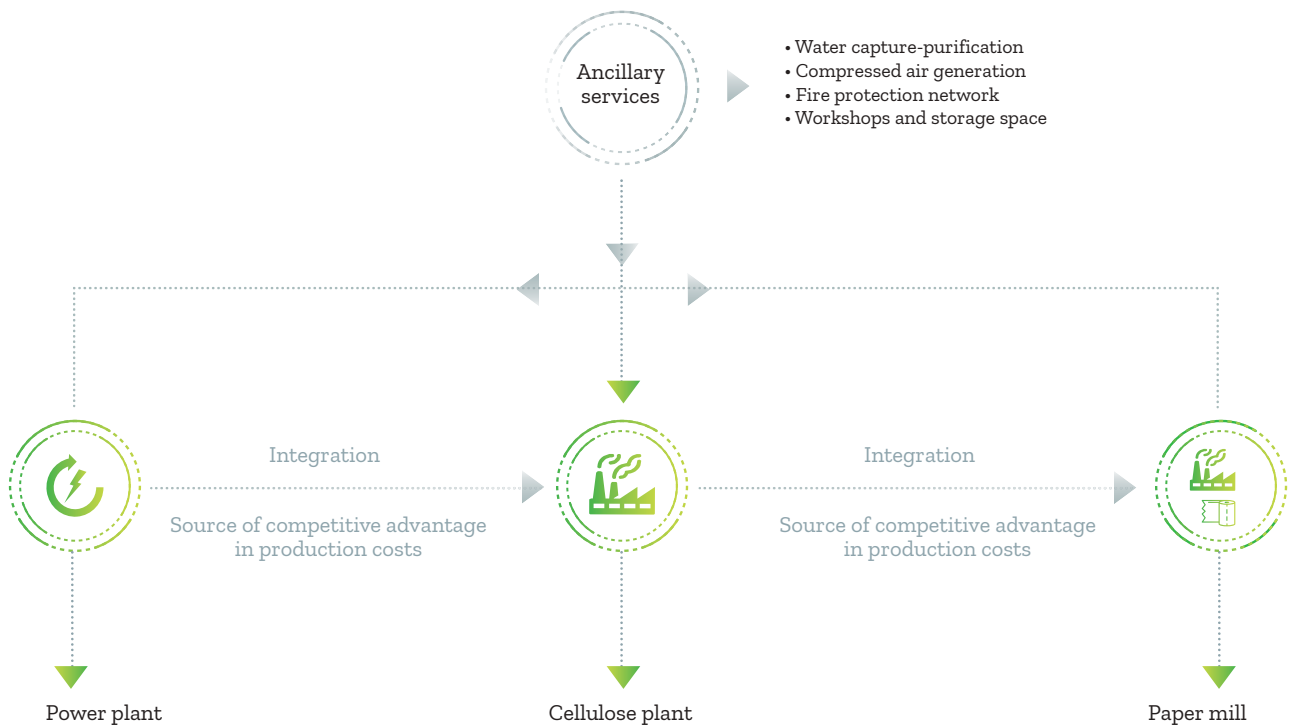
The Industrial Division is responsible for transforming raw materials into finished products. This takes place at the production unit located in the town of Hernani, in Guipúzcoa province. The division accounts for most of our employees and our largest investment projects.

#### The Industrial Division at a glance

The Industrial Division's Hernani facility comprises two integrated plants, one making cellulose and the other paper, so that nearly all our paper is made using cellulose produced by the same plant, plus a power plant.

- **Cellulose plant:** uses eucalyptus timber to produce the cellulose pulp needed in the paper mill.
- **Paper mill:** makes the end product, printing and writing paper.
- **Power plant:** a renewable energy cogeneration plant and two high-efficiency combined-cycle plants, which produce the thermal energy necessary for the paper and cellulose plants, and export power to the grid.

#### STRUCTURE OF PGZ (PAPELERA GUIPUZCOANA DE ZIGUÑAGA)



**CELLULOSE PLANT**

Debarked timber, always *Eucalyptus*, is carried by truck to the plant. Directly from the truck, or in some cases from storage, the timber is taken to the chipping station where it is transformed into small chips that are fed into a continuous wood cooking digester.

The chips enter the digester together with the bleaching agents NaOH (caustic soda) and Na<sub>2</sub>S (sodium sulphide). Once inside, the chip and alkali mix is cooked at 150° for a set period of time. It is a continuous process as the chips enter the digester and the cooked timber leaves the digester without interruption.

In the digester, the fibres or pulp and bleaches are separated. The separation process is not complete as the pulp contains residual bleaches and a certain amount of organic matter from the timber that explains its viscosity and characteristic dark colour, as well as the name “black liquor”.

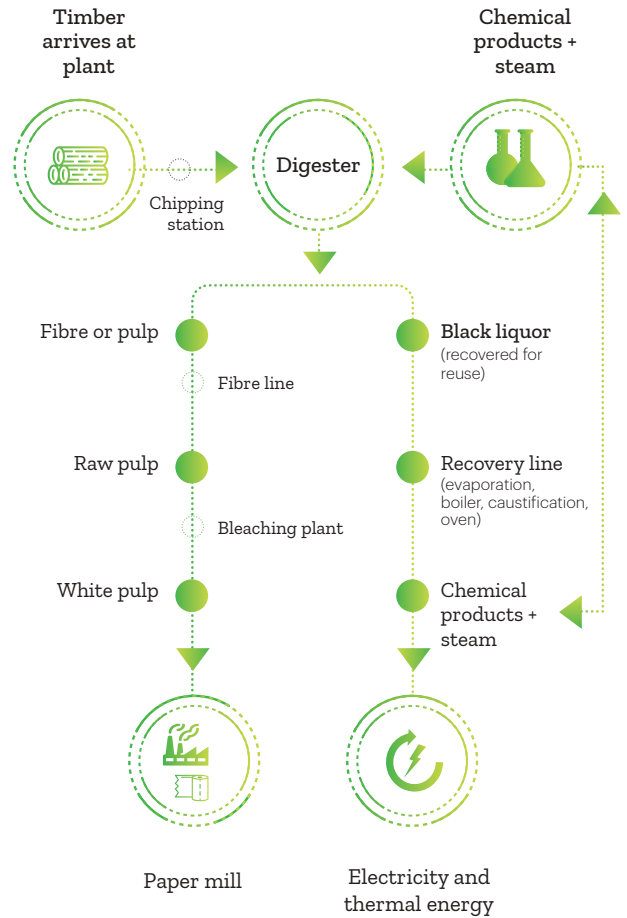
The process then splits into the fibre line for the pulp and the recovery line for the black liquor.

- **Fibre:** the cooked wood undergoes a coarse sieving process to separate uncooked components and subsequent refining and washing to remove traces of bleach. The product obtained is called raw pulp and is stored in a silo, ending the cooking phase. The raw pulp is then sent to the bleaching plant where, through an ECF (elemental chlorine free) process, all the remaining cellulose lignins are removed and the white bleached pulp suitable for the manufacturing of paper is obtained following an additional foreign element purification process.
- **Bleach:** following concentration at the evaporation plant, it is transferred to the black liquor boiler where combustion of the organic waste content, mainly containing lignins, generates energy to heat water and produce high-pressure steam. The inorganic portion of the black liquor is recovered in the form of molten mineral.

The steam passes through the turbine, generating electricity for export to the grid. The thermal energy output is then used in the cellulose plants (to heat the bleach solution and other applications) and in the paper mill machinery to heat the drying rollers.

The molten mineral, which mainly contains Na<sub>2</sub>CO<sub>3</sub> (sodium carbonate) and Na<sub>2</sub>S (sodium sulphide) passes through the recovery line to the caustification plant, where CaO (lime) is added to once again obtain the bleach necessary to cook the timber. The CaO (lime) is made in the lime oven from CO<sub>3</sub>Ca, which is a by-product of the recovery process.

**CELLULOSE PLANT DIAGRAM**

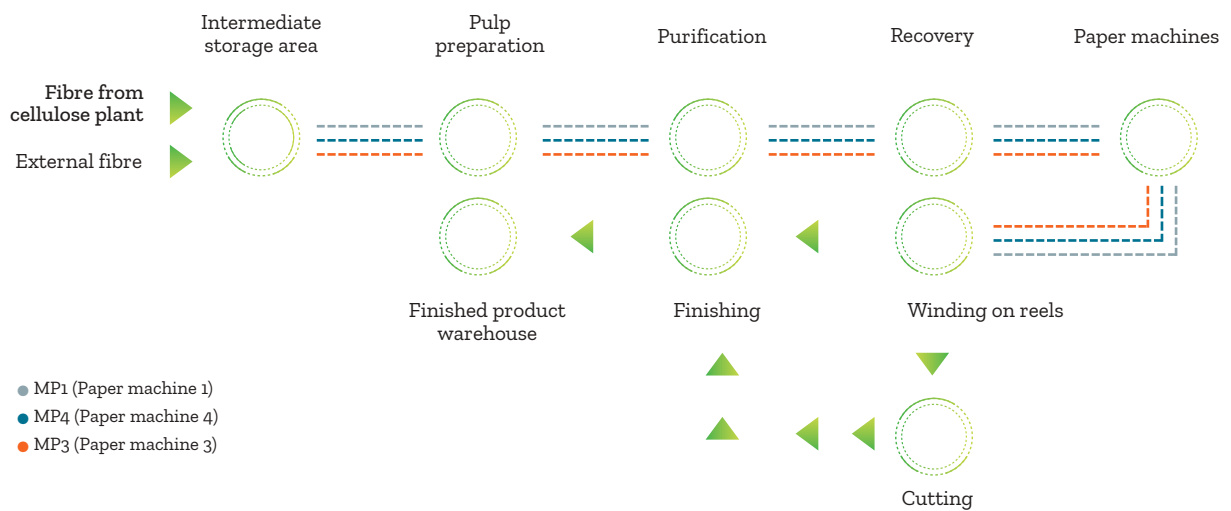


**PAPER MILL**

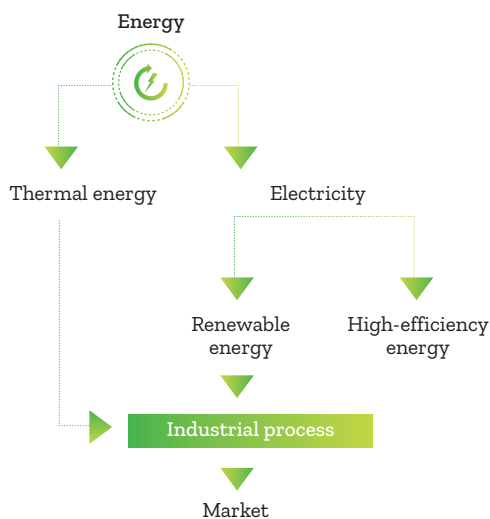
The paper mill has three independent production lines, each of which comprises a pulp preparation and purification section, a fibre and water recovery section, a paper-milling machine and two reel winders.

The fact that we have three independent production lines and double reel rewinders for each line makes for very flexible production, which is necessary to make different paper grades and custom orders, and gives us a competitive edge over other manufacturers with similar or higher production volumes.

**PAPER MILL DIAGRAM**



**POWER PLANT (CO-GENERATION) DIAGRAM**



**POWER PLANT**

It comprises a renewable energy cogeneration plant and two high-efficiency combined cycles. It supplies the thermal energy (steam) needed in the industrial process and generates electricity for consumption, any surplus power being exported to the grid.

The power plant comprises:

- Auxiliary or power boiler.
- Biomass cogeneration using a 20 MW back-pressure steam turbine.
- Combined-cycle gas cogeneration with a 12 MW gas turbine, a gas-recovery boiler and a 5 MW steam turbine. Temporarily out of use.
- Combined-cycle gas cogeneration with a 42.5 MW gas turbine, a gas-recovery boiler and a 7.5 MW steam turbine.
- 250 kW water turbine for power generation.

### 3.5.3 Commercial Division

The Commercial Division is responsible for managing the sale and distribution of our products.

We have identified a number of key factors explaining our competitive advantages, which include proximity to our customers and in-depth knowledge of competitors and the market:

#### Main competitive advantages

- ▶ Manufacturing to order so as to offer a top-quality product by creating an efficient production process.
- ▶ Diversified customer portfolio, thereby mitigating risks of concentration in one geographic area or group of customers.
- ▶ Competitive prices that meet customers' expectations.

- ▶ Speedy decisions thanks to our commercial management.
- ▶ Ongoing search for market opportunities, offering our customers new products and entering new markets.
- ▶ Personalised customer service.

- ▶ Comprehensive knowledge of the business and customers, assuring a quality service and long-standing commercial relationships.
- ▶ Flexible production process thanks to the integration of all phases.
- ▶ Leading Spanish producer of uncoated paper.

#### COMMERCIAL DIVISION'S MAIN STRATEGY: KEY POINTS

- Diversifying production into segments that show the most growth potential, particularly those related to packaging, labelling, food and healthcare sectors.
- Diversifying our portfolio through presence in different markets so as to minimise the risk of losing important customers, adverse circumstances in a specific market and the possibility of being easily displaced by competitors.
- **Adapting to current demand**, offering a broader product range, seeking segments with the best growth potential, markets with added value and market niches that provide higher profitability.
- Building and preserving **long-term commercial relationships** with our customers.
- **Supporting their industrial processes**, providing a personalised service and building sufficient trust to become their main supplier.
- Taking out **credit insurance** to cover virtually all of our paper sale transactions.
- **Making most sales in euros** so as to avoid foreign exchange risks.

**THE IBERPAPEL GROUP HAS AGENTS COVERING THE FOLLOWING COUNTRIES:** Albania, Germany, Austria, Belgium, Bosnia, Croatia, Denmark, Egypt, Slovakia, Slovenia, France, Greece, Hungary, Ireland, Italy, Macedonia, Morocco, Netherlands, Poland, Portugal, United Kingdom, Czech Republic, Romania, San Marino, Serbia, Tunisia and Turkey.

**We are a benchmark in southern Europe's traditional printing and writing paper markets.**

We have **sales offices** in San Sebastián, Irún, Madrid, Barcelona and Seville.

We work with **sales representatives**, who do not form part of the corporate structure, in most European countries and the north of Africa.

The Company's track record, spanning over 80 years, instils in our clients a feeling of confidence in our capabilities as their current and future supplier.

We remain focused on innovation and the continuous search for new products with high added value to extend, complement and diversify our market presence.



In 2020, 20% of sales related to specialty products and we aim to reach 30% in 2021.

### OUR CUSTOMERS

Our customer portfolio essentially includes companies that use paper as their main raw material with which the Company has a sound, solid, long-term re-relationship. The Company's track record, spanning over 80 years, instils in our clients a feeling of confidence in our capabilities as their current and future supplier.

The loyalty of our customer portfolio and our flexible commercial policy allow us to maintain a diversified sales structure. These lasting commercial relationships reflect our customers' satisfaction with the service received and the high quality of the products we make. In terms of quality assurance, our products are ISO 9001 and ISO 14001 certified, PEFC™ and FSC® certified and have been granted the German ISEGA XXXVI recommendation attesting to suitability for contact with food.

We operate in both domestic and international markets, with consolidated business in Spain, France, Italy and Portugal, where we leverage geographic proximity, although our products are also sold in other European countries and North Africa. Furthermore, new products with different qualities are sold worldwide and we currently have operations in the Asian and Latin American markets.

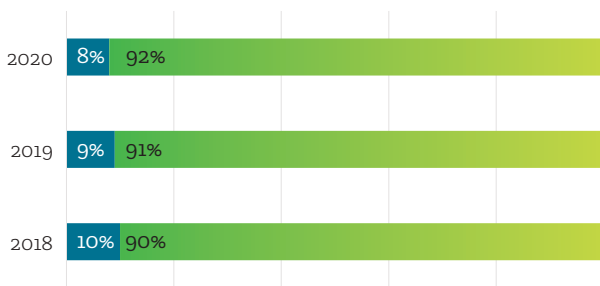
### MAIN CUSTOMERS



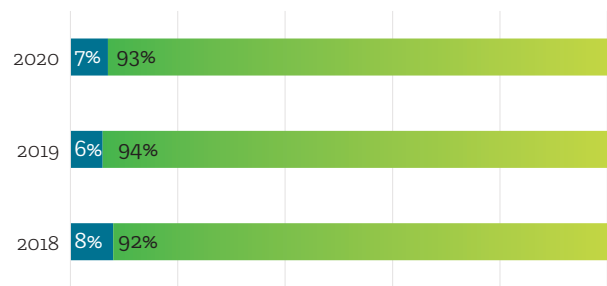
**IBERPAPEL'S CUSTOMERS AT A GLANCE**

- Less than 5 years
- More than 5 years

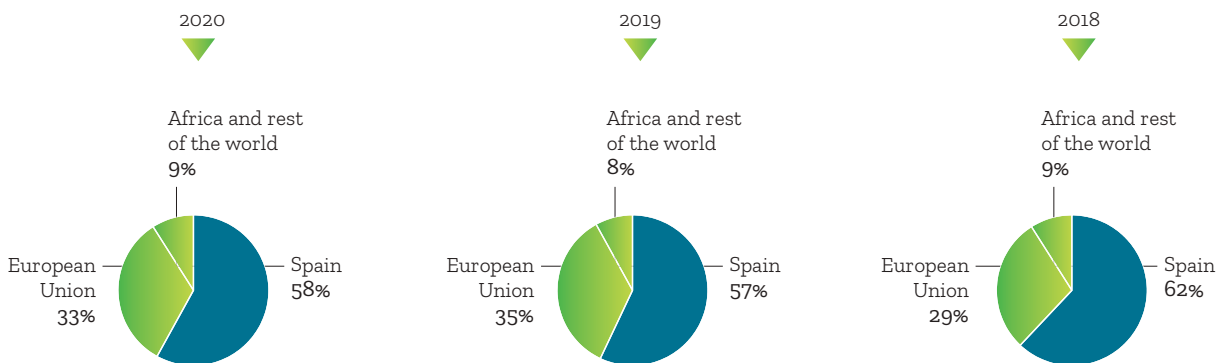
**Age of domestic customers**



**Age of international customers**



**Geographic distribution of revenue**



58% of paper sales are made in Spain, 33% in the European Union and 9% in Africa and the rest of the world.

Iberpapel has long-standing customers (more than 5 years), assuring stability.

In Spain, we have long-term relationships with 92% of customers.

Internationally, long-term customers account for 93% of the total.



## OUR PRODUCTS (PRODUCT-PAPER TYPE-GRAMMAGE)

- > **BAKING PAPER:** support for silicone coating for baking. **40-50 gr.**
- > **CARDBOARD:** high whiteness or coloured paper for folders, dossiers, etc. **100-210 gr.**
- > **COPYSTAR:** high whiteness paper for multi-function reprographics. **80 gr.**
- > **COPYRIGHT:** high whiteness paper for multi-function reprographics. **80 gr.**
- > **ECO+:** PEFC certified paper for multi-function reprographics. **75-80 gr.**
- > **GO:** extra high whiteness paper for multi-function reprographics. **80 gr.**
- > **LASER PREPRINT:** specialty laser paper. **70-100 gr.**
- > **SILK PAPER:** very fine paper used as wrapping in the textile industry or for luxury products. **25-30 gr.**
- > **SUBLIMATION PAPER:** paper used as transfer paper or as protection in the textile industry. **30-50 gr.**
- > **Ko OFFSET PAPER :** high volume paper for publishing, adding machine rolls and sundry applications. **60-120 gr.**
- > **VELLUM SC:** label face. **35-75 gr.**
- > **VELLUM TT:** self-adhesive label face for thermal transfer printing. **68-73 gr.**
- > **ZCOPY:** high whiteness paper for multi-function reprographics. **75-80 gr.**
- > **ZICUBAG:** paper for bags. **60-130 gr.**
- > **ZICUBAG GR:** packaging paper with greaseproof treatment. **35-60 gr.**
- > **ZICUBAG GR SLIP EASY:** greaseproof paper with slip easy treatment for cupcake or muffins cases, etc. **32 gr.**
- > **ZICUBARRIER:** water barrier and greaseproof paper. **50-70 gr.**
- > **ZICUFLEX:** paper for packaging. **35-60 gr.**
- > **ZICUKRAFT:** highly-resistant white kraft paper for construction, food complex, packaging, etc. markets. **70-90 gr.**
- > **ZICULAX:** specialty laser paper. **70-90 gr.**
- > **ZICUMAIL:** offset paper for envelopes. Automatic and manual enveloping. **70-100 gr.**
- > **ZICUPHARMA:** paper for printing information leaflets for the pharmaceutical industry, standard finish. **40-60 gr.**
- > **ZICUPHARMA HO:** highly opaque paper for printing information leaflets for the pharmaceutical industry. **37-50 gr.**
- > **ZICUSET:** white offset paper for publishing and printing. **50-140 gr.**
- > **ZICUSIL:** support for low grammage silicone coating. **35-60 gr.**
- > **ZICUSIL SCK:** support for silicone coating treated to optimise label removal. **45-60 gr.**



## BUDGETING AND PLANNING

The Group prepares a sales plan combining budgets for short- and long-term volumes based on our experience and market knowledge, customers' needs and our strategies. We take a number of factors into account when writing our budgets, such as changes in market conditions, production and storage capacities and the development of new products.

The goal of the entire process is to use our resources, raw materials, energy, space and personnel as efficiently as possible in order to adequately meet our customers' needs.

## DISTRIBUTION

In the paper industry, the distribution process has a highly significant impact on results. It is therefore essential to obtain an optimal combination of cost management and logistical efficiency in order to provide a service tailored to our customers' needs. We always select the most competitive method of transport depending on the destination, prioritising land transport for domestic sales.

As regards transport safety, we involve all our carriers, demanding assurance that all vehicles and drivers meet legal requirements. Similarly, we fulfil related legal obligations by obtaining safety commitments from the transport companies, reminding them of their responsibility to secure the load and reserving our right of inspection.

We assure transportation and distribution capacity through a considerable number of carriers in each geographic zone to which products are shipped. The proper distribution of work among these carriers is vital to meet volume and cost targets.







As a result of the process followed to select and assess logistics providers, our group contracts all the activities to leading companies, which are required to accept direct liability. We involve our providers in a continuous improvement process to reduce the number of incidents, this being the Company's direct goal. We inspect vehicles before loading, rejecting those that do not fulfil minimum requirements to carry our paper, since security and quality are present in all our activities.

In the distribution process, it is essential to obtain an optimal combination of cost management and logistical efficiency in order to provide a service tailored to our customers' needs.

We involve our providers in a continuous improvement process to reduce the number of incidents, this being the Company's direct goal.

## PAPER DISTRIBUTION BY METHOD OF TRANSPORT

(Finished products % of total)

Year	DOMESTIC MARKET			EXPORT MARKET		
						
2020	98.93%	-	1.07%	72.49%	7.30%	20.21%
2019	99.00%	-	1.00%	69.70%	7.40%	22.90%
2018	98.99%	-	1.01%	82.33%	4.63%	13.04%



## 3.6 Impact of COVID-19 and Iberpapel's response

As a socially responsible company, at Iberpapel we accept the duty and responsibility to assure the health of all our employees and customers, while helping to reduce the economic impact of COVID-19.

### Impact on the Group and our response

All Iberpapel's activities, regardless of the division and nature, have been classed as essential, so the Group has continued to operate in a complicated market in which demand clearly contracted during the year.

Despite being able to continue to do business while implementing the healthcare measures necessary for our employees, the impact of the COVID-19 pandemic on the Group's business lines was considerable.

**There was a 28% drop in paper sales in relation to the previous year due to the decrease in physical units sold and in the average paper selling price.**

**The Group's power production levels fell by 16% on the previous year. Selling prices were also lower than estimated as a result of the sharp contraction of demand during the first phase of the pandemic.**

Despite the difficulties described, no significant uncertainties have arisen from the exceptional situation caused by COVID-19 in the paper and power businesses that could generate doubts as to the application of the going concern principle and there are no indications that the pandemic has affected the future of either businesses, no impairment losses on non-current assets having been recognised as a result of the situation.

### Impact and our people's response

During the pandemic, Iberpapel continue to work, as an essential activity, during the state of emergency. Our facilities have remained operational during this economic and health crisis.

In order to guarantee health and safety, Iberpapel implemented a General Protocol for Protection against Covid covering all our work centres and mandatory across the organisation.

This protocol has been continuously deployed in all areas and has included the following organisational, hygiene and safety measures, among others: interpersonal and workstation distancing, mandatory use of face masks by all personnel, hygiene and disinfection measures for people, places, equipment and work tools, body temperature control for personnel and visitors, restriction of travel and face-to-face meetings, etc.

Iberpapel also undertook not to implement temporary lay-off measures (ERTE) during the pandemic.

### Impact and our customers' response

The recognition of our industry as an essential economic activity has allowed us to guarantee the supply of paper and energy products to all our customers, always in the safest way possible for them and for our employees.

All customer services and after-sale services have been fully operational during the health crisis caused by the coronavirus and the state of emergency decreed by the Government so as to minimise the impact on all our stakeholders.

As regards our customers, one of the critical aspects during the year was the assessment of credit risk, given the lack of financial liquidity suffered by many undertakings. In this regard, virtually all paper sales are included in a credit insurance policy covering between 90% and 95% of the balance in the event of default, while our policies and procedures for assessing credit and risk limits granted were maintained, as was active collection management. Thanks to the measures and controls in place, receipts from our business activities during the year were not significantly delayed.

### **Impact and our suppliers' response**

At Iberpapel we have developed and implemented the necessary supply chain measures to protect supplier health and safety while following the Spanish Government's instructions. We have worked hard with all our suppliers, advising them and applying the measures defined in our protocols to their processes.

So far, no extraordinary measure has been applied to assure supply safety.

### **Impact and response as part of our environmental responsibility**

We monitor the fulfilment of all our environmental objectives very closely, continuing the usual actions set out in our Environmental Management System in relation to the treatment, recovery, reuse and/or disposal of waste, as well as the policies and actions to combat climate change and all kinds of pollution.

### **Impact and response as part of our corporate governance**

Following the declaration of a state of emergency by Spain's Council of Ministers, Iberpapel informed the CNMV of the deferral of the Annual General Meeting until conditions allowed it to be held, so as to assure the safety and health of all our shareholders, employees and collaborators.

This General Meeting, which was due to be held in San Sebastián on 22 April 2020 on first call and 23 April 2020 on second call, was deferred until health conditions allowed it, a new meeting having since been called for 22 June on first call and 23 June on second call.

Following this experience and in order to respond to similar situations in the future, we are working to adapt the Bylaws and the General Meeting Regulations to include the possibility of holding Electronic General Meetings.

### **Impact and response as regards our results**

In a year marked by the economic and health crisis caused by the COVID-19 pandemic, the Iberpapel Group obtained a net profit of €4.24 million. This figure is 80% lower than the net profit for 2019, which is attributable to the economic circumstances affecting demand for paper and energy, as well as to the production stoppage at the Hernani plant for over 55 days in July, August and September to interconnect the new cellulose plant and carry out periodic maintenance work.

Our positive figures included EBITDA of €19.13 million, 48.30% less than in 2019. Revenue totalled €152.88 million, 28.38% down on the previous year in a low-demand market caused by the pandemic.





A vertical photograph on the left side of the page, tinted in shades of green. It shows a dense forest of trees on a hillside overlooking a river. The water in the river is calm, reflecting the surrounding greenery. In the lower-left corner of the river, two small figures are visible, possibly people or animals, near the water's edge.

# Our Social Responsibility

## 4

4.1 Management approach to Corporate Social Responsibility (CSR)

4.2 Stakeholder dialogue commitment

4.3 Responsibility to our people

4.4 Responsibility to our customers

4.5 Responsibility to our suppliers

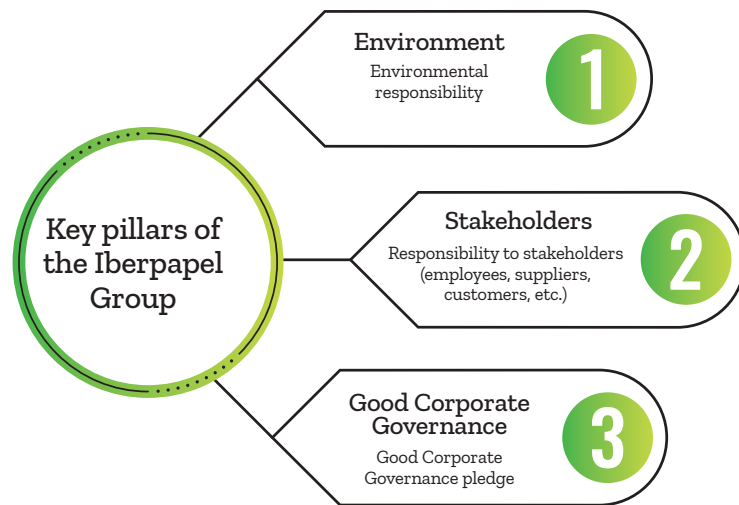
4.6 Responsibility to our local community

# 4.1 Management approach to Corporate Social Responsibility (CSR)

## 4.1.1 CSR commitment and integration in our corporate strategy

At Iberpapel, we maintain our firm pledge to act responsibly so that our activity is respectful to people and the environment. In this spirit, we adhere to the Sustainable Development Goals as basic principles to bring an end to poverty, protect the planet and guarantee peace and social stability, among other aspects.

In the Iberpapel Group, we consider that sound management of the various aspects of Corporate Social Responsibility enhances our competitiveness and helps to meet stakeholder expectations and demands. We have therefore integrated Corporate Social Responsibility into our business strategy. This is based on three key pillars:



Thanks to these pillars, the Group can assure the integration of CSR and sustainability into our business strategy and all activities, from good corporate governance and fair remuneration for shareholders and investors to sustainable management of forest resources, promotion of sustainable purchasing and continuous improvement of our environmental performance, including employee training and occupational safety, among other aspects.

This integration of CSR and sustainability into strategy and management begins at the highest executive level, since the Company understands that responsible behaviour, accountability and sustainability management are the only path for companies operating in the XXI century.

This is in response to all our stakeholders' expectations, as we overcome new challenges, adapt to new trends and try to contribute, through the business, to a better future.

The Corporate Social Responsibility Committee allows us to guarantee that our promises to society and the environment are fully incorporated into our corporate strategy and that ground is gained every year.

**Formal confirmation of our corporate social responsibility pledge and new developments in 2020**

Our belief in these aspects is supported by the Corporate Social Responsibility Policy, which lays down the general principles governing our sustainable behaviours and, more specifically, defines essential and specific principles covering the different areas of CSR and our stakeholders.

In 2020, the Iberpapel Group drew up a new Stakeholder Relations Policy with the aim of guiding and building Iberpapel’s relationships with our main stakeholders in all our activities and operations, by identifying expectations, assessing their main concerns and offering solutions that help to create shared value, thereby continuing to meet needs as they arise, instil trust and protect our corporate reputation.

Chapter 4.2 analyses in more depth the Iberpapel Group's stakeholder relationships and the dialogue channels that allow us to improve and adapt to their needs.



**4.1.2 The Iberpapel Group: committed to the Sustainable Development Goals (SDG)**

The Group's activities have various positive impacts that help to achieve the Sustainable Development Goals (SDG) set in the United Nations 2030 Agenda. The SDGs are intended to be a road map towards a future in which business profitability and productivity are tied to the principles of environmental and social sustainability.

The Iberpapel Group's impacts on the most significant SDGs related to the business are described briefly below:

**SDG**



**9.1% RISE IN EXPENDITURE ON OCCUPATIONAL RISK PREVENTION ACTIVITIES AND RESOURCES COMPARED WITH 2019**

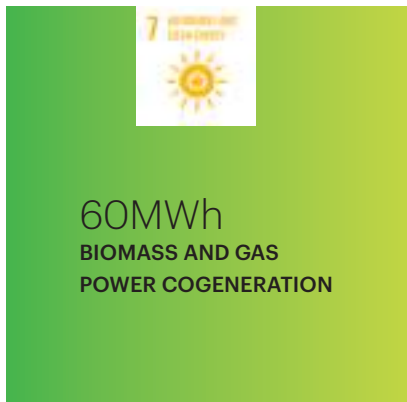
**Guarantee a healthy life and promote well-being for all**

Iberpapel actively promotes occupational health and safety, one of our main CSR commitments. So, in a year as complex as 2020, the Group's priority was the safety of our employees, customers, suppliers and all those with whom we are related in our daily activities, applying all the health protection measures recommended by experts and authorities. These measures to combat the pandemic were complemented by the market best practices implemented year after year under our Occupational Risk Prevention Management System (SIGPRL) in order to assure our employees' safety, health and well-being.

**Main contributions:**

- Implementation in PGZ of an Occupational Risk Prevention Management System (SIGPRL), certified by an independent expert.
- Installation in PGZ of a comprehensive Occupational Risk Prevention Management Computer System (Prosafety).
- Development in PGZ of a facility inspection plan and an observation procedure to ensure safe behaviours by employees.
- Integration of all executives, middle managers and supervisors into PGZ's own prevention team.
- Mandatory examinations for the Group's workers.

## SDG

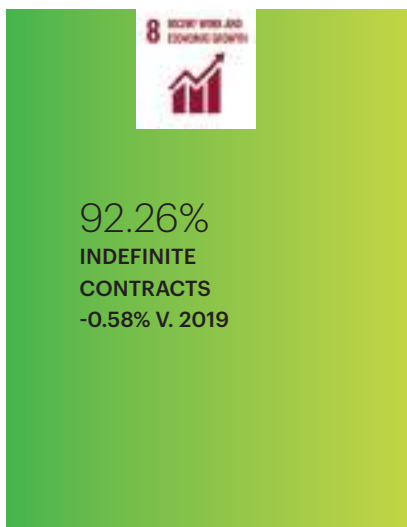
**Guarantee access to affordable, safe, sustainable, modern energy for all**

The Iberpapel Group actively encourages the use of renewable energies and efficient facility management. All power consumed is obtained from gas and biomass cogeneration plants, reflecting our belief in clean energies and technologies.

**Main contributions:**

- Supply from our own gas and biomass cogeneration plants, avoiding over 161.95 thousand tonnes of CO<sup>2</sup>.
- Development of the Energy and Climate Change Programme, which promotes energy efficiency and the use of biomass as an alternative to traditional fossil fuels.
- Implementation of an Energy Management System under ISO 50001, certified externally by an independent expert (DNV).

## SDG

**Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all**

Iberpapel offers employees a work environment committed to respect, stability and occupational safety.

We also implement work-life balance measures, valuing the importance of our employees' personal life so they can perform their work to be best of their abilities. Our pledges include creating stable, quality jobs in the local community. In 2020, Iberpapel promised not to implement temporary lay-off proceedings (ERTE) during the pandemic.

**Main contributions:**

- Workforce growth in 2020 to reach 297 employees, 92.26% on indefinite contracts.
- Promotion of training for employees, totalling 8,990 hours in 2020.
- Over 167 work-life balance actions representing of 3,825 hours.
- Workloads in line with working hours, guaranteeing employees' right to disconnect.

## SDG

**Build resilient infrastructures, promote inclusive, sustainable industrialisation and foster innovation**

We focus on innovation and technology to increase productivity and enhance customer service. These projects allow us to adapt to customers' needs and maximise value creation for all our stakeholders.

**Main contributions:**

- Completion of the modernisation and extension of the cellulose production plant, which was commissioned in the third quarter of 2020 and included new BATs (Best Available Techniques) and more efficient, environmentally sustainable processes.
- New products: Zicubag (paper for bags, high mechanical resistance), Zicubag GR (greaseproof paper), Zicuflex (packaging paper) and Vellum SC (label face).
- All our forest assets are certified.



SDG



**Guarantee sustainable approaches to consumption and production**

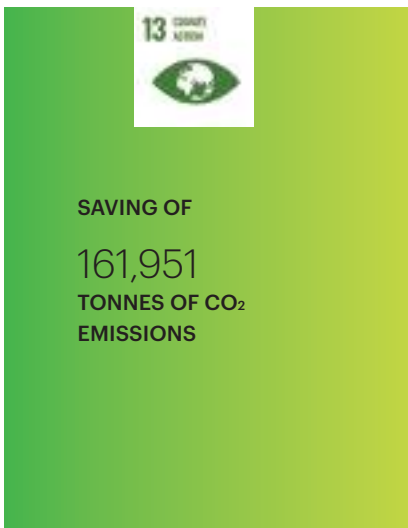
We promote the rational, respectful use of natural resources.

Iberpapel promotes the circular economy and bioeconomy by fostering the recycling and reuse of biochemical products, the reuse of waste generated and energy efficiency in our plants.

**Main contributions:**

- Harnessing of the potential of the bioeconomy and the circular economy in the paper industry, based on an economy that cuts production inputs by reusing waste and biological resources.
- Responsible and sustainable forest management, guaranteeing absolute traceability for customers under the FSC® and PEFC™ systems.
- All our forest assets are certified.

SDG



**Adopt urgent measures to combat climate change and its effects**

Besides sustainable forest management certified by internationally recognised organisations, Iberpapel helps to mitigate climate change by producing power using gas and biomass cogeneration. Iberpapel is also active in atmospheric CO<sub>2</sub> removal by issuing VCUs (Verified Carbon Units) at our plantations in Uruguay.

**Main contributions:**

- Environmental Management System under the ISO 14001:2015 standard, certified by an independent third party (DNV).
- Certification of the removal of over 657,311 tonnes of CO<sub>2</sub> through the issuance of VCUs at our plantations in Uruguay
- Environmental awareness-building in all our workers.
- General training of all employees in environmental management.

SDG



**Promote the sustainable use of terrestrial ecosystems, combat desertification, halt and reverse land degradation and halt biodiversity loss**

We seek to use forest resources sustainably and responsibly, guaranteeing future viability. Best practices include the promotion of silvopastoral systems that help to preserve the local area and generate considerable social and environmental benefits, the promotion of projects in voluntary carbon markets and forestry certification for all our forest assets and the timber supplier custody chain.

**Main contributions:**

- Use of a raw material that is natural, sustainable and fully renewable.
- Promotion of timber plantations and responsible management.
- Low-carbon energy consumption and waste reuse.
- Our afforestation of degraded land using silvopastoral systems was selected by the Uruguayan government for presentation to the Committee on Forestry (COFO) at the FAO meeting in Italy.



All the Sustainable Development Goals (SDGs) are interrelated. So, although the business is directly related to those mentioned previously, the Group promotes sustainability in all areas and contributes to all 17 Sustainable Development Goals.

Our contribution to the SDGs are described in the following chapters:

REPORT CHAPTERS	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
11. Chairman's Letter												
2. Iberpapel at a Glance												
3. Our Group	●	●	●	●	●	●	●	●	●	●	●	●
4. Our Corporate Social Responsibility	●			●	●	●		●	●	●		
4. 2 Stakeholder dialogue commitment												●
4.3 Responsibility to our people	●	●			●		●					
4.4 Responsibility to our customers								●				
4.4 Responsibility to our suppliers								●				
4.4 Responsibility to our local community		●			●							●
5. Our Environmental Responsibility				●				●	●	●		
6. Our Corporate Governance			●		●						●	
7. Our Results					●							

## 4.2 Stakeholder dialogue commitment

### 4.2.1 Management approach to stakeholder dialogue

[102-12, 102-13, 102-40, 102-43, 102-44]

We place great importance on close and continuous communication with all the stakeholders and entities that make our Company's success possible. We can only overcome the challenges that the future brings and create the most possible sustainable, shared value if we take into account the needs and expectations of our stakeholders and include them in our business strategy.

Our stakeholder relationships follow the recently approved Stakeholder Relations Policy. Just like the Corporate Social Responsibility Policy on which it is based, this policy helps to heighten the Company's commitment to good corporate governance and sustainability in line with our values and principles.

The Group is convinced that it is not possible to combine social interests with a responsible, sustainable business model without considerable stakeholder engagement.

As the policy indicates, stakeholder relationships are based on transparent communication, mutual trust and an ongoing, two-way communication. This allows us to integrate social, environmental, governance, ethical and human rights concerns in our daily activities and relationships through communication channels that are permanently available and undergo constant improvements.

For the model to be successful, we first identify our stakeholders on the basis of the impact of their activities on the economic, social and environmental context.

Secondly, we prioritise stakeholder groups by studying the influence each one has on our business and strategic objectives, while also analysing our impacts on them.

Following the identification and prioritisation processes, channels are put in place to contact them and understand their perspectives and trends. So, the design of these channels takes into account both the profile of each group and the aspects that are relevant in relation to our business, pursuing a dual purpose: facilitate communications actions and boost the volume and quality of interactions with stakeholders.

We have created different two-way communication channels to receive and respond in a personalised manner to their concerns and expectations, with the aim of ensuring their satisfaction.



The main channels in place connecting the Group with our stakeholders are presented below:

## CUSTOMERS

### Contact and dialogue

- Personal visits to customers and by customers to our premises.
- Continuous telephone and e-mail contact.
- Industry magazines and publications.
- Quality control system (ISO 9001:2015).
- Online shopping portal: [www.iberpapelonline.es](http://www.iberpapelonline.es)

### Relevant expectations and aspects

- Personalised service.
- Responsible, efficient management.
- Transparency and permanent communication.
- Fulfilment of delivery terms.
- High quality, environmentally responsible and innovative products.

## SUPPLIERS

### Contact and dialogue

- Visits by suppliers to our premises and by Iberpapel to their premises.
- Industry presentations, meetings and conventions.
- Industry magazines and publications.
- Continuous telephone and e-mail contact.
- Quality control system (ISO 9001:2015).
- Traceability of the raw material
- Corporate website: [www.iberpapel.es](http://www.iberpapel.es)

### Relevant expectations and aspects

- Fulfilment of contracts and commitments.
- Transparent commercial activities.
- Cooperation and collaboration.
- Reliable, timely payments.

## EMPLOYEES

### Contact and dialogue

- Periodic meetings with the Works Committee and dialogue with unions represented.
- Health and Safety Committee.
- Two-way (management-employee) vertical communication channels under the SIGPRL (Internal Occupational Risk Prevention Management System).
- Training process.
- Whistleblower hotline integrated with the Criminal Risk Prevention System.

### Relevant expectations and aspects:

- Equal opportunities.
- Stability and working conditions.
- Life-work balance.
- Career development.
- Occupational health and safety.
- Dialogue and transparency with management.

## ENVIRONMENT

### Contact and dialogue

- Regular participation in environmental forums:
  - Environmental Committee of ASPAPEL (Spanish association of pulp, paper and board manufacturers).
  - Environmental Committee of the Paper Industry Cluster Association.
  - Water Planning Committee.
  - Citizen Participation in the Water Board of the Eastern Cantabrian Water Zone.

### Relevant expectations and aspects:

- Transparency and dialogue with related organisations.
- Environmental in environmental conservation plans.
- Reduction of the environment impacts of the Group's activities.

## SHARE-HOLDERS, INVESTORS AND THE FINANCIAL COMMUNITY

### Contact and dialogue

- Annual report, quarterly and half-yearly reports.
- Conference call to announce results, open to all market professionals.
- Annual presentation to shareholders and analysts.
- General Shareholders' Meeting.
- Corporate website: [www.iberpapel.es](http://www.iberpapel.es)
- Shareholders and investors:
  - Fact sheet.
  - Corporate presentation.
  - Press releases.
  - Dedicated e-mail address: [atencion.al.accionista@iberpapel.es](mailto:atencion.al.accionista@iberpapel.es)
  - Investor Relations Department.

### Relevant expectations and aspects

- Transparent, smooth dialogue.
- Relevant information.
- Value generation and distribution.
- Impact management.
- Harnessing of financial opportunities.
- Good governance and risk management.
- Share value.

## REGULATORS AND ASSOCIATIONS

### Contact and dialogue

- Cooperation with government bodies at the local, regional, autonomous and national levels.
- Domestic and international industry associations such as:
  - CEPI (Confederation of European Paper Industries).
  - ASPAPEL (Spanish association of pulp, paper and board manufacturers).
  - Basque Paper Industry Cluster Association.
  - EURO-GRAPH (European Association of Graphic Paper Producers).
  - BASKEGUR (Basque Timber Association).
  - Bolsa de Papel (<http://labolsadepapel.com>).

### Relevant expectations and aspects:

- Service, quality and efficiency.
- Transparency in activities.
- Innovative and effective solutions to new challenges.
- Productive and responsible partnerships.
- Compliance with legislation and regular reporting obligations.

## SOCIETY

### Contact and dialogue

- Websites: [www.iberpapel.es](http://www.iberpapel.es) / [www.iberpapelonline.es](http://www.iberpapelonline.es)
- B2B (Business-to-Business).
- Social action plan to encourage educational development in our local communities.
- Commitment to employment and sustainability.
- Participation in the "Thank you paper" campaign.

### Relevant expectations and aspects:

- Transparency regarding the company's activities.
- Economic and social impacts on the community.
- Community engagement.
- Ethical business actions.
- Plant safety and community protection.

## 4.2.2 Accessibility of Iberpapel’s information

[102-8; 102-40; 405-1; 407-1]



Transparency is a key aspect of management. So we make information available to all our stakeholders as required by law and voluntarily to foster a full understanding of the Group’s operations and other aspects that are relevant to potential users, such as economic and environmental, social and governance (ESG) matters.

We post all financial (annual reports, annual accounts, etc.) and non-financial information on our website. The “Social Responsibility” tab contains disclosures on our stakeholder commitments as regards ESG, which may also be consulted in the Company’s annual reports.

In view of our belief in transparency, we aim to make our corporate website contents totally accessible to all our stakeholders.

# 4.3 Responsibility to our people

## 4.3.1 Responsibility to our people at a glance

2020 Milestones	Future challenges
<ul style="list-style-type: none"> <li>▶ Successful completion of the OHSAS 18001 audit of the industrial subsidiary PGZ.</li> <li>▶ Reduction in absenteeism due to illness and accidents thanks to the new health and safety measures implemented by PGZ.</li> <li>▶ Computerisation of the Human Resources Department for people management and training.</li> <li>▶ Reinforcement of the Occupational Risk Prevention Management Computer System (Prosafety) at all levels.</li> <li>▶ Launch of a programme of inspections to assure safety conditions.</li> <li>▶ Implementation of a COVID-19 protocol including preventive, organisational and health measures.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Focus on hiring young professionals to have the best talent.</li> <li>▶ Talent retention</li> <li>▶ Adapt attendance control at the plant.</li> <li>▶ Assure a stable working climate and improved industrial relations.</li> <li>▶ Equality Management Plan for 2020-2025.</li> <li>▶ Adapt the existing Health and Safety Management System to the ISO 45001 standard.</li> <li>▶ Negotiate non-stop shift work agreements.</li> </ul>

**MAIN METRICS FOR 2020 AND TRENDS**

Number of employees <sup>1</sup>	% indefinite contracts	No. of disabled employees	Training hours
297 +1.02% vs. 2019	92.26% -0.58% vs. 2019	10 +1 vs. 2019	8,990 -44.7% vs. 2019



**OUR MAIN CONTRIBUTION TO THE SDGS**

**Goal 3.4**

Aware of the importance of our employees to the organisation, one of our ethical principles addresses health and safety. In 2020, we applied all the measures needed to protect our employees from COVID-19. These initiatives are in addition to those already implemented in recent years, such as the Occupational Risk Prevention Management System in the industrial subsidiary PGZ, which meets OHSAS 18001 requirements, as certified externally by the independent entity Det Norske Veritas (DNV).

**Goal 4.3**  
**4.4**

In the changing society in which we live, being prepared is increasingly an essential requirement. Aware of the challenge that this entails, we strive to adapt to the new changes through a broad offering of training alternatives and various methodologies. In 2020, 106 training actions were undertaken for a total of 8,990 hours, which is well below the number for previous years due to the application of the COVID-19 Protocol, limiting the possibility of face-to-face meetings and courses.

**Goal 8.5**  
**8.6**  
**8.8**

We are committed to promoting a good work climate and improving industrial relations. We provide our employees with stable, quality work, as reflected in the high ratio of indefinite contracts and work-life balance measures. This became even more important due to the complex situation in 2020, when Iberpapel pledged not to apply temporary lay-off measures (ERTE).

**Goal 10.21**

The principles applied in recruitment and selection processes are founded on respect for equal opportunities and non-discrimination by reason of age, gender, disability, race, origin, religion or economic situation, or any other condition. The Group fosters social inclusion. In 2020, employees with a disability rating accounted for 3.37% of the workforce.

**PROFILE OF THE IBERPAPEL GROUP'S EMPLOYEES**



### 4.3.2 Our people management

[102-8; 102-40; 102-41; 405-1; 407-1]

Recognising that human resources management is a key aspect of our strategy, since only excellent people management will make us stand out from other companies, stable, lasting employment relationships are encouraged, as reflected in our stable average workforce in recent years. At present, 21.4% of our employees have been with us for over 20 years and 92.26% have indefinite contracts.



Human capital is a key, distinctive factor in our Group. Without their professionalism, combined with their commitment and values, Iberpapel could not lead our industry as we do and will surely continue to do in the future.

Iberpapel's team is currently formed by 297 employees in three countries (Spain, Argentina and Uruguay). They are divided into four professional categories encompassing a highly varied spectrum, given the diversity of the Group's 17 companies operating in the forestry, industrial and commercial sectors.

Despite the variety that may be found in our workforce, all the employees share the Group's values and principles and are aligned with its objectives.

#### Workforce highlights



At the year end (31 December 2020), the Group has 297 employees, one more than in 2019. The average age is 47 and the majority are aged between 40 and 49. Virtually all our employees are located in Spain.

Mutual respect and trust have assured a relatively stable average workforce in recent years, which reflects our employees' commitment to and satisfaction with our work philosophy. 92.26% percent of Iberpapel's employees have indefinite contracts thanks to our policy designed to instil the maximum trust and promote a pleasant working climate.



At the beginning of 2020, as a result of the pandemic, the Iberpapel Group pledged not to initiate temporary lay-off proceedings (ERTE), so all our employees kept their jobs.





**TOTAL NUMBER AND DISTRIBUTION OF EMPLOYEES BY GENDER AND COUNTRY**

COUNTRY	2020 	2019	2020 	2019	Total 2020	Total 2019
Spain	255	250	22	24	277	274
Uruguay	9	9	2	2	11	11
Argentina	5	5	4	4	9	9
<b>TOTAL</b>	<b>269</b>	<b>264</b>	<b>28</b>	<b>30</b>	<b>297</b>	<b>294</b>



**TOTAL NUMBER AND DISTRIBUTION OF EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY**



PROFESSIONAL CATEGORY	2020 	2019	2020 	2019	Total 2020	Total 2019
Board directors	1	1	-	-	1	1
Executives	8	8	1	1	9	9
Technical specialists and administrative staff	58	54	21	23	79	77
Workers and specialists	202	201	6	6	208	207
<b>TOTAL</b>	<b>269</b>	<b>264</b>	<b>28</b>	<b>30</b>	<b>297</b>	<b>294</b>



**TOTAL NUMBER AND DISTRIBUTION OF EMPLOYEES BY GENDER AND AGE**



AGE GROUPS	2020 	2019	2020 	2019	Total 2020	Total 2019
From 19 to 29	22	26	-	-	22	26
From 30 to 39	34	26	2	3	36	29
From 40 to 49	105	106	14	15	119	121
From 50 to 59	85	80	8	7	93	87
Over 60	23	26	4	5	27	31
<b>TOTAL</b>	<b>269</b>	<b>264</b>	<b>28</b>	<b>30</b>	<b>297</b>	<b>294</b>



**TOTAL NUMBER AND DISTRIBUTION OF EACH TYPE OF EMPLOYMENT CONTRACT BY GENDER, AGE AND PROFESSIONAL CATEGORY**



INDEFINITE CONTRACTS	2020 	2019	2020 	2019	Total 2020	Total 2019
Board directors	1	1	-	-	1	1
Executives	8	8	1	1	9	9
Technical specialists and administrative staff	49	49	21	22	70	72
Workers and specialists	188	186	6	6	194	192
<b>TOTAL</b>	<b>246</b>	<b>244</b>	<b>28</b>	<b>29</b>	<b>274</b>	<b>273</b>



INDEFINITE CONTRACTS	2020	 2019	2020	 2019	Total 2020	Total 2019
From 19 to 29	14	18	-	-	14	18
From 30 to 39	22	14	2	2	24	16
From 40 to 49	102	105	13	15	115	121
From 50 to 59	85	80	9	7	94	87
Over 60	23	26	4	5	27	31
<b>TOTAL</b>	<b>246</b>	<b>244</b>	<b>28</b>	<b>29</b>	<b>274</b>	<b>273</b>



TEMPORARY CONTRACTS	2020	 2019	2020	 2019	Total 2020	Total 2019
Board directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-
Technical specialists and administrative staff	9	5	-	1	9	6
Workers and specialists	14	15	-	-	14	15
<b>TOTAL</b>	<b>23</b>	<b>20</b>	<b>-</b>	<b>1</b>	<b>23</b>	<b>21</b>

TEMPORARY CONTRACTS	2020	 2019	2020	 2019	Total 2020	Total 2019
From 19 to 29	8	8	-	-	8	9
From 30 to 39	12	12	-	1	12	12
From 40 to 49	2	-	-	-	2	-
From 50 to 59	1	-	-	-	1	-
Over 60	0	-	-	-	-	-
<b>TOTAL</b>	<b>23</b>	<b>20</b>	<b>-</b>	<b>1</b>	<b>23</b>	<b>21</b>



FULL TIME	2020	 2019	2020	 2019	Total 2020	Total 2019
Board directors	1	1	-	-	1	1
Executives	7	8	1	1	8	9
Technical specialists and administrative staff	44	53	18	21	62	74
Workers and specialists	206	200	6	5	212	205
<b>TOTAL</b>	<b>258</b>	<b>262</b>	<b>25</b>	<b>27</b>	<b>283</b>	<b>289</b>



FULL TIME	2020	 2019	2020	 2019	Total 2020	Total 2019
From 19 to 29	22	26	-	-	22	26
From 30 to 39	34	26	2	3	36	29
From 40 to 49	103	105	11	13	114	118
From 50 to 59	85	79	9	7	94	86
Over 60	14	26	3	4	17	30
<b>TOTAL</b>	<b>258</b>	<b>262</b>	<b>25</b>	<b>27</b>	<b>283</b>	<b>289</b>

PART TIME	2020 	2019	2020 	2019	Total 2020	Total 2019
Board directors	-	-	-	-	-	-
Executives	1	-	-	-	1	-
Technical specialists and administrative staff	1	1	3	2	4	3
Workers and specialists	9	1	-	1	9	2
<b>TOTAL</b>	<b>11</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>14</b>	<b>5</b>



PART TIME	2020 	2019	2020 	2019	Total 2020	Total 2019
From 19 to 29	-	-	-	-	-	-
From 30 to 39	-	-	-	-	-	-
From 40 to 49	1	1	2	2	3	3
From 50 to 59	1	1	-	-	1	1
Over 60	9	-	1	1	10	1
<b>TOTAL</b>	<b>11</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>14</b>	<b>5</b>



#### AVERAGE HEADCOUNT BY GENDER, AGE AND PROFESSIONAL CATEGORY



PROFESSIONAL CATEGORY	 2020	 2020	TOTAL
Board directors	1.00	-	<b>1.00</b>
Executives	8.00	1.00	<b>9.00</b>
Technical specialists and administrative staff	58.72	20.49	<b>79.21</b>
Workers and specialists	204.01	5.15	<b>209.16</b>
<b>TOTAL</b>	<b>271.73</b>	<b>26.64</b>	<b>298.37</b>



AGE GROUPS	 2020	 2020	TOTAL
From 19 to 29	22.96	-0.85	<b>22.11</b>
From 30 to 39	35.67	2.00	<b>37.67</b>
From 40 to 49	105.52	14.00	<b>119.52</b>
From 50 to 59	84.96	8.00	<b>92.96</b>
Over 60	22.27	3.84	<b>26.11</b>
<b>TOTAL</b>	<b>271.38</b>	<b>26.99</b>	<b>298.37</b>



#### ANNUAL AVERAGE EMPLOYMENT CONTRACTS BY GENDER, AGE AND PROFESSIONAL CATEGORY



INDEFINITE CONTRACTS	 2020	 2020	TOTAL
Board directors	1.00	-	<b>1.00</b>
Executives	8.00	1.00	<b>9.00</b>
Technical specialists and administrative staff	71.18	21.49	<b>92.67</b>
Workers and specialists	168.33	5.00	<b>173.33</b>
<b>TOTAL</b>	<b>248.51</b>	<b>27.49</b>	<b>275.99</b>





INDEFINITE CONTRACTS	 2020	 2020	TOTAL
From 19 to 29	13.82	0.00	<b>13.82</b>
From 30 to 39	21.84	2.00	<b>23.84</b>
From 40 to 49	102.93	13.00	<b>115.93</b>
From 50 to 59	85.00	9.00	<b>94.00</b>
Over 60	24.91	3.49	<b>28.40</b>
<b>TOTAL</b>	<b>248.51</b>	<b>27.49</b>	<b>275.99</b>

TEMPORARY CONTRACTS	 2020	 2020	TOTAL
Board directors	-	-	-
Executives	-	-	-
Technical specialists and administrative staff	8.34	0.85	<b>9.19</b>
Workers and specialists	11.64	-	<b>11.64</b>
<b>TOTAL</b>	<b>19.98</b>	<b>0.85</b>	<b>20.83</b>

TEMPORARY CONTRACTS	 2020	 2020	TOTAL
From 19 to 29	7.96	0.85	<b>8.81</b>
From 30 to 39	9.97	-	<b>9.97</b>
From 40 to 49	1.71	-	<b>1.71</b>
From 50 to 59	0.34	-	<b>0.34</b>
Over 60	-	-	-
<b>TOTAL</b>	<b>19.98</b>	<b>0.85</b>	<b>20.83</b>

FULL TIME	 2020	 2020	TOTAL
Board directors	1.00	-	<b>1.00</b>
Executives	7.00	1.00	<b>8.00</b>
Technical specialists and administrative staff	78.52	19.34	<b>97.86</b>
Workers and specialists	169.15	5.00	<b>174.15</b>
<b>TOTAL</b>	<b>255.67</b>	<b>25.34</b>	<b>281.00</b>

FULL TIME	 2020	 2020	TOTAL
From 19 to 29	21.78	-	<b>21.78</b>
From 30 to 39	31.81	2.00	<b>33.81</b>
From 40 to 49	102.65	11.86	<b>114.51</b>
From 50 to 59	84.35	8.99	<b>93.34</b>
Over 60	15.07	2.49	<b>17.56</b>
<b>TOTAL</b>	<b>255.67</b>	<b>25.34</b>	<b>281.00</b>

PART TIME	 2020	 2020	TOTAL	PART TIME	 2020	 2020	TOTAL
Board directors	-	-	-	From 19 to 29	-	0.85	<b>0.85</b>
Executives	1.00	-	<b>1.00</b>	From 30 to 39	-	-	-
Technical specialists and administrative staff	1.00	3.85	<b>4.85</b>	From 40 to 49	1.00	2.00	<b>3.00</b>
Workers and specialists	9.84	-	<b>9.84</b>	From 50 to 59	1.00	-	<b>1.00</b>
<b>TOTAL</b>	<b>11.84</b>	<b>3.85</b>	<b>15.69</b>	Over 60	9.84	1.00	<b>10.84</b>
				<b>TOTAL</b>	<b>11.84</b>	<b>3.85</b>	<b>15.69</b>

**All of the Group's employees are covered by the collective bargaining agreement.**

**In 2019, the Provincial Collective Agreement 2019-2022 negotiations were finalised, achieving a clear consensus between employees and management for the coming years.**

#### Industrial relations: percentage of employees covered by collective bargaining agreements

The Iberpapel Group defends its employees' right of representation. This is reflected in the fact that 100% of the Group's workforce comes under the collective agreement applicable at each of the companies' work centres.

There are union representatives at PGZ to ensure balanced relations and the capacity to reach stable collective agreements covering the entire workforce.

In total, there are nine members representing the different trade union alternatives available in the area, three of whom are Risk Prevention delegates on the Occupational Health and Safety Committee. We also have three Trade Union Area Delegates, representing each of the trade unions present in the Company.

The Iberpapel Group's policy is to remain committed to ongoing dialogue with employees through transparent, participative processes, as reflected in the Company's industrial relations, which have always been conducted on reasonably good terms.



### 4.3.3 Safety, health and occupational risk prevention

[403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-8; 403-9; 403-10]

Iberpapel considers that prevention and continuous improvement of aspects related to our employees' safety are among the main concerns both internally and externally for our stakeholders. Proof of this commitment can be found in our Occupational Risk Prevention Management System (SIGPRL) in place in the Industrial Division, which meets the specifications of the OHSAS 18001 standard and is intended to help improve levels of health and safety for all workers.

Our SIGPRL has been certified externally by the independent expert DNV. The results of the latest system audit in 2020 were satisfactory.

### External prevention services

► **Preving:** coordinates business activities, given the significant presence of contractors in the Company's facilities.

• **CEI:** oversees the observance of prevention rules by the employees themselves, thereby reinforcing the oversight activities that are the Company's responsibility.

• **Preving and Quirón Prevención:** prevention services received by the Group's subsidiaries.

The following actions were carried out in the framework of our Occupational Risk Prevention Management System:

- The Group's own prevention service, supplemented by a number of external prevention services.
- Regular assessments of occupational health and safety risk factors and preventive measures in place.
- Scheduled annual prevention activities.
- Implementation of an occupational risk prevention computer system (Prosafety).
- Coordination of business activities with our contractors.
- Observation and control of applicable prevention legislation by the employees themselves as they witness safe conduct.
- A periodic, highly ambitious inspection plan encompassing all the facilities.

### The importance of employee health and safety

We are fully conscious that people are our main asset and must work in conditions that are optimal from a health and safety viewpoint.

### Health and safety committees (PGZ)

► Total number of health and safety committees: 1

► + 80% of our employees are covered by the committees.

### Resources devoted to our workers' health and safety (PGZ)

Human resources devoted to this matter include our own prevention service. In addition to those responsible, this service encompasses all our executives, supervisors and middle managers, who act as prevention resources.

We also have a joint Health and Safety Committee formed by representatives of management and the workers that holds regular meetings to promote corrective and/or preventive safety-related initiatives, entailing a considerable investment by the Company (€367 thousand) and an important benefit for the workers.

**The investment in internal and external human resources engaged in health and safety amounted to around €1,090 thousand in 2020 (11% up on the previous year).**

Similarly, specific actions entailed investments of close to €267 thousand, including personal protective equipment (PPE) for COVID-19 (+25.94% on 2019) to improve signs and warnings, firefighting facilities, collective and individual protection, barriers and machine protection.

An additional investment of approximately €100 thousand was incurred for risk prevention training (-30.8% on 2019 due to the decrease in new joiners and therefore in training caused by the health crisis).



Our industrial subsidiary PGZ has its own prevention service for the industrial safety and hygiene specialities, and uses two external prevention services for the specialities ergonomics, psychosociology and occupational medicine. The Group's other subsidiaries have contracted an external prevention service for all specialities.

Besides all these measures taken to protect our workers, all the collective agreements applicable to the Group address occupational health, safety and risk prevention, such as oversight of public health and medical examinations, both on a regular basis and following a prolonged absence.



**COST OF OCCUPATIONAL RISK PREVENTION ACTIVITIES AND RESOURCES 2020-2018**

Thousand euro	2020	2019	2018
In-house resources	821	744	728
External resources (Asepeyo, Preving, Unipresalud)	269	237	218
Specific risk prevention actions	267	185	173
Risk prevention training	100	170	130
<b>TOTAL</b>	<b>1,457</b>	<b>1,336</b>	<b>1,249</b>



**Occupational medicine**

The Iberpapel Group outsources these tasks through Preving's prevention service. In 2020, a total of 128 compulsory medical examinations were carried out at PGZ, 126 workers having been declared fit to work and some kind of restriction having been imposed in 15 cases. The decrease in the number of medical examinations is explained by the reduction in the number of prevention service hours due to the COVID-19 pandemic.

As stipulated in the service, a part of the medical examinations are periodic and others are conducted before the worker joins Iberpapel or returns following a prolonged period of leave.

The occupational medicine service detected no cases of significant occupational disease and recognised no incapacity deriving from common illnesses or accidents during the year. There are also complementary services to which great importance is afforded. A medical service is available to PGZ's workers for minor care and consultation, as well as a first-aid service in the event of accidents, which is provided by Quirón Prevención.

<sup>3</sup>All the employee health and safety metrics relate only to PGZ, the industrial company that employs most of Iberpapel's workers.

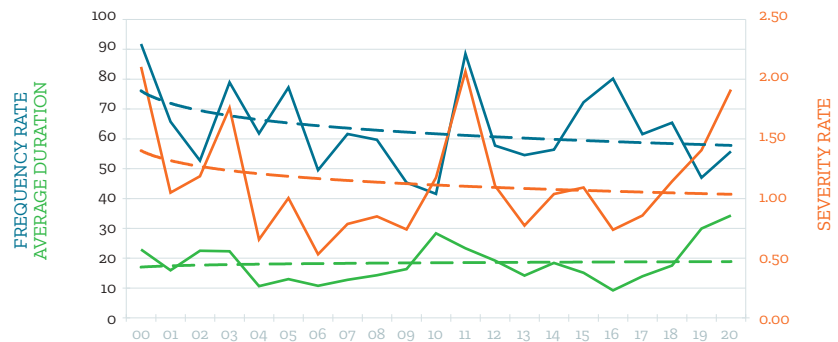
### Employee health and safety highlights<sup>3</sup>

In 2020, the total number of accidents at PGZ rose 4% on the previous year. Lost-time accidents increased by 17% and non-lost-time accidents remained stable. Days lost due to accidents rose 36% on the previous year.

So the charts show an increase in frequency and a rise in average duration and severity, although all these trends remain favourable.

### ACCIDENT RATE TRENDS (2000-2020)

- **FREQUENCY RATE**  
number of lost-time accidents per million hours worked.
- **AVERAGE DURATION**  
average hours lost per lost-time accident.
- **SEVERITY RATE**  
days lost per 1000 hours worked.



As regards the main reasons for sick leave, 30% were due to stepping on objects causing falls on the same level or twisted ankles and 20% to impacts by objects or tools.

By body part injured, injuries to upper extremities stand out (87%).

With respect to the most typical injuries: 71% relate to muscular injuries and 17% to cuts and bruises.

<sup>4</sup> Number of lost-time accidents per million hours worked.

<sup>5</sup> Average hours lost per lost-time accident.

<sup>6</sup> Lost days per thousand hours worked.

	2020	2019	2020	2019	Total 2020	Total 2019
Frequency rate <sup>4</sup>	220	210	-	-	220	210
Average duration <sup>5</sup>	34	30	-	-	34	30
Severity rate <sup>6</sup>	1,91	1,40	-	-	1,91	1,40

### HOURS OF ABSENTEEISM BY GENDER AT PGZ

	2020	2019	2020	2019	Total 2020	Total 2019
Hours of absenteeism	3.092	4.133	733	176	3.825	4.309



### 4.3.4 Talent attraction and retention

[401-1; 401-2; 404-1; 404-2; 405-2]



We develop and implement measures to motivate and reward our employees for their dedication and commitment. Retention actions are fully aligned with our values and principles, caring for our professionals from a personal perspective and developing their professional skills.

At present, the tools we use to achieve this purpose are employee training and career development, communication, work-life balance and the right to disconnect, fringe benefits and remuneration.

#### Professional training and development

Our constant concern for the high quality and qualifications of our human resources is reflected year after year in our significant efforts to select and train employees so as to identify the right people, aligned with the companies' culture and values, and drive their personal and professional development.

In 2020, over 106 training actions were completed, entailing a total of 8,990 training hours, which was well below previous years. This was due to the restrictions on face-to-face meetings and courses under the COVID-19 Protocol.

The investment in training and development amounted to approximately €412 thousand in internal and external costs (-40.1% on 2019). This training effort translates into an average of 43 hours and €1,973 of training expenditure per employee, which is well above the industry average according to a comparative study carried out annually by the Basque Paper Industry Cluster Association.



**We encourage closeness to our team to discover their career development concerns and adapt to their needs and expectations, an Annual Training Plan having been prepared for each division and included in our ISO 9001:2015 certification.**

The goal in offering these programmes is to improve the quality and reduce the cost of our production process by keeping technical knowledge up to date and to enhance productivity by reinforcing employees' range of skills and autonomy. Attention was also focused on improving safety in the workplace through training.

Fully aware of our decisive influence on the working environment and given the high degree of automation at the plant and our heavy investment in technology, we carefully select the most qualified employees for each of our three divisions. 83% of employees have a higher education diploma or university degree. The Company also has a variety of profiles, favouring diversity and competitiveness in the organisation.



In 2020, we trained our employees in the Corporate Social Responsibility matters most relevant to them. This included health and safety training, such as courses on occupational safety and first aid, or on the safe operation of facilities. In response to the interests expressed by employees through the appropriate channels, we arranged courses addressing other CSR areas such as the improvement of communication with customers and suppliers and quality enhancement.

PROFESSIONAL CATEGORY	2020 	2019	2020 	2019	Total 2020	Total 2019
Board directors	-	-	-	-	-	-
Executives	-	4	-	9	-	4
Technical specialists and administrative staff	10	3	-	56	10	19
Workers and specialists	84	65	-	-	84	63
<b>TOTAL</b>	<b>43</b>	<b>65</b>	<b>-</b>	<b>57</b>	<b>43</b>	<b>65</b>





### Communication with our employees

Two-way communication between the employees and the company is a key factor to assure a good work climate and obtain first-hand insight into their needs and concerns.

We have a number of communication channels open, such as regular meetings with the Works Committee, a smooth, transparent dialogue with union representatives and the Group's Whistleblower Hotline.

We also have two-way vertical communication channels between management and employees as part of the in-house Occupational Risk Prevention Management System.

### Organisation of work time, work-life balance and the right to disconnect

#### Organisation of work time

The length of the working day, which can help to improve both quality of life and productivity, is stipulated in the applicable collective bargaining agreement.

Iberpapel believes in rational work time management and has measures in place to facilitate a work-life balance and the right to disconnect.

#### Work-life balance measures

At Iberpapel, we seek to favour the balancing of our employees' personal, family and working lives. Measures are studied and implemented to make it easier to strike this balance without undermining the Group's productivity and needs.

In 2020, 167 actions were implemented (68.0% less than in 2019) totalling over 3,825 hours (-11.2% on 2019).

#### Right to disconnect

Besides the work-life balance measures, we ensure that our employees do not exceed the working hours assigned and they are not asked to perform tasks outside their working day. We therefore guarantee that workloads are in line with working hours. Iberpapel currently has no formal policy in this respect.

### Fringe benefits for our employees

In addition to the actions indicated, the Iberpapel Group provides the employees with conditions and fringe benefits that may vary from company to company, as reflected in each collective agreement.

#### Type and no. of actions

- ▶ Serious family illness: 52
- ▶ Death of family members: 8
- ▶ Moving house: 1
- ▶ Social security specialists: 19
- ▶ Accompaniment: 10
- ▶ General practitioner and private specialists: 45
- ▶ Court: 3
- ▶ Maternity/paternity: 7
- ▶ Breast-feeding: 1
- ▶ Previn: 7
- ▶ Leave of absence: 3
- ▶ Working hour reduction: 5



PGZ's workers, who make up most of the Group's workforce, receive:

- A medical service including a doctor and a qualified nurse on site in the plant, contracted with the company Quirón Prevención.
- A group life and accident insurance policy, the premium being paid 60% by the Company and 40% by the employee. If there are no claims, a large part of the premium is reimbursed as a share of profits.
- A retirement supplement paid to a voluntary contribution pension fund (GEROA) in monthly instalments by the Company, equivalent to 0.70% of the contribution base for general contingencies, as compared with 0.60% in the previous year. Our employees also contribute 0.70% of the contribution base monthly.

These benefits are available to all our employees, irrespective of the type of employment contract.



### Remuneration for personnel

As remuneration is one of the factors that most influence employee satisfaction, it is set with the aim of motivating our professionals and encouraging initiative so they become actively involved in problem solving and teamwork and, above all, show a positive, communicative attitude.





### AVERAGE REMUNERATION AND TRENDS BY GENDER, AGE AND PROFESSIONAL CATEGORY OR EQUAL VALUE



Currency: Euro / Country: Spain

CATEGORY	2020		2019	2020		2019
Executives	157,213		136,060	132,073		101,623
Technical specialists	56,385		53,806	52,834		57,627
Administrative personnel	41,994		39,854	40,828		40,559
Workers	45,040		45,055	37,485		36,412



Currency: Euro / Country: Spain

AGE	2020		2019	2020		2019
From 18 to 29	37,107,74		30,965,99	38,452,00		32,379,00
From 30 to 39	39,672,11		41,493,15	37,043,54		33,080,52
From 40 to 49	55,254,49		54,347,38	50,189,96		47,911,71
From 50 to 59	67,156,87		63,679,61	45,197,27		54,904,97
Over 60	65,533,50		54,468,77	49,650,90		58,634,24



## Currency: Argentine peso / Country: Argentina

CATEGORY	2020		2019	2020		2019
Executives	-		-	-		-
Technical specialists	932,512		720,969	-		-
Administrative personnel	-		-	997,606		804,999
Workers	-		-	417,934		308,883



## Currency: Argentine peso / Country: Argentina

AGE	2020		2019	2020		2019
From 30 to 40	1,082,913		870,397	-		-
From 40 to 50	694,158		541,182	272,622		215,112
From 50 to 60	320,610		243,696	377,474		291,756

## Currency: Uruguayan peso / Country: Uruguay

CATEGORY	2020		2019	2020		2019
Technical specialists	1,341,894		1,239,843	-		-
Workers (specialised)	532,756		549,154	476,400		439,107
Workers (non-specialised)	458,633		482,355	-		-

## Currency: Uruguayan peso / Country: Uruguay

AGE	2020		2019	2020		2019
From 20 to 30	464.612		494.050	-		-
From 30 to 40	543.656		503.598	476.400		439.107
From 40 to 50	1.004.120		950.412	-		-
From 50 to 60	580.490		637.098	-		-

## WAGE GAP IN THE SAME POSTS

## Currency: Euro (Spain)



CATEGORY	2020	2019
Executives	-15.99%	-25.31%
Technical specialists	-6.30%	7.10%
Administrative personnel	-2.78%	1.77%
Workers	-16.77%	-19.18%

## Currency: Uruguayan peso (Uruguay)



CATEGORY	2020	2019
Technical specialists	-	-
Workers (specialised)	-	-
Workers (non-specialised)	-12.37%	-12.81%

## HIGHLIGHTS OF TALENT ATTRACTION AND RETENTION



### TOTAL NUMBER AND RATE OF NEW HIRINGS BY AGE GROUP AND GENDER IN 2020

	From 19 to 29	From 30 to 39	From 40 to 49	From 50 to 59	Over 60	TOTALS	Total employees	Rate of new hirings
	6	8	4	1	-	19	269	7.1%
	-	-	-	-	-	-	28	0.0%



### TOTAL NUMBER AND RATE OF NEW HIRINGS BY AGE GROUP AND GENDER IN 2019

	From 19 to 29	From 30 to 39	From 40 to 49	From 50 to 59	Over 60	TOTALS	Total employees	Rate of new hirings
	12	4	-	-	-	16	-	6.81%
	1	-	-	-	-	1	-	0.43%

### TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER IN 2020

	From 19 to 29	From 30 to 39	From 40 to 49	From 50 to 59	Over 60	TOTALS	Total employees	Rate of new hirings
	3	4	-	-	-	7	269	2.6%
	1	-	-	-	-	1	28	3.6%

### TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER IN 2019

	From 19 to 29	From 30 to 39	From 40 to 49	From 50 to 59	Over 60	TOTALS	Total employees	Rate of new hirings
	12	4	-	-	-	16	-	4,47%
	1	-	-	-	-	1	-	0,43%

### Number of lay-offs

There were no lay-offs in 2020 or 2019.

### 4.3.5 Commitment to diversity, inclusion, integration and equal opportunities

[405-1]



In all the geographies in which we operate and in the companies through which we do business, we seek to foster a fairer, more equal and inclusive society, so we promote equal opportunities and talent diversity in all phases of the labour relationship with employees, in relation to hiring, promotion, development and training, as well as working conditions.

The Group is totally opposed to any kind of discrimination by reason of race, gender, ideology, nationality, religion, sexual orientation or any other personal, physical, mental or social conditions of our employees, promising to eliminate any obstacle in the way of equal treatment and opportunities.

#### Equality Plan (2020-2025)

In line with Organic Law 3/2007 of 22 March on the Effective Equality of Women and Men, as well as Iberpapel's commitment to equality under the applicable collective bargaining agreement, we have applied a five-year Equality Plan since the first quarter of 2020 (2020-2025), as agreed by the Equality Plan Negotiating Committee involving workers and their legal representatives.

It contains the policies governing our daily activities in relation to equality and non-discrimination, the firm purpose being to promote real equality among women and men through specific actions in the areas of selection, training, professional promotion and working conditions.

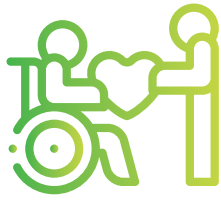
The objectives for 2020 include applying and developing the Equality Plan.

### Equality Plan 2020-2025



The goal of the five-year plan (2020-2025) is to promote measures that favour equality in selection, recruitment, training and promotion, among other aspects:

- Guarantee of equal treatment and opportunities for women and men.
- Application of the gender perspective in all areas of the organisation.
- Assurance of non-discrimination by reason of gender.
- Communication, awareness and corporate culture.



### Disability management

The Iberpapel Group's commitment to Corporate Social Responsibility includes favouring equal opportunities through a series of measures to integrate social groups that find it more difficult to access the job market, by reserving posts for disabled people in certain areas, mainly the warehouse or the laboratory.

We currently have a total of 10 disabled employees.

Thanks to this commitment, we do not merely comply with applicable legislation (General Law on the Rights and Social Inclusion of Disabled Persons), but we are actively engaged in fostering their inclusion in the job market.



In this context, 3.4% of the Group's workforce are disabled persons, which is 68.4% above the legal minimum.





### Other equal opportunity pledges

Actions undertaken to achieve real and effective equal opportunities are not limited to external aspects. PGZ's sponsorships in 2019 included the women's team of Hernaniko Arraun Elkartea (Hernani Rowing Club), a Basque sports club that has competed in regattas in all categories and types of fixed-seat rowing boats since it was founded in 1965. This activity was interrupted by the COVID-19 pandemic in 2020.

#### DISABLED EMPLOYEES BY GENDER, PROFESSIONAL CATEGORY AND AGE<sup>8</sup>

PROFESSIONAL CATEGORY	2020	 2019	2020	 2019	Total 2020	Total 2019
Executives	-	-	-	-	-	-
Technical specialists and administrative staff	-	-	1	-	1	-
Workers and specialists	8	9	1	-	9	9
<b>TOTAL</b>	<b>8</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>10</b>	<b>9</b>

AGE	2020	 2019	2020	 2019	Total 2020	Total 2019
From 19 to 29	-	-	-	-	-	-
From 30 to 39	-	-	-	-	-	-
From 40 to 49	2	2	1	-	3	2
From 50 to 59	2	2	-	-	2	2
Over 60	4	5	1	-	5	5
<b>TOTAL</b>	<b>8</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>10</b>	<b>9</b>

<sup>8</sup> Year-end data (31/12/2020).



# 4.4 Responsibility to our customers

## 4.4.1 Responsibility to our customers at a glance


[102-9]

2020 Milestones	Future challenges
<ul style="list-style-type: none"> <li>▶ Keep our customers for the long term, thanks to our ability to adapt to changing needs.</li> <li>▶ Complete the modernisation and extension of the cellulose production facility.</li> <li>▶ 20% of sales in 2020: speciality paper.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Win more customers, increasing sales volumes.</li> <li>▶ Reach 30% of sales: speciality paper.</li> </ul>

### MAIN METRICS AND TRENDS FOR 2020 > Our performance in 2020



### OUR MAIN CONTRIBUTION TO THE SDGs



**Goal 12.8**

We offer our customers high-quality products that fulfil their requirements. This guarantees satisfaction, as shown by the fact that 92% and 93% of our domestic and international customers have been with us for more than 5 years. We have a Marketing and Sales Strategy that ensures our awareness of changing needs and direct dialogue with customers, allowing continuous improvement.



## 4.4.2 Responsibility to our customers

[416-1]

Iberpapel is able to make high-quality, competitive and sustainable products which meet our customers' needs.

### A) Customer satisfaction and trust

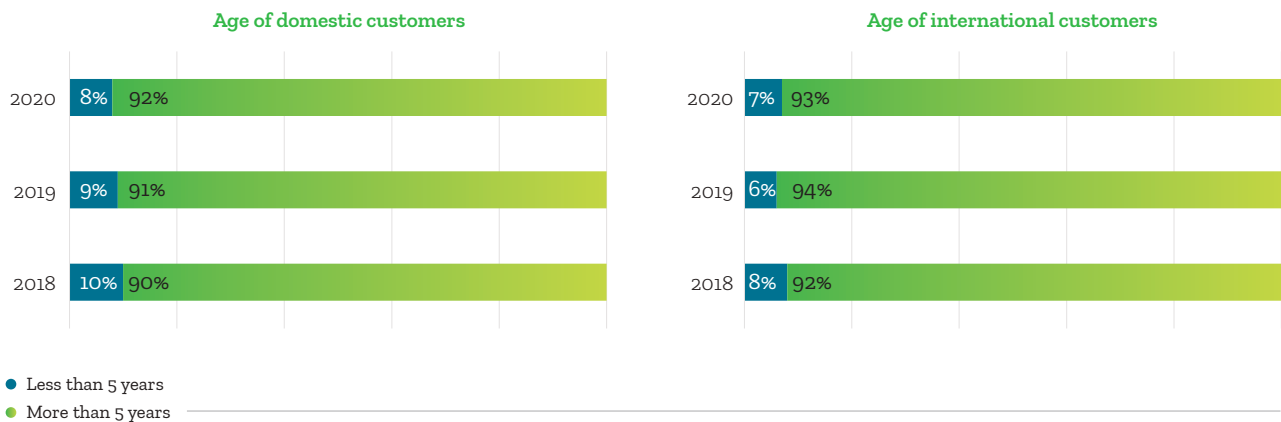
The mainstays of our success are the manufacture of high-quality products and a flexible production process. This has resulted in customer satisfaction and trust.

Our Quality Policy is focused on supplying products that meet customer expectations, a commitment to continuous improvement and an active, reliable role in the paper market. All our employees are aware of their place in our Quality Policy and cooperate actively to:

- Review, improve and optimise existing processes and controls so as to guarantee the quality and traceability of our products.
- Respond to claims through a procedure that assures examination, logging and response.
- Assure deliveries meet requirements.
- Build a smooth dialogue with customers to enhance the quality of existing products or develop new products that meet current or future needs.

Customer satisfaction and loyalty is high, as demonstrated by the fact that 92% of the Iberpapel Group's domestic customers have worked with us for over five years; in the case of our international customers, this increases to 93%.

Age of our customers



In a context in which buyers expect a lot from companies and have more choice than ever before, we have a very stable customer base which allows us to look to the future with confidence.

Iberpapel, in its commitment to business quality and excellence, renewed ISO 9001:2015 Quality Management System certification and ISO 14001:2015 Environmental Management System certification in 2019. Our efforts

to implement the benchmark standards in areas such as quality and the environment are reflected in products that comply fully with environmental and other legislation while also meeting customers' needs. Both our customers and the international certification systems endorse our high-quality products and our customers place their trust in us as a present and future supplier.



### B) Marketing strategy

The Marketing and Sales Strategy reflects a philosophy of continuous improvement so as to expand and maintain our customer base by meeting their demands.

We respond to our customers' current and potential needs and expectations using key information, thanks to our Marketing and Sales Strategy. Pricing policies are continuously reviewed and products are planned and promoted in Spain and overseas.

#### MARKETING STRATEGY

- 1** Obtainment and holding of key information to be at the cutting edge in new product development.
- 2** Improvement of existing products so as to offer high quality tailored to our customers' needs.
- 3** Production to order, combining the high quality demanded with optimal efficiency in the production process.
- 4** Ongoing review of pricing policies to adapt to the market context.
- 5** Product planning and promotion in domestic and international markets.

2020  
speciality paper:  
**20%**  
of paper sales



2021  
objective



reach  
**30%** in speciality  
paper sales.

#### Key components of our commercial strategy

In order to implement the Company's strategies, we have a sales team focused on market analysis, on personalised customer care and on permanent monitoring of our customers' satisfaction with products purchased and the service received. Our competitive advantage is thus attributable to these actions, which are actively coordinated.

Our permanent commercial goals include innovation, ongoing product development and improvement, and the constant pursuit of high quality standards and consolidation of our market position. As a result, we have launched four new products, sales of which are increasingly relevant: Zicubag (paper for bags, with high mechanical resistance), Zicubag GR (greaseproof paper) Zicuflex (packaging paper) and Vellum SC (label face), consolidating our position as a supplier in the packaging segment.

Our closeness to customers gives us first-hand knowledge of the market situation and we are among the leading companies in the search for new higher added value products.

The combination of all these factors has allowed us to achieve a good positioning in the industry and to successfully overcome complicated market scenarios.

The Group regularly conducts customer satisfaction surveys and has an ISO 9001 certified claims system to log possible incidents and prepare improvement plans based on the opinions of consumers.

[417-1]

### C) Customer channels and communication

In order to establish a constant, proactive dialogue in relation to complaints and claims, Iberpapel has developed an after-sale service to manage and record any incidents. Using this tool, we are able to classify customer complaints and suggestions in three areas (commercial, logistics and quality), which are in turn divided into different claim reasons. In this way, they can be parameterised and studied over time to implement corrective measures for each one and verify their effectiveness, such as damages in transit, delivery errors, commercial management discrepancies or the physical characteristics of paper and related machinability, or cutting or surface issues.

The relevant department studies each individual claim to arrive at a solution that is satisfactory to both parties, including the recovery and, in some cases, replacement of the products.

Any improvement opportunities are identified, as well as the aspects with which the customer is currently most satisfied, so as to make plans for the future.

The rate of claims received through the relevant channels in 2020 in relation to sales made was 0.69%, having risen 92% compared with the previous year due to the exceptional circumstances.

Finally, Iberpapel's customers visit the Group's facilities, mainly the paper company, to obtain first-hand knowledge of the Company's processes and methodology.

Similarly, our sales representatives visit the main customers to obtain consumer opinions and detect possible new ways of collaborating to generate new business opportunities.



The Iberpapel Group communicates smoothly and continuously with customers so as to learn about and respond to their needs. In order to protect our leading position in the industry and provide a quality service, we work actively to identify and adopt early any new market trends, innovations and developments that can be offered to our customers.

Iberpapel offers its customers the best service and has the necessary systems and processes to meet growing demands from society in general and customers in particular as regards product safety and quality, fulfilment of legal obligations and assurance of the maximum protection for consumers.



#### D) Responding to our customers' needs

Our production process is very flexible because all the phases are integrated. This allows paper of different qualities to be produced and market niches for smaller paper machines to be accessed.

In view of the new market trends, in recent years we have engaged in intense research and development work to enhance processes, launch new products and monitor new technologies so as to ensure the maximum possible customer satisfaction by both responding to aesthetic and mechanical requirements for all paper uses and meeting the highest environmental standards.

The knowledge generated and major investments made will allow the Company to successfully compete in the promising flexible packaging paper market. The Group already has paper products of various qualities well positioned in this sector.

#### E) Customer safety

As mentioned earlier in this section, the Iberpapel Group's Quality Policy gives top priority to customer satisfaction and continuous improvement, ensuring that products and services meet quality standards.

Besides ISO 9001 quality certification, the Group has ISEGA certification, guaranteeing that our paper meets the German BfR XXXVI standard for contact with food.

As regards the security and privacy of our customers' personal data, the Iberpapel Group assures that they are always protected and are not used inappropriately.

The Group has a privacy management policy in place in all our companies in order to process data in a lawful, faithful and transparent way.

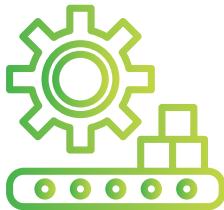
Our website, [www.iberpapel.es](http://www.iberpapel.es), includes further information on the Group's privacy policy and the guidelines that must be observed whenever personal data are processed, in compliance with Regulation (EU) 2016/679 of the European Parliament and Organic Law 3/2018 of 5 December on the Protection of Personal Data and the Guarantee of Digital Rights.

Any Iberpapel Group company may be contacted in relation to this matter and/or rights of access, rectification, erasure, objection, restriction of processing, data portability and not to be subject to automated decisions may be exercised through the email address [protecciondatos@iberpapel.es](mailto:protecciondatos@iberpapel.es), attaching a copy of your national ID card or other identification document, and a claim may be submitted to the Spanish Data Protection Agency when you consider that the Iberpapel Group has infringed your rights recognised by applicable data protection legislation.

# 4.5 Responsibility to our suppliers

[102-9]

## 4.5.1 Responsibility to our suppliers at a glance



### 2020 Milestones

- ▶ Development of sustainable management procedures aligned with procurement policies.
- ▶ Deployment of two chains of custody that guarantee the sustainable sources of our raw materials obtained from forests.
- ▶ The input rate for certified forest materials in Iberpapel's production system is above the reference rate for Spain's paper industry.


### Future challenges

- ▶ Maintain a high percentage of custody chain certified timber suppliers.
- ▶ Carry on buying raw materials from domestic supplier.
- ▶ Continue extending our commitment to sustainability throughout our value chain.
- ▶ Incentivise loyalty and regularity in strategic suppliers while promoting lasting relationships.
- ▶ Obtain the Ecolabel.

### MAIN METRICS FOR 2020 AND TRENDS



### OUR MAIN CONTRIBUTION TO THE SDGs



**Goal**  
**12.2**  
**12.6**

Our commitment to sustainability in value chain management is a key to assuring a responsible supply and production model. With this aim, we have designed management procedures that are both efficient and sustainable, allowing a rational, effective, economical supply process integrated with our corporate procurement policies.

We also have two chains of custody that guarantee the sustainable sources of our raw materials obtained from forests. Only in this way can we confirm that our principles of integrity, transparency and respect for our environment are applied along our supply chain, formed by 24 suppliers.

## 4.5.2 Responsibility to our suppliers

[204-1]

One of the essential aspects of our business is to assure supplies of basic raw materials, such as timber, cellulose pulp and energy. In our case, the Hernani plant integrates the production of cellulose pulp, paper, power and thermal energy, thanks to the new cogeneration plants, providing a clear advantage in the production process.

### A) Management approach to sustainable procurement

The supply of timber and pulp involves selecting qualified suppliers that are committed to the environment. We have two chains of custody for forestry products, integrated with our Environmental Management System, which is audited externally and independently by Det Norske Veritas under ISO 14001:2015.

The first chain of custody has been operational since 2005, was prepared in line with the PEFC™ standard and is audited externally and independently by AENOR. The second came into use in 2009 under the FSC® standard and is audited externally and independently by SGS. The purpose of both chains is to put in place a system certified by a third party to guarantee traceability between certified raw materials and certified final products (paper). Through their responsible purchases of certified paper, our customers thus promote sustainable forest management.

PEFC™ and FSC® certified forestry products (timber, paper, cork, mushrooms, resins, essences...) provide consumers with a guarantee that they are buying products from sustainably managed forests. So shoppers can help to combat illegal felling and promote the primary functions performed by forestry resources, such as helping to conserve numerous ecosystems and biological diversity, supporting the economy of many rural populations and the source of a huge transformation industry, and playing a social and cultural role that is increasingly appreciated.

This procedure is applicable to all phases of the forestry product process, from purchase to receipt and transformation of timber and pulp, and the selling of paper; it therefore affects our purchasing centre and our Commercial Department.

Additionally, we make every endeavour to ensure that supplies of raw materials obtained from forests do not deteriorate the environment. With this objective, a part of our global strategy is based on sustainable development through management systems adopted by several Group companies:

COMPANIES	ISO 14001:2015	PEFC™	FSC® MULTI-SITE	FSC®
Papelera Guipuzcoana de Zicuñaga S.A.U	✓	✓	✓	
Copaimex S.A.U			✓	
Zicupap S.A.U.			✓	
Distribuidora Papelera S.A.U.			✓	
Moliner, Domínguez y Cía S.A.U.			✓	
Central de Suministros de Artes Gráficas Papel S.A.U.			✓	
Iberbarna Papel S.A.U.			✓	
Iberpapel on line S.L.U.			✓	
Ibereucalptos S.A.U.			✓	✓
Los Eucaliptus S.A.				✓
5 Argentinian companies		✓		

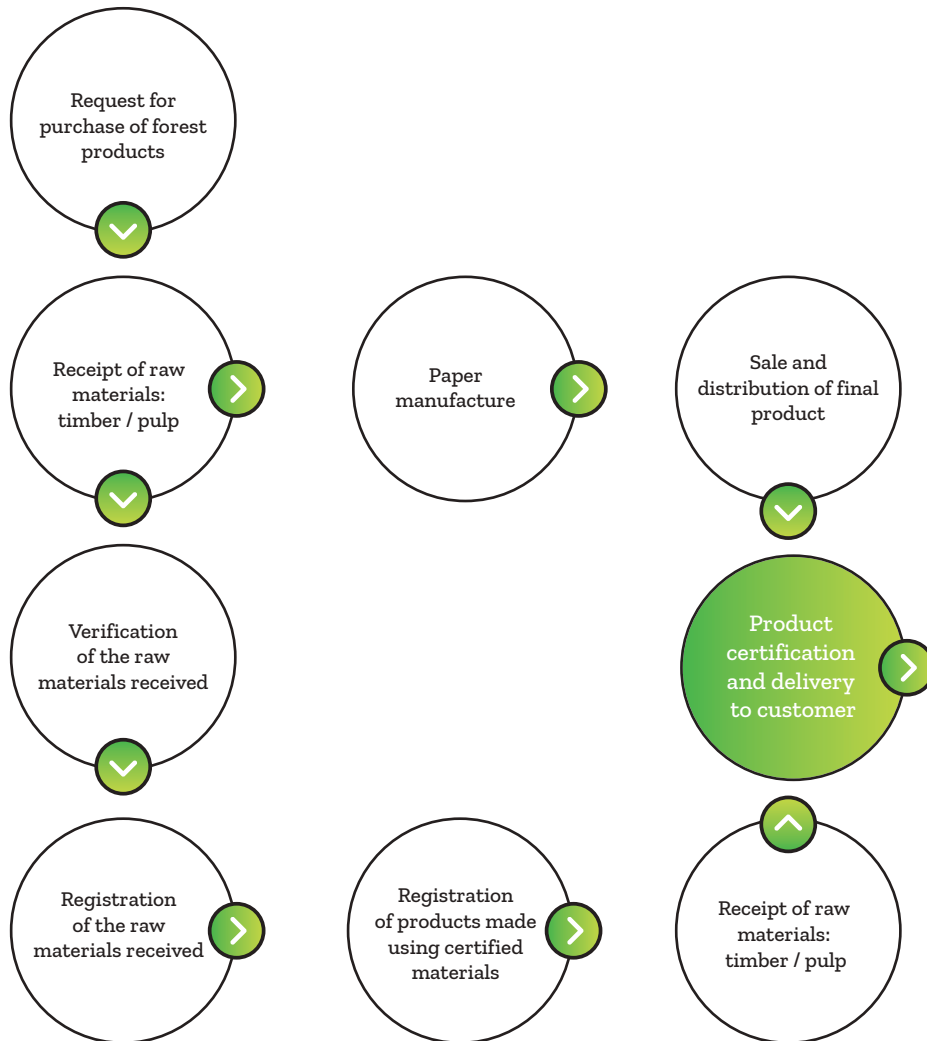
In recent years, the input rate for certified forest materials in PGZ's production system has been above the benchmark rate for Spain's paper industry, setting us apart from our competitors in terms of the high quantity of certified products.

### B) Chain of custody system performance

In 2020, we reached 63% certified timber with respect to total inputs. In turn, custody chain certification affords us a number of advantages that put us at the cutting edge of the market:

- Improves our market image through the promotion of sustainable forestry management.
- Guarantees that the products purchased are from sustainably managed forests, inspiring trust in customers and users.
- Enables the improvement of forestry product transformation management.
- Integrates chain of custody management with the environmental management system.
- Facilitates entry into markets that are highly sensitive to environmental issues.

### MAIN PHASES OF THE CHAIN OF CUSTODY





We include environmental aspects in our supplier relationships, buying from suppliers that have been assessed and are considered suitable. We therefore work with a list of authorised suppliers whose reliability and performance are periodically monitored.



[308-1; 414-1]

C) Summary of the raw material supplier assessment and control process

Sustainability is integrated with our strategy, involving the entire value chain including suppliers, who share our environmental policy. As evidence of the Company's commitment, in 2020 100% of the timber used by the Iberpapel Group was bought from suppliers with custody chain certification. The timber delivered is controlled by means of the EUTR (European Union Timber Regulation) Due Diligence System and two custody chain systems.

In addition, for all raw materials, PGZ only makes purchases from suppliers that have been evaluated, approved and included in our list of official suppliers, whose reliability is regularly monitored.

Each supplier undergoes continuous evaluation, focusing on two aspects:

- **Service:** the supplier must observe the Iberpapel Group's delivery deadlines for each order. Non-compliance could cause the supplier to be classed as unsuitable, ending its collaboration with the Company.
- **Quality:** the product must also fulfil acceptance limits for stipulated quality standards. Non-compliance may lead to the supplier being classed as unsuitable. Orders must also be accompanied by a quality certificate from the supplier.

On the basis of the assessment results, three levels are established:

- **Recommended** supplier.
- **Approved** supplier, needs to improve.
- **Unsuitable** supplier, to be struck off.

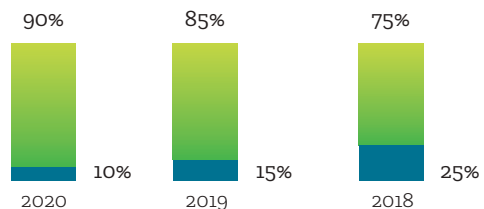
New suppliers are asked to demonstrate certified company status under ISO 9001:2015 and/or undergo an evaluation process, meaning that they are tested on the basis of the supplies made until they are deemed to be suitable by the Purchasing Department.

The Iberpapel Group has stable, lasting commercial relationships with its suppliers. In the past three years, 85% of timber suppliers have been working with us for more than five years.

Suppliers

	2020	2019
No. of suppliers	595	894
No. of fixed asset suppliers	47	35

Age of timber raw material suppliers



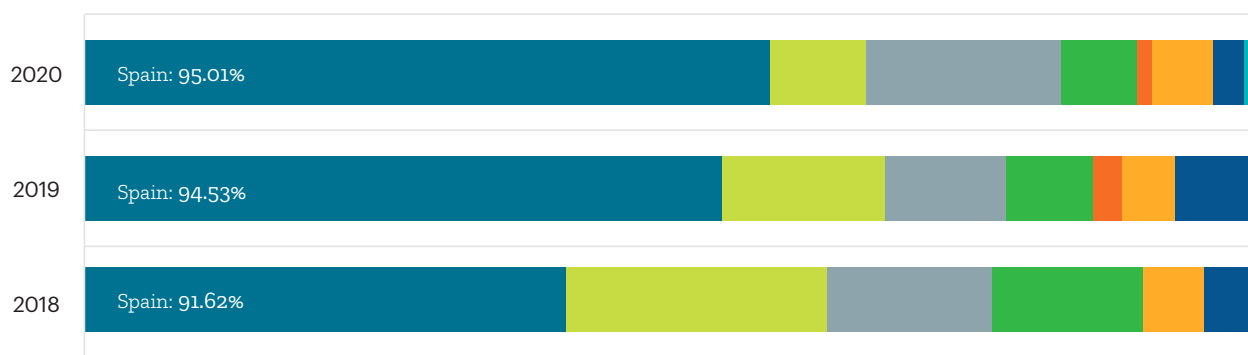
● More than 5 years  
● Less than 5 years

In 2020, over 95% of the Iberpapel Group's raw material was obtained in Spain.

#### D) Source of our raw material and local suppliers

Iberpapel prioritises domestic suppliers, provided that they make a competitive offer and meet required quality standards, valuing aspects such as a quality system or certified products, among others. In this way, we have a very positive impact on the communities in which we operate, generating stable, quality employment. 95.01% of our raw materials are obtained in Spain. Timber and other supplies from European countries are also used, mainly Portugal (0.99%), Germany (1.99%) and Sweden (0.77%).

#### SOURCE OF RAW MATERIALS



Country	2020	2019	2018 <sup>4</sup>
Spain	95.01%	94.53%	91.62%
Portugal	0.99%	1.67%	2.63%
Germany	1.99%	1.24%	1.67%
Sweden	0.77%	0.88%	1.52%
Poland	0.16%	0.3%	

Country	2020	2019	2018 <sup>4</sup>
Netherlands	0.62%	0.54%	0.62%
France	0.32%	0.77%	0.47%
Italy	0.07%	0.05%	0.05%
United Kingdom	0.03%	0.02%	0.01%
Other	0.03%		

<sup>4</sup>In 2018: 0.95% of raw materials were obtained from Austria

[204-1]

#### E) Main impacts on the community through our supply chain

The following table summarises the following metrics reflecting community impacts through our value chain:

#### IMPACT OF OUR SUPPLY CHAIN ON THE COMMUNITY

	2020	2019	Change 2020-2019
Total paid to suppliers (thousand €)	153,380	210,090	-26.99%
% to domestic suppliers	95.01	94.53	0.51%
Average supplier payment period (days)	25.81	20.34	26.89%

# 4.6 Responsibility to our local community

## 4.6.1 Responsibility to our local community at a glance

2020 Milestones	Future challenges
<ul style="list-style-type: none"> <li>▶ Participation in 4 sponsorships.</li> <li>▶ Donation of material to key community institutions.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Carry on working with local communities in Argentina and Uruguay.</li> <li>▶ Continue to encourage local job creation and positive economic impacts, favouring domestic suppliers.</li> </ul>

### MAIN METRICS FOR 2020 AND TRENDS



### OUR MAIN CONTRIBUTION TO THE SDGs




**Goal**  
4.1  
4.5  
4.6

We have a social action plan for Argentina and Uruguay. We organise courses, talks and other initiatives in schools in our local communities to stimulate rural development. We also support schools by providing learning material and firewood for heating and cooking.



**Goal**  
8.5  
8.6

We contribute to local development and the economy through stable, quality direct jobs. We are a socioeconomic driver for the areas near to our assets thanks to indirect and induced employment in secondary activities. We prioritise domestic suppliers of raw materials and products, provided they submit a competitive offer and meet our quality standards.



**Goal**  
16.6  
16.7

We participate actively in different forums and associations, working together to boost development in society through excellence in our industry. We sponsor community sports clubs and cultural initiatives.

## 4.6.2 Our relationship with the local communities

The Group has made a firm commitment to our local areas, bringing Corporate Social Responsibility beyond the business activity itself.

Primarily in Argentina and Uruguay, we assure a trusting relationship with local communities to maximise the positive impacts on society while mitigating negative effects and identifying new development opportunities.

The Iberpapel Group's activities usually have economic and other impacts that are favourable for the local areas.

We interact with key local agents so as to offer and obtain relevant information, meet their needs and respond to any complaints, creating two-way relationships based on mutual trust. We conduct personal interviews and talks in the rural areas of Argentina and Uruguay to inform people about Iberpapel's work in their communities and to discover their concerns.

## 4.6.3 Socioeconomic contribution to local development

[203-2]

Our presence in the area is generally an opportunity for economic growth, the generation of stable, quality jobs and local development in the communities.

### Job creation in the community

Iberpapel provides direct employment, frequently hiring people from local communities.

### Economic impacts

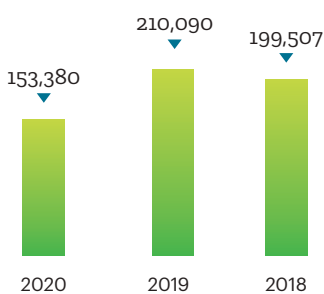
Besides direct jobs, we generate indirect work linked to the creation of secondary activities.

We make direct contributions to the local economy by purchasing most of our raw materials and other products from national suppliers, which is one of the main local economic impacts.

As regards our raw material, 95.01% was bought from national suppliers in 2019, entailing total expenditure (national and international) of €153,380 thousand, more than 27% up on 2019 due to the COVID-19 crisis and its impact on Iberpapel's business.

Further information on our relationship with suppliers can be consulted in Chapter 4.5. Responsibility to our suppliers

Expenditure on purchases from suppliers (thousand €)



## 4.6.4 Social action initiatives

[413-1]

We organise conferences in local communities on first aid, food and nutrition.

There are other impacts on local populations and the territory, besides employment and local development. We promote and develop projects and initiatives that improve local conditions to encourage the development of the rural zones, which is an increasingly complex issue due to the rapid growth of cities.

In this process, schools have been designated as priority institutions for the measures to be implemented, consisting basically of courses, talks, guided visits and support in the form of school materials and firewood for heating and cooking.

At the beginning of 2012, Iberpapel launched a social monitoring programme to examine the status of local communities in the areas of influence of its properties. With the help of professionals and through face-to-face interviews and talks, the Company's work is publicised and information on the community's concerns is gathered.

This allows us to define and implement new measures aimed at boosting development, always from an educational viewpoint, and improving our local community activities. We organise training initiatives such as talks on the silvopastoral systems used to adapt our production system to local conditions, conferences on first aid and how to cope with snake bites, action guidelines in the event of forest fires and courses on food and nutrition.

### Other contributions to the local community

We help by donating material and equipment to local institutions, specifically in Argentina.

We have worked with institutions such as the fire brigade and the police (mainly contributing fuel and firefighting equipment); a range of schools, from elementary to technical, providing equipment such as shelves, posts for games and printers; fuel in the form of firewood or our labour for transport or wood cutting.

Date	Institution	Contribution
09/01/2020	▶ Basural Liebig	▶ Waste removal using a backhoe excavator
22/05/2020	▶ Hospital San Benjamin	▶ Safety kit
22/05/2020	▶ Centro de salud Dr. Augusto Gaillard	▶ Safety kit
22/05/2020	▶ Hospital San José	▶ Safety kit
22/05/2020	▶ Centro de salud La Delfina	▶ Safety kit
11/02/2020	▶ Club Pescadores Fabrica Colón	▶ Firewood
30/07/2020	▶ Basural Liebig	▶ Fencing
06/08/2020	▶ Comisaria de Colonia Elia	▶ Posts
01/04/2020	▶ Fondo COVID-19	▶ Economic, to help families in need
01/07/2020	▶ Escuela N° 39 de Capilla de Cella	▶ Posts for greenhouse
01/07/2020	▶ Escuela N° 125 -Soca	▶ Transport of firewood for heating
01/11/2020	▶ Facultad de Agronomía	▶ Guided visit of El Hornero

## 4.6.5 Community sponsorships

Papelera Guipuzcoana de Zicuñaga, S.A.U. sponsors a number of sports clubs and various associations.

We also get involved in other programmes to promote social cohesion in our local communities, such as the sponsorship of local festivals.

### Sponsorships in 2020

- C.D. Hernani Escuela Pelota (Zicuñaga tournament)
- Hernani local festival
- "Txatxangorri Elkartea" hunting and fishing association
- Galarreta pelota court improvement



## 4.6.6 Involvement in forums and associations

[102-12; 102-13]

We play an active role in various national and international forums and associations to publicise the Group and forge partnerships with other relevant industry or national agents so as to join forces to achieve common objectives in the future through close cooperation.

In particular, we take part in:

- **CEPI (Confederation of European Paper Industries)**, a non-profit organisation comprising four standing committees responsible for long-term strategies on matters affecting the industry.

These committees address the environment, safety, climate change, energy and forests.

- **ASPAPEL (Spanish association of pulp, paper and board manufacturers)**, a national body that groups together Spain's cellulose and paper companies.
- **Basque Paper Industry Cluster Association**, a non-profit organisation focused on generating competitive advantages for companies in the Basque regional paper industry value chain.
- **EURO-GRAPH (European Association of Graphic Paper Producers)**, which represents the industrial sectors producing paper for newspapers, magazines and fine paper in Europe.
- **BASKEGUR (Basque timber association)**, a professional organisation representing and Basque forestry and timber sector as a voluntary meeting and consultation body for our industry and associated sectors.
- **Bolsa de Papel**, a platform for manufacturers of paper bags, paper for bags, paper handles for bags, inks and paper bag machines which promotes sustainable consumption, conducts market research, disseminates information on environmental benefits, supports trade through constant innovation and responds to consumer demands.
- **"Thank you paper"** campaign, an initiative launched by the Paper Forum to share current, verified information on paper with the general public.
- **Buenarbol**, a forestry information project developed by the Edufores foundation to publicise the social, economic and environmental uses of the eucalyptus tree in Spain. The project also highlights its importance in the bioeconomy and circular economy, through the essential use of natural resources and sustainable growth.

We are also regular participants in environmental forums, such as:

- ASPAPEL's Environmental Committee (Spanish association of pulp, paper and board manufacturers).
- ASPAPEL's Forestry Committee
- Environmental Committee of the Paper Industry Cluster Association.
- Water Planning Committee.
- Citizen Participation in the Water Board of the Eastern Cantabrian Water Zone.







# Our

## Environmental Responsibility

### 5

5.1 Our environmental responsibility at a glance

5.2 Environmental responsibility

# 5.1 Our environmental responsibility at a glance

## 2020 Milestones

- ▶ New BATs (Best Available Techniques) in the cellulose plant.
- ▶ Participation in voluntary carbon markets by issuing the first VCUs from our CO<sub>2</sub> capture project.
- ▶ Improvement of the collection and treatment of odorous gases.

## Future challenges

- ▶ New ways to reuse waste. Fostering the circular economy.
- ▶ Decarbonisation strategy.
- ▶ Efficiency optimisation in the new facilities.
- ▶ Activities and products related to the bioeconomy.

### MAIN METRICS FOR 2020 AND TRENDS

#### CO<sub>2</sub> emissions avoided

161,951 t CO<sub>2</sub>  
-32.7% vs. 2019

#### Power consumption

0.62 MWh/t  
+12.3% vs. 2019

#### VCUs

657,311 t CO<sub>2</sub>  
+5.9% vs. 2019

#### Waste reused

66%  
+57% vs. 2019

### OUR MAIN CONTRIBUTION TO THE SDGS



**Goal**  
7.2  
7.3

Iberpapel reduces its environmental impacts through a commitment to clean energies and technologies, such as gas and biomass cogeneration plants. Besides promoting clean energy, energy efficiency is another key aspect of our operations.



**Goal**  
12.2  
12.4  
12.5

We prioritise waste reuse and energy recovery before final disposal, applying circular economy principles to try to close our production circle and reduce raw materials and other products consumed. We adopt responsible consumption practices in our Procurement Policy so as to ensure that timber supplies, in particular, and pulp supplies, to a lesser extent, are obtained from suppliers that are qualified and, above all, committed to the environment.



**Goal**  
13.1

Our commitment to combating climate change is formally reflected in the Climate Change Policy, which contains related pledges and lines of action, prioritising three strategic aspects: energy efficiency, use of biomass to obtain energy and CO<sub>2</sub> removal by our forest sinks.



**Goal**  
15.2  
15.4  
15.5

We believe in using forest resources, a key component of our business, sustainably and responsibly so as to guarantee viability for future generations. Our actions include the promotion of silvopastoral systems that help to preserve the local area and generate considerable social and environmental benefits, as well as promoting projects in voluntary carbon markets. We monitor biodiversity in our properties, which has allowed the identification and declaration of high conservation value areas.

## 5.2 Environmental responsibility

[307-1]

### A. Global status of the environment

In general, environmental challenges, particularly related to the climate, are becoming more obvious and so related policies are increasingly ambitious. This is clear in the European Commission's 7th Environment Action Programme, which literally proposes the following for 2050:

"Living well, within the limits of our planet. Our prosperity and healthy environment stem from an innovative, circular economy where nothing is wasted and where natural resources are managed sustainably, and biodiversity is protected, valued and restored in ways that enhance our society's resilience. Our low-carbon growth has long been decoupled from resource use, setting the pace for a safe and sustainable global society."



The European Environment Agency's report on the environmental situation in Europe in 2020, published last year, shows that environmental trends have not improved significantly compared with the agency's 2015 report. Huge progress has been made in relation to resource efficiency and the circular economy, but the reduction in greenhouse gases, industrial emissions, waste production and energy efficiency has slowed. At the current rate, it may be difficult to achieve the goals set for 2030 and 2050.

The COVID-19 pandemic is also having a considerable impact on people's lives in recent months, including health, economic activity and the environment. There is evidence that COVID is an illness of animal origin and reached humans through the food chain. The jumping of these pathogens to humans is related to environmental degradation in some parts of the world, often aggravated by food customs. It is said that some 60% of human infections are of animal origin and 75% of new diseases are transmitted to humans by animals.

Besides the impact on people's lives, COVID is directly affecting the use of energy and greenhouse gas emissions. The European Commission predicts a sharp fall in GDP and a parallel decrease in greenhouse gas (GHG) emissions from industrial activities. Emissions related to transport will also be clearly impacted.

Improved air quality in some of the world's most polluted cities has been a further consequence of COVID. This has been particularly evident in transport-related parameters such as NO<sub>2</sub> emissions, but also in others such as particulate matter in suspension in the atmosphere. For example, according to the European Environment Agency, in April 2020 NO<sub>2</sub> emissions fell by 61% in Spain, 52% in France and 31% in Germany.

As regards waste, the pandemic has brought significant changes in the production and consumption of plastics. There has been a considerable increase in demand for personal health protection equipment and medicine-related items, many of which are disposable plastic products. The same has occurred with food-related items such as plates, trays and associated disposable materials. During the pandemic, the manufacture of these products using primary materials took precedence over recycled plastic or the inclusion of other paper and board materials.

In order to alleviate the economic effects of the pandemic, on 27 May 2020 the Chair of the European Commission, Ursula von der Leyen, presented a recovery plan for Europe to the European Parliament based on the financial aspects of the "Next Generation" programme. This programme is fully aligned with the "European Green Deal" initiatives and policies.

It is the largest stimulus package ever financed by the EU budget, amounting to €750 billion to help rebuild Europe post-COVID, so that the continent is more ecological, resilient and ready to overcome current and future challenges, as declared by the European Commission. The programme will be funded by loans obtained in the markets and redistribution among the Member States. This aid amounts to 5% of the EU's GDP.

As regards the UN Climate Change Conference (COP26) scheduled for November 2020, the organisers of the United Nations Framework Convention on Climate Change decided to suspend the COP26 summit due to the global pandemic.

The COP26 summit has been postponed to November 2021, when it will be held in Glasgow, co-chaired by the United Kingdom and Italy. Both countries have pledged to place climate change and biodiversity loss at the centre of the 2021 agenda and of the G7, G20 and COP26 gatherings.

A Pre-COP preparatory meeting will be held prior to COP26. The purpose will be to bring attendees up to date with some key aspects of COP negotiations. The meeting will take place in Milan from 30 September to 2 October 2021.

On the same dates, 400 young people from 197 countries will get together in Milan to work on concrete proposals for the Glasgow summit, as part of the process of involving the next generations in climate action.



### Main lines of work for COP26

- ▶ Boosting commitments to cut emissions.
- ▶ Intensifying adaptation to climate change impacts.
- ▶ Obtaining funding for climate action.
- ▶ Heightening international cooperation, including COP26 campaigns on energy transition, land transport and nature.

### Regarding UN climate change



With 197 parties, the United Nations Framework Convention on Climate Change (UNFCCC) is almost universal and is the treaty that led to the 2015 Paris Agreement on climate change. The main purpose of the Paris Agreement is to keep the increase in the average global temperature below 2°C this century and to drive efforts to limit this rise to 1.5°C above pre-industrial levels. The UNFCCC is also the predecessor treaty of the 1997 Kyoto Protocol. The ultimate aim of all the UNFCCC agreements is to stabilise atmospheric greenhouse gas concentrations at a level that prevents hazardous anthropogenic interference with the climate system over a period of time that allows the natural adaptation of ecosystems and sustainable development.

In order to assure success, the organisers have asked countries to commit to reaching zero net emissions as soon as possible and to achieve significant cuts by 2030.

Recent signs of a more ambitious approach by governments include announcements by Korea, Japan, China and the United Kingdom on their long-term climate strategies, the EU's Green Deal and the US decision to join the Paris Agreement once again.



## B. Our environmental performance in 2020

The Group bases its business objectives on environmental protection and on the suitable management of related stakeholder expectations.

We also have an Environmental Policy and an Environmental Management System (based on ISO 14001:2015 and certified by an external entity), strengthening the Company's commitment to protecting the environment.

In recent years, we have invested in sustainable growth, always taking into account environmental aspects, so that impacts have been uncoupled from production growth. In other words, while we produce considerably more paper than in 1990, the environmental effects have decreased significantly. We promise to press on with this uncoupling process through a sustainable vision of our production, such as the promotion of timber from sustainable sources or the use of management systems to ensure that our products are safe and recyclable while meeting customers' needs.

**161,951 t CO<sub>2</sub> avoided**



Thanks to the focus on power generation technologies such as cogeneration and biomass, having a lower environmental impact.

**100%**

100% of energy consumed is produced by cogeneration.

**66%**

66% of all the plant's waste is reused externally.

100% of our timber suppliers are custody chain certified.

**100%**



**100%**



100% of the Group's forest assets in Spain and Uruguay are FSC® and PEFC™ certified.



**657,311 t CO<sub>2</sub>**

Certification of the removal of 657,311 t of CO<sub>2</sub> through the issuance of VCUs at our plantations in Uruguay.

We have an Energy Management System under the ISO 50.001 standard.



## ENVIRONMENTAL HIGHLIGHTS

	2020	2019	2018
Atmospheric emissions of sulphur (kg/t of pulp produced)	0.0071	0.0077	0.0100
Nitrogen oxide emissions (kg/t of pulp and paper produced)	1.33	0.87	0.64
Atmospheric emissions of particulates (kg/t of pulp produced)	0.10	0.18	0.19
Consumption of cogeneration power (%)	100%	100%	100%
External reuse of plant waste (%)	66%	42%	48%
"Hazardous" waste as a % of total plant waste	0.3%	0.1%	0.1%
Water used per unit of pulp + paper produced (m <sup>3</sup> /t)	18.8	16.5	16.3
CO <sub>2</sub> saving due to use of biomass (t)	130,938	183,513	186,455
CO <sub>2</sub> saving due to cogeneration (t)	31,013	57,153	57,835
Power consumption (MWh/t)	0.620	0.552	0.544
Heat consumed (MWh/t)	2.44	2.34	2.32
CO <sub>2</sub> emissions (t)	195,648	209,635	214,521

<sup>(\*)</sup> CO<sub>2</sub> emissions calculated and audited in accordance with Decision 2007/589/EC and the specific follow-up plan approved by the environmental authority.

The impact of the decline in industrial activity due to the COVID-19 pandemic and the production stoppage for the cellulose plant renovation caused some environmental and energy ratios to worsen temporarily, including water and power.

The decrease in cogeneration usage times also brought down CO<sub>2</sub> savings compared with other years.

## C. Our commitment to environmental improvement

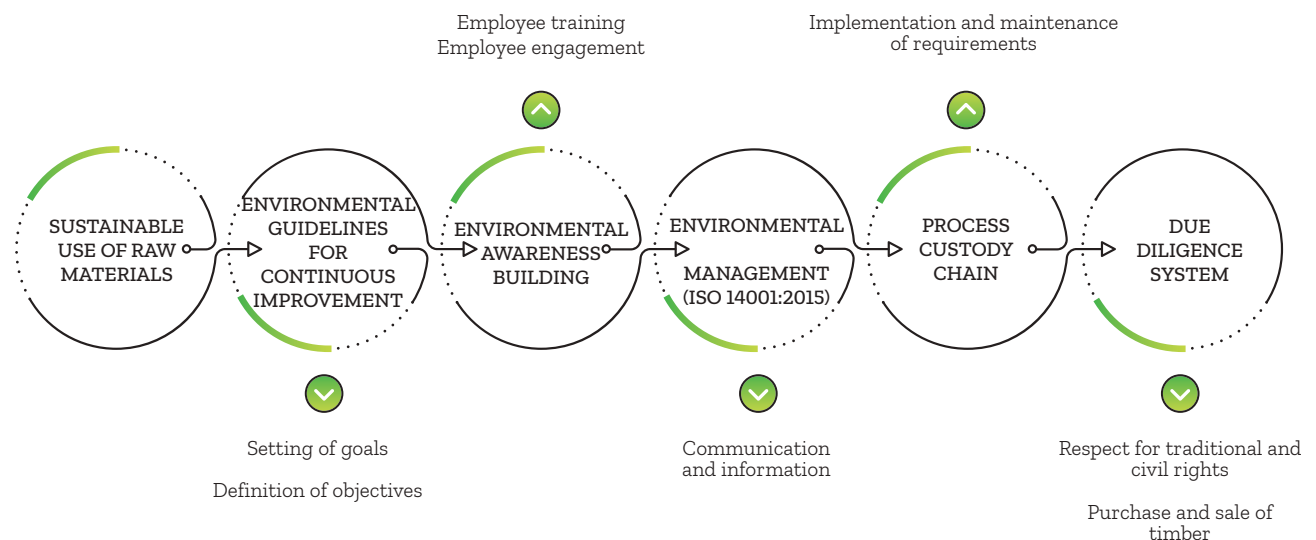
At Iberpapel we want to play an essential role in fostering sustainability in the industry by having a positive influence on our society through the environmental impacts of our industrial activity. We therefore align our main strategies with our environmental commitments.

We apply Best Available Techniques to a high level in the manufacturing processes with the aim of assuring the least possible impact on the natural environment.

In the Integrated Environmental Authorisation obtained by Papelera Guipuzcoana de Zicuñaga S.A.U., the Basque Regional Government required fulfilment by the Company of the stringent environmental values set out in the latest BREF in force since September 2018, which lays down all the conditioning factors for industrial operations and the application of Best Available Techniques (BAT).

<p><b>We promote clean fuels</b></p> <p>161,951 t CO<sub>2</sub> AVOIDED in 2020</p> <ul style="list-style-type: none"> <li>▶ Heavy fuels having a high impact on CO<sub>2</sub> emissions are eliminated.</li> <li>▶ The carbon footprint is reduced using biomass and natural gas in our industrial activity.</li> </ul>	<p><b>The Company's energy efficiency is enhanced</b></p> <ul style="list-style-type: none"> <li>▶ By means of cogeneration, heat and power are generated as efficiently as possible, optimising the fuel employed.</li> </ul>	<p><b>A natural, sustainable, totally renewable raw material is used</b></p> <p>25,788 ha OF FOREST</p> <ul style="list-style-type: none"> <li>▶ We promote timber plantations and sustainable forest management.</li> <li>▶ We do not consume trees from natural forests.</li> <li>▶ We conserve forests in our activity.</li> <li>▶ CO<sub>2</sub> removal at our forests in Uruguay is certified.</li> </ul>
<p><b>We foster bioindustry as a core aspect</b></p> <ul style="list-style-type: none"> <li>▶ Using timber, paper plants can make cellulose, paper, bioenergy, bio-fuels, biocomposites and a large variety of products that require forest fibre.</li> </ul>	<p><b>We opt for a new industrial model of sustainable consumption and production</b></p> <p>66% waste REUSED</p> <ul style="list-style-type: none"> <li>▶ We promote a circular economy by reusing and transforming industrial waste into resources.</li> </ul>	<p><b>We minimise environmental impacts</b></p> <ul style="list-style-type: none"> <li>▶ We reduce greenhouse gas emissions.</li> <li>▶ We seek to cut the pollution load in our discharges.</li> </ul>

**ENVIRONMENTAL POLICY**



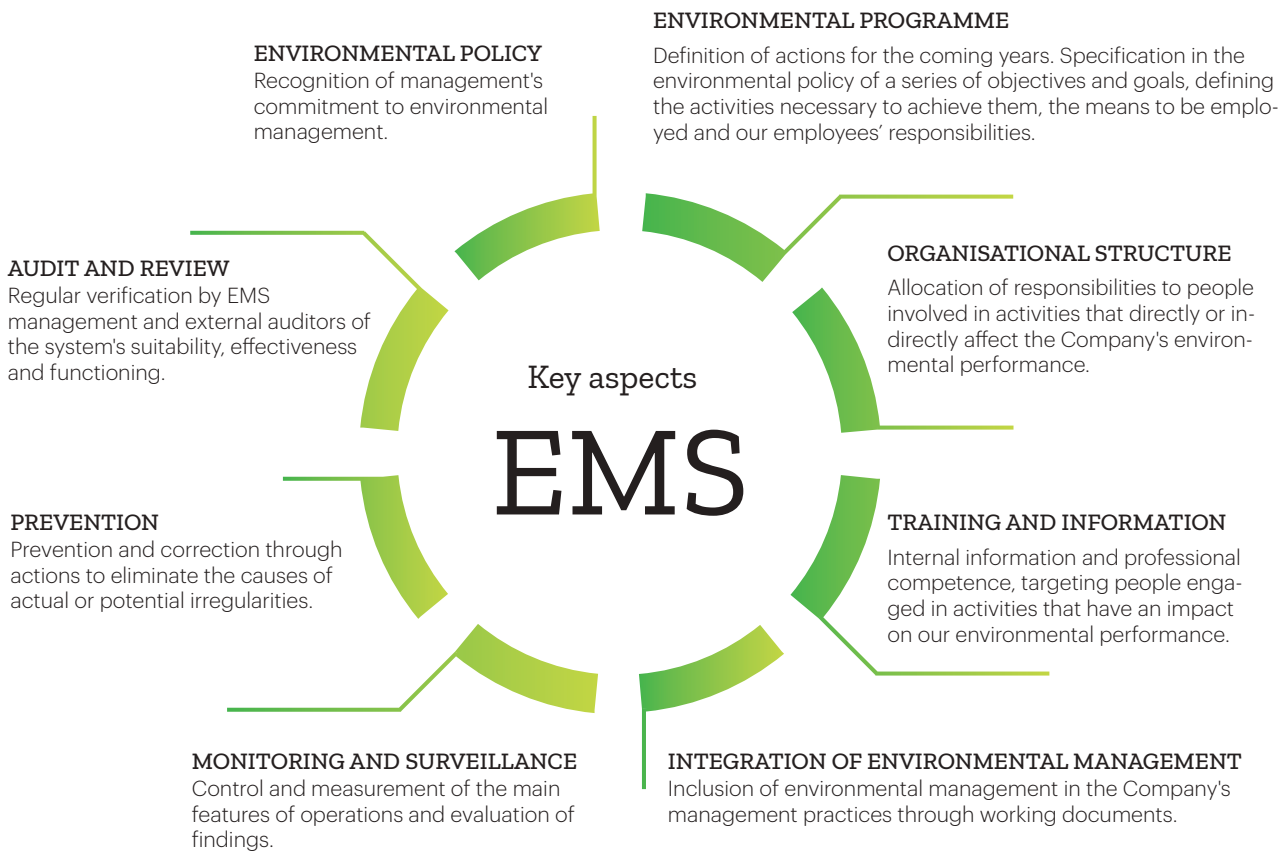


**C1. Our Environmental Management System (EMS)**

We promise to offer the best integrated service to our customers while showing the utmost respect for the environment. We therefore base our actions on the precautionary principle, analysing and managing the main environmental risks through the value chain and addressing both direct impacts on the local area and the indirect impacts of our business.

Our approach to environmental management is grounded in the Environmental Policy applicable throughout the Iberpapel Group. This policy sets out the main commitments and is endorsed by the highest level of company management. It is the basis of the Environmental Management System (EMS) and allows us to control and minimise the main environmental risks associated with our business (see chapter 6 on our main non-financial risks), as well as associated impacts. All the employees are aware of the policy.

Our EMS goes beyond regulatory compliance and spans the entire value chain. This system, certified externally by an independent organisation under the ISO 14001 standard, allows us to reach high levels of efficiency in aspects such as energy, water and material consumption, waste generation and greenhouse gas emissions.



### Main features of the EMS

At year-end 2020, there is no significant environmental provision or guarantee reflected in the Group's Consolidated Annual Accounts that must be included in this chapter, nor have any fines or penalties been imposed due to environmental infringements.

Environmental Management System certified under the ISO 14001 standard by Det Norske Veritas (DNV), which carries out annual inspections and audits.

- ▶ The EMS includes a procedure for monitoring greenhouse gas (GHG) emissions, which identifies emission sources and defines the approach to be adopted to take the necessary measurements so as to verify the allocation of GHG emission allowances under the national allocation plan. Annually, prior to the surrender of emission allowances, GHG emissions are audited by an independent entity.
- ▶ The procedure for managing the two custody chains for certified raw materials (timber and pulp) is integrated in the same EMS, guaranteeing traceability from the raw materials to the certified final product requested and received by our customers.
- ▶ PGZ has implemented an Energy Management System under ISO 50001. This certification helps to improve energy efficiency and the use and consumption of energy, thereby reducing GHG emissions. The Energy Management System is certified by Det Norske Veritas.



## C2. Environmental training and awareness-building

### Main content of training actions

- ▶ Environmental awareness-building in all our employees.
- ▶ General training of all PGZ's workers in environmental management.
- ▶ Professional competence.

We consider that training and building awareness in our employees in relation to environmental management and the efficient use of resources has a direct impact on our Group's environmental performance. The purpose of this training and the workshops is to ensure that all our employees contribute actively towards ongoing environmental improvement and are able to respond to issues arising in their activities (waste management, raw materials handling, noisy activities, atmospheric emissions, etc.).

In order to instil the principles and values in the our workforce, the contents shared in the training courses focus on the three aspects reflected in the chart to the left:

Before preparing the courses, we identify needs related to the impacts of our activities for inclusion in annual training plans validated by management.

### Training for new employees

All new personnel receive environmental awareness training and are instructed so that they participate and collaborate actively in our EMS.

## D. Consumption of raw materials and by-products

At Iberpapel we are fully aware of the indirect impact the poor management of the supply chain can have on the environment and on people.

We therefore accept that it is essential to apply fair terms and conditions to our collaborators so as to assure the sustainability of their supply chain and the passing on of commitments, covering both the environmental aspects addressed in this chapter and the social and regulatory compliance matters.


Our management systems include a supplier approval and assessment system so as to promote responsible management in our supply chain. Suppliers are classified taking account of technical, financial and other sustainability aspects, such as environmental and social behaviours.

Other environmental criteria are applied during the procurement process, as part of supplier approval, in order to extend the values along the supply chain. In this context, nearly two thirds of the timber purchased is certified under the FSC® and PEFC™ standards.

According to the European forestry industry, forests managed sustainably in the EU reduce carbon emissions in a volume equivalent to 13% of overall emissions. This is based on the sequestration of CO<sub>2</sub> through the sustainable growth of trees, efficient carbon storage in forestry products and replacement of materials from carbon-intensive industries by sustainable forestry products. The global perception of paper-making as an antiquated, traditional industry is shifting to that of a modern, innovative and sustainable sector which supplies new and renewable materials.

**We have implemented and we apply a due diligence system to avoid the illegal purchase and marketing of timber and timber products.**

**Monitoring of suppliers and products**



**Plantations managed for continuous regeneration**

- ▶ We work to promote sustainable forest management and the suitable use of both this resource and the land on which it is grown. This forms part of our Custody Chain system that guarantees absolute traceability for customers under the FSC® and PEFC™ systems.

**Our raw material: eucalyptus timber**

- ▶ The main raw material is eucalyptus timber, a fast-growing species that contributes to carbon fixation more efficiently than other tree species. Our timber is obtained from plantations, not from forests.
- ▶ We foster the use of environmentally sustainable chemical substances and products.
- ▶ Other important raw materials used in paper making are calcium carbonate and starch, which are products that occur normally in nature. Polymers are also used as sizing or retention agents, as aids in production.

**Our raw material has the following benefits as a renewable, recyclable material:**

- ▶ The European Union's forests are estimated to absorb 13% of total greenhouse gas emissions.
- ▶ Between 2005 and 2015, European forests grew by 44,000 km<sup>2</sup>.
- ▶ Cellulose plants and paper mills can obtain greater added value from timber components and secondary production processes, thereby minimising waste.

Our supply chain responsibility, including the management approach to sustainable procurement, Custody Chain System performance and raw material supplier assessment and control, is explained in more detail in chapter 4.5. Responsibility to our suppliers.

**Monitoring of suppliers and products**

The Iberpapel Group has environmental monitoring plans in place for suppliers and subcontractors, which are particularly relevant to assuring traceability in the custody chain (timber and pulp) that reaches the facilities, guaranteeing the sustainable sources of our supplies.



### D1. Efficient management of raw material and by-product consumption

[301-1]

In the last 50 years, worldwide demand for raw materials has risen at an unprecedented pace. According to the European Energy Agency, in this period global production has doubled, the extraction of materials tripled and economic development, measured as GDP, quadrupled. This business expansion is responsible for the loss of 90% of biodiversity and, largely, for the increase in greenhouse gases.

Since our business began, we have sought to become more efficient in the use of resources without comprising either our industrial plant's production or the quality of our products.

This is achieved by applying circular economy principles, which both improve efficiency in the use of raw materials and by-products and prevent the generation of certain types of waste. The aim is to ensure that resources remain useful as long as possible, extracting maximum value from them and recycling and regenerating end-of-life products.

#### MATERIALS CONSUMED

(Thousand euro)	2020	2019	2018
Timber consumed	37,206	51,426	49,337
Fibre consumed	3,604	3,133	6,220
Other raw materials consumed*	24,738	33,809	32,675
<b>Raw materials and consumables used</b>	<b>65,548</b>	<b>88,368</b>	<b>88,231</b>

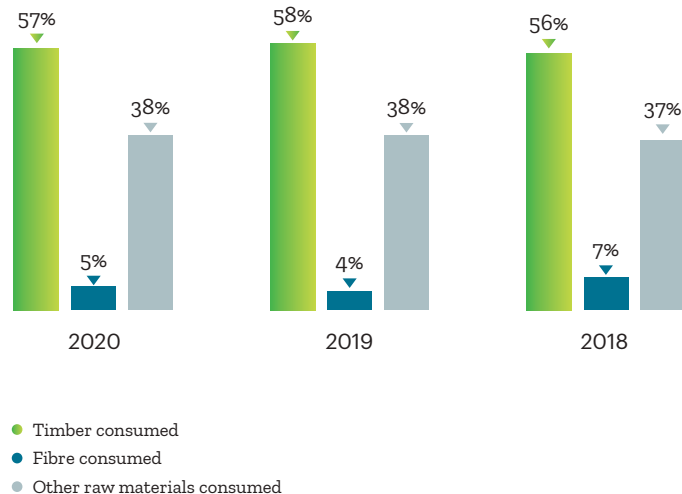
\*Including caustic soda, sulphur and sulphate, lime, oxygen, chlorate, sulphuric acid, methanol, hydrogen peroxide, other colourants, carbonate, starch, cationic starch and glues.

In 2015, the EU launched a package of circular economy measures. The circular economy goes beyond reducing waste, addressing aspects such as access to resources, use of materials and related impacts, sustainable design, consumption models and production processes.

#### By-products

The European Union has developed the Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). All the chemical substances we import and use in our processes are duly registered at the European Chemicals Agency in Helsinki.

Materials consumed (%)



## D2. Sustainable forest management in the Iberpapel Group

Our forest management is based on the following principles:

- Certification of CO<sub>2</sub> emission reductions in voluntary carbon markets (VCS).
- Sustained upkeep of the natural resource.
- Preservation and promotion of environmental values such as biodiversity, soil quality, air and water.
- Local community development through job creation.
- Upkeep of social values.
- Support for training or availability of areas freely accessible to the general public.

The surface area managed by Iberpapel in Spain, Argentina and Uruguay is used mainly to sustainably produce *Eucalyptus Globulus* timber on forest land, with *Eucalyptus Grandis* as a secondary species.

**One of the mainstays of our forestry management is the introduction of the silvopastoral system in South America, which has been recognised by Uruguayan government bodies.**

Under this system, trees bind and improve the soil. A microclimate is created under the trees which protects the livestock from the inclemency of the weather, reducing the energy spent. The livestock control the understorey, reducing weed control costs, greenhouse emissions and fire risks. This forestry and livestock farming model is highly important in social terms because it integrates previous land uses with a new activity such as forestry without dislocating the traditional activities.

The silvopastoral management system is thus intended to optimise and boost the production capacity of fields previously used as pastureland through extensive livestock farming focused on the rearing of cows and sheep while conserving protected native woodland. It has become an essential tool for the sustainable use, exploitation and management of the natural resources. These production systems allow economic, environmental and social benefits to be obtained.

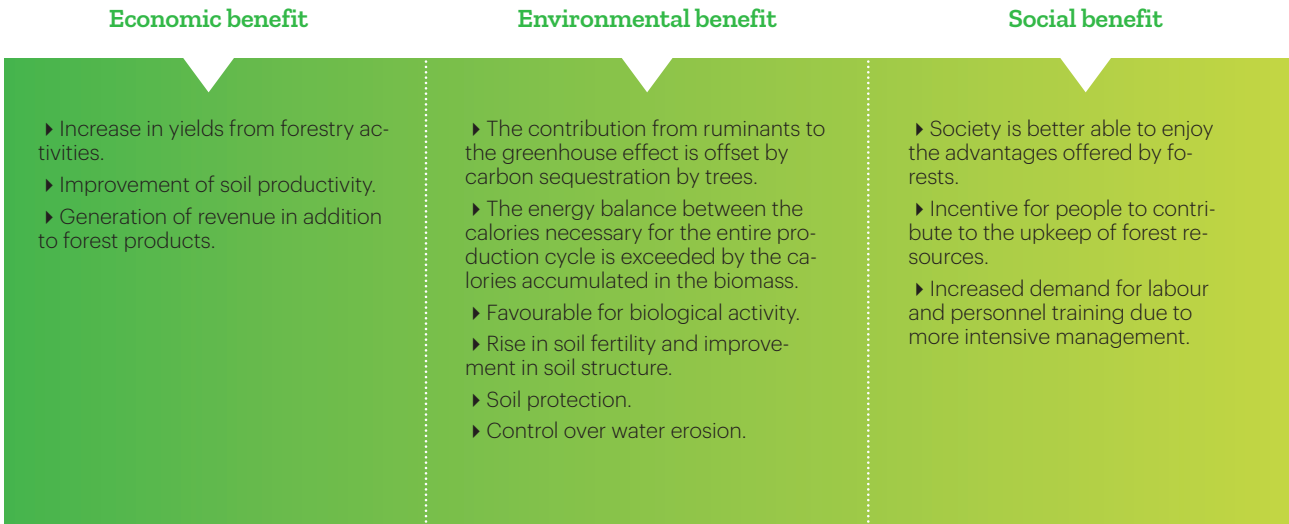
### Benefits of silvopastoral systems

#### Spain

► Forestry activities in Spain are integrated into the natural rural highland systems and forestry is complemented by hunting activities.

#### South America

► The *Eucalyptus Globulus* forests planted in South America are managed under a silvopastoral system, a forestry model that combines animal and forestry production on the same land. Our *Eucalyptus Grandis* are pruned and cleared systematically to obtain quality timber for sawing.



**Soils**

- ▶ Soil is among the United Nations' sustainable development goals in its 2030 Agenda, while the European Commission includes soil in its Roadmap to a Resource Efficient Europe.
- ▶ Spain also has specific environmental regulations on soil protection and degradation at both the national and regional levels.

The Iberpapel Group is very aware of the importance of sustainable forestry and our role in driving social and economic development in local communities. We thus opt for a forestry system that is responsible and sustainable, environmentally committed and aligned with the social medium in which our projects are undertaken.

The afforestation of degraded land using silvopastoral systems earned the support of the Uruguayan Ministry of Livestock and Agriculture and Directorate of Afforestation, to the extent that the afforestation project at the San Luis and Piedras de Afilar plantations to protect and recover eroded land using silvopastoral systems was selected by the Uruguayan Government for presentation to the Committee on Forestry (COFO) at the FAO meeting held in Italy in 2007.

The Uruguayan Government's commitment to the silvopastoral projects being carried out by Los Eucaliptus, S.A. is reflected in the Directorate for Afforestation's approval and classification of the plantations as "Artificial Protective Forests" under the silvopastoral and soil conservation system, through the afforestation of Eucalyptus Globulus. The latest forest property to obtain this recognition was "El Flaco", at the end of 2014.

Since 2007, we have worked with the University of Montevideo's Agronomy School, in collaboration with the National Agricultural Research Institute and livestock owners, to improve natural pastures and livestock management within forestry activities, including the continuous improvement of silvopastoral systems, which has increased livestock productivity in fields and allowed higher returns on the investment made by our Group.

Forestry certification is one of the main tools available to guarantee the promotion and development of sustainable management systems. The main objectives of the certification process are to encourage woodland conservation, improve forestry management and facilitate market access for forestry products.

### FSC® and PEFC™ Forestry Management Certification

► The Forest Stewardship Council (FSC®), an international organisation with widely recognised certification processes and product labels, is one of the most prestigious forestry certification systems.

► Our Group's forestry activities observe this internationally recognised standard. Since July 2008, forest assets managed in Uruguay have been certified under the FSC®'s GFA-FM/COC-002528 Forestry Management Certificate.

► In Spain, our forest assets have had FSC® Sustainable Forestry Management certification under code GFA FM/COC-002538 since 2013.

► In 2019, the Argentinian companies' forest assets became certified under PEFC/CEFOAR No. UY20/81841041.





### D3. Proposed objectives of the sustainability model applied in the Iberpapel Group's properties

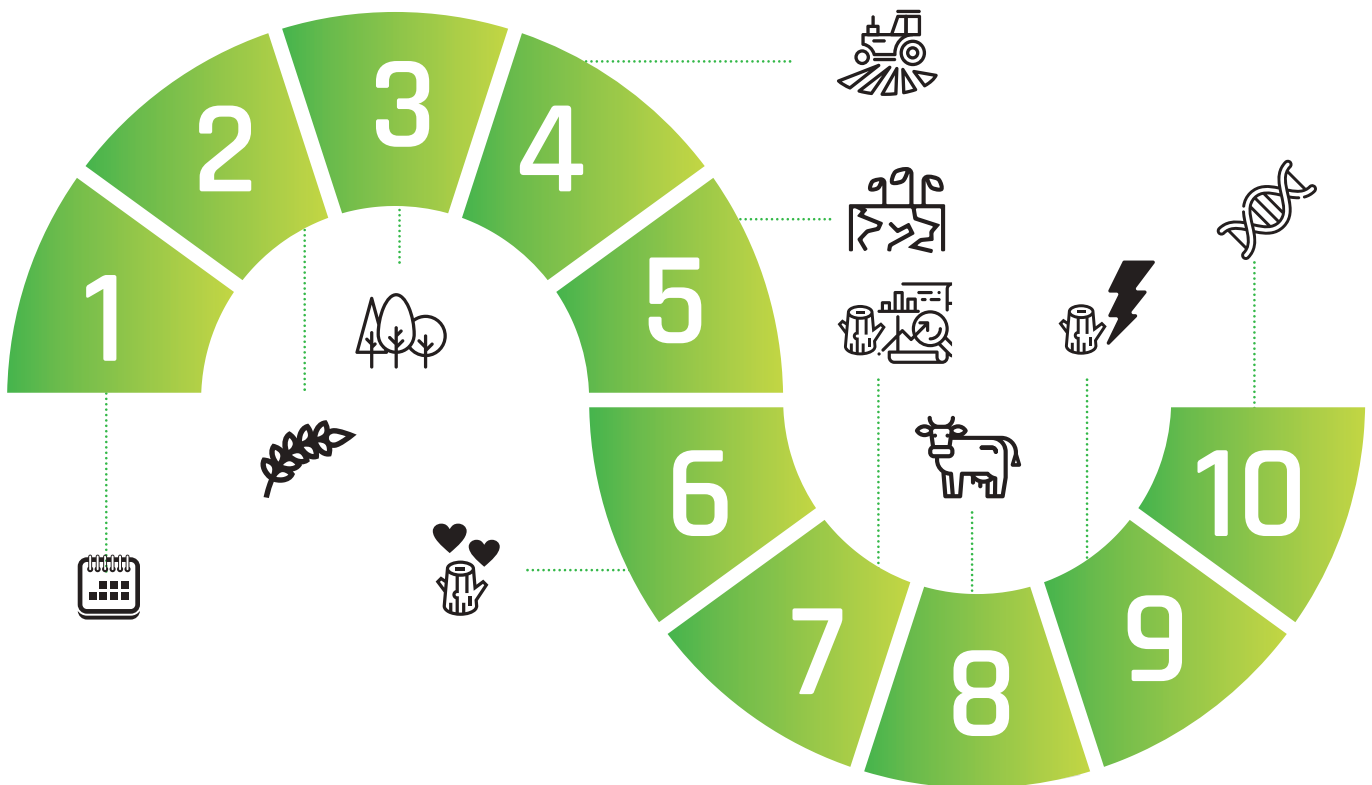
**[1]** Plant forests on forest land during **Spring**: in the southern hemisphere summer (January, February, March) the land is prepared for afforestation in Spring (September, October, November and December). We use seeds selected from Australia (Jeerlang) and the best clones.

**[2]** Improve the capacity to produce forage in the rest of the field, in the space between rows of trees and in the wet and fertile areas that are not suitable for the eucalyptus trees. At the recently forested properties, the areas between rows of trees are being seeded with the species *Lotus sp.*

**[3]** Conserve and care for the native forest areas recognised by bodies responsible for natural resources: one of the main conditions for FSC® certification of forestry land owned by the company Los Eucalyptus, S.A. is the demarcation and conservation of the native forests on the land.

**[4]** Improve the productive capacity of the land: we are achieving this by means of the best forestry techniques, the introduction of high-quality material and the implementation of integrated silvopastoral systems.

**[5]** Protect the land from erosion processes in areas that are degraded and/or have a high degree of incline: all of the plantations in Uruguay are covered by land conservation projects using silvopastoral systems that include eucalyptus afforestation, declared to be "Artificial Protective Forests" by the local authorities.



**[6]** Produce timber sustainably: as timber is exploited in an orderly manner in terms of time and space, as well as the correct use of new shoots, sustainable production is assured over time.

**[7]** Produce timber profitably: this is achieved through the selection of adequate plantations, use of suitable growing practices and seeding of high-quality materials.

**[8]** Increase complementary livestock production by improving pastures and assuring adequate planting patterns: we achieve this by implementing silvopastoral systems.

**[9]** Produce timber for energy generation using waste not suitable for industrial uses: in Uruguay, timber is habitually used as an energy source and is thus a good application for the wood that is not suitable for our business.

**[10]** Assure appropriate genetic biodiversity: we employ *Eucalyptus Globulus* clones and seeds selected from diverse sources to increase the variability of our forests.

## E. Energy and climate change

[302-1; 302-2; 305-1; 305-2; 305-7]

According to the European Energy Agency, Europe's energy system increasingly needs to adapt and become more resilient in relation to the changing climate. Climate change and extreme atmospheric phenomena have impacts on the energy system ranging from the availability of primary energy sources through transformation, transmission and power storage to demand. All these impacts must be addressed in the transition to clean energy.

The EU has set various quantitative targets in relation to the energy system in the 2030 energy and climate programme. It has also proposed a strategy to reach a carbon neutral economy in 2050. Since 1990 the percentage of renewable energy contributed to primary energy has tripled, while the percentage has doubled in power generation. All these scenarios indicate that the levels will increase quickly.

In the paper industry, CEPI, the Spanish association of pulp, paper and board manufacturers, has also launched a road map to reduce carbon emissions by 80% in Europe by 2050, while increasing added value in the business by 50%. The idea is to steer the industry towards European leadership in the low-carbon bioeconomy.

A large part of this strategy is reflected in the Climate Change Policy approved by Iberpapel's Board of Directors in 2018.



## Iberpapel Gestión's climate change policy

### Introduction

The Board of Directors of IBERPAPEL GESTIÓN, S.A. (Iberpapel or the Company) is responsible for determining the general business policies and strategies, and corporate governance policies. The Company has made a pledge to the environment, in general, and to the fight against climate change, in particular.

Climate change is one of the most important challenges that must be faced by humanity in the XXI century. The use of fossil fuels has caused a considerable increase in greenhouse gases that have accelerated global warming.

The international community has agreed to limit the average temperature rise to 2°C above the temperature during the pre-industrial era. Scientists have explained that, to limit the temperature increase, global emissions must peak in 2020 before declining. With this aim, the world's emissions will have to be between 40% and 70% lower than in 2010 and fall to nearly zero by 2100.

There is currently a trend towards a low-carbon-emissions economy that uses resources efficiently while being socially respectful in terms of both consumption patterns and the resulting benefits. It must be based on the use of renewable sources of both energy and raw materials, as well as on collaboration in the efficient use of resources and solidarity.

Iberpapel and its Group companies recognise the gravity of the threat posed by global warming, which must necessarily be confronted in a joint and coordinated way by governments, multilateral bodies, the private sector and society as a whole.

Iberpapel supplies society with products made from renewable materials that require less fossil energy during the life cycle than the majority of other industries, are highly recyclable and also store carbon.

Most of the timber used as a raw material comes from sustainably managed forests. Our plan is energy-intensive, but a large percentage of this energy is obtained from renewable sources such as biomass, which do not add CO<sub>2</sub> to the atmosphere. We use the energy in a highly efficient way by means of cogeneration to produce both thermal energy and power.

This climate change policy is designed to coordinate and disseminate the Group's climate change pledge.

### Action areas

Iberpapel and the other Group companies will be active in the following areas in order to implement our climate change commitment:

- ▶ We will assure that greenhouse gas emissions are monitored in an accurate, consistent and transparent way.
- ▶ We will support the use of timber, a renewable raw material having less of an impact on climate change, as compared with other less sustainable raw materials.
- ▶ We will promote sustainable management of our forest resources and the third-party resources that we access in the market.
- ▶ We will employ renewable energies in the production process, or fossil fuels having less of an impact on climate change, such as natural gas. No fossil fuels other than natural gas will be used. Bioenergy will be prioritised.
- ▶ We will apply highly efficient cogeneration as the most effective means to generate heat and electricity.
- ▶ We will continue to develop CO<sub>2</sub> sinks in our forest plantations. The purpose is to provide other organisations with tools to voluntarily offset greenhouse gas emissions captured by our forests. These emission reduction mechanisms will be audited independently.
- ▶ We will stimulate research and development of products related to the bioeconomy. These products will in the future replace others currently made using fossil fuels.
- ▶ We will foster the circular economy as the most efficient way to use resources. We will promote the use of process waste as a substitute for raw materials in our production process or in other industries.
- ▶ We will actively encourage a culture that promotes the efficient and responsible use of energy and behaviours that favour this approach, involving the Company's stakeholders in the process.
- ▶ Iberpapel promises to assess how climate change risks will affect the business.
- ▶ Climate change might influence Iberpapel's business model and is therefore on the Board of Directors' agenda.



### The Iberpapel Group, an environmental pioneer

► We made a pioneering contribution to the United Nations' approval of the first consolidated forest industry methodology, associated with the Kyoto Protocol Clean Development Mechanisms.

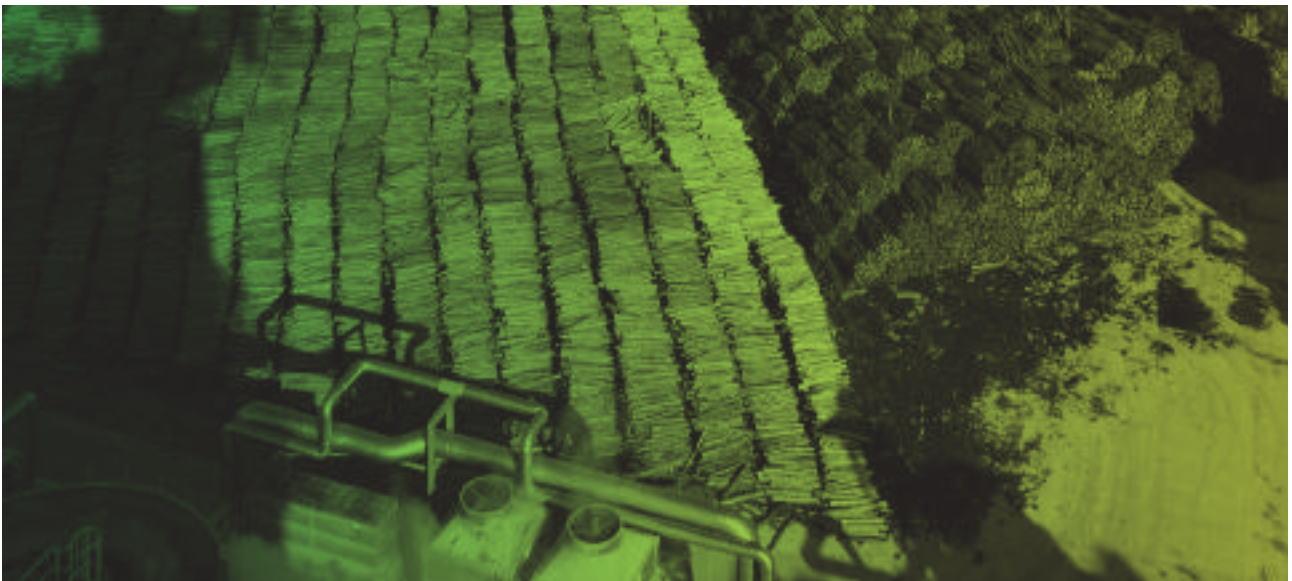
► We are the first Spanish paper industry company to obtain carbon credits certified by an independent body for the removal of CO<sub>2</sub> from the atmosphere.

Applying this policy, which lays down our commitments, we collaborate actively with government bodies to improve the environmental impact of the pulp, paper and board manufacturing industry.

One of the main results of our policy has been the deployment of an Energy and Climate Change Programme that prioritises three strategic action areas covering the most important environmental aspects for both the Group and our stakeholders.

A programme has been designed to prioritise energy efficiency, the use of biomass to obtain energy and CO<sub>2</sub> removal by our forest sinks, as explained in more detail later in this chapter.

In addition to this programme, Iberpapel is active in the field of Best Available Techniques, as reflected in our natural gas cogeneration facilities, which will produce all the power required in our production processes.



## E1. Energy consumption

The Group fosters a culture of efficient energy management. This commitment is fulfilled by supplementing our ISO 14001-certified EMS with an Energy Management System certified externally by an independent entity under the ISO 50001 standard.

Certification was possible thanks to numerous actions taken to promote energy efficiency and help to combat climate change. We have carried out energy audits to identify potential improvements in lighting, air conditioning and system and process efficiency. We have also eliminated heavy fossil fuels in favour of clean alternatives through cogeneration as the best available technique and heat and electricity generation using biomass.

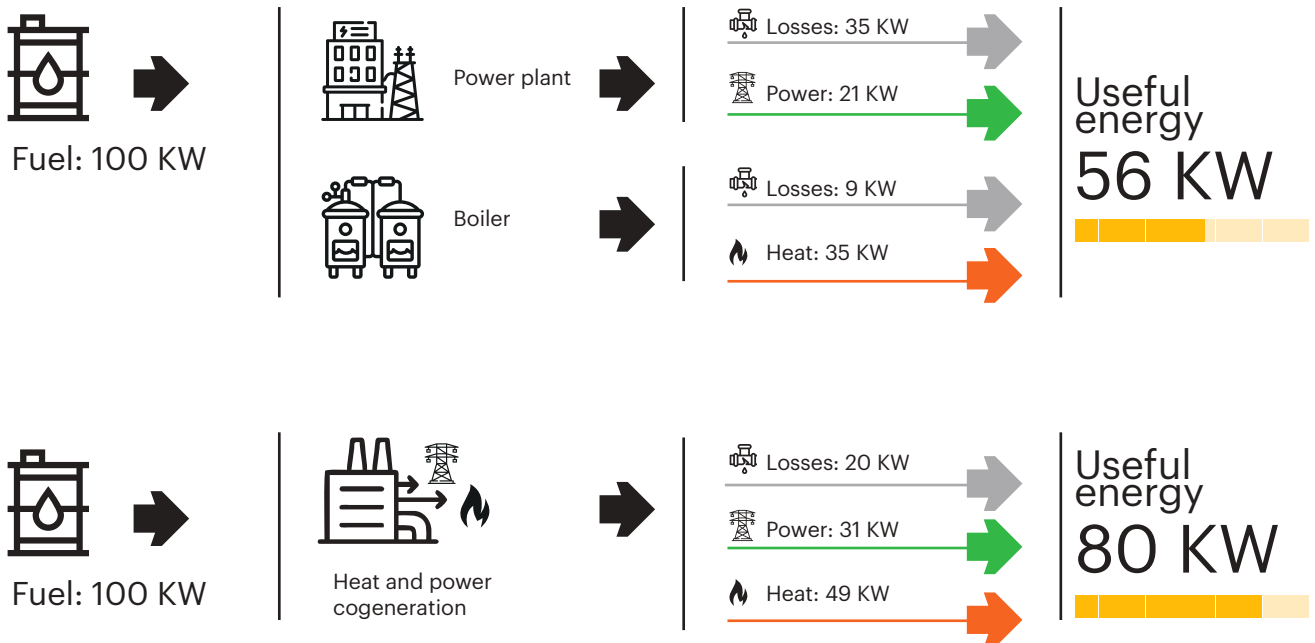
We have cogeneration systems in our facilities, cogeneration being recognised as a Best Available Technique (BAT) in Directive 96/61/EC. Cogeneration consists of generating thermal energy and electricity in a simultaneous, highly-efficient process, reducing the impact on the environment since it requires less fuel than the separate production of the same quantity of heat and electricity. This technology has brought major benefits to both the Group and the environment:

**Benefits of using cogeneration**



- In 2020, as a result of the use of gas cogeneration in our facilities, the Group avoided 31,013 tonnes of CO<sub>2</sub> emissions, which would have been released into the atmosphere had the heat and power been produced separately.
- The use of biomass as a renewable fuel has avoided the emission of 130,938 tonnes of CO<sub>2</sub> that would have been released into the atmosphere using fossil fuels to generate the equivalent amount of energy.
- CO<sub>2</sub> emissions that we managed to avoid through the use of biomass and gas totalled 161,951 tonnes. These emissions have contributed towards the country's overall GHG reduction objective.

**SAVING THROUGH COGENERATION AS COMPARED WITH CONVENTIONAL TECHNIQUES**



### Biomass, a key pillar of our circular economy

- ▶ One of the pillars of our circular economy system is the use of biomass to obtain energy.
- ▶ In the search for alternatives to fossil fuels, we use a part of the organic waste from our processes (in this case, biomass), applying the principles of the circular economy, as a renewable resource to generate green energy. We can therefore reduce demand for fuel using non-polluting alternative sources.

### Efficient energy management

In 2020, 100% of the electricity and thermal energy consumed by the industrial plant was produced by means of cogeneration using biomass and a high-performance gas combined cycle plant.

Hydraulic energy is also harnessed in the Urumea river using a small turbine. It is important to mention that the Group does not use heavy fossil fuels.

Direct power consumption by the Iberpapel Group in 2020 amounted to 3,731,050 GJ (thermal energy and power), a very significant part of this energy consumed being exported to the grid in the form of electricity.

The use of the best available techniques applicable to our sector keeps the Iberpapel Group within very high energy efficiency ratios.

#### ENERGY CONSUMPTION AT OUR COGENERATION PLANTS

(Gj)	2020	2019	2018
Natural gas	3,494,955	3,731,000	3,803,558
Biomass	2,237,997	3,166,532	3,151,849

#### ENERGY GENERATION AT OUR COGENERATION AND HYDRAULIC PLANTS

(Gj)	2020	2019	2018
Power	1,435,637	1,722,500	1,777,400
Steam	2,973,794	3,687,870	3,714,300

#### ENERGY CONSUMPTION AT OUR FACILITIES AND ELECTRICITY EXPORTED TO THE GRID

(Gj)	2020	2019	2018
Electricity exported to the grid	678,381	854,300	905,140
Electricity self-consumed	757,256	868,200	872,260
Steam self-consumed	2,973,794	3,687,870	3,714,300

Both energy consumption and power and heat generation were conditioned by the plant renovation stoppage and the effect of COVID-19 on production. So the ratio of power consumption, measured in MWh consumed per tonne of products produced, increased in 2020 in relation to the previous year, specifically by 12%. The ratio of thermal energy consumed, measured in the same terms, also increased by 4%.

## E2. Combating climate change

Our use of cogeneration considerably cuts GHG emissions compared with the separate generation of heat and power.

Our strategy to combat climate change is grounded in our Climate Change Policy, which is designed to coordinate and disseminate our pledges.

The policy is the basis of our Energy and Climate Change Programme which, as commented at the start of this chapter, prioritises three strategic areas for the Group in the fight against climate change. We promote the reduction of greenhouse gases (GHG) through solutions that draw on energy efficiency, the use of biomass for energy and carbon dioxide removal by our forest sinks.

As regards our forest sinks, the forestry industry can make a huge contribution to GHG reduction and the adaptation to climate change.

The Group avoided emissions amounting to 161,951 tonnes of CO<sub>2</sub> that would have been released in 2020 had the power been generated using conventional methods. Additional power would have been lost during transmission from the generation point to the point of use, which is also avoided through in situ cogeneration.

### ATMOSPHERIC EMISSIONS OF CO<sub>2</sub> AVOIDED (Tonnes)

	2020	2019	2018
	161,951	240,666	244,290

### Carbon footprint

The Iberpapel Group calculates its carbon footprint in two emission scopes: direct (Scope 1), which include those derived from the consumption of fossil fuels in production facilities, and indirect (Scope 2) related to power consumption.

### EMISSIONS PER SCOPE

(CO <sub>2</sub> -equivalent tonnes)	2020	2019	2018
Scope 1 GHG emissions	195,648	209,635	214,521
Scope 2 GHG emissions	-	-	-
<b>Total GHG emissions</b>	<b>195,648</b>	<b>209,635</b>	<b>214,521</b>

There was a fall in atmospheric emissions of GHG and CO<sub>2</sub> avoided due to the third-quarter production stoppage for over 55 days.

**Reduction of GHG emissions in the distribution phase**

► Iberpapel uses five-layer pallets instead of four in the distribution phase in order to reduce GHG emissions. By means of the pallet's structure, we always seek to optimise transport, handling and storage. By optimising transport, associated emissions are also reduced. Four-layer pallets optimise stowage when maritime container are used. This pallet is designed for a global market and long distances, with all that this means as regards the carbon footprint, relocation, etc. But the five-layer pallet optimises short-distance transport. It is designed for use in local markets. Our customers therefore minimise the carbon footprint until the products reach their facilities.

Direct emissions include those arising from the consumption of natural gas in the cogeneration plant and the lime furnace; no other fossil fuels are consumed. There were no emissions due to refrigeration gas leaks in 2020. Most of Iberpapel's refrigeration equipment uses ammonia, a refrigeration gas that does not contribute to climate change.

The Group does not have a fleet of vehicles, so Scope 1 emissions do not include mobile sources.

Biomass combustion is regarded as carbon neutral because the CO<sub>2</sub> liberated during combustion equals the CO<sub>2</sub> absorbed by the plants during growth, which is the natural carbon cycle.

Finally, as the power consumed is obtained entirely from our cogeneration plants, there are no Scope 2 emissions, because they have been treated as the organisation's direct emissions.

The use of cogeneration and biomass brings environmental benefits, particularly the reduction of emissions during the generation of power and thermal energy, given the high efficiency of this generation system. The emissions saved by Iberpapel thanks to the self-supply of energy, the use of biomass and the export of any surplus into the grid are quantified as follows:

**EMISSIONS PER SCOPE**

(CO <sub>2</sub> -equivalent tonnes)	2020	2019	2018
CO <sub>2</sub> saving due to use of biomass	130,938	183,513	186,455
CO <sub>2</sub> saving due to gas cogeneration	31,013	57,153	57,835
<b>Total CO<sub>2</sub> saving</b>	<b>161,951</b>	<b>240,666</b>	<b>244,290</b>





### E3. Kyoto Protocol mechanisms



PGZ, as Iberpapel's only facility subject to the emissions trading system, must comply with the relevant regulations and is therefore required to obtain GHG emission authorisation, to continuously monitor atmospheric emissions and to surrender one allowance per tonne of CO<sub>2</sub> emitted.

All operations holding emission allowances are reflected in the plant's credit account in the European electronic register. In the first quarter of 2021, the Company, fulfilling its legal obligations, surrendered the quantity of allowances covering its 2020 CO<sub>2</sub> emissions, amounting to 195,648 tonnes.

The Clean Development Mechanism (CDL) is an agreement arranged under Article 12 of the Kyoto Protocol which allows the governments of industrialised countries or of the countries included in Annex 1 to the Kyoto Protocol and their companies to enter into agreements so as to meet GHG reduction objectives.

**CO<sub>2</sub>:** The EU's emissions trading system is operational in all 28 Member States plus Iceland, Liechtenstein and Norway. It applies to approximately 11,000 power plants and industrial facilities in different sectors. This system covers around 45% of greenhouse gas emissions generated.

In the current phase III, sectors affected are those that have energy-intensive facilities such as refineries, steel, cement, glass, ceramics, bricks, pulp and paper, aluminium, petrochemicals and producers of nitric, adipic and glyoxylic acids.

The system covers emissions of carbon dioxide, nitrous oxide, perfluorocarbons and nitric, adipic and glyoxylic acids.

During the year we requested the allocation of allowances for phase IV. Since the start of phase III, as recognised by the European Commission, emission allowance allocation takes place through an auction system, which is seen as the most efficient method. In the new phase, the auction system will remain the general rule, free allocation being an exception associated essentially with sectors exposed to the risk of carbon leakage. The revised directive states that, as before, no emission allowances will be allocated free of charge in relation to power generation.

In our case, free allocation will be based on a product benchmark associated with the most efficient European plants and related to the facility's production.

Beginning in 2021, the European emission ceiling will decrease annually by 2.2%, this being the linear reduction factor (LRF), which will lead to a 43% decline in emissions by 2030 as compared with the 2005 level, which is one of the European Union's key climate change strategies, the LRF in phase III being 1.74%. So there will be fewer free allowances available in phase IV than in phase III. Another new aspect in phase IV is that the trading period will last for 10 years (2020-2030) instead of eight, consisting of two allowance allocation periods.

## E4. Other atmospheric emissions



In Europe, the most problematic pollutants in terms of human health are particulate matter in suspension, ozone and nitrogen dioxide. SO<sub>2</sub>, NO<sub>x</sub> and NH<sub>3</sub> can also cause acidification and eutrophication in ecosystems, as well as harm to buildings and vegetation.

According to the latest European Energy Agency report on air quality in Europe, the most important pollutants associated with air quality are particulates, ozone, nitrogen oxides, sulphur dioxide, carbon monoxide, benzene and metals. As regards particulates smaller than 2.5 micras, values above the stipulated limits were recorded at 7% of measuring stations and in seven of the 28 European Union countries. Values above the limit were also observed for nitrogen oxides in 10% of measuring stations, although 86% of these cases were directly related to traffic. Episodes of pollution associated with sulphur dioxide fell to 2% of all measuring stations, while exposure to the pollutant carbon monoxide above recommended limits is very infrequent. Finally, emissions of arsenic, cadmium, nickel, lead and mercury fell considerably during the period 2000-2017 due to the improvements in industry and power generation.

We control and reduce atmospheric emissions as part of our commitment to well-being in society. The Group's only activity that could generate emissions of this kind is conducted in our industrial division, specifically the paper mill.

PGZ's atmospheric emissions are mainly associated with the processes employed to generate the power required for its industrial activity and fundamentally consist of carbon dioxide (CO<sub>2</sub>), sulphur dioxide (SO<sub>2</sub>) and nitrous oxides (NO<sub>x</sub>). Additionally, the use of biomass generates particulates and total reduced sulphur compounds.

One specific feature of our emissions is the lower concentration of sulphur dioxide due basically to the use of clean fuels such as biomass and natural gas. In 2020, emissions amounted to 0.003 kg/product tonne.

Nitrogen oxide emissions are generated at the biomass plant and the cogeneration facility due to the presence of nitrogen in the fuel's composition or in the atmospheric air used in the combustion process. Emissions of this compound in 2020 amounted to 1.33 kg/product tonne

The main points at which particulates are emitted into the atmosphere are the lime furnace chimney and the recovery boiler chimney, both of which have electrostatic precipitators to reduce emissions. Emissions of the smallest particulates, referred to as PM10, totalled 0.04 kg per tonne of pulp produced in 2020. Both the boiler source and the furnace source are permanently connected to the Basque Government's atmospheric surveillance network, supplying the authorities with real time emission values.

PGZ has a number of odour elimination systems that considerably reduce the impact on the surrounding area. Using these systems, reduced sulphur compounds, which are mainly responsible for the smell, are channelled to the recovery boiler where they are burned, making use of the sulphur content, which is reincorporated into the process.

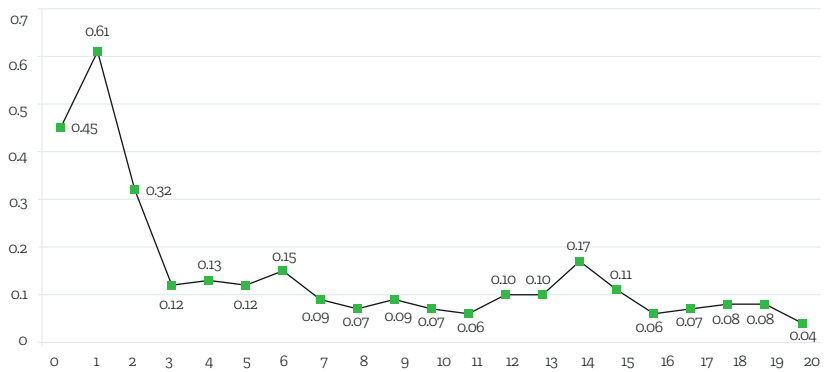
The data show that air quality in Europe is improving slowly, thanks to past and present policies, and technological advances, but the high concentrations of air pollutants are still having a considerable impact on the health of Europeans, the most harmful pollutants being particulate matter in suspension (PM), nitrogen dioxide (NO<sub>2</sub>) and ground-level ozone (O<sub>3</sub>).

These technologies are classed as BAT (Best Available Techniques) in the European BREF document on the manufacture of pulp and paper.

All emission points are analysed and inspected periodically by independent bodies validated by the administration. Findings are reported periodically to the administration. Our measuring equipment is calibrated by an external entity and maintenance contracts ensure that it operates reliably throughout the year. The findings of some of these ongoing emission controls are shown below.

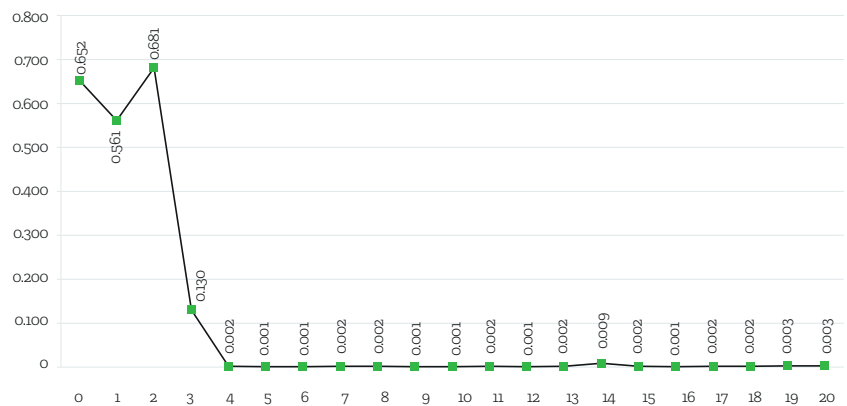
**ATMOSPHERIC EMISSIONS OF PM10 (2000-2020)**

(Kilos of particulate matter per tonne of paper and pulp produced)

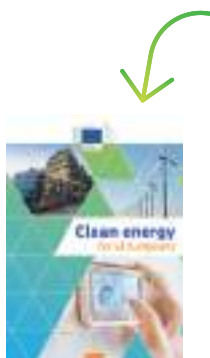


**SO<sub>x</sub> EMISSIONS (2000-2020)**

(Kilos of particulate matter per tonne of paper and pulp produced)



## E5. Clean energy



From the viewpoint of the European paper industry, energy is considered to be a key matter at present and also in the future. As energy can account for over 30% of a plant's operating costs, the paper industry has invested in sustainability and renewable energies; it is now one of the energy-intensive industries that relies least on fossil fuels. The industry has made large investments in cogeneration and in other energy efficiency measures, achieving a 20% reduction in GHG emissions in the last decade.

At the end of 2016, the European Commission published the proposal "Clean energy for all Europeans", better known as the "Winter Package", comprising several legislative proposals designed to complete the internal power market and implement the so-called "Energy Union".

The proposed legislative measures are intended to:

- Create a common energy market in the European Union and assure that energy systems are adequate.
- Promote better integration of electricity generated using renewable sources and implement bioenergy sustainability principles.
- Progress towards energy efficiency in buildings, industries and transportation in order to meet climate objectives.
- Implement governance rules for the European Energy Union.

These objectives will be achieved by reforming the Internal Electricity Market Directive, the Electricity Market Regulation, the Renewable Energies Directive, the Energy Efficiency Directive, the Energy Performance of Buildings Directive and other less significant regulations.

The impact of these changes, combined with the current reform of the ETS market, is very significant, so European industry is following the process initiated by the European Commission with great interest. Various European associations have signed a joint statement requesting the Commission's involvement.

The emissions trading directive (EU-ETS) imposes penalties of €100 for every tonne of CO<sub>2</sub> emitted that is not offset by 1 EUA (European Union Allowance) within the stipulated annual period. Additional penalties may be established by the Member States.

€100/tonne of  
CO<sub>2</sub> emitted



## F. Waste management and circular economy

[306-2]



In the paper industry, one of the key aspects of environmental management is adequate waste management. Yet the efficient use of resources does not only relate to the improved use of raw materials but also to the concept of a circular economy, which brings the materials contained in waste back into the process, either in the same company or in other facilities, to generate new products or raw materials.

We prioritise the reuse of resources in our activity, assuring a second use inside the plant and thus contributing towards the circular economy. One example is the use of carbonate slurry generated at the causticizing plant as a raw material in the production of lime that can be used in the same plant. Other examples are the reuse of water from the paper machines as a substitute for clean water in the pulp manufacturing process or the use of biomass as a green energy source, already mentioned in the Energy and Climate Change section of this chapter.

However, some materials are generated during the manufacturing process that cannot be reused in the process and become waste.

Process waste is mostly classed as non-hazardous waste and only a small part is deemed to be hazardous (specifically, 0.2% in 2020, which is 63% up on 2019). This basically relates to oils, batteries, fluorescents or laboratory re-actives associated with all industrial activities, which are managed by authorised companies.

All wastes are separated at source in each production plant and are individually managed. The main wastes generated in 2020 during the production of cellulose and paper were carbonate slurry, caustic sludge, and water and bark treatment sludge. Others, such as plastic, paper and cardboard, metal waste and other waste that is similar to ordinary municipal waste were also generated. They are all considered to be non-hazardous.

The most frequently used approach to waste reuse is through the cement industry, particularly in the case of carbonate slurry from our lime oven. The calcium carbonate that we supply to the cement producers replaces the limestone that they need to quarry; we provide a consistent, ground waste which they use as a raw material, in a clear example of the circular economy.

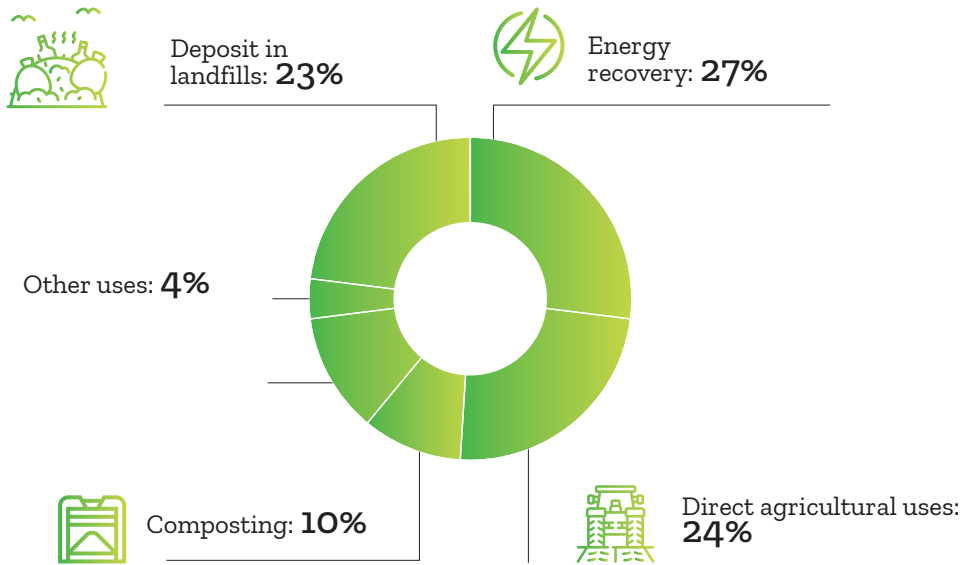
The option employed for waste fractions that cannot be used in other sectors is a landfill.

In 2020, 34% of waste generated was deposited in landfills when reuse or recovery was not an option. This percentage taken to landfills fell considerably by 24% with respect to 2019.

Through PGZ, Iberpapel participates in various projects with the aim of reusing this waste in a way that is technically and economically feasible, so that the smallest possible fraction is sent to a landfill.

At the industry level, according to ASPAPEL data, the management of waste from the paper process may be summarised as follows:

**WASTE MANAGEMENT IN THE PAPER INDUSTRY**

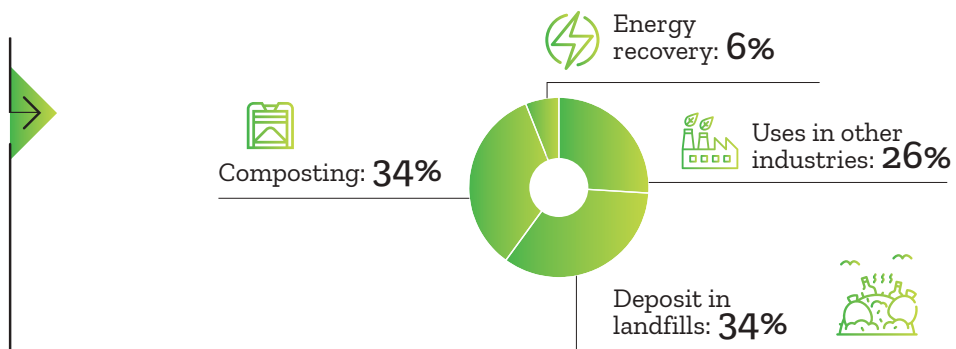


**WASTE GENERATION AT PGZ**

	2020	2019	2018
Hazardous waste (t)	18	84	78
Non-hazardous waste (t)	9,880	76,213	62,665
Total waste (t)	9,898	76,297	62,743
% hazardous	0.18	0.11	0.12
% of waste recovered or reused	66	42	48
% taken to landfills	34	58	52

Waste quantities, specifically carbonate slurry, declined due to the fall in plant production caused by the renovation and the effect of COVID-19.

**Waste reuse at PGZ**



## G. Liquid effluents and water use

[303-1; 306-1]

Water is essential in the manufacture of cellulose and paper to break up and carry fibrous materials and additives. Water is also used as a heat exchange fluid, to seal pumps and vacuum systems, and to generate steam, basically.

Unlike other major water users, the pulp and paper industry returns the majority of the water to the natural environment. The water is returned to surface waters once it has been properly purified.

Pulp and paper manufacturing plants strive to reduce water consumption and improve the quality of water discharged into the natural environment. With this aim, water is reused as much as possible in the different processes and the water that cannot be finally reused is purified.

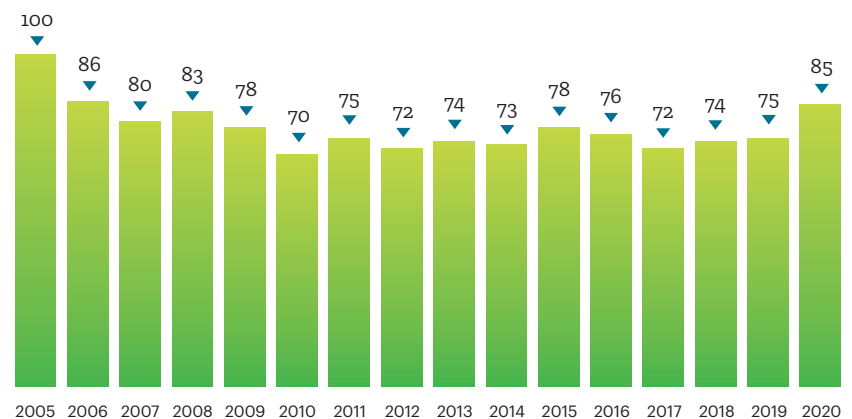
PGZ prepares water consumption reduction plans as a basic tool to control water use. Our 2016-2020 reduction plan continued during the year. These plans allow us to maintain the low levels of water consumption stated in the BREF document issued by the European Commission on BAT in the pulp and paper industry.

Specifically, in 2020, 18.8 m3 of water was used per tonne produced, representing an increase of 14% on 2019. These values are much lower than the ranges described in the BREF for BAT application.

### PERCENTAGE WATER CAPTURE BY SOURCE

	2020	2019	2018
River water (%)	70.00	80.09	78.30
Groundwater (%)	30.00	19.91	21.70

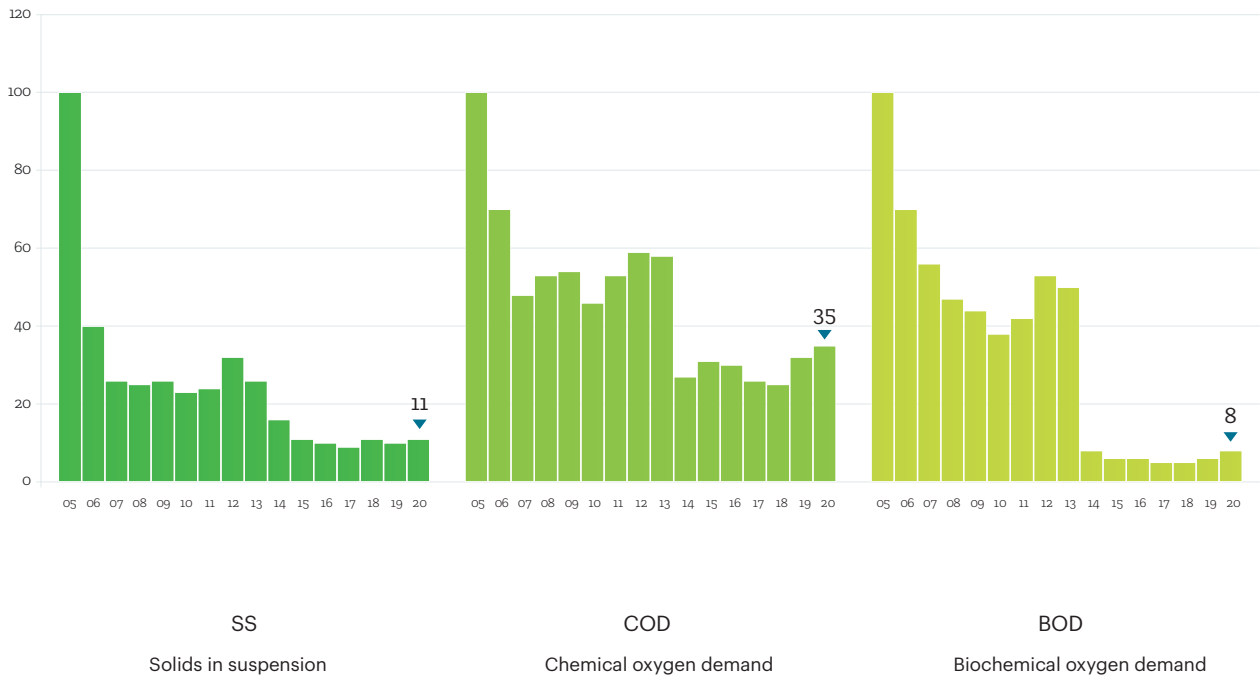
### PERCENTAGE USE OF FRESH WATER (Base 100 2005)



The chart reflects the efforts made by PGZ to improve consumption in recent years, with respect to 2005 base figures.

The percentage of fresh water use rose compared with previous years due to the decline in plant efficiency as a result of the production stoppages.

**PERCENTAGE EFFLUENT LOAD** (Base 100 2005)



In recent years (2005-2020), PGZ's effluents have decreased considerably and now contain only 11% of their initial suspended solids, 35% of their initial chemical oxygen demand and 8% of their initial biological oxygen demand.





## H. Biodiversity protection

[304-1; 304-2; 304-3]

### Characterisation of habitats and monitoring of fauna

► In December 2020, three studies were carried out to characterise habitats and monitor fauna in the San Luis, Bella Vista II and Don Alcides properties in Uruguay. This entailed drawing up and categorising lists of species based on international conservation lists (IUCN, CITES) and Uruguay's InBUy database of Invasive and Alien Species. The studies found that the values showing the wealth and abundance of birds remain at medium-high levels compared with other regions of the country and that the number and proportion of species of fauna that are threatened to some extent or are conservation priorities remain stable in relation to the previous study.

We observe and monitor biodiversity during our activities, leading to the identification and declaration of high conservation value areas. Periodic biodiversity (fauna and flora) studies are conducted by independent professionals in our properties, based on certain indicators (species that are in danger of extinction, vulnerable or exotic; population densities; new species, etc.), thereby obtaining insight into the biological diversity in each ecosystem.

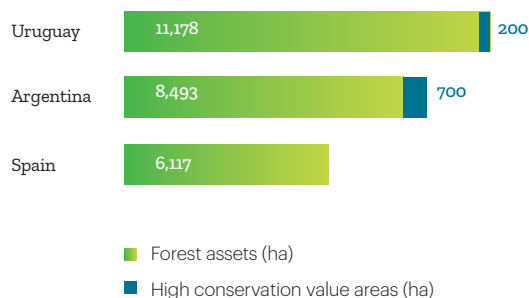
These studies are employed to identify the areas which show the most biodiversity and declare them to be areas of high conservation value. A zone of approximately 200 hectares in the east of Uruguay, named "Cerro del Betete", and another zone of around 700 hectares of protected rural highland in Argentina, have been declared high conservation value areas.

In the properties in Argentina there are natural areas that must be conserved and protected due to the wealth of native flora and fauna. The regulation and management of these areas is regarded as a priority. So, in 2009 Iberpapel initiated a biodiversity monitoring programme to study the natural areas inside the properties and the seasonal evolution of species and communities.

In 2017, an Environmental Management Plan for the "La Pellegrini" Protected Natural Area was drawn up and implemented. This plan is the core instrument for spatial planning and organisation, defining and contributing to the management and conservation of resources in the protected area, as well as providing the guidelines and policies for the administration of the area, management approach, uses and permitted activities, as a result of the diagnosis and analysis of all relevant factors. The main purpose of the plan is to protect natural ecosystems that have a high conservation value such as native woodland, wetlands and water reserves. The ecosystem targeted as a "Protected Landscape" has gallery forests and a variety of forest strata in which abundant shelter, food and habitats for local animal populations may be found. It is vitally important to include the ecosystem in the Provincial System for Protected Natural Areas, guaranteeing social and governmental engagement following the guidelines laid down by Provincial Law 8967/95.



### FOREST ASSETS AND HIGH CONSERVATION VALUE AREAS (ha)



### Forest fires

► In 2018, the company became a member of Uruguay's PAIF (Forest Fire Protection Plan), which is coordinated by the Uruguayan Forestry Producers Association. This national system involves the majority of forestry industry companies and protects an area of nearly 800,000 hectares.

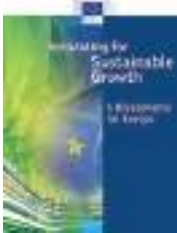
► In Argentina, since the year 2000, all the properties have been members of ACE Colón Norte, taking part in forest fire surveillance activities in the summer months.

Recently, as a result of the environmental impact studies carried out to modernise the Hernani plant, local biodiversity has been analysed. The potential natural vegetation consists of riverside species, specifically Cantabrian alder trees (*Hyperico androsaemi*), typically found on waterlogged river banks, as the dominant and sometimes the only species, black alder trees (*Alnus glutinosa*) and ash trees (*Fraxinus excelsior*), plane trees (*Acer pseudoplatanus*) and willow trees (*Salix sp.*), with an understory rich in shrub-like species such as hazels, blackthorns and roses, and a rich and varied herbaceous layer. Atlantic oaks (*Quercus robur*) can be seen further away from the river.

The fauna is logically conditioned by the urban environment. In the surrounding areas, there may be examples of the common toad (*Bufo bufo*), the Iberian green frog (*Rana perezi*) or the palmate newt (*Lissotriton helveticus*). From the bird world, there are song thrushes (*Turdus philomelos*), European robins (*Erithacus rubecula*) and white wagtails (*Motacilla alba*). Common kingfishers may also be spotted (*Alcedo atthis*). Representing mammals, there are hedgehogs (*Erinaceus europaeus*), moles (*Talpa europea*), Pyrenean desmans (*Galemys pyrenaicus*) and European minks (*Mustela lutreola*). River fauna would include common minnows (*Phoxinus phoxinus*), stone loaches (*Barbatula batbatula*) and salmon (*Salmo salar*).



## I. Importance of the bioeconomy



In 2012, the European Commission approved the strategy “Innovating for Sustainable Growth: a Bioeconomy for Europe” in which the bioeconomy is defined as an economy that uses biological resources and waste as supplies for production.

This is a boost for the bioeconomy, a low-emissions economy that promotes sustainable management in agriculture, fishing and food security, using resources sustainably.

According to the European Commission, the core sectors involved are agriculture, forestry, fishing and pulp and paper manufacturing, plus, to a lesser extent, chemicals, biotechnology and energy.

The European cellulose and paper sectors are at the forefront of the bioeconomy, in which renewable raw materials are replacing fossil resources, thereby helping to improve the environment and the quality of life as part of the reduction in the impacts of climate change.

The Confederation of European Paper Industries (CEPI) has launched its CEPI 2050 roadmap, designed to:

- Cut the industry’s fossil CO<sub>2</sub> emissions by 80%.
- Increase the added value of products manufactured by 50% by 2050.



The European pulp and paper industry produces bioproducts using timber and recovered paper, which are renewable materials. It is also the leading industrial sector in terms of bioenergy generation capacity and bioenergy consumption. The paper industry, with its traditional and new products, plays a key role in society, supplying products that are efficiently manufactured, fully recyclable and produced using renewable raw materials.

The term biorefinery is now used in the industry to refer to cellulose production plants. The biorefinery concept is analogous to that of a petrochemical refinery, which produces a broad range of products and fuels using fossil resources. Biorefineries can produce numerous bioproducts and biofuels using renewable carbon sources and bioprocesses. There is a chemical derived from bioproducts that is equivalent to the chemical derived from oil.

A biorefinery’s economic competitiveness is based on the co-production of small volumes of high-value-added products together with the cellulose or biofuels. Biorefineries can process different types of biomass to generate energy and a wide variety of products and synthesis intermediates. There are two types of biorefinery facilities based on energy generation, including biofuel plants, and on the production of chemicals, which can also generate electricity or heat simultaneously.

A biorefinery can be a single unit, such as a plant that produces cellulose and paper and generates electricity and heat using by-products in the process, or a group of facilities processing by-products or waste from neighbouring facilities.

Different biorefinery concepts are currently being developed, some of which are highly complex. Biorefineries can produce numerous bioproducts and biofuels using renewable carbon sources and bioprocesses.

The European cellulose and paper industry has been among the most active in the bioeconomy, making fully renewable, recyclable products and generating bioenergy to replace fossil fuels. The development of biorefinery projects to obtain products in alternatives ways to the petroleum-based chemical approach is also under way. The industry is thus clearly committed to decarbonisation.



## J. Our genetic and silviculture improvement plan

### Key aspects of the genetic and silviculture improvement plan

- ▶ Application of the best technologies to achieve the highest quality timber and integration of forestry with natural systems.
- ▶ Selection of superior trees.
- ▶ Optimisation of land use by planting the most suitable species.
- ▶ Inclusion of new eucalyptus species with different timber qualities.

The plan was launched in 1994 with the aim of applying the best technologies to obtain the highest quality timber and integrate forestry with the protection of natural systems while allowing and encouraging forest grazing. The implementation of this plan has allowed a substantial increase in the timber's volume and morphological quality.

The plan began with the selection of superior Eucalyptus Globulus, obtained from different locations and with diverse characteristics. These trees show high adaptability and natural rusticity, the main advantage of which is higher productivity per surface unit.

Our strategy involves reforesting the most suitable areas with these superior trees and trees obtained from genetically improved seeds. Less suitable zones are planted with other more appropriate eucalyptus species so as to optimise land usage. In both cases, the best forestry techniques are applied to maximise productivity per surface unit and increase sustainable timber production.

Having established the general lines of action, the plans are adapted to each of the areas in which we have plantations.








In Argentina, the forestry business was diversified by bringing in other eucalyptus species with qualities that are suitable for timber and cellulose such as the Eucalyptus Grandis Hill ex Maiden or Eucalyptus Grandis.

In Uruguay, a reforestation project began in 2005, planting Eucalyptus Globulus forests on very severely eroded soils, combined with silvopastoral activities. It was conducted in forest plantations in the departments of Canelones, Maldonado and Lavalleja, covering an area of 4,691 hectares.

This project also involves the absorption of CO<sub>2</sub> emissions through forest masses, which act as sinks for greenhouse gases. In order to calculate and monitor CO<sub>2</sub> removal as a result of this project, we previously developed a specific methodology approved by the United Nations under the name AR-ACM0001 (Afforestation and Reforestation of Degraded Land), which is now applied to other forestry projects both in Uruguay and also in Brazil, Chile, China, India and the Democratic Republic of the Congo. It is the first consolidated methodology to be approved for the forestry industry.

Through this project, we are contributing to the SDGs and sustainable development in Uruguay, including the following environmental achievements:

### CERTIFICATION OF CO2 EMISSIONS REMOVAL AT OUR URUGUAYAN PLANTATIONS UNDER THE INTERNATIONAL VCS

  <p>4,691 ha</p> <p><b>ECONOMIC</b> benefits</p>	  <p>FSC-certified management systems</p> <p>657,311 t CO<sub>2</sub> emissions absorbed</p> <p><b>ENVIRONMENTAL</b> benefits</p>	  <p>Knowledge sharing with local communities</p> <p>71% of the workforce are local people</p> <p><b>SOCIAL</b> benefits</p> 
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# Our

## Corporate Governance

# 6

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- 6.1 Our corporate governance at a glance
- 6.2 Our commitment to transparency
- 6.3 Share capital structure and market capitalisation
- 6.4 Principles for socially responsible governance
- 6.5 The Iberpapel Group's Corporate Governance System
- 6.6 Ethical framework and regulatory compliance
- 6.7 Integrated risk management

# 6.1 Our corporate governance at a glance

## 2020 Milestones

- ▶ Preparation of new policies, including the General Corporate Governance Policy, the Risk Control and Management Policy, the Economic-Financial and Corporate Information Communication Policy, the Stakeholder Relations Policy and the General Meeting Attendance Premium Policy.
- ▶ Adaptation of the Board of Directors Regulations to the Code of Good Governance in Listed Companies.
- ▶ Amendment of Article 21 of Iberpapel's Bylaws to increase the maximum number of Board members to nine.
- ▶ Designation of a woman director, women accounting for 25% of the Board at 31/12/2020.
- ▶ Reorganisation of the Corporate Social Responsibility Committee.

## Future challenges

- ▶ Adapt the Bylaws to include the possibility of holding Electronic General Meetings.
- ▶ Adapt the General Meeting Regulations to reflect the procedure for holding Electronic General Meetings.
- ▶ Increase the involvement of the least represented gender.

### MAIN METRICS FOR 2020 AND TRENDS

% Code of Good Governance recommendations followed

97%

-1% vs. 2019

Number of Board of Directors meetings

11

+10% vs. 2019

% attendance at the Annual General Meeting

82,33%

-1.94% vs. 2019

New or updated policies

5

+150% vs. 2019

Reports received through the Whistleblower Channel

0

= vs. 2019

% women on the Board of Directors

25%

+100% vs. 2019





## OUR MAIN CONTRIBUTION TO THE SDGs



Goal  
5.1  
5.2

Equality is a basic action principle. So all professionals are given the same opportunities to access employment and promotion, assuring the complete absence of any kind of discrimination during their activities, as laid down in the Group's Code of Conduct. Iberpapel also has a Director Selection and Board Diversity Policy addressing the diversity of knowledge, experience and gender.



Goal  
8.5

Iberpapel's pledge to provide decent, quality work is set out in our Code of Conduct, applicable in all the Group companies. The code includes commitments such as guaranteeing occupational health and safety and a pleasant work climate, promoting job stability through respect for the collective rights, and a work-life balance, among others.



Goal  
16.5  
16.7

The Iberpapel Group's Code of Conduct implements a number of conduct standards that include ethical, respectful relationships with customers, suppliers and authorities, in line with prevailing anti-corruption and anti-bribery legislation. There is also an Anti-Corruption Policy to prevent the risk of corruption, bribery and conflicts of interest.

## 6.2 Our commitment to transparency

The most complete details can be found in the Group's Corporate Governance Report, which is on Iberpapel's website in the section Shareholders and Investors.

We feel that good governance requires all our stakeholders to have access to regular information that is accurate, detailed, clear and useful.

In the interests of full transparency, all relevant information and communications are posted on the corporate website [www.iberpapel.es](http://www.iberpapel.es), together with corporate governance reports.

As a reflection of our belief in transparency, most of our policies can be consulted in the corporate governance section of the website in the section Shareholders and Investors/Corporate Governance.

This chapter contains a brief summary of the aspects of corporate governance most relevant to both the Group and its stakeholders.

## 6.3 Share capital structure and market capitalisation

The Iberpapel Group's share capital consists of 11,039,829 fully-subscribed and paid-up ordinary shares with a par value of 60 euro cents each, all in the same class and series, carrying the same voting and dividend rights, and represented by book entries.

The Group has a solid shareholder structure, there being no shareholding of 10% or more of share capital totalling €6,624 thousand at year-end 2020. Onchena is Iberpapel's principal shareholder, followed by Norges Bank, Miquel y Costas, Santander Small Caps España and Magallanes Value Investors.

### SHAREHOLDINGS ABOVE 3% OF CAPITAL (At 31 December 2020)

Shareholder's name or business name	% voting rights (direct)	% voting rights (indirect)	% total voting rights
ONCHENA	8.15%		8.15%
MIQUEL Y COSTAS & MIQUEL, S. A.		5.05%	5.05%
NORGES BANK	6.07%		6.07%
MAGALLANES VALUE INVESTORS, S.A., SGIIC		3.17%	3.17%
SANTANDER SMALL CAPS ESPAÑA, FI	4.92%		4.92%
BOARD OF DIRECTORS			3.58%
TREASURY SHARES			1.16%
ESTIMATED FREE FLOAT			67.90%

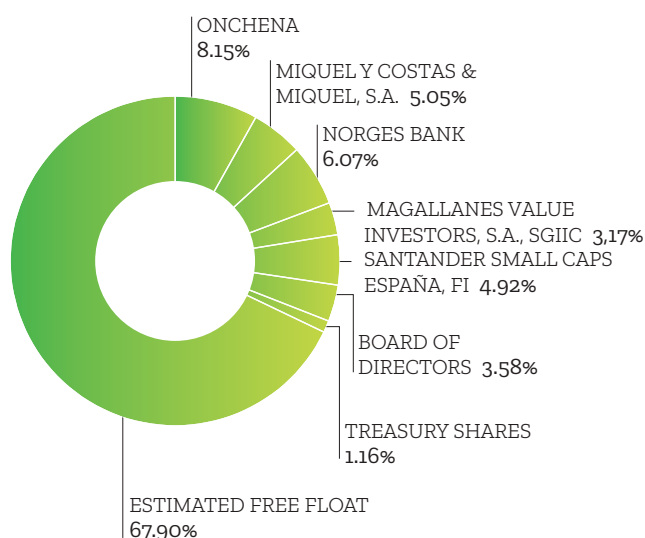
Share capital includes a free float of 67.90%. All the parent company's shares are listed on the Madrid and Bilbao stock exchanges. At 31 December 2020, the Group's market capitalisation stood at €189,89 million.

### Treasury shares

In 2020, the Company acquired 47,172 treasury shares on the stock exchange. A total of €940.6 thousand was paid for the shares. In 2020, 38,186 treasury shares were sold for €1,013 thousand, generating a profit of €254 thousand.

At 31 December 2020, the Company held a total of 127,587 treasury shares at an original cost of €3,203 thousand. These shares represent 1.156% of the Company's share capital. They are held as a treasury share portfolio, observing the limits stipulated in Article 509 of the Spanish Companies Act.

### CAPITAL STRUCTURE



## 6.4 Principles for socially responsible governance

[102-19; 102-20; 102-21; 102-25; 102-26; 102-35; 205-2]

Our activity is guided by policies, principles and frameworks that instil a culture of business responsibility in everything we do. In 2020, we updated and extended our governance in various areas related to our non-financial performance to help us to handle the matters that most concern our stakeholders.

**In 2020, a comprehensive corporate governance improvement plan was initiated by drawing up new policies and developing existing policies to align them with global and industry best practices, as well as with the Code of Good Governance in Listed Companies.**

**The Corporate Governance Policy was prepared and approved and will be the backbone of Iberpapel's initiatives and policies.**

### POLICIES THAT INSPIRE US AND ARE INTEGRATED WITH OUR BUSINESS STRATEGY

#### General Code of Conduct

This brings together the ethical values that must underlie our conduct as Iberpapel professionals and the guidelines and general lines of action for decision-making. It is a formal reflection of the Iberpapel Group's model of ethical management and regulatory compliance.

#### Corporate Social Responsibility Policy

This lays down the fundamental, specific principles of Corporate Social Responsibility and of the Group's relationship with the local community. It also defines the commitments acquired voluntarily to build value for all stakeholders.

#### Criminal Compliance Manual

This policy addresses the tools at the Group's disposal to prevent criminal risks relating to actions and conduct by our employees and people working in the Company.

#### Anti-Corruption Policy

It reflects the instruments available to mitigate and prevent the risk of corruption, bribery and conflicts of interest. The applicable guidelines are established, relevant roles and responsibilities are assigned and certain aspects of governance are addressed.

#### Climate Change Policy

This policy presents and disseminates the Iberpapel Group's pledge to reduce the effects of climate change for both society and the Group itself.

#### Quality Policy

This is the formal reflection of management's promise to implement a quality management system oriented towards customer service and continuous improvement.

#### Director Selection and Board Diversity Policy

It assures that proposed appointments or reappointments of directors are based on a prior analysis of the Board of Directors' needs and that they favour diversity of knowledge, experience and gender.

#### Directors' Remuneration Policy

This provides principles and criteria to bring the Remuneration Policy into line with market best practices and trends.

#### Communication Policy

It encourages permanent contact and dialogue with all stakeholders, particularly shareholders, institutional investors and proxy advisors, transparent and accurate information being the Group's maxims in this area.

#### Anti-Corruption Policy

It defines the set of guidelines, behaviours and best practices for employees in connection with the prevention of potential corrupt practices. Among other matters, this policy regulates conflict of interest management, behaviour guidelines relating to public officials and authorities, and private third parties, and the internal policy on personnel expenses and hospitality: gifts, commercial invitations and entertainment, among other aspects.

## Policies updated and prepared in 2020

### ▶ Approval of the General Corporate Governance Policy.

This general policy addresses all the governance actions and policies deployed by the Company (i.e. corporate governance system) and develops the principles applicable to the activities of the Company and the Group. It assures a transparent approach to good corporate governance by explaining how the measures are employed.

### ▶ Approval of the Risk Control and Management Policy.

This policy facilitates transparent communication of risks, determining the principles underlying the risk management system and establishing the roles and responsibilities of those involved in managing risks.

### ▶ Approval of the Economic-Financial and Corporate Information Communication Policy.

This policy helps to maximise the dissemination and quality of information made available to the market, investors and other stakeholders and must in turn be aligned with the policy on stakeholder relations.

### ▶ Approval of the Stakeholder Relations Policy.

This policy forms part of the Company's corporate governance approach and complements the policies on communication and on corporate social responsibility.

It guides and builds Iberpapel's relationships with our main stakeholders in all our activities and operations, by identifying expectations, assessing their main concerns and offering solutions that help to create shared value, thereby continuing to meet needs as they arise, instil trust and protect our corporate reputation.

### ▶ Approval of the General Meeting Attendance Premium Policy.

This policy is designed to maximise representation at General Meetings. Although the Company has been applying an attendance premium per share to all the general meetings held since 2004, so as to comply with recommendation 11 of the Code of Good Governance, the decision was taken to set out this measure in a policy approved by the Board of Directors.

### ▶ Internal Corporate Governance rules

Besides the policies that inspire our organisation, the Iberpapel Group has Corporate Governance regulations including:

- Bylaws;
- General Shareholders' Meeting Regulations;
- Board of Directors and Board Committee Regulations;
- Internal conduct rules for matters relating to stock markets;
- Electronic Shareholder Forum rules;
- General Meeting distance-voting and delegation rules.

# 6.5 The Iberpapel Group's corporate governance system

[102-18; 102-19; 102-20; 102-21; 102-22; 102-23; 102-24; 102-26; 102-28; 102-31; 102-32; 102-36]

## Introduction

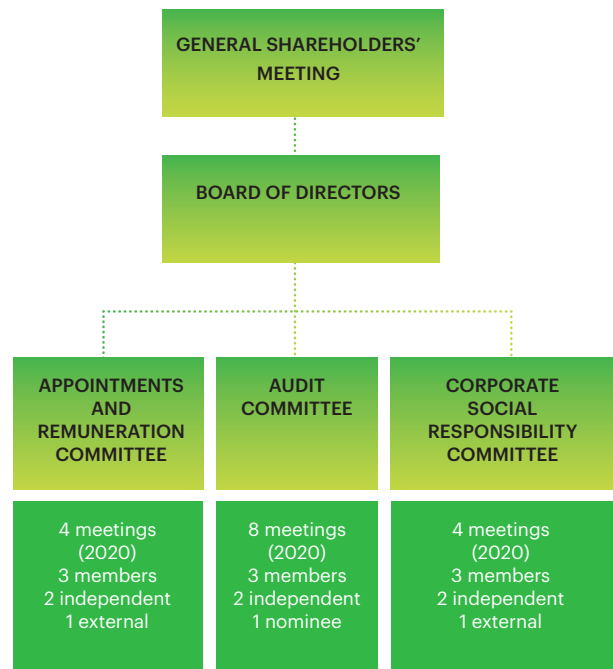
Iberpapel has put in place a Corporate Governance System comprising the Group's principles and values, the Bylaws, the corporate policies referred to previously and the internal rules of Corporate Governance, as well as all our internal codes and procedures.

Its content is inspired by and grounded in our belief in best practices in Good Governance, Corporate Social Responsibility and business ethics. The Group's reference framework is the Spanish National Security Market Commission (CNMV)'s "Unified Code of Good Governance in Listed Companies".

The Iberpapel Group's Corporate Governance System has two main governing bodies: the General Shareholders' Meeting and the Board of Directors, which have in turn set up three governing committees: the Appointments and Remuneration Committee, the Audit Committee and the Corporate Social Responsibility Committee.

The functions of these bodies reflect the provisions of Spanish legislation and the CNMV's rules and recommendations.

## THE IBERPAPEL GROUP'S CORPORATE GOVERNANCE STRUCTURE



### Commitment to continuously improve governance

Iberpapel has made a commitment to apply the highest standards of business ethics and the best practices in corporate governance. A tangible reflection of this commitment is our almost complete fulfilment (nearly 97%) of applicable Unified Code of Good Governance recommendations.

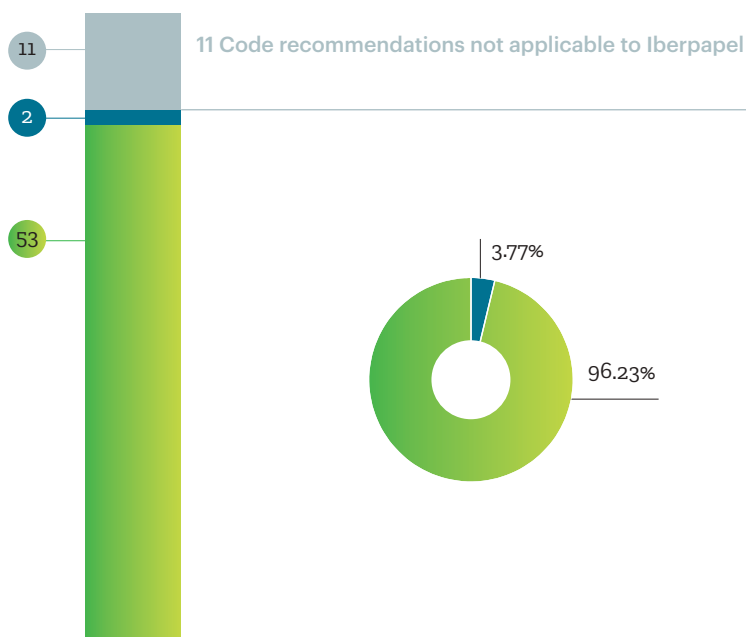
The Iberpapel Group oversees compliance with Good Corporate Governance recommendations and best practices, which entails the continuous review and update of related regulations and procedures.

In 2020, the only recommendations not followed by the Group were no. 7 “The Company should broadcast the General Shareholders’ Meeting live on its website” and a part of no. 15 “... women directors should account for at least 40% of the Board members by the end of 2022 and thereafter and, previously, not less than 30%”.<sup>1</sup>

As regards no. 7, the Company does not consider the live broadcast of the 2020 Annual General Meeting on its website to be suitable, for organisational reasons and in view of the high level of shareholder attendance at the meetings held, whether in person or through representatives (84.50% in 2019 and 82.32% in 2020).<sup>1</sup>

As regards no. 15, the maximum number of Board members was increased in 2020 to include a woman director, so the presence of women on the Board grew. At 31 December 2020, women directors accounted for 25% of the total and similar measures will be taken in the coming years.<sup>1</sup>

<sup>1</sup> Further information on the CNMV’s Code of Good Governance is available through this link: [https://www.cnmv.es/DocPortal/Publicaciones/CodigoGov/Codigo\\_buen\\_gobierno.pdf](https://www.cnmv.es/DocPortal/Publicaciones/CodigoGov/Codigo_buen_gobierno.pdf)



### Iberpapel Group's 2020 Annual Corporate Governance Report

Our Annual Corporate Governance Report for 2020 has been published on the CNMV’s website and may be accessed through the link: <http://www.cnmv.es/portal/verDoc.axd?t={d5c2bf09-7c55-4e9a-aa2b-74a9e8858dd8}>

## A. GENERAL SHAREHOLDERS' MEETING

The General Meeting, duly assembled as stipulated in the Bylaws, the General Shareholders' Meeting Regulations and prevailing regulations, represents all the shareholders and is the Company's ultimate decision-making authority. Resolutions adopted are mandatory for all shareholders, including those who do not attend the meeting, abstain from voting or dissent, without affecting the rights and actions of all kinds to which they may be entitled by law.

### A.1. General Meeting functions and remit

The General Meeting decides on matters within its remit in accordance with Spanish Law and the Company's Bylaws, as well as the General Meeting Regulations. In particular, it may adopt the following resolutions:

- Appointment and removal of the Board directors, liquidators and, if applicable, auditors, as well as actions for liability against any of them.
- Approval, if applicable, of the annual accounts, distribution of results and management of the Company's affairs.
- Issuance of debentures and capital increases and reductions, delegating to the Board of Directors, if appropriate and within the legally stipulated periods, the power to set the execution date(s); the Board may use all or part of such powers, or even refrain from execution based on market circumstances, the Company's own situation or any fact or event of particular relevance that justifies such a decision, at the Board's discretion. In this case, the decision will be explained to the first General Meeting held following the end of the execution period. The power to increase share capital in the terms stipulated by Law may also be delegated to the Board of Directors.
- Approval of the final liquidation balance sheet.
- Amendment of the Company's Bylaws and confirmation or rectification of the interpretation afforded to the Bylaws by the Board of Directors.
- Dissolution, transformation, merger, spin-off and assignment of all the Company's assets and liabilities; transfer of the Company's registered office abroad.
- Approval of Specific General Meeting Regulations and subsequent amendments.

- Decisions on any matter submitted to it by the Board of Directors, in the event of relevant circumstances or events affecting the Company, its shareholders or its governing bodies and, in any case, in the event of a takeover bid on shares issued by the Company, where the Board of Directors' report is not favourable.
- Granting of powers to the Board of Directors for unforeseen cases, as deemed fit.
- Approval of the acquisition, disposal or contribution to another company of essential assets. An asset is presumed to be essential when the amount of the transaction exceeds twenty-five percent of the value of the assets reflected in the latest balance sheet approved.
- Approval of the transfer to subsidiaries of essential activities performed up to that time by the Company, even though the Company retains full ownership. Activities are presumed to be essential when the volume exceeds twenty-five percent of the total assets reflected in the balance sheet.
- Approval of transactions the effect of which is equivalent to the liquidation of the Company.
- Approval of the directors' remuneration policy as stipulated by Law.
- Any other matters that may be determined by Law or the Bylaws.

### A.2. Resolutions adopted in 2020

The full text of the resolutions adopted by the 2020 Annual General Meeting and the outcome of the relevant votes are available in Iberpapel's corporate website.

The resolutions adopted refer specifically to:

- In the first agenda item, the approval of the Annual Accounts and Management Report of both Iberpapel Gestión, S.A. and its Consolidated Group for the financial year ended 31 December 2019;
- In the second item, the reappointment of the Auditor of the Company and its Consolidated Group for 2020;
- In item three, the approval of the amendment to Article 21 of the Bylaws to increase the maximum number of Board members to nine.

- In item four, the reappointment and appointment of Board members, specifically the reappointment of Jesús Alberdi Areizaga, María Luisa Guibert Ucin and Gabriel Sansinenea Urbistondo, and the appointment of Rosa María Sanz García;
- In the fifth agenda item, the consultative vote on the Annual Report on Directors' Remuneration, regulated by Article 541.4 of the Spanish Companies Act;
- In the sixth item, powers were delegated to formalise, interpret, correct and execute the resolutions adopted by the General Shareholders' Meeting.
- In the seventh and final item, scrutineers were appointed to approve the Minutes of the Meeting.

### A.3. Our investor relations, transparency and engagement

Our investor relations are defined in the Communication Policy, the aim being to foster permanent contacts and dialogue with shareholders, institutional investors and proxy advisors while fully observing all market abuse regulations and assuring the similar treatment of shareholders in the same position, in a framework of transparency and trust, as well as in the Stakeholder Relations Policy, which promotes transparent activities that create value for stakeholders while assuring a smooth, ongoing dialogue.

This all forms part of one of the Group's main pledges to guarantee shareholders' right to information and to encourage maximum engagement. Some of the key mechanisms to achieve this, besides the policies, are as follows:

- Implementation of the electronic voting system in the General Meeting;
- Posting on the corporate website of all the General Meeting information;
- Development and roll-out of the electronic forum;
- Disclosure of facts and information relevant to shareholders and investors;
- Creation of the "investor agenda" containing the most significant events;
- Email contact point through: [atencion.al.accionista@iberpapel.es](mailto:atencion.al.accionista@iberpapel.es).

## B. BOARD OF DIRECTORS

The Board of Directors is the body responsible for governance, general oversight and representation of the Group in relations with third parties, and is ultimately in charge of maximising business value in a sustainable way, in the interests of the Company and its shareholders, taking into account and observing the ethical duties instilled in Iberpapel's culture.

Its functions are carried out in unity of purpose and independence, responsibility, transparency and effectiveness, affording the same treatment to all shareholdings and acting in the Company's interests so as to maximise the value of the business.

In 2020, the Board of Directors held 11 meetings, all attended by the Chairman. All 11 meetings were attended by all the directors, in person or through representatives following specific instructions. 100% of votes were cast by directors attending in person or through representatives following specific instructions.

### B.1. Director selection and reappointment system and Board composition

The system for selecting and reappointing members of Iberpapel's Board of Directors is a formal, transparent procedure regulated by the Bylaws and the Board of Directors Regulations.

The Group also has a Director Selection Policy, which assures that proposed appointments or reappointments of directors are based on a prior analysis of the Board of Directors' needs and that they favour diversity of knowledge, experience and gender.

All of the directors are appointed by the General Meeting, following a proposal by the Appointments and Remuneration Committee, in the case of independent directors, a committee report in the case of all other directors, and a Board report in both cases. The Regulations state that the Board must include a reasonable number of independent directors and should have a majority of non-executive directors.



As regards composition, according to the Bylaws and the Board Regulations, as amended in 2020 to change the size of the Board and so facilitate decision-making, guarantee gender diversity and meet business needs, this body has a minimum of three and a maximum of

nine members designated by the General Meeting for a maximum of four years followed by possible reappointment for one or more four-year periods.

#### COMPOSITION OF THE BOARD OF DIRECTORS (31.12.2020)

	Board director category	Position in the Company	Date first appointed	Date last appointed	Committee membership
Mr. Iñigo Echevarría Canales	Executive director	Board Chair and CEO	21.07.1997	25.04.2019	
Mr. Néstor Basterra Larroude	External director	Vice-Chair	21.10.1997	25.04.2019	• Corporate Social Responsibility Committee
Mr. Iñaki Martínez Peñalba	Independent external director	Board director	21.06.2012	24.04.2018	• Audit Committee • Appointments and Remuneration Committee
Mr. Martín González del Valle Chavarri	External director	Board director	28.06.2005	25.04.2019	• Appointments and Remuneration Committee
Ms. María Luisa Guibert Ucin	Independent external director	Board director Independent coordinator	24.06.2010	23.06.2020	• Appointments and Remuneration Committee. • Audit Committee
Ms. Rosa María Sanz García	Independent external director	Board director	23.06.2020	23.06.2020	• Corporate Social Responsibility Committee
Mr. Jesús Alberdi Areizaga	Independent external director	Board director	22.05.2014	23.06.2020	• Corporate Social Responsibility Committee
Mr. Iñaki Usandizaga Aranzadi	External nominee director <sup>2</sup>	Board director	21.10.1997	25.04.2019	• Audit Committee

Note: Full details of the directors' profiles may be found in the following link to Iberpapel's website: <http://www.iberpapel.es/consejo-de-administracion>.

<sup>2</sup>The Board evaluated both his personal interest and his family group's interest in the share capital, as well as his legal knowledge.

### B.2. Secretary to the Board of Directors

The non-voting Secretary to the Board is Oscar Rivero de Beer. His duties include assisting the Chairman so that the Board directors receive the relevant information to perform their duties sufficiently in advance and in an appropriate format.

### B.3. Board of Directors functions and remit

The approval in a plenary meeting of the Group's general policies and strategies is reserved for the Board, in particular:

- Supervision of the effective functioning of the committees created and the activities of any designated delegate bodies and executives.
- Determination of the Company's general policies and strategies.
- Its own organisation and functioning.
- Issuance and submission to the General Meeting of the annual accounts.
- Appointment and removal of CEOs and stipulation of their contractual terms.
- Decisions relating to directors' remuneration, within the framework stipulated in the Bylaws and, if applicable, the remuneration policy approved by the General Meeting.
- Calling of the General Shareholders' Meeting and preparation of the agenda and resolution proposals.
- Treasury share policy.
- Approval of the strategic or business plan, management objectives and annual budgets, the Investment and Funding Policy, the Corporate Social Responsibility Policy and the Dividend Policy, the treasury

share portfolio and, in particular, applicable limits.

- Determination of the Risk Control and Management Policy, including tax matters, and supervision of the internal information and control systems.
- Determination of the Corporate Governance Policy of the Company and the Group parented by the Company, its organisation and functioning and, in particular, the approval of its own regulations.
- Definition of the Company's tax strategy.

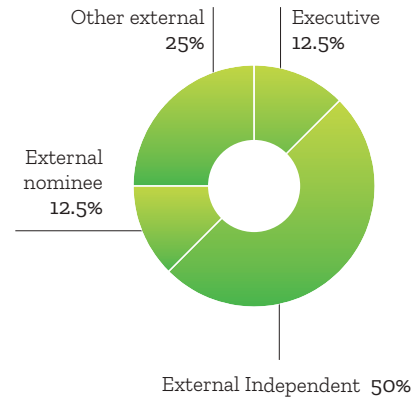
#### B.4. Gender diversity on the Board of Directors

Iberpapel believes in being a diverse, inclusive organisation. This commitment is reflected in our workforce and also extends to our governing bodies.

With this aim, the Group has a Director Selection and Board Diversity Policy that was approved by the Board on 20 December 2017. The policy is designed to assure that director appointment or reappointment proposals favour the diversity of gender, experience, knowledge and competencies and, in general, include no implicit bias that could entail discrimination of any kind and, in particular, facilitate the selection of women Board directors.

In the latter case, care will be taken to ensure that director selection procedures promote gender diversity, prohibiting any implicit bias that could cause discrimination in the appointment of women directors, the aim being to promote the inclusion of the less represented gender.


#### BOARD OF DIRECTORS (Data at 31/12/2020)



#### BOARD MEMBERS (Data at 31/12/2020)



#### OUR MAIN CONTRIBUTION TO THE SDGs



Encouraging Board diversity

As the goal is to assure a gender balance on the Board of Directors and as there are no vacancies, the Annual General Meeting held on 23 June 2020 resolved to increase the maximum number of Board members so as to create a vacancy that was filled by a woman, also appointed by the AGM.

## C. APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is the body that assists the Board in matters related to directors' remuneration, appointments and appraisals. It is formed by a minimum of three and a maximum of five non-executive directors and a majority must be independent directors. The committee chairperson must be an independent director designated by the committee members. The secretary to the Board of Directors is the committee secretary, entitled to speak but not to vote.

This committee met four times in 2020 to carry out its main functions, i.e. supervision of the reappointment of Board directors and definition and oversight of their remuneration. All the meetings were called by the committee chair.

The committee's regulations are set out in the Group's Bylaws (Article 24) and in the Board of Directors' Regulations (Article 10). Both documents are available for consultation in Iberpapel's corporate website.

### C.1. Composition of the Appointments and Remuneration Committee

Mr. Iñaki Martínez Peñalba

- Office: Chair
- Category: Independent

Mr. Martín M<sup>a</sup> González del Valle Chavarri

- Office: Director
- Category: Other external director

Ms. María Luisa Guibert Ucín

- Office: Director
- Category: Independent

### C.2. Appointments and Remuneration Committee functions and remit

The main functions of the Appointments and Remuneration Committee are as follows:

- Evaluate and propose to the Board of Directors the evaluation of the necessary competencies, knowledge, diversity and experience of the members of the Board of Directors and key Company personnel.
- Propose to the Board of Directors the appointment of independent directors for designation by co-optation or for submission to the General Shareholders' Meeting, as well as proposals for the reappointment or removal of such directors by the General Meeting.
- Report the proposed appointments of other directors to be appointed by co-optation or by submission to the General Meeting, as well as proposals for the reappointment or removal of such directors by the General Meeting.
- Report to the Board on gender diversity matters, ensuring that member selection procedures favour the diversity of experience and knowledge and facilitate the selection of female members; establish a representation target for the gender that is less represented on the Board of Directors and prepare guidelines to achieve that target.
- Oversee and control the proper functioning of the Company's corporate governance system applicable to the matters within the Committee's remit, making improvement proposals as deemed necessary.
- Oversee the independent directors' independence.
- Report, prior to approval, on the Company's Annual Corporate Governance Report, in relation to the report sections within its remit.
- Prepare decisions relating to remuneration; in particular, report, regularly review and propose to the Board of Directors on the remuneration policy, the system and amount of annual remuneration for Board directors and senior managers, and the individual remuneration of the executive directors and senior managers, as well as other terms and conditions of their contracts, particularly economic terms. For the purpose of the Board Regulations, senior managers are understood to be the general managers or those that carry out senior management functions reporting directly to the Board, Executive Committees or the CEO and, in any event, the Company's internal auditor.
- The Committee must perform its functions independently and, besides the functions attributed by the Law, it must ensure that the independence of the external advice provided to the Committee is not undermined by conflicts of interest.

### C.3. Appointments and Remuneration Committee's activities

In 2020, the Appointments and Remuneration Committee was responsible, among other matters, for assessing its own functioning, the chairperson's performance, the achievement of objectives and the effectiveness of the meetings held. The committee analysed the Board's structure, size and composition and defined the process for assessing the Board Chairman's performance. The committee also reported favourably on proposals to reappoint and appoint directors and submitted reports and proposals to the Board on the system and amount of annual remuneration for Board directors and senior managers, and the individual remuneration of the executive directors and senior managers, as well as other terms and conditions of their contracts.

A new director selection process began in 2020 leading to the appointment of Rosa Sanz García, the directors Jesús Alberdi Areizaga, María Luisa Guibert Ucin and Gabriel Sansinenea Urbistondo having also been reappointed. The committee previously reported on the reappointment and appointment of those directors, all independent.

In the meeting of 22 December 2020, the Appointments and Remuneration Committee designated the independent director and committee member Iñaki Martínez Peñalba as the committee chair, replacing María Luisa Guibert Ucin.

**The Appointments and Remuneration Committee prepares an annual activity report that is made available to all Iberpapel's stakeholders in the corporate website.**

## D. AUDIT COMMITTEE

The Audit Committee is formed by a minimum of two and a maximum of four directors, at least two of whom must be independent directors and one must be appointed on the basis of his/her knowledge and experience in accounting and auditing, or both.

The Audit Committee held eight meetings during the 2020 financial year that were attended, when required, by the Chairman of the Company's Board and by the Finance Director (in the case of meetings with the external and internal auditors). Attendance by members of the senior management team ensures that the committee is well informed on the matters falling within its scope.

The committee's regulations are set out in the Company's Bylaws (Article 24) and in the Board of Directors' Regulations (Article 10). Both documents are available for consultation in Iberpapel's corporate website.

### D.1. Composition of the Audit Committee

Ms. María Luisa Guibert Ucin

- Office: Chair
- Category: Independent

Mr. Iñaki Martínez Peñalba

- Office: Director
- Category: Independent

Mr. Iñaki Usandizaga Aranzadi

- Office: Director
- Category: Nominee

### D.2. Audit Committee functions and remit

Without affecting the other functions attributed to it by the Law or the Bylaws, or any others that may be assigned by the Board of Directors, the Audit Committee has the following minimum basic duties:

- Report matters raised by committee members, within its remit, to the General Meeting.
- Submit to the Board proposals for the selection, appointment, re-appointment and replacement of the external auditor, pursuant to applicable legislation; define the auditor's terms of engagement and obtain regular information from the auditor on the audit plan and execution, while assuring independence in the performance of the committee's functions.
- Oversee and assess the preparation and completeness of financial and non-financial information, as well as the financial and non-financial risk control and management systems pertaining to the Company and, if applicable, the Group, including operating, technological, legal, social, environmental, political, reputational or corruption-related risks (it being possible for the technological, legal, social, environmental, political and reputational risks to be overseen on an alternative or complementary basis by the Corporate Social Responsibility Committee), reviewing regulatory compliance, the proper definition of the consolidation scope, the correct application of accounting policies and the internal audit unit, as well as discussing with the auditors any significant weaknesses identified in the internal control system during the audit and, in particular:
  - a) Propose the selection, appointment, re-election and resignation of the person responsible for internal audit;
  - b) Approve the annual internal audit work plan for the ICFR assessment and receive regular reports on the work carried out (including incidents and scope limitations), findings, follow-up of recommendations (including an activity report) and the action plan to

correct the weaknesses observed;

- c) Oversee the independence and effectiveness of the internal audit function;
  - d) Propose the budget for that service;
  - e) As part of the annual internal audit work plan, assure that the activity is focused mainly on the relevant risks (including reputational risks);
  - f) Receive periodic information on the activities carried out;
  - g) Receive information on operations related to structural and corporate changes the Company plans to undertake; and
  - h) Check that senior management takes into account reported findings and recommendations.
- Become familiar with the internal control systems. In particular, the Audit Committee must oversee:
    - a) The suitability and practical application of control policies and procedures in place.
    - b) The preparation and integrity of financial information on the Company and the Group, ensuring the proper design of the ICFR system, fulfilment of regulatory requirements, adequate definition of the consolidation scope, taking into consideration, among other aspects, the possible existence of complex corporate structures or special-purpose entities, the correct application of accounting policies, etc.
    - c) Review, analyse and comment on the financial statements and other relevant financial information with senior management and internal and external auditors, so as to confirm that the information is reliable, understandable and relevant, and that accounting policies applied are consistent with prior-year policies.
    - d) Review internal control and risk management systems so that the main risks are adequately identified, managed and reported.
    - e) Act as a communication channel between the Board and the auditor, oversee the findings of each audit and the management team's response to recommendations, and mediate in the event of discrepancies between the auditor and the management team in connection with the principles and policies applied during the preparation of the financial statements. Specifically, the Committee must ensure that the accounts finally issued by the Board are presented to the General Meeting without reservations or qualifications in the audit report.
  - f) Supervise compliance with the auditor's contract, seeking to ensure that the opinion on the annual accounts and the main content of the audit report are drawn up clearly and accurately.
  - g) Oversee auditor independence, paying attention to circumstances or matters that could jeopardise independence and any other matters related to the auditing process; receive information and communicate with the auditor as stipulated in audit legislation and technical auditing standards. Specifically, verify the amount of fees paid for all items as a percentage of the audit firm's total revenue, and the period during which the partner responsible for the audit team has been providing the Company with services.
- Establish the relevant relationships with the external auditor in order to receive information on any issues that may jeopardise their independence, for review by the Audit Committee, and any other issues related to the audit, as well as any notifications provided under auditing legislation and technical auditing standards.
  - In any event, the Committee must obtain an annual declaration of independence from the external auditor with respect to the Company or entities related directly or indirectly to it, as well as information on additional services of any kind provided and the relevant fees received from such entities by the external auditor, or by persons or entities related to the auditor, pursuant to audit legislation.
  - Issue annually, prior to the issuance of the audit report on the accounts, a report expressing an opinion on the independence of the auditors. This report will contain, in any event, an assessment of the provision of the additional services referred to in the previous point, addressed individually and as a whole, other than the statutory audit and in connection with the independence regime or with audit regulations.
  - Report, previously, to the Board of Directors on all the matters envisaged in the Law, the Bylaws and the Board Regulations, particularly on:
    - a) The financial information that the Company must publish periodically;
    - b) The creation or acquisition of interests in special-purpose entities or entities domiciled in countries or territories classed as tax havens; and
    - c) Transactions with related parties.

### D.3. Audit Committee's activities

In 2020, the Audit Committee was responsible for reporting favourably on the 2019 Annual Accounts and for supervising the effectiveness of the Company's internal control and audit and risk management systems.

#### D.3.1. Financial accounting information

In the meeting of 26 February 2020, the committee reported favourably on the financial statements at 31 December 2019, prior to approval by the Board, the market announcement and reporting to supervisory bodies.

As regards the individual and consolidated annual accounts and management report for 2019, which were submitted to the Annual General Meeting for approval in April 2020, the committee reviewed and reported favourably in the meeting of 26 February 2020 before the reports were authorised for issue by the Board on 26 February 2020.

#### D.3.2. External auditor

In the meeting held on 26 February 2020, the committee proposed the reappointment of the auditor PricewaterhouseCoopers Auditores, S.L. to audit the individual and consolidated annual accounts for the financial year ended 31 December 2020.

The Board of Directors agreed to submit the proposal to the Annual General Meeting held in 2020, when it was approved.

The committee is in constant contact with the external auditor through its attendance at committee meetings. During the meetings held in 2020, the committee analysed and approved the external audit plan for 2020, relating to both Iberpapel Gestión and the companies of the Consolidated Group. Status and trends were analysed regularly and the committee also approved the 2020 external audit budget for the Company and the Group.

#### D.3.3. Internal audit

On 20 December 2007, the Board of Directors agreed to entrust Deloitte with the review of the Iberpapel Group's internal control system.

In 2020, the head of the Internal Audit Unit, together with the external advisor Deloitte, carried out work on the following processes:

- Cash management, staff costs and subcontracting of plant repair and maintenance services. The operational effectiveness of controls for some subprocesses of the Latin American business was also reviewed.
- Risk control: The Audit Committee was informed by Deloitte's representative (both in work sessions and in the committee meeting of 25

February 2021) of the Risk Map prepared by management in association with Deloitte. So the Iberpapel Group has assessed risks under the universal model, carrying out the reviews deemed necessary to update the risk map and calculating the impact of the risks, as well as follow-up actions and steps in each area.

#### D.3.4. Tax risk control manual

According to Article 529.14 of the Spanish Companies Act, the Audit Committee must "oversee the effectiveness of the Company's internal control, internal audit and risk management systems, including tax aspects, and discuss with the auditor any significant weaknesses identified in the internal control system during the audit". So, in the meeting of 19 December 2016, the Tax Risk Management and Control Policy was submitted to the committee for approval, the Group's Tax Risk Management System having been designed by Iberpapel's management in association with the external advisor PwC. The purpose of this procedure is to lay down principles and guidelines to ensure that the Group's tax risks that could affect the tax strategy and objectives are identified, assessed and managed systematically, in order to comply with the new requirements of the Spanish Companies Act and of stakeholders.

All the events identified and addressed in the committee meetings of 26 February 2020 and 17 December 2020 are assessed from a triple perspective: probability of occurrence, impact and level of preparation. Once probability of occurrence and impact have been evaluated to arrive at an overall tax risk assessment, the values obtained are input into the probability/impact matrix and the risk will be classed as limited, moderate, significant or high depending on the position in the matrix. The necessary controls are therefore in place and were applied during the year to assure the fulfilment of the Group's tax strategy.

### D.3.5. Annual Corporate Governance Report

In the meeting of 26 February 2020, the Audit Committee examined Iberpapel Gestión's "Annual Corporate Governance Report" for 2019, for subsequent approval by the Board of Directors, with the following aims:

- Guarantee fulfilment of legal requirements as regards information transparency.
- Analyse the consistency of the information contained in this report with the Company's internal regulations, the CNMV's records and Iberpapel Gestión's prior-year corporate governance reports.

### D.3.6. European Single Electronic Format

In accordance with European Union Regulation 2019/815 of 17 December 2018, the Company has drawn up the financial statements using the European Single Electronic Format (ESEF), which entails labelling the financial statements (balance sheet, income statement, cash flow statement and statement of changes in equity). There are plans to extend this labelling to the other components of the notes to the accounts as from 2022.

### D.3.7. Policies proposed

As a result of the June 2020 amendment to the Code of Good Governance in Listed Companies, approved by the CNMV, it is recommendable for the Corporate Social Responsibility Committee and/or Audit Committee to draw up and for the Board of Directors to approve a Risk Control and Management Policy and an Economic-Financial, Non-Financial and Corporate Information Communication Policy. In the meeting of 17 December 2020, the committee agreed to propose the approval of these policies to the Board, which finally approved them.

### D.3.8. Related-party transactions

In 2020 and to the publication date of this report, the Audit Committee, performing its supervisory function, took the view that none of the members of the Board of Directors, nobody represented by a Board director, no company in which such persons are directors, senior managers or significant shareholders, persons with whom arrangements have been made or that act through nominees, has completed related-party transactions forming part of the Company's ordinary business but not on normal market terms or material to the Company and its Group.

**The Audit Committee prepares an annual activity report that is made available to all Iberpapel's stakeholders in the corporate website.**

## E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was formed in 2017, mainly to manage non-financial aspects related to the Group's activities. The Committee is formed by a minimum of three and a maximum of five Board directors designated by the Board of Directors, who may be executive directors or external directors. The Board of Directors must designate a chairperson from among its members.

The committee met on four occasions in 2020 to promote the Company's corporate governance strategy, among other functions. All the meetings were called by the committee chair.

The committee's regulations are set out in the Group's Bylaws (Article 24) and in the Board of Directors' Regulations (Article 10). Both documents are available for consultation in Iberpapel's corporate website.

### E.1. Composition of the Corporate Social Responsibility Committee

Mr. Jesús Alberdi Areizaga

- Office: Chair
- Category: Independent

Mr. Néstor Basterra Larroude

- Office: Director
- Category: Other external director

Ms. Rosa María Sanz García

- Office: Director
- Category: Independent

## E.2. Corporate Social Responsibility Committee's functions and remit

Pursuant to Article 10.3 of the Board Regulations, the Committee's functions include:

- Periodically review social responsibility policies and propose changes or updates to the Board of Directors.
- Promote the Company's corporate governance strategy.
- Oversee compliance with legal requirements and corporate governance system standards.
- Examine, promote and guide the Company's corporate social responsibility actions and report them to the Board of Directors.
- Evaluate and review the Company's plans for the implementation of social responsibility policies, monitoring the degree of fulfilment.
- Assess the Group's corporate social responsibility status.
- Issue reports and carry out corporate social responsibility and sustainability activities also within the Committee's remit, under the corporate governance framework or requested by the Board of Directors or its Chairman.
- Analyse voluntary initiatives and documents containing recommendations relating to corporate social responsibility as they arise in the market.
- Prepare an annual activity report, which shall serve as a basis for the Board of Directors' evaluation, among other uses.
- Oversee compliance with the Group's Code of Conduct in Capital Markets and, in general, with its corporate governance rules.
- The Committee may review, in coordination with the Audit Committee (which shall be ultimately responsible for the supervision of risk control and management functions), the systems in place for the internal control and management of non-financial technological, legal, social, environmental, political and reputational risks.

## E.3. Corporate Social Responsibility Committee's activities

In 2020, the Committee reported favourably on the Stakeholder Relations Policy, the General Corporate Governance Policy, the Risk Control and Management Policy and the Economic-Financial, Non-Financial and Corporate Information Communication Policy, recommending Board approval. According to the self-assessment process, the committee effectively carried out its Board advisory, reporting and proposal functions, within its remit, holding a suitable number of meetings for which sufficient, accurate documentation was furnished on the matters addressed and was suitably presented, boosting the quality of member deliberations and sound decision-making.

Finally, the Corporate Social Responsibility Committee was reorganised to bring in a new member, Rosa María Sanz García.

**The Corporate Social Responsibility Committee prepares an annual activity report that is made available to all Iberpapel's stakeholders in the corporate website.**



## OTHER RELEVANT CORPORATE GOVERNANCE MATTERS

### A. Remuneration scheme

In the meeting of 27 February 2018, Iberpapel Gestión's Board of Directors agreed to propose to the Annual General Meeting the approval of the Remuneration Policy for 2018, 2019 and 2020, following a favourable report from the Appointments and Remuneration Committee. The proposal was approved in the meeting held on 24 April 2018 with a 96.34% favourable vote.

This new Directors' Remuneration Policy is founded on a set of principles and criteria that are reviewed periodically by the Appointments and Remuneration Committee and the Board of Directors so as to align the Remuneration Policy with market best practices and trends.

In particular, Iberpapel's Remuneration Policy is based on the following principles:

- Observe Good Corporate Governance practices, above all the Code of Good Governance in Listed Companies.
- Guarantee that the remuneration received by the Board directors is sufficient to attract and retain the profiles desired by the Company.
- Remunerate the dedication, qualification, responsibility and performance of the members of the Board of Directors appropriately, without undermining their independence and while protecting the Company's interests.
- Act in accordance with the current domestic and international circumstances, adapting to the actual remuneration situation of the undertakings that compete with the Company on a comparable basis.
- Encourage the Board members to hold shares in the Company so as to align their interests with those of our shareholders and so of the Company.
- Strike a suitable balance in the various aspects of the Remuneration Policy, reflecting market best practices.

A new remuneration policy for the members of the Company's Board of Directors will be proposed to the 2021 General Meeting for the periods 2021, 2022 and 2023.

### A.1. Directors' remuneration

Iberpapel's Remuneration Policy is designed to reward the Board members for holding office in a manner that reflects their professional worth and experience, as well as their dedication and the responsibility taken on, avoiding the possibility that the remuneration might jeopardise their independence.

As stipulated in the Spanish Companies Act, the maximum remuneration they may receive for holding office is established, in this case €636 thousand.

Subject to this limit, the Board of Directors will determine each member's remuneration, taking into account functions and responsibilities, membership of committees, offices held and other objective circumstances deemed relevant.

According to this policy, directors' remuneration includes the following items (which are updated as stated in the Bylaws):

- 1 Fixed annual allowance of €51,462 for each Board director.
- 2 An additional fixed annual amount of €15,000 for performing functions or activities as members of the Audit Committee, the Appointments and Remuneration Committee and the Corporate Social Responsibility Committee. The committee chair will receive a fixed annual allowance of €20,000.

### A.2. Executive directors' remuneration

The Group's Remuneration Policy also addresses the remuneration to be received by the Board directors for carrying out executive duties, so as to assure fair treatment based on professional worth, dedication and responsibility; guarantee the transparency and objectivity of Executive Directors' remuneration, as a basic principle of the Company's Corporate Governance system; and implement remuneration that is appropriate and competitive in the Company's industry so as to attract, retain and motivate the most skilled and prestigious professionals.

This remuneration consists of a fixed part and a variable part established by applying the above-mentioned principles and criteria.

Esta remuneración se compondrá de dos partes: fija y variable, fijado teniendo en cuenta los anteriores principios y criterios en los que se basa.

### Fixed remuneration

In addition to fixed remuneration as Board directors, the Executive Directors will receive fixed annual remuneration for the performance of executive functions.

### Variable remuneration

The Company's Executive Directors will be entitled to receive extraordinary variable remuneration when the Board, following a report from the Appointments and Remuneration Committee, considers it to be in the Company's best interests to incentivise and reward their performance in relation to the configuration, preparation, negotiation and execution of corporate operations that are critical to the Company's future. The objectives to be met by the beneficiaries of this variable remuneration may be supplemented by other parameters that measure long-term business performance.

### A.3. Remuneration received in 2020

In 2020, the amount accrued to the members of the Board of Directors totalled €906 thousand (€937 thousand in 2019).





In the meeting of 26 October 2017, the Appointments and Remuneration Committee issued a favourable report on the non-salary variable remuneration (non-vesting bonus) of a maximum of €150,000 for the Chairman and Chief Executive Officer of Iberpapel Gestión, S.A. related to the completion of the Hernani investment project.

In the meetings of 26 October 2017 and 20 December 2017, the Appointments and Remuneration Committee reported favourably on the non-salary variable remuneration (non-vesting bonus) of a maximum of €150,000 for the Chairman and Chief Executive Officer of Iberpapel Gestión, S.A., which will vest over a three-year period and is tied to the execution of the Hernani project. Therefore, in relation to their involvement in the Hernani investment project (the renovation and modernisation of the current cellulose plant have been successfully completed), in the meeting of 26 November 2020 the Appointments and Remuneration Committee reported favourably on the payment of the relevant bonus, as extraordinary non-salary variable remuneration, to the Executive Chairman and Chief Executive Officer of Iberpapel Gestión, S.A., for a maximum of €75 thousand. However, in view of the Company's current situation caused by COVID-19, the Board decided to delay payment until a subsequent decision is made by the Appointments and Remuneration Committee.

Remuneration paid in 2020 to senior managers who are not Board directors amounted to €1,436 thousand (€1,300 thousand in 2019).

The Board of Directors and the members classed as senior managers, as stated in the 2020 Annual Corporate Governance Report, received no shares, stock options, advances or loans in the current year or in the previous year.

### AVERAGE REMUNERATION OF DIRECTORS AND SENIOR MANAGERS

Data in thousand euro	2020		2019	
				
Executive directors	425	-	416	-
Non-executive directors	71	77	61	81
Senior managers	179	-	162	-

### ALIGNMENT WITH BEST PRACTICES

The Board of Directors' current structure and the remuneration system defined in the Group's Bylaws (which is described at the start of this section) conform to the content of Recommendations 13, 57, 58 and 59 of the 2015 Unified Code of Good Governance in Listed Companies, as amended in June 2020.

### RELATED-PARTY TRANSACTIONS

During 2020, the Iberpapel Group did not carry out any transactions with its directors or other related parties, besides those described in the annual accounts.

## 6.6 Ethical framework and regulatory compliance

[102-16; 102-17; 102-25; 205-2; 207-2]

Iberpapel has fully integrated ethics, transparency and responsible management into its daily affairs, as reflected in behaviour policies and principles applicable to the Group and to all the entities that come into contact with the Company.

### GENERAL CODE OF CONDUCT

With the aim of transmitting a firm commitment to good governance, social responsibility and respect for fundamental human and labour rights, the Group provides its employees and other stakeholders with the General Code of Conduct.

On 28 November 2019, the Board of Directors updated the General Code of Conduct to combine the two pre-existing codes.

The new code is intended to promote a professional, ethical and responsible commitment from the Iberpapel Group and all its professionals.

It lays down the values, principles and general guidelines for conduct that must be observed by all our employees in their daily professional activities, irrespective of their hierarchical level, geographic location or function.

Following the 2019 update, the General Code of Conduct also includes the bodies responsible for oversight, consultation and interpretation, as well as indicating the disclosure and communication channel.

### MANAGEMENT MECHANISMS: OVERSIGHT AND DISTRIBUTION OF THE GENERAL CODE OF CONDUCT; PROCEDURES AND POLICIES

Oversight of compliance with the Code is the responsibility of the Control and Monitoring Unit and the ICFR and Criminal Compliance Body, which report periodically to the administrative bodies on the level of fulfilment, weaknesses detected and proposed improvement actions.

The same unit is in charge of communicating and distributing the Code among the Group's employees through the following means:

- Delivery of a copy to each employee.
- Posting of the Code on the website, as well as any additional communication plan deemed fit.

### WHISTLEBLOWER CHANNEL

Iberpapel has implemented a reporting process to serve as an effective mechanism so that, through everybody's involvement, irregularities may be detected that could jeopardise the Group and its employees. The overall purpose is to comply with the recommendations of the Unified Code of Good Governance in Listed Companies and those relating to the internal control over financial reporting (ICFR) system.

The employees and other persons subject to the Code are required to report the following irregularities to the control and oversight bodies through the relevant channels:

- I. Breaches of the Code of Conduct;
- II. Breaches of industry codes and guidelines;
- III. Other allegedly criminal acts (such as the use of confidential information, falsification of agreements, reports, fraud, etc.).

This communication is facilitated by means of a channel available to all our employees and a reporting procedure so that any employee, manager or director may raise the alert regarding an irregularity or crime.

The aim is for our employees to be able to report in an entirely confidential way to the Control and Monitoring Unit and to the ICFR and Criminal Compliance Body any infringements of the General Code of Conduct, the internal control over financial reporting system recommendations or the Criminal Risk Prevention Principles, as well as any conduct related to occupational and/or sexual harassment set out in Articles 173 and 184 of the Spanish Criminal Code.

Should a report be received through this channel, the procedures laid down in the Policy on the Use of the Whistleblower Channel will be followed so as to observe all confidentiality requirements from the moment the report is received, taking any actions necessary to verify the information and obtaining advice from the Legal Advisory Department or any other persons deemed necessary.

In any case, the Iberpapel Group prohibits any kind of reprisal or disciplinary measure against those subject to the Code who report in good faith any type of infringement or irregularity.

Our overall Training Plans include specific measures relating to the Whistleblower Channel and Policy, so as to assure that it is correctly distributed and applied, allowing our employees to obtain all information that may affect their work.

The Audit Committee is responsible for overseeing the Whistleblower Channel.

## PREVENTION OF CORRUPTION AND CONFLICTS OF INTEREST

Both the General Code of Conduct and the Whistleblower Channel, which include aspects related to anti-corruption, are an effective tool for detecting and responding, if applicable, to potential corrupt practices.

Thanks to a firm pledge to combat all kinds of corruption, in 2019 Iberpapel has an Anti-Corruption Policy defining the set of guidelines, behaviour and best practices for employees in connection with the prevention of potential corrupt practices.

Besides the additional controls stipulated in the most stringent legislation, this policy contains guidelines to mitigate and prevent the risk of corruption and bribery throughout the Group, such as:

- General conduct guidelines for the directors, representatives, employees and all other people providing services in the Iberpapel Group.
- General conduct rules relating to gifts, hospitality and personnel expenses.
- General conduct guidelines on other special expenses, such as charitable donations, sponsorships, patronage and political contributions.
- General conduct rules in relation to public officials and authorities.
- Control measures in place in the Group.
- Penalty measures in case of infringements.

Iberpapel is firmly committed to the prevention of money laundering and terrorist financing through the principles of transparency, integrity, objectivity, impartiality and legality.

Various mechanisms were activated during the year to prevent money laundering, including a section of the Whistleblower Channel. The goal is to provide all our employees with communication channels for queries or claims so the Group can identify and manage any actions related to money laundering and answer any doubts or queries.

## HUMAN RIGHTS

Iberpapel, as a socially responsible group, is firmly committed to compliance with human rights. The aim is to run the business in a sustainable way, complying with all prevailing labour legislation and observing related international principles and standards.

Respect for human rights is important to our stakeholders, employees and supply chain. Our commitment in this area is reflected in the General Code of Conduct, which addresses the duty to act in accordance with current laws governing different matters such as human rights and internationally accepted ethical standards.

Our Corporate Social Responsibility Policy also promotes our belief in human rights, as stipulated in the International Bill of Human Rights, the United Nations Global Compact, the action principles, the business recommendations published by the United Nations, the Organisation for Economic Cooperation and Development and the International Labour Organisation (ILO).

Iberpapel intends to extend this commitment throughout the value chain. So these matters are managed actively by creating work environments in which diversity and tolerance are maxims. We endeavour to minimise the risk of human rights infringements in the supply chain by assuring that the supply of raw material, particularly timber, in view of its importance to the process and the volume of purchases, takes place under dignified working conditions in line with the ILO's conventions.

The Group absolutely rejects all discrimination in the workplace, child labour, forced labour and work carried out under extremely difficult, inhumane or degrading conditions. We have pledged to respect freedom of association and collective bargaining wherever we do business.

In 2020, as in previous years, the first step was to purchase timber from custody chain certified suppliers. So we can rest assured that the timber acquired in our value chain is controlled by means of the EUTR (European Union Timber Regulation) Due Diligence System.

**In 2020, as in previous years, no claims were received for human rights infringements.**

**Further details of all our CSR activities relating to the supply chain can be found in the "Responsibility to our suppliers" section of this report.**

**SITUATIONS THAT HAVE OCCURRED AND CORRECTIVE MEASURES**

During 2020, there were no infringements of the General Code of Conduct or of any other nature, including discrimination.

Should they arise, the necessary measures will be implemented to effectively apply the Code, as well as the other internal rules and policies. The failure to observe the principles and values contained in the Code may lead to penalty measures, all in accordance with the disciplinary rules laid down in the Spanish Labour Statute and applicable collective bargaining agreements, without affecting any administrative or criminal penalties that may be imposed.

**IBERPAPEL GROUP'S GENERAL ETHICAL PRINCIPLES**

In all their activities, our employees must be guided by ethical values defined in international commitments such as the International Bill of Human Rights, the core conventions of the International Labour Organisation (ILO) and the United Nations Global Compact, which the Group endorses, as well as compliance with applicable legislation.

The Iberpapel Group is fully committed to the following basic action principles so as to contribute to the United Nations Sustainable Development Goals:

**OUR MAIN CONTRIBUTION TO THE SDGs**

<p><b>Equal opportunities and non-discrimination</b></p>								
<p><b>Respect for employees</b></p>								
<p><b>Life-work balance, as far as possible</b></p>								
<p><b>Collective rights</b></p>								
<p><b>Health and safety</b></p>								
<p><b>Environmental protection</b></p>								

## 6.7 Integrated risk management

[102-15; 102-29; 102-30; 207-3]

### INTRODUCTION

The Iberpapel Group has a global risk management and control system, integrated with the ordinary management systems, in order to assure the fulfilment of our strategy and objectives by controlling, identifying, assessing and managing to an optimal degree any risks that may affect the business.

The Group has put in place the mechanisms necessary to control and manage risks in line with the universal assessment approach.

The Board of Directors lays down the general principles and guidelines of the risk management and control system, the acceptable risk level and the specific action guidelines to address and mitigate each risk category, including tax risks and the oversight of the internal information and control systems.

### RISK CONTROL AND MANAGEMENT

The Risk Control and Management Procedure describes the process for identifying, assessing and controlling the risks that are considered to be relevant in order to be able to fulfil the corporate strategy and objectives. Iberpapel is therefore able to guarantee that the Group's different levels of responsibility are aware of and assess the risks that threaten the organisation and that they are managed within pre-established acceptable risk levels.

As indicated in the Multi-Year Internal Audit Plan, a review was carried out of management processes for cash, staff costs and subcontracting of plant repairs and maintenance during the year. The operational effectiveness of controls for some subprocesses of the Latin American business was also reviewed, in line with the supervision trend in prior years. This ensures that all the control activities in place in the organisation's main business cycles are formalised, documented and updated, and that the specific procedures required are implemented and up to date.

Iberpapel includes non-financial risks in the scope of monitoring, control and management, due both to the Company's commitment and to the potential impact they could have, while also anticipating possible future legislation.

### OVERSIGHT OF INTEGRATED RISK MANAGEMENT

The Board Regulations state that the Audit Committee is responsible for overseeing the internal audit services, reviewing the designation of those responsible, checking the internal control and risk management systems, and approving tasks to be undertaken, as well as implementing plans and improvements proposed. The Board of Directors controls and manages risks based on an assessment of the risks overseen by the Audit Committee, in coordination with the Corporate Social Responsibility Committee, where applicable.

### CONTROL ENVIRONMENT AND RISK MANAGEMENT

Iberpapel has developed an internal control culture and prioritises a control environment in the organisation as the basis for all other aspects of internal control, through policies that help to monitor and manage risks. Iberpapel's Board of Directors takes direct charge of the most important tasks related to control in the organisation, such as:

- Design and review of the organisational structure.
- Definition of lines of responsibility and authority, including the suitable distribution of tasks and functions.
- Assurance that there are sufficient procedures to disseminate control processes across the Company.

The Board also has the necessary tools and procedures to define risk levels and types. So control activities that must be carried out at each level of the organisation to reduce risks are designed and implemented. Depending on the risks, control actions designed can span different procedures. All controls are designed to prevent, detect, mitigate, offset and correct the potential impact of risks arising from the activity sufficiently in advance, assuring business sustainability and performance for stakeholders.

The Company considers an oversight system to be essential to ascertain the level of functioning and operability, in due time and form, of our internal control system, such that it is possible to apply the necessary measures in the event that the various controls designed are not working correctly. As many reviews as are deemed necessary are carried out to update the system. Depending on the type of activity, guidelines are designed for:

- Preventive controls that help to mitigate risk.
- Detective controls to locate risks that arise.
- Manual and/or automatic controls.

These activities and procedures are communicated by senior management to ensure that they are understood by the relevant employees and applied correctly.

### INTERNAL OVERSIGHT PROCEDURE

Iberpapel has developed an internal oversight procedure within an integrated methodological framework for managing key risks in order to update the risk map, calculate the impact of each risk and implement follow-up and management actions in each of the areas mentioned.

Specifically, a process has been created to identify risks in internal control over financial reporting (ICFR) systems to allow a systematic process for the identification of risks and irregularities affecting financial information. The assessment of these risks enables the impact of potential events to be analysed, encompassing operations that are complex due to the high volume of transactions or the difficulty of the calculations, or are material from a quantitative or qualitative viewpoint. The assessment entails the classification of impact, frequency and theoretical risk parameters based on value.

An annual review is performed on the control objectives identified and the risks involved to achieve those goals.

### THE IBERPAPEL GROUP'S RISK MAP

In 2020, in line with prior years, we put in place the mechanisms required to control and manage risks by defining the risk taxonomy or catalogue and then assessing probability and impact. This system allows the continuous management of the risks affecting the Group so that it can adapt to changes, review objectives and strategies, and update its monitoring and oversight process.

#### Risk Control and Management Policy.

On 22 December 2020, following Good Governance Code recommendation no. 45, the Board of Directors approved a Risk Control and Management Policy identifying the different types of financial and non-financial risks, and establishing a risk control and management model defining the risk level deemed acceptable, measures to mitigate the impact of risks identified, should they arise, and the information and internal control systems that will be used to control and manage them.

#### Changes to the prior-year risk map

The new risks included were "business performance in the short term tied to the recovery of the health situation" (high impact and low probability), "climate change" (high impact and medium probability), "reputational" risks (medium impact and medium probability) and "talent attraction and retention" (low probability and low impact).

Worthy of note are the increase in the probability of "demand risk due to the use of new technologies", reduction in the impact and probability of risks relating to "strategic growth and investment decisions", increase in the impact and probability of "cyberattacks" and "global financial situation", and the increase in the probability of risks concerning "coverage of material damage" and "compliance with health and safety regulations at facilities".

General risks ▼	Specific risks Description ▼	Main risk management actions ▼
Governance	<p>1. Reputational (such as the impact on stakeholder perceptions of the company)</p>	<p>Iberpapel has technology, policies and procedures in place that mitigate the probability and gravity of events that could damage its reputation, and the executive team is aware of the importance of managing reputational risk.</p>
Strategy and planning	<p>2. "Price war" strategy due to market pressures.</p>	<p>Iberpapel mitigates these risks by maintaining a highly competitive cost structure that enables the impact of market crises to be absorbed comparatively better than its competitors.</p>
	<p>3. Long-term decline in demand due to digitalisation.</p>	
	<p>4. Tensions in raw material markets.</p>	
	<p>5. Dependence on market trends when setting prices. Total dependence on market evolution to define prices, which complicates the use of a medium- and long-term planning tool.</p>	<p>Iberpapel has a programme for the development, analysis and monitoring of investments that enables business growth processes to be suitably addressed. In this regard, on 9 May 2017 the Company's Board of Directors announced the start of the "Hernani Project", which will entail an investment of more than €180 million. The investment will consist of acquiring a new paper machine with an estimated production capacity of 85,000 tonnes per year and of modernising the existing cellulose plant. At 31 December 2019, the committed investment amounts to approximately €40,000 thousand, PGZ's non-current assets having increased by €34 million due mainly to this project.</p>
	<p>6. Relevance of decision-making relating to growth and significant investments in the paper industry (machine-intensive). Given the significance of such strategic investments, the analysis of funding and monitoring of implementation is vital, even foreseeing a negative market scenario when the investment becomes operational.</p>	
<p>7. Climate change. Anthropogenic climate change entails risks due to the direct effects of a changing climate and risks arising from new regulations and changing expectations.</p>	<p>Iberpapel respects the environment, makes rational use of resources and counteracts pollution caused by our industrial processes. We have an environmental policy setting out specific management commitments and defining the main principles to be followed, as well as a healthy financial situation allowing us to overcome financial tensions.</p>	



Operational / structural	<p><b>8.</b> Forestry risk. Specific risks in the forestry business unit (e.g. fires not covered by insurance policies).</p>	<p>The Group reduces these risks by controlling the distribution of forestry assets in three distant forestry areas (Argentina, Uruguay and Huelva) and a reasonable distribution of properties in each area. Forest cleaning and firebreak work, etc. is carried out on a regular basis, thereby considerably reducing the impact of any fire damage. This is all complemented by silvopastoral systems to control pastures and the forest understory. Los Eucaliptus is a member of Uruguay's PAIF (Forest Fire Protection Plan), which is coordinated by the Uruguayan Forestry Producers Association. This national system involves the majority of forestry industry companies and protects an area of nearly 800,000 hectares. In Argentina, since the year 2000 all the properties have been members of ACE Colón Norte, taking part in forest fire surveillance activities in the summer months.</p>
	<p><b>9.</b> Damage to property risk coverage due to the centralisation of the Group's production in a single location (Hernani plant).</p>	<p>Iberpapel has policy of taking out insurance policies and the necessary coverage to mitigate, as far as possible, risks related to loss of profit, damage to property, collection of trade receivables, machinery breakdown, etc. The main policies in force include fully-comprehensive coverage for loss or damage to property, including loss of profit; coverage for trade receivables (the Group insures both domestic and export sales); third-party liability (including the party at fault and damage); third-party liability of directors and executives; environmental protection and coverage for environmental damage to third parties; and cyber risk insurance.</p>
	<p><b>10.</b> Cyberattacks. Threats to the Group's assets, operations and information related to IT security and the risk of fraud.</p>	<p>This type of risk is defined as threats to the Group's assets, operations and information related to IT security and the risk of fraud. The Iberpapel Group has made administrative improvements to technology so as to mitigate security risks and reduce service interruption. Iberpapel has also had cyber risk insurance coverage since 2018.</p>

Operational / structural	11. Talent attraction and retention.	Among other measures, Iberpapel oversees each professional's work, stimulates motivation and professional development, and pays competitive salaries, mobility among our employees being very low.
	12. Business performance in the short term tied to the recovery of the health situation and the economy.	Since the start of the COVID-19 health crisis, Iberpapel has taken appropriate steps to protect our employees while continuing to do business. We are also able to confront the situation thanks to our healthy financial situation.
Financial	13. Reliability of financial information for third parties and for decision-making.	In order to assure financial information for decision-making and third parties, the Iberpapel Group has implemented an internal oversight procedure and a related "Internal Control over Financial Reporting (ICFR) System and Criminal Compliance Control and Monitoring Body", which reports to the Audit Committee.
	14. Financial solvency of customers in the current economic situation and impact on the sums insured.	Grupo Iberpapel tiene varias pólizas de crédito que cubre la totalidad de las ventas de papel. Asimismo, se dispone de una saneada situación financiera que permite afrontar situaciones de tensión financiera.
	15. Foreign exchange fluctuations (e.g. US dollar) causing changes to paper industry supply and demand that may be significant.	
	16. Global financial situation impacted by the pandemic.	
Compliance	17. Impact of regulatory amendments on industrial companies in general and power generators in particular.	The Group company PGZ has two operational power cogeneration plants, one using biomass (black liquor), which is included in the cellulose production segment, and the other being a gas combined cycle plant. PGZ therefore monitors the vast volume of regulations that have been published since 2013.

<p>Compliance</p>	<p><b>18.</b> Compliance with environmental legislation and the necessary internal policies.</p>	<p>The Iberpapel Group has an environmental management system based on the international ISO 14.001 standard and certified by independent auditors, guaranteeing compliance with applicable, European, state and regional legislation. In order to comply with Law 26/2007 on Environmental Liability and Royal Decree 2090/2008 containing the implementing legislation, the Iberpapel Group has analysed environmental risks and monetised them by applying the Environmental Damage Index (IDM) and the Environmental Responsibility Offer Model (MORA). Finally, the Iberpapel Group is also proceeding with its reforestation policy, in which the voluntary carbon markets are an important tool.</p>
	<p><b>19.</b> Compliance with health and safety regulations at each of our locations.</p>	<p>The industrial subsidiary PGZ has an Occupational Risk Prevention management system that complies with the OHSAS 1 standard certified by Det Norske Veritas (DNV). One of the basic pillars of this system is to keep our workers permanently up to date with work post risks and mandatory preventive measures, which is achieved by means of the Pro-safety management software, accessible to all our workers. This is supplemented by a programme of continuous inspections of the facilities and safe behaviours, together with quarterly meetings of the Health and Safety Committee, a joint committee that addresses all matters related to our workers' health and safety. The Company also has an In-House Prevention Service covering the specialities Industrial Safety and Hygiene, and uses two External Prevention Services for the specialities Ergonomics, Psychosociology and Occupational Medicine. The Group's other subsidiaries have contracted an External Prevention Service for all specialities.</p>
	<p><b>20.</b> Regulatory changes having a considerable impact on decisions in connection with investments to be made and related recoverability and return.</p>	<p>As indicated, Iberpapel mitigates these risks by maintaining a highly competitive cost structure that enables the impact of market crises to be absorbed comparatively better than its competitors.</p>

## MOST RELEVANT RISKS FOR THE YEAR

No relevant risk was identified in 2020 in relation to processes or information used to make decisions.

The Iberpapel Group has integrated ESG (Environmental, Social and Governance) risks into its risk management strategy, addressing global sustainability challenges in the market. The Group controls and manages non-financial risks, some of which are included among the most relevant risks in 2020.

### Criminal risks

During 2020, in order to comply with the regulatory requirements of section 31 (ii) of the Spanish Criminal Code, the Iberpapel Group's control bodies, that is the Control and Monitoring Unit specifically designated by the Board of Directors of PGZ and the ICFR System and Criminal Compliance Control Body specifically designated by the other Group subsidiaries, carried out the necessary oversight and monitoring tasks specified in the Group's criminal compliance model.

In 2020, these activities included:

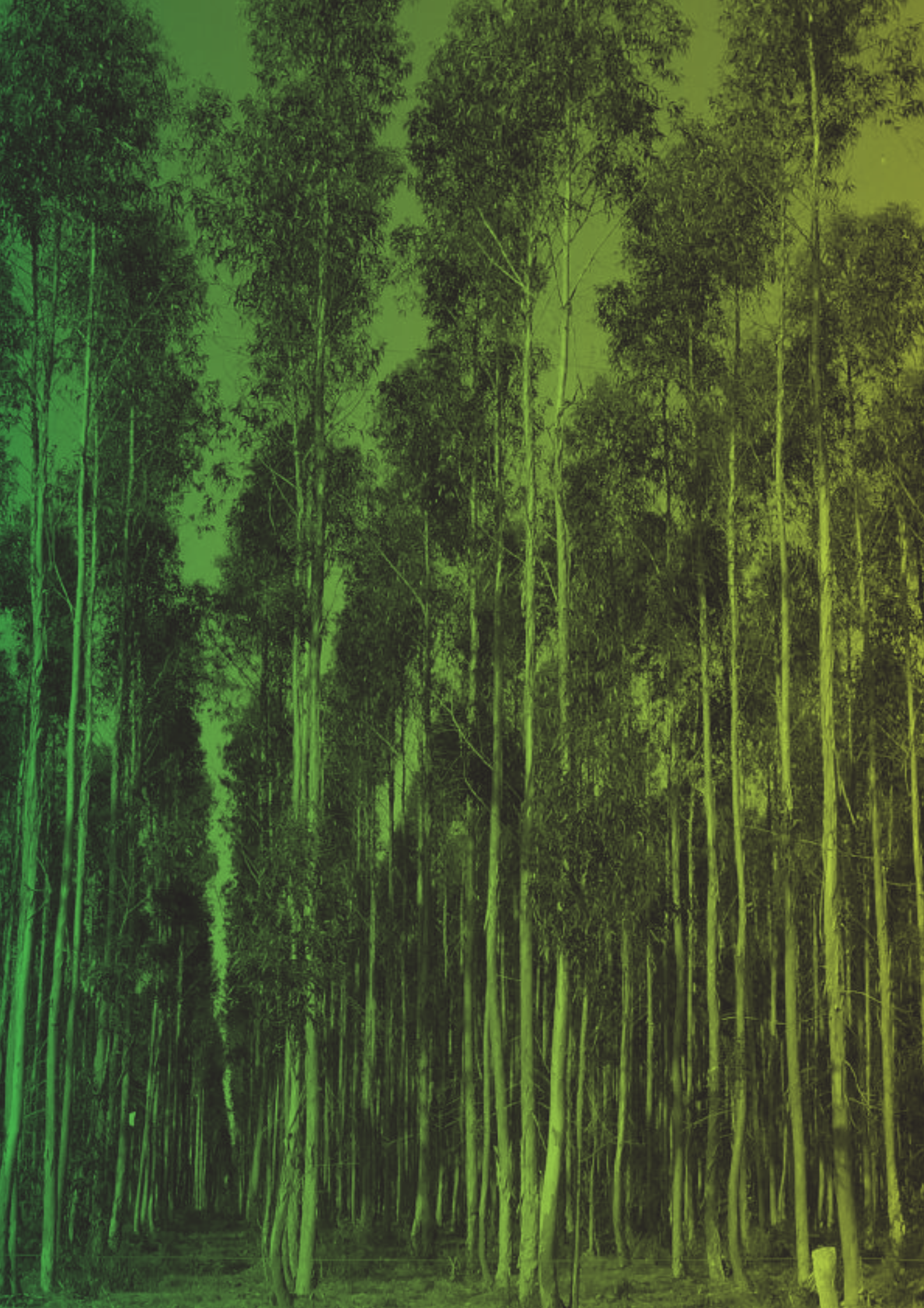
- Review of the identification of the criminal risks to which the Group could potentially be exposed in view of its corporate objects and operations.
- Reassessment of the Group's criminal risk map so as to include the relevant adaptations and adjustments to reflect both criminal legislation and Iberpapel's operational and functional reality.
- Preparation of a Risk Control and Management Policy identifying the types of financial and non-financial risks, and establishing a risk control and management model.

### Tax risks

During 2016, the Company's Board of Directors, in response to a proposal by the Finance Department and to comply with Article 529.iii) of the Spanish Companies Act, designed the Iberpapel Group's tax strategy, defining the governing principles for the tax function of Iberpapel Gestión, S.A. and all the Group companies.

Since then, the Finance Department has maintained the Tax Risk Management System (SGRF), the purpose being to lay down principles and guidelines to ensure that tax risks that could affect the tax strategy and objectives are identified, assessed and managed systematically, in order to comply with the new requirements of the Spanish Companies Act.

The scope of the system encompasses all tax risks affecting activities and processes applicable to all taxes paid in Spain and by the subsidiaries abroad.





LICOR  
BLANCO  
MANTENTE



# Our

## 2020 Results

# 7

7.1 Our results at a glance

7.2 Summary of Iberpapel's business context

7.3 Management results

7.4 Fiscal contribution and responsibility

7.5 Stock price performance

## 7.1 Our results at a glance

2020 Milestones	Future challenges
<ul style="list-style-type: none"> <li>▶ Solid financial position to support future investment plans.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Diversify into specialty paper.</li> <li>▶ Maintain and if possible improve our financial position.</li> </ul>

### MAIN METRICS FOR 2020 AND TRENDS

Revenue	Expenses	EBITDA	Net profit	Return on Equity
€163.66 million -25.04% vs. 2019	€144.53 million -20.30% vs. 2019	€19.13 million -48.30% vs. 2019	€4.24 million -80.44% vs. 2019	7.33% -47.11% vs. 2019

Section "7.3.5 Main financial and management ratios" includes Iberpapel's most significant financial ratios and three-year trends.

### OUR MAIN CONTRIBUTION TO THE SDGs



**Goal**  
**8.1**  
**8.2**

We contribute towards economic growth and development in our local communities through direct jobs (in our facilities) and indirect employment (through the value chain).

In 2020, the Company continued to provide value to society, economic value generated amounting to €160.43 million and economic value distributed totalling €148.03 million.



## 7.2 Summary of Iberpapel's business context

FY 2020 was exceptional, marked by the health and economic crisis due to the Covid-19 pandemic. For a large part of the first half, this unprecedented situation closed down nearly all activities in Spain and in the rest of the world, to a greater or lesser extent.

Papelera Guipuzcoana de Zicuñaga's facilities remained operational, however, as an essential activity, in an extremely complex scenario in which demand clearly contracted, causing a 24% fall in paper sales compared with the first half of the previous year. Unfortunately, the complex market situation did not improve during the year.

In this context, in view of huge uncertainty regarding health, Iberpapel decided to delay the interconnection and commissioning of the new cellulose plant facilities,

the production stoppage at the Hernani plant and the Annual General Meeting. In this exceedingly complicated environment, the Group managed to successfully complete the first part of the Hernani Project during the summer, consisting of the extension and renovation of our cellulose plant, without departures from the planned timing or budget.

This entailed the total stoppage of pulp and paper production at the plant from the end of July, throughout August and a large part of September, spanning around 55 days. This unprecedented event in Iberpapel's history, combined with the serious health crisis, logically had a significant impact on the Company's results, as analysed in this section.



## 7.3 Management results

[201-1]

In these unfavourable, extraordinary circumstances, Iberpapel managed to achieve positive figures, including a gross operating profit (EBITDA) of €19.13 million, 48% less than in 2019. The Group's net profit for 2020 fell nearly 80% on 2019 down to €4.24 million.

Our financial highlights for the past three years are shown below to provide a more detailed analysis of Iberpapel's financial performance:

### FINANCIAL HIGHLIGHTS

Amount (€M)	2020	2019	2018	Change 2019-2020	Change 2018-2019	Comments
Revenue	163.66	218.34	225.85	(25.04)%	(3.32)%	The Group's revenue rose 25% in 2020 compared with 2019.
Expenses	144.53	181.35	184.94	(20.30)%	(1.94)%	Expenses fell 20% with respect to the previous year.
EBITDA	19.13	36.99	40.91	(48.30)%	(9.57)%	The Iberpapel Group's EBITDA decreased by 48.3%.
Net profit	4.24	21.68	25.21	(80.44)%	(14.00)%	Net profit totalled €4.24 million.

### Income statement

Besides the financial highlights, we provide below our other financial figures, in the interests of transparency, so that our stakeholders can have a better understanding of our performance over the years:

### INCOME STATEMENT

Amount (€M)	2020	2019	2018	Change 2019-2020	Change 2018-2019
Revenue	152.88	213.47	221.07	(28.38)%	(3.44)%
Other income	10.78	4.87	4.78	121.39%	1.93%
Income	163.66	218.34	225.85	(25.04)%	(3.32)%
Changes in inventories of finished goods and work in progress	2.65	4.98	3.94	(47.03)%	26.79%
Raw materials and consumables	(65.55)	(88.37)	(88.23)	(25.82)%	0.16%
Staff costs	(20.17)	(20.30)	(19.29)	(0.63)%	5.25%
Other expenses	(61.45)	(77.66)	(81.35)	(20.87)%	(4.53)%
EBITDA	19.13	36.99	40.91	(48.30)%	(9.57)%
Depreciation/amortisation	(10.81)	(10.70)	(10.93)	0.95%	(2.03)%
Impairment and profit/(loss) on fixed asset disposals	(1.65)	0.01	0.01	20.512.5%	14.29%
EBIT	6.67	26.30	29.99	(74.63)%	(12.31)%
Net financial income/(expense)	(1.57)	(0.17)	(0.74)	803.44%	(76.61)%
Profit before tax	5.10	26.13	29.25	(80.47)%	(810.67)%
Taxes	(0.86)	(4.45)	(4.049)	(80.62)%	10.07%
NET PROFIT	4.24	21.68	25.21	(80.44)%	(14.00)%

## 7.3.1 Revenue

Cumulative revenue at 31 December 2020 totalled €152,884 thousand, having fallen 28.38%. The Iberpapel Group's most significant revenue items are broken down below:

### REVENUE

Amount (€M)	2020	2019	2018	Change 2019-2020	Change 2018-2019
Revenue	152.88	213.47	221.07	(28.38)%	(3.44)%
Paper sales	124.36	172.56	177.58	(27.93)%	(2.83)%
Electricity sales	27.08	38.64	40.45	(29.91)%	(4.47)%
Timber sales	1.44	2.27	3.04	(36.40)%	(25.34)%
Other income	10.78	4.87	4.78	(121.39)%	1.88%
Revenue (Net amount + Other income)	163.66	218.34	225.85	(25.04)%	(3.32)%

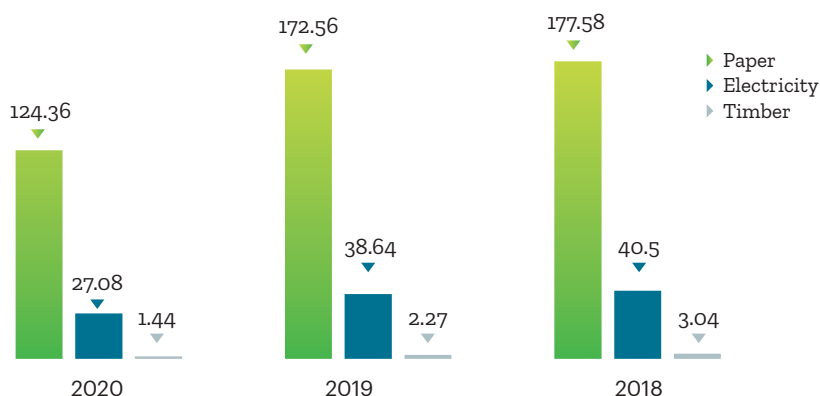
**Revenue for 2020 was impacted by a fall in physical units of paper sold.**

Firstly, the fall in paper sales is due to the considerable reduction in physical units sold, mainly as a result of the outbreak of the pandemic, which impacted three of the four quarters of 2020, as well as the production stoppage of over 55 days and the fall in the average selling price of paper.

Secondly, revenue from electricity sales fell by nearly 30% on the same period of the previous year as the Group's power generation decreased 16%. Electricity selling prices were also lower as a result of the sharp contraction of demand during the pandemic.

Finally, the most significant fall in 2020 on the previous years, in percentage terms, is associated with timber sales. In 2020, the Group's South American forestry companies sold eucalyptus timber in the Spanish and local South American markets for the sum of €1,443 thousand, as compared with €2,269 thousand in the previous year.

Sales of the main products (€M)



## 7.3.2 Expenses

In 2020, staff costs were in line with previous years. Raw materials and consumables, and gas and power supplies, decreased compared with 2019, due partly to the reduction in business caused by the pandemic and to the production stoppage at the Hernani plant.

### Operating expenses

- Raw materials and consumables

In 2020, raw materials and consumables fell by over 25% in relation to the previous year down to €65.55 million (as compared with €88.37 million in 2019) as a result of the complex circumstances.

- Staff costs

The average headcount in 2020 was 298, including senior management, having risen by three people. In 2019, there were 295 employees. So staff costs remained very stable in relation to the previous year, having decreased by a slight 0.63% down to €20.17 million (€20.30 million in 2019).

#### Raw materials and consumables

€65.55 million  
-25.82% vs. 2019

#### Staff costs

€20.17 million  
-0.63 vs. 2019

### Other expenses

Expenditure on supplies of gas and electricity decreased to €29.98 million in 2020 (€43.73 million in 2019).

Other taxes, including electricity tax, fell to €2.17 million (€2.59 million in 2019).

Finally, CO<sub>2</sub> allowances consumed during the year totalled €4.19 million (€5.05 million in 2019).

#### Supplies (gas and electricity)

€29.98 million  
-31.44% vs. 2019

#### Other taxes

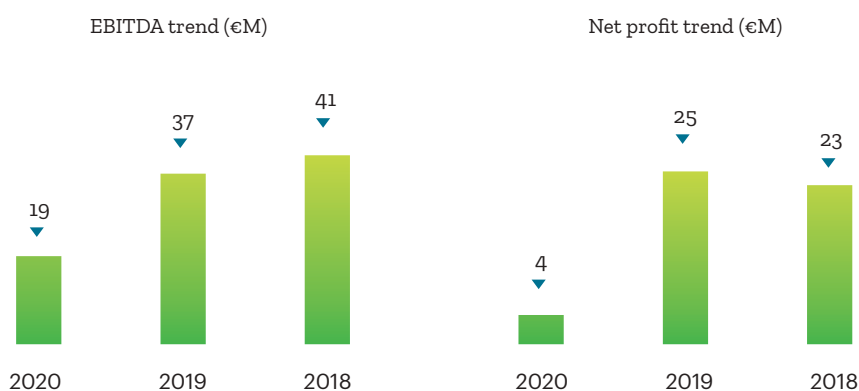
€2.17 million  
-16.21% vs. 2019

#### CO<sub>2</sub> allowances consumed

€4.19 million  
-17.03% vs. 2019

### 7.3.3 EBITDA and Net profit

Despite Covid-19 and the production stoppage due to the Hernani plant renovation, Iberpapel posted a net profit of €4.24 million, 80% down on 2019 due to the socioeconomic circumstances impacting demand for paper and energy.



In these unfavourable, extraordinary circumstances, Iberpapel managed to achieve positive figures, including EBITDA of €19.13 million, 48.30% less than in 2019.

### 7.3.4 Iberpapel's financial trends

Despite the drop in demand and in sales caused by the Covid-19 economic and health crisis and the 55-day stoppage at our plant to complete the first part of the Hernani Project, Iberpapel's equity capital still accounts for 65.56% of total liabilities at year-end 2020.

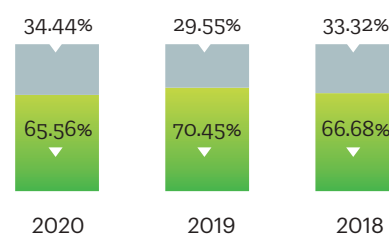
There follows a breakdown of key figures reflecting trends in the Group's solid financial structure:

#### BALANCE SHEET

Amount (€M)	2020	2019	2018
Total assets	397.94	378.76	382.95
Non-current assets	215.01	168.84	158.88
Current assets	182.94	209.92	224.06
Total equity/liabilities	397.94	378.76	382.95
Capital and reserves	260.89	266.83	255.36
Non-current liabilities	86.72	53.49	74.50
Current liabilities	50.34	58.44	53.09

Note: Data at 31 December each fiscal year

#### Financial structure



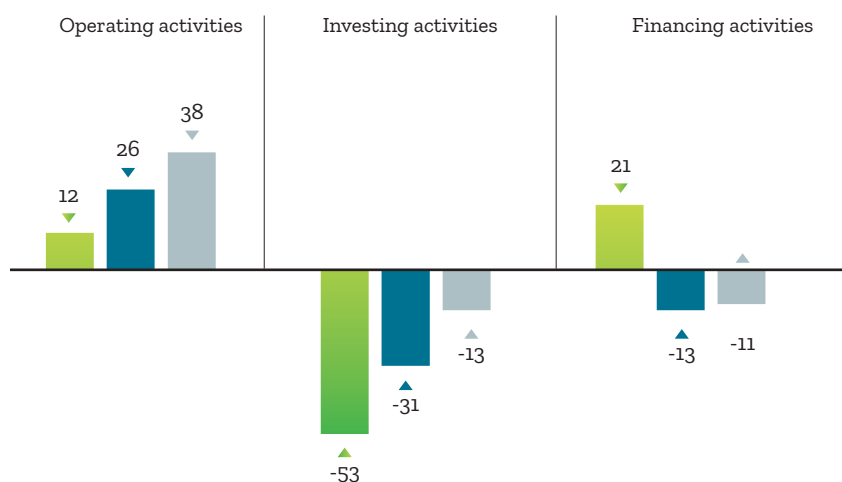
► Own funding  
► Borrowings

**NET DEBT**

Amount (€M)	2020	2019	2018
Net debt	(32.95)	(78.77)	(91.69)
Short- and long-term bank borrowings	93.38	68.23	73.43
(Less: Cash and cash equivalents)	(126.32)	(147.01)	(165.11)
Equity	260.89	266.83	255.36
Leverage ratio	(12.63)%	(29.52)%	(35.90)%

Cash flows by activity (€M)

▶ 2020  
▶ 2019  
▶ 2018

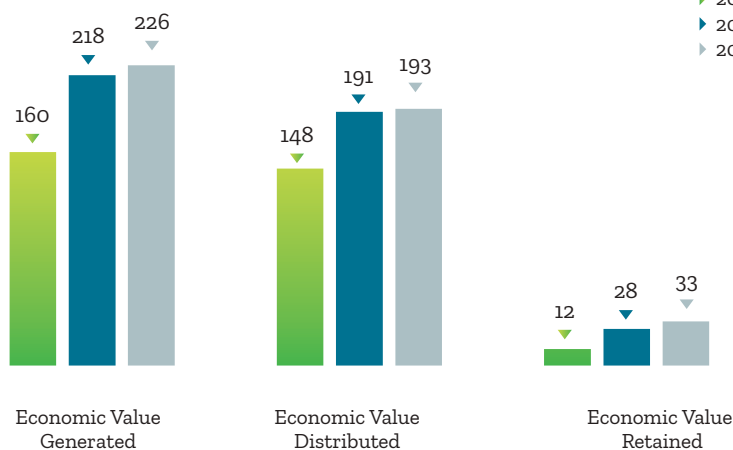


The Iberpapel Group has long-term credit lines and loans amounting to €138 million to fund the "Hernani Project" (€171 million in 2019).

The above-mentioned terms include the following items:

Economic value trend (€M)

▶ 2020  
▶ 2019  
▶ 2018



The Iberpapel Group makes a valuable contribution to society through its activities. Economic value generated, distributed and retained during 2018, 2019 and 2020 is shown in the chart below.

As support for the above information, we also show the itemised figures for the last three years for economic value generated, distributed and retained:

#### EVOLUTION OF ECONOMIC VALUE GENERATED (EVG) 2020-2018

	(€M)	2020	2019	2018
<b>Economic Value Generated (EVG)</b>				
• Net sales		152.88	213.47	221.07
• Other income		10.77	4.87	4.78
• Financial income		(1.57)	(0.02)	(0.08)
• Profit/(loss) on disposal of non-current assets		(1.65)		
<b>ECONOMIC VALUE GENERATED</b>		<b>160.43</b>	<b>218.32</b>	<b>225.77</b>

#### EVOLUTION OF ECONOMIC VALUE DISTRIBUTED (EVD) 2020-2018

	(€M)	2020	2019	2018
<b>Economic Value Distributed (EVD)</b>				
• Operating costs.		65.55	88.37	88.23
• Salaries and fringe benefits for employees.		61.45	77.66	81.36
• Wages and salaries		20.17	20.30	19.29
• Income tax		0.86	4.45	4.04
• Local community investments.				
<b>ECONOMIC VALUE DISTRIBUTED</b>		<b>148.03</b>	<b>190.78</b>	<b>192.92</b>

#### EVOLUTION OF ECONOMIC VALUE RETAINED (EVR) 2020-2018

	(€M)	2020	2019	2018
<b>Economic Value Retained (EVR)</b>				
• Reserves, depreciation and amortisation, etc.				
<b>ECONOMIC VALUE RETAINED</b>		<b>12.40</b>	<b>27.56</b>	<b>33.01</b>

## 7.3.5 Main financial and management ratios

As a transparency measure and to facilitate the understanding and clarity of the financial information reported through an analysis of our results, financial situation and trends, Iberpapel's most relevant ratios are summarised as follows:

#### MAIN FINANCIAL AND MANAGEMENT RATIOS

	2020	2019	2018
Return on Equity (%)	7.33	13.86	16.02
EBITDA return on equity (%)	1.63	8.13	9.87
Working capital (million euro)	132.59	151.48	170.98
General liquidity (x)	3.63	3.59	4.22
Net debt/Equity (%)	(12.63)	(29.52)	(35.90)
Net debt/EBITDA	(1.72)	(2.12)	(2.24)

## 7.4 Fiscal contribution and responsibility

[201-4, 207-1, 207-2, 207-3, 207-4]

Iberpapel makes an appropriate fiscal contribution in the countries where we operate. During 2016, the Company's Board of Directors, in response to a proposal by the Finance Department and to comply with Article 529.iii) of the Spanish Companies Act, designed the Iberpapel Group's tax strategy, defining the principles governing the tax function.

The Finance Department also prepared, in 2016, and continued to apply in 2020, the Tax Risk Management System (SGRF), the purpose being to lay down principles and guidelines to ensure that tax risks that could affect the tax strategy and objectives are identified, assessed and managed systematically, in order to comply with the new requirements of the Spanish Companies Act and of stakeholders.

### Principles guiding the tax function at Iberpapel:

1. Fulfilment of tax obligations
2. Interaction with tax authorities
3. Preparation of fiscal financial information
4. Use of non-opaque structures
5. Application of tax legislation
6. Mandatory analysis of transactions that show special complexity or tax relevance
7. Valuation of controlled transactions
8. Composition of the Finance Department
9. External tax advisors
10. Criminal risk prevention system
11. Training and upskilling programmes

### FISCAL CONTRIBUTION BY COUNTRY

€M		2020	2019	2018
<b>Spain</b>				
	Profit before tax	5,068	24,516	27,426
	Income tax paid	(743)	(4,254)	(3,882)
<b>Argentina</b>				
	Profit before tax	46	(123)	(587)
	Income tax paid	(18)	(50)	(0)
<b>Uruguay</b>				
	Profit before tax	(13)	1,735	2,409
	Income tax paid	(101)	(145)	(160)

### PUBLIC ADMINISTRATIONS

€M		2020	2019	2018
	Government grants received	0.851	1.234	1.940



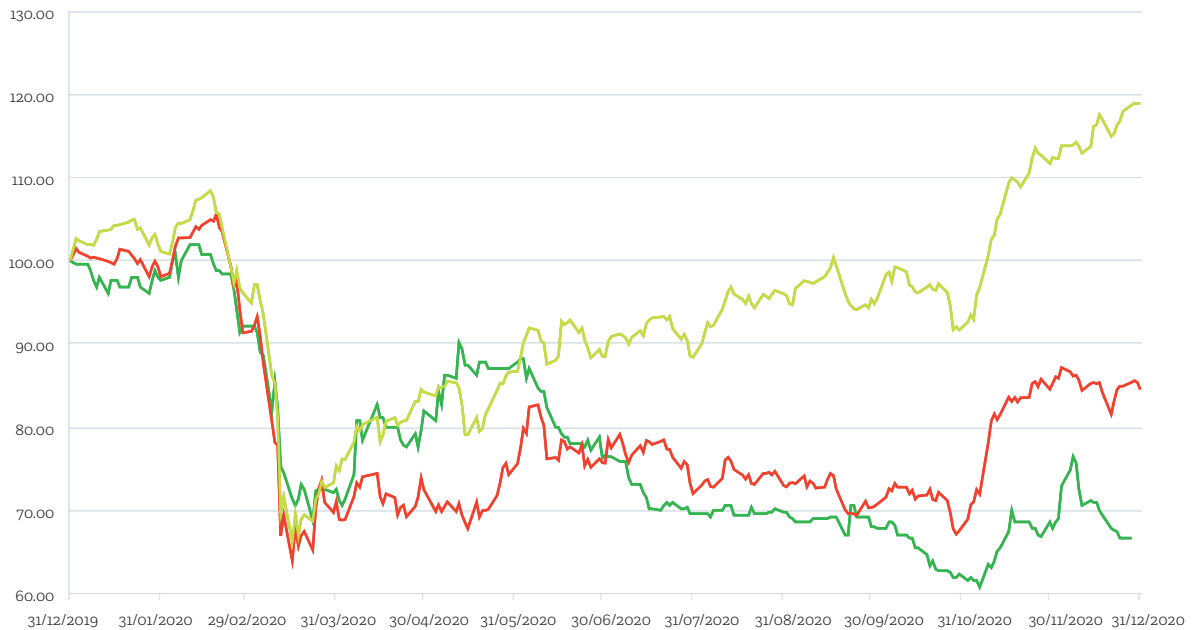
## 7.5 Stock price performance

The Iberpapel Group's stock closed the year 32.55% down, although it only fell 0.86% in the last quarter.

### Iberpapel Group's share price and shareholder dividend

Iberpapel's stock was impacted by the global circumstances in 2020, closing at a price of €17.20 at 31 December 2020 after falling 32.55% on the previous year end. The stock reached a high of €26.30 in February before the outbreak of Covid-19 in Spain and the declaration of a state of emergency. Then the uncertainties generated mainly by the pandemic caused European economic activities to slow and Iberpapel's share price to fall in relation to previous years.

In this complicated situation, the main Spanish stock market indices were also impacted, the Ibex trailing behind the world's largest stock markets at -15.45% compared with Nasdaq, which rose 43%, by the end of 2020. At the global level, the large technology stocks were benefited by the crisis, but the banking, tourism and energy industries, except for renewables, felt the most heat, these being the Ibex's most significant stocks.

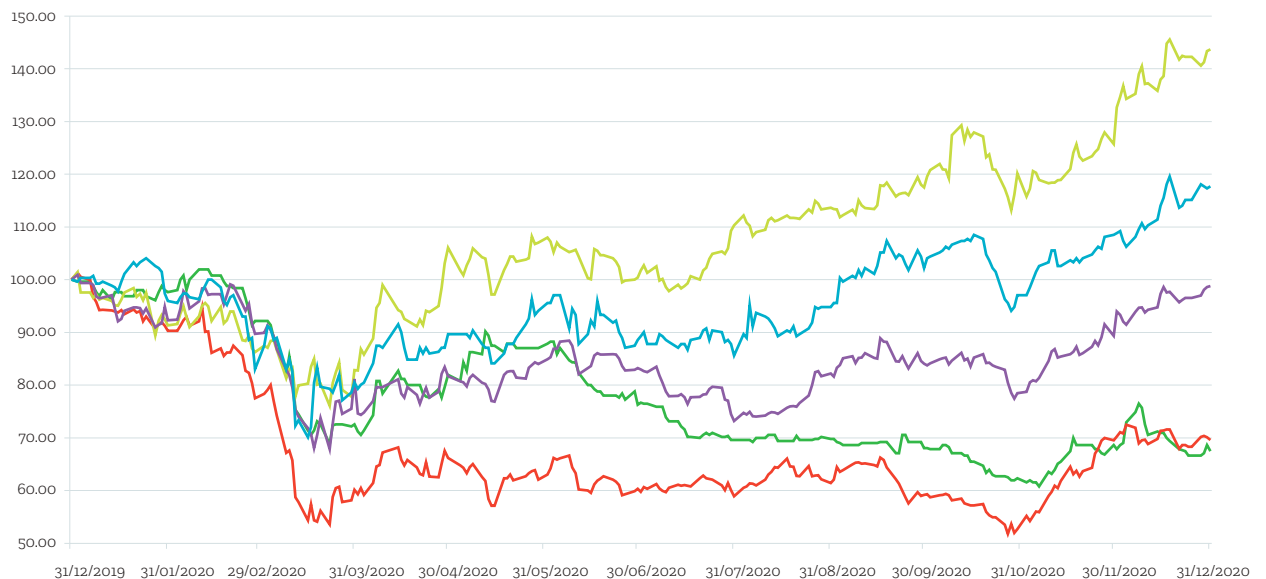


- Iberpapel -32.55%
- Ibex -15.45%
- Ibex small cap 18.93%

On 26 November 2020, the Company's Board of Directors resolved to pay a gross interim dividend of €0.20 per share out of 2020 profits for a total of €2,183 thousand, which was paid on 18 December. The Board of Directors' proposals to the Annual General Meeting will include the payment of a gross dividend of €0.10 per share. The dividend yield for the last year stands at 1.74%, as compared with 2.16% in 2019.

### The share price as compared with the leading European industry companies

As may be observed below, Iberpapel's stock market performance was irregular in 2020, just like other paper industry companies.



- Iberpapel -23.73%
- Portucel -39.69%
- Metsa 0.42%
- UPM -16.79%
- Stora -11.44%

### Main stock data trends (2018-2020)

There follows a description of these three-year trends so our stakeholders can better understand our stock data:

#### MAIN STOCK DATA (2018-2020)

	2020	2019	2018
Shares admitted to trading (€M)	6.62	6.62	6.62
No. of shares (x1000)	11,040	11,040	11,040
Capitalisation (€M)	189.89	281.52	364.31
Volume traded (thousands of shares)	1,235	1,354	1,060
Cash value traded (€M)	24.48	36.22	35.60
Closing price (€)	17.20	25.50	33.00
Maximum price (€)	26.30 (02-Feb)	33.60 (2-Jan)	39.30 (30-Jul)
Minimum price (€)	15.50 (05-Nov)	23.80 (18-Nov)	27.63 (2-Jan)



## Shareholder and investor relations

Accessibility and transparency are key to all the Iberpapel Group's stakeholders, particularly our shareholders and investors.

Iberpapel has a relationship with its shareholders and investors based on transparency and adequate information channels to assure a permanent flow of information accessible to all.

This is reflected in our corporate website <http://www.iberpapel.es>, which is continuously updated to include all the information necessary on the organisation, as well as quarterly and half-yearly results, price-sensitive information and any other information of interest.

Our Customer Relations Department is open to queries through the following communication channels:



- **Website**  
[www.iberpapel.es](http://www.iberpapel.es)
- **Email**  
[atencion.al.accionista@iberpapel.es](mailto:atencion.al.accionista@iberpapel.es)
- **Tel.**  
+34 91 564 07 20



# Appendices

## 8

Appendix I: Regarding this report

Appendix II: GRI content list

Appendix III: Contact data of Iberpapel's divisions

# Appendix I: Regarding this report

## A. Methodology

[102-10; 102-51; 102-52]

### Reporting scope

This Annual Report provides clear, concise and relevant information on our performance in sustainability matters identified as the most relevant both to Iberpapel and to our stakeholders. We report our management results and our Corporate Social Responsibility and Corporate Governance initiatives each year.

This report addresses the activities of our three divisions (forestry, industrial and commercial) in all the countries in which we operated (Spain, Argentina and Uruguay) and where we conducted commercial activities (Europe, Africa and South America) in 2020. The latest report published was the 2019 Annual Report. All the documents refers to the Group as a whole, unless otherwise stated, in which case the activities or divisions in question are indicated.

Any scope limitations on the information reported are disclosed in the pertinent section.

Prior-year data are furnished for clarity.

### Preparation of the annual report

Since 2011, Iberpapel has prepared its Annual Report observing the requirements of the Global Reporting Initiative (GRI) on the preparation of Sustainability Reports. This year, it has been drawn up applying the GRI Standards "Essential Criteria" option and Recommendation 55 of the Spanish National Security Market Commission (CNMV)'s Code of Good Governance in Listed Companies.

In addition, though not applicable until 2021, detailed information is provided under Law 11/2018, which transposed into Spanish legislation Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information.

The contents are supplemented by the following public information for 2020:

- Consolidated Annual Accounts of the Iberpapel Group, including the Consolidated Management Report.
- Annual Corporate Governance Report, Annual Report on Directors' Remuneration and Committee Annual Reports.
- Other contents of interest that may be found in our corporate website: <http://www.iberpapel.es>

The materiality analysis carried out in the previous year has been reviewed and updated this year. The main information sources consulted are listed below:

#### External agents

- Investor analysis (DJSI and CDP).
- Analysis of CSR standards (GRI and SASB).
- Press analysis.
- Matters considered by industry companies.
- Subjects highlighted by industry and CSR thought leaders.
- Stakeholder consultation.
- Analysis of global and industry trends.

#### Internal agents

- Interviews with the Iberpapel Group's area directors.
- Policies and commitments.
- Iberpapel Group's corporate reports.
- Prior-year materiality analysis.
- Press releases published by the Company.

#### Stakeholders

[102-42; 102-43]

We also reviewed the identity of our main stakeholders during the year. Our principal stakeholders are those with which we have a direct or indirect relationship; they influence our success and are most affected by the organisation. There follows a list of the principal stakeholders identified:

- Customers.
- Suppliers.
- Employees.
- Shareholders, investors and the financial community.
- Regulators and associations.
- Society.
- Environment.

### Basic principles considered when preparing this report

There follows a description of the material TOPICS identified and their relationship with the associated GRI STANDARDS:

#### PRINCIPLES OF THE GRI STANDARDS ON THE PREPARATION OF SUSTAINABILITY REPORTS

	Content principles		Quality principles
Stakeholder engagement	The Iberpapel Group identifies and has an ongoing dialogue with all stakeholders (see Chapter 4.2). So we are able to identify their main interests and concerns and we strive to listen and respond in a personalised way. This dialogue also allows us to discover matters that our stakeholders consider to be relevant for inclusion in this report.	Accuracy	The information contained in this report is accurate in qualitative and quantitative terms so the main stakeholders have the capacity to assess the organisation's performance.
Sustainability context	We are committed to sustainable development, as reflected in our strategy and activities, managing natural resources sustainably and responsibly, and continuously seeking to generate value (economic, employment, development, etc.) for all our stakeholders.	Balance	This Annual Report includes positive and negative aspects of Iberpapel's performance so as to provide a full view of the Company.
Materiality	We have analysed materiality to identify the most relevant social, environmental, economic, ethical and good governance issues for both the Company and its main stakeholders.	Clarity	The information is presented clearly so the main stakeholders can obtain a reasonable understanding of the Company and its activities.
Completeness	Throughout the Annual Report, the main stakeholders related to each material topic are indicated, stating where the main impact occurs (outside or inside the organisation, or both).	Comparability	We have presented the information in such a way that the main stakeholders can analyse the evolution of the organisation's results and compare it with the performance of other organisations.
This Annual Report also follows the three precepts of Standard AA1000 APS (2008). <ul style="list-style-type: none"> <li>• <b>Engagement:</b> Iberpapel has a stakeholder engagement process that allows their involvement in the development of a responsible approach to sustainability management.</li> <li>• <b>Materiality:</b> The Group has a process in place to determine materiality, which requires an understanding of the topics that are material or relevant to the Company and its stakeholders.</li> <li>• <b>Responsiveness:</b> Iberpapel responds through specific actions and commitments to the material topics identified by the Company in its materiality analysis.</li> </ul>		Reliability	The Company has prepared an annual report for a number of years and has solid information collection and review processes which we seek to improve and optimise each year.
		Timeliness	The Group presents its Annual Report each year so the main stakeholders can obtain more insight into the Company's performance and milestones.



## B. Relevance and materiality in the 2020 Annual Report

### Relevant matters

[102-44; 102-46; 102-47]

The 2020 Annual Report has been prepared observing the materiality principle so as to report on the economic, social and environmental matters that are relevant to the organisation and affect its stakeholders' assessments and decisions.

With this in mind, we have revised our materiality analysis in association with an independent external firm specialised in this field so as to accurately identify and update the most relevant issues relating to our Group's activities. The COVID-19 pandemic broke out during the 2020 compilation and analysis tasks, forcing us to reflect on how to adapt the impact and relevance of the topics identified to the new situation.

A number of internal and external consultation processes have been undertaken with our main stakeholders, as well as with other influential bodies such as industry associations and the media.

During the process, we have analysed the matters of most relevance to external and internal agents from an environmental, social and governance (ESG) perspective. This consisted of scoring the relevance of each matter (on a scale of 1-100), based on comments received from the agents analysed and the relative significance of the measures taken and observed (externally and internally). It is all reflected in a two-axis matrix in which the matters with the highest scores are seen to be the "most relevant".

COVID-19 has forced us to review the material matters and modify or add some topics. In any case, the topics identified in previous years still guide the Iberpapel Group's long-term vision, although there are some subtle differences or changes resulting from the analysis of the impact of the coronavirus on our business and on our stakeholders, as well as aspects that we consider will be relevant following the current health crisis.

In this report, we have also revised the prioritisation of the matters identified based on their importance for each stakeholder group and for our Company's strategic approach.

[102-44; 102-46; 102-47]

These matters are listed below:

**Economic dimension**

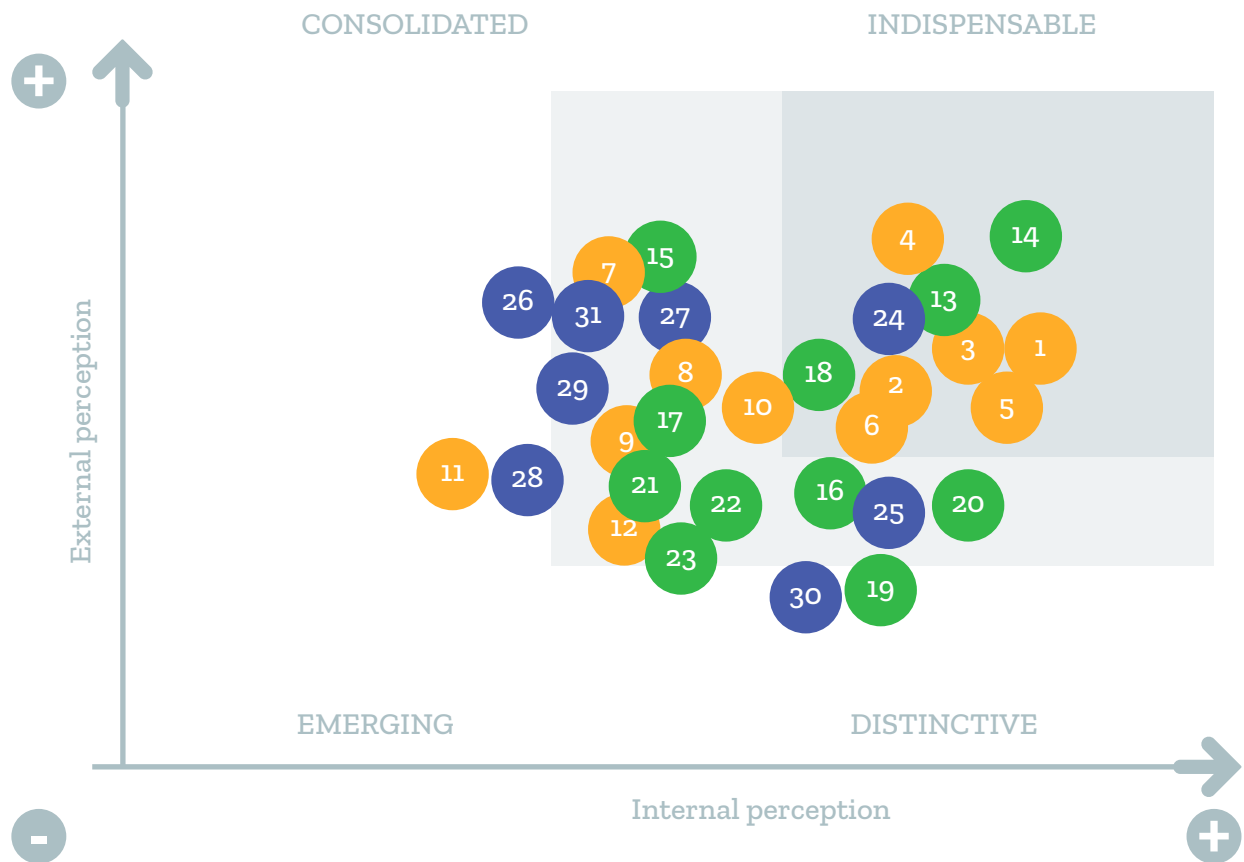
- 1. Economic performance
- 2. Business strategy
- 3. Information transparency
- 4. Sustainable R&D (products and services)
- 5. Business risks and opportunities
- 6. Technological innovation (facilities and equipment)
- 7. Regulatory compliance
- 8. Service/product quality
- 9. Codes of conduct
- 10. Customer trust and satisfaction
- 11. Digitalisation and information security
- 12. Organisational structure

**Environmental dimension**

- 13. Sustainable forest management
- 14. Climate change, carbon footprint and other atmospheric emissions
- 15. Environmental Management Systems
- 16. Rational use of natural resources
- 17. Water use and conservation
- 18. Energy transition (use of renewables, cogeneration, clean fuels and energy saving)
- 19. Supplier selection criteria
- 20. Environmental awareness-building
- 21. Biodiversity
- 22. Circular economy, waste and effluent management
- 23. Sustainable logistics and transport

**Social dimension**

- 24. Safety and Occupational Risk Prevention
- 25. Active dialogue and collaborative relationships with stakeholders
- 26. Professional training and development
- 27. Diversity, inclusion, integration and equal conditions
- 28. Talent attraction and retention
- 29. Local community development (direct, indirect and induced local job creation; value creation, etc.)
- 30. Life/work balance and other fringe benefits
- 31. Working conditions and human rights



- Economic and operational dimension
- Environmental dimension
- Social dimension

[102-44; 102-46; 102-47]

There follows a description of the material aspects identified and their relationship with the associated GRI standards:

Stakeholders ▼	Material aspects ▼	GRI topic ▼	GRI content ▼
Customers and Investors	<b>Information transparency:</b> transparency commitment with stakeholders in the short and long term.	<b>General content:</b> Stakeholder engagement.	102-40; 102-41; 102-42; 102-43; 102-44
Investors	<b>Business strategy and organisational structure / Business risks and opportunities:</b> communication of the Company's strategy, risks and opportunities.	<b>General content:</b> Strategy.	102-14; 102-15
Investors	<b>Economic performance:</b> solvency, robustness and sound economic performance.	<b>Thematic content:</b> Economic performance.	103-1; 103-2; 103-3; 201-1; 201-4
Customers, Investors, Society, Environment	<b>Technological improvement and sustainable R&amp;D:</b> projects and initiatives, improvement of facilities, improvement of production processes and search for new products.	<b>Thematic content:</b> Indirect economic impacts.	103-1; 103-2; 103-3; 203-1
Regulators, Society, Investors	<b>Regulatory compliance:</b> ongoing legislation supervision and monitoring mechanisms and compliance with applicable laws.	<b>Thematic content:</b> Environmental compliance and socio-economic compliance.	103-1; 103-2; 103-3; 203-1
Employees, Customers, Suppliers	<b>Codes of Conduct:</b> Code of Conduct and Whistleblower Channel.	<b>General content:</b> Ethics and integrity.	102-16; 102-17
Customers, Environment, Society	<b>Sustainable forest management, environmental management systems, rational use of natural resources and environmental awareness:</b> sustainability of raw materials (e.g. sustainable forest management, reforestation policies, chains of custody).	<b>Thematic content:</b> Materials.	103-1; 103-2; 103-3; 301-1
Suppliers, Customers	<b>Supplier selection criteria:</b> timber supplies from certified, innovative and distinctive suppliers.	<b>Thematic content:</b> Environmental assessment of suppliers.	103-1; 103-2; 103-3; 204-1; 103-1; 103-2; 103-3; 308-1; 103-1; 103-2; 103-3; 414-1
Environment, Regulators, Customers, Society	<b>Climate change and carbon footprint:</b> reduction in carbon emissions, Clean Development Mechanism (CDM) derived from the Kyoto Protocol and implementation of Best Available Technologies (BAT).	<b>Thematic content:</b> Emissions.	103-1; 103-2; 103-3; 305-1; 305-2; 305-7
Environment, Regulators, Customers, Society	<b>Energy transition / Climate change / Clean fuels:</b> energy efficiency and climate change, cogeneration and biomass energy recovery.	<b>Thematic content:</b> Electricity.	103-1; 103-2; 103-3; 302-1; 302-3
Environment, Customers, Society	<b>Water use and conservation:</b> water management.	<b>Thematic content:</b> Water.	103-1; 103-2; 103-3; 303-1; 303-3
Environment, Customers, Society	<b>Circular economy, waste and effluent management:</b> odour treatment and elimination systems, waste management and water treatment and purification.	<b>Thematic content:</b> Effluents and waste.	103-1; 103-2; 103-3; 306-1; 306-2
Environment, Society	<b>Biodiversity and sustainable forest management:</b> initiatives to protect biodiversity.	<b>Thematic content:</b> Biodiversity.	103-1; 103-2; 103-3; 304-1; 304-2; 304-3

[102-44; 102-46; 102-47]

Stakeholders	Material aspects	GRI topic	GRI content
Customers and Investors	Service/product quality and Customer trust and satisfaction: product certification.	Thematic content: Marketing and labelling.	103-1; 103-2; 103-3; 417-1; 417-2; 417-3
Customers, Employees	Safety and Occupational Risk Prevention (ORP): safety and ORP in production, storage processes, etc.	Thematic content: Occupational health and safety; Customer health and safety.	103-1; 103-2; 103-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-8; 403-9; 403-10; 103-1; 103-2; 103-3; 416-1
Society	Local community development: local development and support for business fabric.	Thematic content: Local communities.	103-1; 103-2; 103-3; 203-2; 103-1; 103-2; 103-3; 413-1
Customers, Investors, Suppliers, Society, Environment, Regulators	Active dialogue and collaborative relationships with stakeholders: ongoing dialogue with internal and external stakeholders.	Thematic content: Stakeholder engagement.	102-40; 102-41; 102-42; 102-43; 102-44
Employees	Talent attraction and retention, Professional training and development, Life-work balance and other fringe benefits: workforce.	Thematic content: Employment.	103-1; 103-2; 103-3; 401-1; 401-2; 103-1; 103-2; 103-3; 404-1; 404-2
Employees, Society	Diversity, inclusion, integration and equal conditions: equal opportunities for employees and non-discrimination.	Thematic content: Non-discrimination. Thematic content: Diversity and equal opportunities.	103-1; 103-2; 103-3; 406-1; 103-1; 103-2; 103-3; 405-1; 405-2
Employees, Society	Working conditions and human rights: collective agreement.	Thematic content: Freedom of association and collective bargaining.	103-1; 103-2; 103-3; 407-1

### Significant changes in relation to the previous year

During the current reporting period, there were no significant changes to size, structure and ownership, or to the scope, coverage and valuation methods applied in the report.

In the event of significant changes to any of the above-mentioned matters or the need to include information on joint ventures, subsidiaries, leased facilities, subcontracted activities and other entities that could affect the comparability of reporting periods, this will be indicated in the relevant section.

### C. Contact details

Any queries relating to the Iberpapel Group's Annual Report may be addressed to:

**Investor Relations Department:**

+34 91 564 07 20

atención.al.accionista@iberpapel.es

# Appendix II: GRI content list

[102-55]



GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>GENERAL DISCLOSURES (GRI 102: GENERAL DISCLOSURES 2016)</b>					
<b>GRI 101: FOUNDATION 2016</b>					
<b>GRI 102: GENERAL DISCLOSURES 2016</b>					
<b>Organizational profile</b>					
	102-1	Iberpapel Gestión S.A.	Group	Name of the organization	
	102-2	Pillars of the Iberpapel Group's strategy in 2020 <a href="#">p. 23</a> 3.5 The Iberpapel Group's business <a href="#">p. 30</a>	Group	Activities, brands, products and services	
	102-3	Av. Sancho El Sabio, 2 - 1º 20010 San Sebastián. (España)	Group	Location of headquarters	
	102-4	Pillars of the Iberpapel Group's strategy in 2020 <a href="#">p. 23</a> 3.5 The Iberpapel Group's business <a href="#">p. 30</a>	Group	Location of operations	
	102-5	Appendix III <a href="#">p. 200</a>	Group	Ownership and legal form	
	102-6	Pillars of the Iberpapel Group's strategy in 2020 <a href="#">p. 23</a> 3.5 The Iberpapel Group's business <a href="#">p. 30</a>	Group	Markets served	
	102-7	Iberpapel's highlights <a href="#">p. 7</a>	Group	Scale of the organization	
	102-8	4.3 Responsibility to our people Our people management <a href="#">p. 62-66</a>	Group	Information on employees and other workers	SDG 8
	102-9	4.5 Responsibility to our suppliers <a href="#">p. 84-88</a>	Group	Supply chain	
	102-10	Significant changes. Appendix I <a href="#">p. 180</a>	Group	Significant changes to the organization and its supply chain	
	102-11	The Iberpapel Group applies the precautionary principle in all its activities, continuously striving to minimise environmental impacts.	Group	Precautionary Principle or approach	
	102-12	4.6 Responsibility to our local community: Involvement in forums and associations <a href="#">p. 93</a>	Group	External initiatives	SDG 17
	102-13	4.6 Responsibility to our local community: Involvement in forums and associations <a href="#">p. 93</a>	Group	Membership of associations	SDG 17

For the Materiality Disclosures Services, GRI Services has checked that the GRI content index is clear and that references to Contents 102-40 to 102-49 correspond to the sections stated in the report. This service addressed the Spanish version of the report.

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Strategy</b>					
	102-14	Chairman's Letter p. 2-3	Group	Statement from the Chairman	
	102-15	6.7 Integrated risk management p. 156-157	Group	Key impacts, risks, and opportunities	
<b>Ethics and integrity</b>					
	102-16	6.6 Ethical framework and regulatory compliance p. 153-155	Group	Values, principles, standards, and norms of behaviour	SDG 16
	102-17	6.6 Ethical framework and regulatory compliance p. 153-155	Group	Mechanisms for advice and concerns about ethics	SDG 16
<b>Governance</b>					
	102-18	6.5 The Iberpapel Group's Corporate Governance System p. 139	Group	Governance structure	
	102-19	3.3 Our strategic vision and outlook p. 20 6.4 Principles for socially responsible governance p. 137-138 6.5 The Iberpapel Group's Corporate Governance System p. 142-150	Group	Delegating authority	
	102-20	3.3 Our strategic vision and outlook p. 20 6.4 Principles for socially responsible governance p. 137-138 6.5 The Iberpapel Group's Corporate Governance System p. 142-150	Group	Executive-level responsibility for economic, environmental, and social topics	
	102-21	4.2 Stakeholder dialogue commitment: Management approach to stakeholder dialogue p. 57-59 6.4 Principles for socially responsible governance p. 137-138 6.5 The Iberpapel Group's Corporate Governance System p. 142	Group	Consulting stakeholders on economic, environmental and social topics	SDG 16
	102-22	6.5 The Iberpapel Group's Corporate Governance System p. 143-147, 149-150	Group	Composition of the highest governance body and its committees	SDG 5
	102-23	6.5 The Iberpapel Group's Corporate Governance System p. 143	Group	Information on whether the chair of the highest governance body also holds an executive post	
	102-24	6.5 The Iberpapel Group's Corporate Governance System p. 145-146	Group	Nominating and selecting the highest governance body	SDG 5
	102-25	6.4 Principles for socially responsible governance p. 137-138 6.5. Ethical framework and regulatory compliance p. 154	Group	Conflicts of interest	SDG 16
	102-26	3.3 Our strategic vision and outlook p. 21-25 6.4 Principles for socially responsible governance p. p. 137-138 6.5 The Iberpapel Group's Corporate Governance System Annual Corporate Governance Report p. p. 142-144	Group	Role of highest governance body in setting purpose, values, and strategy	
	102-27	Annual Corporate Governance Report p. 44 <a href="http://www.iberpapel.es/archivos/accionista_e_inversores/gobierno_corporativo/Informe-Anual-2020.pdf">http://www.iberpapel.es/archivos/accionista_e_inversores/gobierno_corporativo/Informe-Anual-2020.pdf</a>		Collective knowledge of highest governance body	

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Governance</b>					
	102-28	6.5 The Iberpapel Group's Corporate Governance System <a href="#">p. 146</a>	Group	Evaluating the highest governance body's performance	
	102-29	6.7. Integrated risk management <a href="#">p. 156-160</a>	Group	Identifying and managing economic, environmental, and social impacts	SDG 16
	102-30	6.7. Integrated risk management <a href="#">p. 156-160</a>	Group	Effectiveness of risk management processes	
	102-31	6.7. Integrated risk management <a href="#">p. 156-160</a>	Group	Highest governance body's role in sustainability reporting	
	102-32	3.3 Our strategic vision and outlook <a href="#">p. 23</a> 6.5 The Iberpapel Group's Corporate Governance System <a href="#">p. 149-150</a>	Group	Highest governance body's role in sustainability reporting	
	102-35	6.5 The Iberpapel Group's Corporate Governance System <a href="#">p. 151-152</a>	Group	Remuneration policies	
	102-36	6.5 The Iberpapel Group's Corporate Governance System <a href="#">p. 151-152</a>	Group	Process for determining remuneration	
<b>Stakeholder engagement</b>					
	102-40	4.2. Stakeholder dialogue commitment <a href="#">p. 57, 60</a>	Group	List of stakeholders	
	102-41	Our people management. 4.3 Responsibility to our people <a href="#">p. 62</a>	Group	Collective bargaining agreements	SDG 8
	102-42	Stakeholders. Appendix I <a href="#">p. 181</a>	Group	Identifying and selecting stakeholders	
	102-43	Stakeholders. Appendix I <a href="#">p. 181</a>	Group	Approach to stakeholder engagement	SDG 16
	102-44	Dialogue with the main stakeholders. Appendix I. B <a href="#">p. 183-186</a>	Group	Key topics and concerns raised	
<b>Reporting practice</b>					
	102-45	2019 Consolidated Annual Accounts. Appendix I. Subsidiaries included in the consolidation scope <a href="http://www.iberpapel.es/archivos/accionista_e_inversores/informacion_economica_financiera/informe_auditorias/Informe-Auditoria-2020.pdf">http://www.iberpapel.es/archivos/accionista_e_inversores/informacion_economica_financiera/informe_auditorias/Informe-Auditoria-2020.pdf</a>	Group	Entities included in the consolidated financial statements	
	102-46	Appendix I. B Relevance and materiality in the 2020 Annual Report <a href="#">p. 183-186</a>	Group	Defining report content and topic boundaries	
	102-47	Appendix I. B Relevance and materiality in the 2020 Annual Report <a href="#">p. 183-186</a>	Group	List of material topics	
	102-48	No information from prior-year reports has been restated this year.	Group	Restatements of information	
	102-49	There have been no changes to the scope or boundary of any content with respect to prior years.	Group	Changes in reporting	

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Stakeholder engagement</b>					
	102-50	This Annual Report relates to the Iberpapel Group's 2020 activities.	Group	Reporting period	
	102-51	Appendix I p. 180	Group	Date of most recent report	
	102-52	Appendix I p. 180	Group	Reporting cycle	
	102-53	Appendix I Contact data p. 186	Group	Contact point for questions regarding the report	
	102-54	This report has been drawn up in accordance with the GRI Standards "Essential Criteria" option.	Group	GRI Standards option	
	102-55	Appendix II p. 187-199	Group	GRI content list	
	102-56	This Annual Report has not been verified by an independent external party.	Group	External assurance	

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Economic performance</b>					
GRI 103: Management approach 2016	103-1	Appendix I. p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	7.3 Management results p. 168	Group	The management approach and its components	
	103-3	7.3 Management results p. 168	Group	Evaluation of the management approach	
GRI 201: Economic performance 2016	201-1	7.3 Management results p. 173	Group	Valor económico directo generado y distribuido	
	201-4	7.4 Fiscal contribution and responsibility p. 175 The Iberpapel Group's 2020 Consolidated Annual Accounts. Notes to the financial statements: Note 18. "Borrowings and government grants" <a href="http://www.iberpapel.es/archivos/accionista_e_inversores/informacion_economica_financiera/informe_auditorias/informe-Auditoria-2020.pdf">http://www.iberpapel.es/archivos/accionista_e_inversores/informacion_economica_financiera/informe_auditorias/informe-Auditoria-2020.pdf</a>	Group	Asistencia financiera recibida del gobierno	

<b>Indirect economic impacts</b>					
GRI 103: Management approach 2016	103-1	Appendix I. p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	4.6 Responsibility to our local community: Socioeconomic contribution to local development p. 91	Group	The management approach and its components	
	103-3	4.6 Responsibility to our local community: Socioeconomic contribution to local development p. 91	Group	Evaluation of the management approach	
GRI 203: Indirect economic impacts 2016	203-1	3.4 Investment and innovation in the Iberpapel Group p. 26	Group	Infrastructure investments and services supported	SGD 9
	203-2	4.6 Responsibility to our local community: Socioeconomic contribution to local development p. 91	Group	Significant indirect economic impacts	SGD 11



Estándar GRI	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Procurement practices</b>					
GRI 103: Management approach 2016	103-1	Appendix I. <a href="#">p. 184-186</a>	Group	Explanation of the material topic and its boundary	
	103-2	4.5 Responsibility to our suppliers: Responsibility to our suppliers <a href="#">p. 85</a>	Group	The management approach and its components	
	103-3	4.5 Responsibility to our suppliers: Responsibility to our suppliers <a href="#">p. 85</a>	Group	Evaluation of the management approach	
GRI 204: Procurement practices 2016	204-1	4.5 Responsibility to our suppliers: Main impacts on the community through our supply chain <a href="#">p. 88</a>	Group	Proportion of spending on local suppliers	
<b>Anti-corruption</b>					
GRI 103: Management approach 2016	103-1	Appendix I. <a href="#">p. 184-186</a>		Explanation of the material topic and its boundary	
	103-2	6.6 Ethical framework and regulatory compliance <a href="#">p. 153-155</a>	Group	The management approach and its components	
	103-3	6.6 Ethical framework and regulatory compliance <a href="#">p. 153-155</a>	Group	Evaluation of the management approach	
GRI 205: Anti-corruption 2016	205-2	6.4 Principles for socially responsible governance <a href="#">p. 137-138</a> 6.6. Ethical framework and regulatory compliance <a href="#">p. 153-155</a>	Group	Communication and training about anti-corruption policies and procedures	
	205-3	No incidents of corruption have been detected	Group	Confirmed incidents of corruption and actions taken	
<b>Anti-competitive behaviour</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B <a href="#">p. 151-153</a>	Group	Explanation of the material topic and its boundary	
	103-2	6.6 Ethical framework and regulatory compliance <a href="#">p. 153-155</a>	Group	The management approach and its components	
	103-3	6.6 Ethical framework and regulatory compliance <a href="#">p. 153-155</a>	Group	Evaluation of the management approach	
GRI 206: Anti-competitive behaviour 2016	206-1	The Iberpapel has received no claims for anti-competitive behaviour.		Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Tax</b>					
GRI 207: Tax 2019	207-1	7.4 Fiscal contribution and responsibility <a href="#">p. 174</a>	Group	Tax approach	
	207-2	7.4 Fiscal contribution and responsibility <a href="#">p. 174</a>	Group	Tax governance, control and risk management	
	207-3	7.4 Fiscal contribution and responsibility <a href="#">p. 174</a>	Group	Stakeholder engagement and management of concerns related to tax	
	207-4	7.4 Fiscal contribution and responsibility <a href="#">p. 174</a>	Group	Country-by-country reporting	SDG 8
<b>Materials</b>					
GRI 103: Management approach 2016	103-1	<a href="#">Appendix I. B p. 184-186</a>		Explanation of the material topic and its boundary	
	103-2	5.2 Environmental responsibility: Consumption of raw materials and by-products <a href="#">p. 105-107</a>	Group	The management approach and its components	
	103-3	5.2 Environmental responsibility: Consumption of raw materials and by-products <a href="#">p. 105-107</a>	Group	Evaluation of the management approach	
GRI 301: Materials 2016	301-1	5.2 Environmental responsibility: Consumption of raw materials and by-products <a href="#">p. 107</a>	Group	Materials used by weight or volume	SDG 12
<b>Energy</b>					
GRI 103: Management approach 2016	103-1	<a href="#">Appendix I. B p. 184-186</a>	Group	Explanation of the material topic and its boundary	
	103-2	5.2 Environmental responsibility: Energy and climate change <a href="#">p.114-116</a>	Group	The management approach and its components	
	103-3	5.2 Environmental responsibility: Energy and climate change <a href="#">p.114-116</a>	Group	Evaluation of the management approach	
GRI 302: Energy 2016	302-1	5.2 Environmental responsibility: Energy and climate change <a href="#">p.114-116</a>		Energy consumption within the organization	SDG 7
	302-3	5.2 Environmental responsibility: Energy and climate change <a href="#">p.114-116</a>		Energy intensity	SDG 7
<b>Water</b>					
GRI 303: Water and effluents 2018	303-1	5.2 Environmental responsibility: Liquid effluents and water use <a href="#">p. 125-126</a>	Group	Interactions with water as a shared resource	SDG 6
	303-2	5.2 Environmental responsibility: Liquid effluents and water use <a href="#">p. 125-126</a>	Group	Management of water discharge-related impacts	SDG 6
	303-3	5.2 Environmental responsibility: Liquid effluents and water use <a href="#">p. 125-126</a>	Group	Water extraction	SDG 6

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Biodiversity</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 183-186	Group	Explanation of the material topic and its boundary	
	103-2	5.2 Environmental responsibility: Biodiversity protection p. 127-128	Group	The management approach and its components	
	103-3	5.2 Environmental responsibility: Biodiversity protection p. 127-128	Group	Evaluation of the management approach	
GRI 304: Biodiversity 2016	304-1	5.2 Environmental responsibility: Biodiversity protection p. 127	Group	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SDG 15
	304-2	5.2 Environmental responsibility: Biodiversity protection p. 127-128	Group	Significant impacts of activities, products, and services on biodiversity	SDG 15
	304-3	5.2 Environmental responsibility: Biodiversity protection p. 127-128	Group	Habitats protected or restored	SDG 15
<b>Emissions</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 183-186	Group	Explanation of the material topic and its boundary	
	103-2	5.2 Environmental responsibility: Energy and climate change p. 112-114 5.2 Environmental responsibility: combating climate change p. 117-121	Group	The management approach and its components	
	103-3	5.2 Environmental responsibility: Energy and climate change p. 112-114 5.2 Environmental responsibility: combating climate change p. 117-121	Group	Evaluation of the management approach	
GRI 305: Emissions 2016	305-1	5.2 Environmental responsibility: Energy and climate change p. 117		Direct (Scope 1) GHG emissions	SDG 13
	305-2	5.2 Environmental responsibility: Energy and climate change p. 117		Energy indirect (Scope 2) GHG emissions	SDG 13
	305-4	5.2 Environmental responsibility: Energy and climate change p. 120		Greenhouse gas emissions intensity	SDG 13
	305-7	5.2 Environmental responsibility: Energy and climate change p. 120-121		Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	SDG 13

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Effluents and waste</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	5.2 Environmental responsibility: Waste management and circular economy p. 123-124 5.2 Environmental responsibility: liquid effluents and water use p. 125-126	Group	The management approach and its components	
	103-3	5.2 Environmental responsibility: Waste management and circular economy p. 123-124 5.2 Environmental responsibility: liquid effluents and water use p. 125-126	Group	Evaluation of the management approach	
GRI 306: Effluents and waste 2016	306-1	5.2 Environmental responsibility: Liquid effluents and water use p. 125-126	Group	Water discharge by quality and destination	SDG 6
	306-2	5.2 Environmental responsibility: Waste management and circular economy p. 124	Group	Waste by type and disposal method	SDG 12
<b>Environmental compliance</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	5.1. Environmental responsibility p. 97-99	Group	The management approach and its components	
	103-3	5.1. Environmental responsibility p. 97-99	Group	Evaluation of the management approach	
GRI 307: Environmental compliance 2016	307-1*	No file or penalty has been imposed on the Iberpapel Group. 5.2. Environmental responsibility: Our Environmental Management System p. 104		Non-compliance with environmental laws and regulations	SDG 16
<b>Environmental assessment of suppliers</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 87	Group	The management approach and its components	
	103-3	4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 87	Group	Evaluation of the management approach	
GRI 308: Supplier environmental assessment 2016	308-1	4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 87	Group	New suppliers that were screened using environmental criteria	

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Employment</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	4.3 Responsibility to our people Talent attraction and retention p. 71-74	Group	The management approach and its components	
	103-3	4.3 Responsibility to our people Talent attraction and retention p. 71-74	Group	Evaluation of the management approach	
GRI 401: Employment 2016	401-1	4.4.3 Responsibility to our people: Talent attraction and retention p. 75	Group	New employee hires and employee turnover	SDG 8
	401-2	4.3 Responsibility to our people Talent attraction and retention p. 73-74	Group	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SDG 8
<b>Health and safety in the workplace</b>					
GRI 403: Occupational health and safety 2018	403-1	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 67-68	Group	Occupational health and safety management system	SDG 3 SDG 8
	403-2	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 68-69	Group	Hazard identification, risk assessment and incident investigation	SDG 3 SDG 8
	403-3	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 68-69	Group	Occupational health services	SDG 3 SDG 8
	403-4	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 68	Group	Worker participation, consultation, and communication on occupational health and safety	SDG 3 SDG 8
	403-5	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 68	Group	Worker training on occupational health and safety	SDG 3 SDG 8
	403-6	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 67-69	Group	Promotion of worker health	SDG 3 SDG 8
	403-8	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 68	Group	Workers covered by an occupational health and safety management system	SDG 3 SDG 8
	403-9	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 70		Work-related injuries	SDG 3 SDG 8
	403-10	4.3 Responsibility to our people Health, safety and occupational risk prevention p. 70		Work-related ill health	SDG 3 SDG 8

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Training and education</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B <a href="#">p. 184-186</a>	Group	Explanation of the material topic and its boundary	
	103-2	4.3 Responsibility to our people Talent attraction and retention <a href="#">p. 71-76</a>	Group	The management approach and its components	
	103-3	4.3 Responsibility to our people Talent attraction and retention <a href="#">p. 71-76</a>	Group	Evaluation of the management approach	
GRI 405: Training and education 2016	404-1	4.3 Responsibility to our people Talent attraction and retention <a href="#">p. 72</a>	Group	Average hours of training per year per employee	SDG 4
	404-2	4.3 Responsibility to our people Talent attraction and retention <a href="#">p. 72</a>	Group	Programs for upgrading employee skills and transition assistance programs	SDG 4
<b>Diversity and equal opportunities</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B <a href="#">p. 184-186</a>		Explanation of the material topic and its boundary	
	103-2	4.3 Responsibility to our people Commitment to diversity, inclusion, integration and equal opportunities <a href="#">p. 77-78</a>	Group	The management approach and its components	
	103-3	4.3 Responsibility to our people Commitment to diversity, inclusion, integration and equal opportunities <a href="#">p. 75-76</a>	Group	Evaluation of the management approach	
GRI 405: Diversity and equal opportunities 2016	405-1	4.3 Responsibility to our people: our people management <a href="#">p. 63</a>	Group	Diversity of governance bodies and employees	SDG 5 SDG 10
	405-2	4.3 Responsibility to our people Talent attraction and retention <a href="#">p.75</a>	Group	Ratio of basic salary and remuneration of women to men	SDG 5 SDG 8
<b>Non-discrimination</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B <a href="#">p. 184-186</a>	Group	Explanation of the material topic and its boundary	
	103-2	4.3 Responsibility to our people Commitment to diversity, inclusion, integration and equal opportunities <a href="#">p. 77-78</a>	Group	The management approach and its components	
	103-3	4.3 Responsibility to our people Commitment to diversity, inclusion, integration and equal opportunities <a href="#">p. 77-78</a>	Group	Evaluation of the management approach	
GRI 406: Non-discrimination 2016	406-1	There were no cases of discrimination in the Iberpapel Group in 2020.	Group	Incidents of discrimination and corrective actions taken	SDG 5 SDG 10

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Freedom of association and collective bargaining</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	4.3 Responsibility to our people: our people management p. 62, 68	Group	The management approach and its components	
	103-3	4.3 Responsibility to our people: our people management p. 62, 68	Group	Evaluation of the management approach	
GRI 407: Freedom of association and collective bargaining 2016	407-1	4.3 Responsibility to our people: our people management p. 68 4.2.2 Stakeholder dialogue commitment: Accessibility of Iberpapel's information p. 60	Group	Operations with local community engagement, impact assessments, and development programs	SDG 8
<b>Local communities</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explicación de asunto material y sus limitaciones	
	103-2	4.6 Responsibility to our local community: Social action initiatives p. 91	Group	Enfoque de gestión y componentes	
	103-3	4.6 Responsibility to our local community: Social action initiatives p. 91	Group	Evaluación del enfoque de gestión	
GRI 413: Local communities 2016	413-1	4.6 Responsibility to our local community: Social action initiatives p. 91	Group	Operaciones con participación de la comunidad local, evaluaciones del impacto y programas de desarrollo	SDG 1
<b>Supplier social assessment</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 87	Group	The management approach and its components	
	103-3	4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 87	Group	Evaluation of the management approach	
GRI 414: Supplier social assessment 2016	414-1	4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 87	Group	New suppliers that were screened using social criteria	

GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Salud y seguridad de los clientes</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	4.4 Responsibility to our customers p. 78-82	Group	The management approach and its components	
	103-3	4.4 Responsibility to our customers p. 78-82	Group	Evaluation of the management approach	
GRI 416: Customer health and safety 2016	416-1	4.4 Responsibility to our customers: Customer safety p. 83	Group	Assessment of the health and safety impacts of product and service categories	SDG 3
	416-2	No incident has been detected due to the infringement of health and safety regulations.	Group	Incidents of non-compliance concerning the health and safety impacts of products and services	SDG 3
<b>Marketing and labelling</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	4.4 Responsibility to our customers: Responsibility to our customers p. 81	Group	The management approach and its components	
	103-3	4.4 Responsibility to our customers: Responsibility to our customers p. 81	Group	Evaluation of the management approach	
GRI 417: Marketing and labelling 2016	417-1	4.4 Responsibility to our customers: Responsibility to our customers p. 81	Group	Requirements for product and service information and labelling	SDG 12
	417-2	There has been no infringement of regulations or of the voluntary codes related to product and service labelling.	Group	Incidents of non-compliance concerning product and service information and labelling	SDG 16
	417-3	There has been no infringement related to marketing communications.	Group	Incidents of non-compliance concerning marketing communications	Group



GRI standard	General basic content	Direct reference or response	Scope	Description	Link to SDGs
<b>Customer health and safety</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	6.6 Ethical framework and regulatory compliance p. 152-155	Group	The management approach and its components	
	103-3	6.6 Ethical framework and regulatory compliance p. 152-155	Group	Evaluation of the management approach	
GRI 418: Customer privacy 2016	418-1	The Iberpapel Group has received no complaints for breaches of privacy or loss of customer data	Group	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Group
<b>Socioeconomic compliance</b>					
GRI 103: Management approach 2016	103-1	Appendix I. B p. 184-186	Group	Explanation of the material topic and its boundary	
	103-2	6.6 Ethical framework and regulatory compliance p. 152-155	Group	The management approach and its components	
	103-3	6.6 Ethical framework and regulatory compliance p. 152-155	Group	Evaluation of the management approach	
GRI 419: Socioeconomic compliance 2016	419-1*	No file or penalty has been imposed on the Iberpapel Group.		Non-compliance with laws and regulations in the social and economic area	Group

\* Significant and binding fines or penalties (in contentious proceedings) (above €50,000) derived from sanctions or infringements (excluding administrative and tax proceedings) in which there is no opportunity to appeal and which are directly attributable to conducts or acts by companies or employees of the Iberpapel Group prior to 31 December 2020.

# Appendix III: Contact data of Iberpapel's divisions

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## FORESTRY DIVISION

### IBEREUCALIPTOS, S.A.U.

Reforestation and forestry

C/ Real, 14

21700 La Palma del Condado

Huelva. SPAIN

Tel.: 959 40 22 85 | Fax: 959 40 26 33

### IBERPAPEL ARGENTINA, S.A.

Reforestation and forestry

C/ General Urquiza, 137

3280 Colón - Entre Ríos. ARGENTINA

Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

### FORESTAL SANTA MARÍA, S.A.

Reforestation and forestry

C/ General Urquiza, 137

3280 Colón - Entre Ríos. ARGENTINA

Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

### FORESTAL LOMA ALTA, S.A.

Reforestation and forestry

C/ General Urquiza, 137

3280 Colón - Entre Ríos. ARGENTINA

Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

### FORESTAL LOS GURISES ENTRERRIANOS, S. A.

Reforestation and forestry

C/ General Urquiza, 137

3280 Colón - Entre Ríos. ARGENTINA

Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

### FORESTAL VONGER, S. A.

Reforestation and forestry

C/ General Urquiza, 137

3280 Colón - Entre Ríos. ARGENTINA

Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

### LOS EUCALIPTUS, S.A.

Reforestation and forestry

Otros Padron, 22

2982 9370 Constancia - Paysandu. URUGUAY

Tel.: 0059 829 030 138 | Fax: 0059 829 030 129

### SAMAKIL, S.A.

Timber merchant

Camino Bajo de la Petiza

4675 Montevideo. URUGUAY

Tel.: 0059 829 030 138 | Fax: 0059 829 030 129

## INDUSTRIAL DIVISION

### PAPELERA GUIPUZCOANA DE ZICUÑAGA, S.A.U.

Manufacture, transformation and sale of paper

Bº Zicuñaga s/n

20120 Hernani, Guipúzcoa. SPAIN

Tel.: 943 55 11 00 | Fax: 943 55 77 28

## COMMERCIAL DIVISION

### DISTRIBUIDORA PAPELERA, S.A.U.

Paper wholesaler

C/ Velázquez, 105

28006, Madrid. SPAIN

Tel.: 91 564 87 16 | Fax: 91 564 97 16

### MOLINER, DOMÍNGUEZ Y CÍA, S.A.U.

Paper wholesaler

C/ Francesc Layret, 52 portal 3 - planta 1º

08912 Badalona, Barcelona. SPAIN

Tel.: 93 462 04 47 | Fax: 93 462 04 36

### CENTRAL DE SUMINISTROS DE ARTES

GRÁFICAS PAPEL, S.A.U.

Paper wholesaler

C/ Velázquez, 105 - 28006, Madrid. SPAIN

Tel.: 91 564 11 66 | Fax: 91 564 97 16

### IBERBARNA PAPEL, S.A.U.

Paper wholesaler

C/ Francesc Layret, 52 portal 3 - planta 1º

08912 Badalona, Barcelona. SPAIN

Tel.: 93 462 04 47 | Fax: 93 462 04 36

### ZICUPAP, S.A.U.

Export promotion

Avda. Sancho el Sabio, 2 -1º

20010 San Sebastián, Guipúzcoa. SPAIN

Tel.: 943 46 26 00 | Fax: 943 46 36 81

### COPAIMEX, S.A.U.

Export promotion

Avda. Sancho el Sabio, 2 -1º

20010 San Sebastián, Guipúzcoa. SPAIN

Tel.: 943 46 26 00 | Fax: 943 46 36 81

### IBERPAPEL ONLINE, S.L.U.

B2B paper marketing

Avda. Sancho el Sabio, 2 -1º

20010, San Sebastián, Guipúzcoa. SPAIN

Tel.: 943 46 26 00 | Fax: 943 46 36 81

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