SUSTAINABILITY REPORT

December **2021**

Follow the paper trail

DECARBONISED BICIRCULARITY OF THE PAPER INDUSTRY

ASPAPEL
Naturalmente, papel
Asociación Española de Fabricantes de Pasta, Papel y Cartón

Index

ELISABET ALIER
Chair of ASPAPEL

LETTER FROM THE CHAIR

GRI 102-14

As a tool for transparency and dialogue with our stakeholders, this Sustainability Report is now in its sixth three-yearly edition and brings an updated overview of the work undertaken by the sector in the field of RSC, explain how the various indicators have evolved and the degree of achievement attained of the goals set for the last three years.

The report reflects our industry's commitment to the circular economy and decarbonisation, which crystallises in a common vision of this doubly circular bio-industry (natural circularity from its use of natural and renewable raw materials, and social circularity, thanks to recyclable and massively recycled bio-products), destined to lead the decarbonisation of our economy and thus contributing to the achievement of the European goal of climate neutrality by 2050.

The reporting period (2018-2020) is marked in its final stage by the pandemic with the health, social and economic consequences it has brought, which have forced us to reinvent ourselves and have highlighted the essential qualities of this sector and its products, and the importance of having a powerful and sustainable local industry, with entire local value chains to avoid shortages of basic products.

The report presented here retains the sector's four strategic axes of action: sustainable forest management, efficient and responsible production process, generation of wealth and contribution to living standards, and leadership in collection and recycling. ASPAPEL's own indicators and the GRI sustainability reporting guidelines are structured around these four axes of sustainability in the sector, and as a novelty this year, it also reports on the Spanish paper industry's joint commitment and contribution to the UN's Sustainable Development Goals (SDGs) in its 2030 Agenda.

Publication of this report has been possible thanks to the generous assistance of more than four hundred stakeholder representatives that took part in an online survey in the pre-consultation stage to update and identify the most relevant topics in the field of sectorial sustainability. In order to broaden the focus, on this occasion, we have also received valuable collaboration from organisations and companies along the different links in the paper value chain, with whom we held a series of meetings that enabled us to collect information on the main trends and milestones in sustainability in their respective areas.

We trust this report responds to all their concerns and demands, to all your concerns and demands, because this report, which we invite you to peruse and discuss, has been prepared for all of you.

ELISABET ALIER
Chair of ASPAPEL

The decarbonised bicircularity of the paper industry

GRI 103-2

The Spanish pulp and paper industry is strongly committed to a common vision of itself as a doubly circular bioindustry (natural circularity using natural and renewable raw materials, and social circularity, with recyclable and massively recycled bioproducts), destined to lead the decarbonisation of our economy.

Both this unusual and unique natural and social bicircularity and decarbonisation are part of paper's DNA.

The path to such decarbonised bicircularity is already marked by achievements and opportunities, such as local, renewable, and carbon-neutral raw materials, very high recycling rates, or success in decoupling carbon emissions from growth in production levels through greater energy efficiency. Moreover, special mention must be given to bicircular, low-carbon paper bio-products' swift, unstoppable process of substituting materials as an alternative to carbon-intensive products from non-renewable and non-biodegradable sources.

The sector's pledge to sustainability is based on four lines of action detailed below, around which the Spanish paper industry's commitment and contribution as a whole to the Sustainable Development Goals (SDGs) of the UN 2030 Agenda are articulated. The summary tables index the pages where the various SDGs, along with ASPAPEL's own indicators and the GRI disclosure contents, are mentioned.

SUSTAINABLE FOREST MANAGEMENT

The paper cycle begins at local wood for paper plantations, which are effective CO_2 sinks and a source of employment and wealth in Spain's sparsely-populated rural areas. This natural circularity based on wood's renewable character is the backbone of the Spanish pulp and paper bioindustry, which whole-heartedly relies on local raw materials. The sector is committed to and works energetically on promoting sustainable forest management and its certification by implementing numerous activities at local, regional, national, and global level on issues such as production, biodiversity, soil improvement, forest health...

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

SUSTAINABLE DEVELOPMENT GOALS

EFFICIENT AND RESPONSIBLE PRODUCTION PROCESS

Along with bicircularity, decarbonisation, reducing environmental footprint, and digitalisation are the four pillars underpinning the Spanish paper sector's strategy to transform its entire value chain into an international benchmark for circular and decarbonised industry. A challenge that the sector takes on by improving its fuel mix and e-cogeneration, by efficient use of energy and water, increased recovery of manufacturing waste, and transition to digital technology. To undertake such transformation with success, the sector has a qualified and stable workforce with a low employee turnover rate and continuous health & safety training as priorities in the sector's management of its human resources.

GENERATION OF WEALTH AND CONTRIBUTION TO LIVING STANDARDS

The doubly circular pulp & paper bio-industry, with 69 paper mills and 10 pulp mills, is the driving force of a powerful and sustainable value chain, whose global contribution to the economy accounts for 4.5% of Spanish GDP. Pulp and paper mills create employment and wealth in their specific communities, contributing to a stronger territorial structure and to the fight against depopulation in rural Spain. The Spanish paper industry is a strong capital investment sector with a CAPEX rate of over 8% of turnover. Using local raw materials, the sector improves the quality of life of citizens in the 21st century with renewable and recyclable bio-products that are being increasingly used to substitute products from non-renewable sources.

LEADERSHIP IN COLLECTION AND RECYCLING

The paper cycle, which begins with the natural circularity inherent in the renewable character of its raw material (wood for paper grown on plantations), closes the loop with quality local recycling, thanks to a highly efficient collection system upheld by town and city councils with the massive collaboration of the general public, a powerful recovery sector, and a paper industry with extensive recycling capabilities. 71% of the used paper recycled by paper mills located in Spain is collected in the country and the rest comes mainly from France and Portugal. This high degree of local recycling is possible because in Europe, the Spanish paper industry is second only to Germany in recycling capacity and guarantees that all paper and board collected separately from other waste that meets European quality standards will be recycled in this country. Encouraging paper and board recycling is one of the strategic objectives of the sector, which carries out a wide range of activities in this field.

DETAILED SUMMARY OF THE INDICATORS (ASPAPEL AND SDG) AND GRI CONTENTS INCLUDED IN THIS REPORT (*)

ASPAPEL	GRI	SDG	PAPER BICIRCULARITY: LOCAL RENEWABLE PLANTATIONS – SUSTAINABLE FOREST MANAGEMENT	PAGE
1 GF			Provenance of wood: domestic / imported	10-12
		12	Responsible consumption and production	18-20
2 GF			Direct and indirect rural employment from forest management. Pine and eucalyptus plantations for paper	16-17
		8	Decent work and economic growth	16-17
3 GF			CO2 fixation by sink effect in plantations for the sector	14-15
		13	Climate action	14-15
4 GF			Forestry certification (suppliers, mills, products)	18-21
		15	Life on land	18-20
	308-1		New suppliers that were screened using environmental criteria	18,20,24-25
	304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	10,18,20
	304-2		Significant impacts of activities, products and services on biodiversity	10, 18,20
ASPAPEL	**GRI**	**SDG**	**INDUSTRIAL DECARBONISATION FOR CLIMATE NEUTRALITY – EFFICIENT AND RESPONSIBLE PRODUCTION PROCESS**	**PAGE**
5 PP			Fuel consumption	26-27
	302-1		Energy consumption within the organisation	26-28
6 PP			Installed cogeneration capacity. Ratio between generated/consumed power	28
7 PP			CO_2 emissions. Emissions from cogeneration. Other CO_2 emissions	30-32
	305-1		Direct (scope 1) GHG emissions	30-32
8 PP			Atmospheric emissions of SOx and NOx	32
	305-7		Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	32
		7	Affordable and clean energy	26-32
		13	Climate action	26-32
9 PP			Waste generation. Management of paper waste from the process	38-41
	306-2		Waste by type and disposal method	38-41
		12	Responsible consumption and production	24-25
10 PP			Total water use and effluent by pulp and paper. Actual consumption	33-34
	303-5		Water consumption	33-34
	303-3		Water withdrawal	35
11 PP			Effluent quality	37
12 PP			On-site effluent treatment	36
	303-4		Water discharge	35-37
		6	Clean water and sanitation	35-37
13 PP			Environmental management system. Number of mills with an environmental management system and % of production under EMS. Environmental claim mechanisms	24-25
	307-1		Non-compliance with environmental laws and regulations	129
14 PP			Conditions of recruitment and employment	42-46
	401-1		New employee hires and employee turnover	42-44, 70
15 PP			Employee turnover rate	42-46
		8	Decent work and economic growth	42-46
16 PP			Sectorial co-operation in the field of Occupational Health and Safety	53
	403-1		Occupational health and safety management system	53, 123

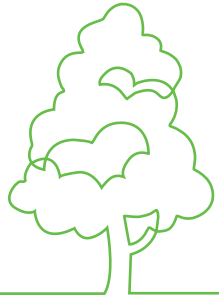
(*) The Index of GRI Contents can be consulted on pages 125-133. This summary contains all the information structured around the paper sector's four axes of sustainability, which match the four basic chapters in this report. To ensure a better understanding of the structure of the report and improve its readability, both the GRI contents and the SDGs and ASPAPEL's own indicators, which provide additional information on the various topics, are arranged here around the same four strategic axes.

ASPAPEL	GRI	SDG	INDUSTRIAL DECARBONISATION FOR CLIMATE NEUTRALITY – EFFICIENT AND RESPONSIBLE PRODUCTION PROCESS	PAGE
	403-2		Hazard identification, risk assessment and incident investigation	53, 123
	403-3		Occupational health services	53,123
	403-4		Worker participation, consultation, and communication on occupational health & safety	53, 123
17 PP			Accident rates	47-52
	403-9		Work-related injuries	47-49, 50-52
	403-10		Work-related ill health	47-49, 50-52
		3	Good health and well-being	47-53
	402-1		Minimum notice periods regarding operational changes	130
	404-1		Average hours of training per year per employee	45-46
	403-5		Worker training on occupational health & safety	45-46, 53

ASPAPEL	GRI	SDG	INNOVATIVE INDUSTRY WITH LOW-CARBON, BICIRCULAR PRODUCTS – GENERATION OF WEALTH AND CONTRIBUTION TO LIVING STANDARDS	PAGE
21 GR			Sector growth compared to GDP	68-69
		12	Responsible consumption and production	68,78
22 GR			Capital investment in the sector	77
	203-1		Infrastructure investments and services supported	66-67
		9	Industry, innovation and infrastructure	76-77
23 GR			Turnover	68
	201-1		Direct economic value generated and distributed	56-57,68
		8	Decent work and economic growth	68-70
	206-1		Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	128
24 GR			Raw material procurement	72-73
	301-1		Materials used by weight or volume	11-12, 72-73
	301-2		Recycled input materials used	72-73
	204-1		Proportion of spending on local suppliers	11-12, 72-73
	203-2		Significant indirect economic impacts	56-57, 72-74
25 GR			Balance of trade. Export rate evolution. Geographical distribution of sales. Destination of exports	71
26 GR			Direct employment	70
	202-1		Direct economic value generated and distributed	127
27 GR			Labour productivity	70
28 GR			Stock market performance by listed companies	75
29 GR			Responsible consumption of paper and bio-consumption	68,78
	416-2		Incidents of non-compliance concerning the health and safety impacts of products and services	131
	417-1		Requirements for product and service information and labelling	132
	417-2		Incidents of non-compliance concerning product and service information and labelling	132
30 GR			The paper industry and social action	82-85
	413-1		Operations with local community engagement, impact assessments and development programmes	82-85, 98-99
	415-1		Political contributions	131
	419-1		Non-compliance with laws and regulations in the social and economic area	132
31GR			R&D&i	76-77
32GR			Transport of raw materials and finished goods	74

ASPAPEL	GRI	SDG	BICIRCULARITY: QUALITY LOCAL RECYCLING – LEADERSHIP IN COLLECTION AND RECYCLING	PAGE
18 LR			Recycling rate (consumption of paper for recycling as raw material vs consumed paper and board)	88-89
19 LR			Collection rate (collection of paper for recycling vs consumption of paper and board)	88-89
	301-3		Reclaimed products and their packaging materials	88-89, 121
20 LR			Sector involvement in promoting collection and recycling	98-101
		12	Responsible consumption and production	88-89
		13	Climate action	88-89

PAPER BICIRCULARITY: LOCAL RENEWABLE PLANTATIONS

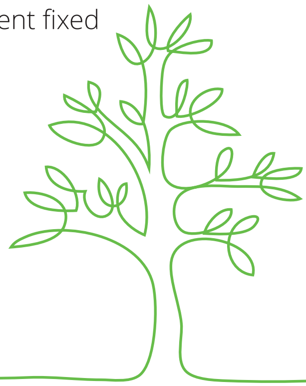


480,122

HECTARES OF WOOD PLANTATIONS FOR PAPER

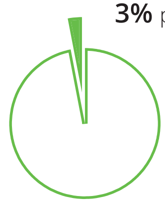
CO_2 sinks to fight the climate change

47 million tons of CO_2 equivalent fixed



WOOD FROM LOCAL PLANTATIONS

5.3 million m^3 to make
1.7 million tons of pulp



3% plantations in other EU countries

97% local plantations

SUSTAINABLE FOREST MANAGEMENT
CERTIFICATION

- **100%** pulp mills
- **100%** pulp suppliers
- **92%** wood suppliers
- **62%** paper mills with certified CoC
- **61%** used wood certified
- **60%** pulp consumed by the sector certified
- **62%** market paper certified

PROMOTING THE DEVELOPMENT AND IMPLEMENTATION OF SUSTAINABLE FOREST MANAGEMENT (SFM) IN SPAIN

Numerous activities undertaken by ASPAPEL at local, regional, national, and global level, concerning **production, biodiversity, soil improvement, healthcare...**

CREATION OF
EMPLOYMENT AND WEALTH
IN DEPOPULATED SPAIN

- **5,083** direct jobs in forest replanting and management
- **15,935** indirect jobs in machinery, transport, workshops...
- Contribution to the income of small forest owners and municipalities, and to public revenue through associated taxes.

SUSTAINABLE FOREST MANAGEMENT

PAPER BICIRCULARITY: LOCAL RENEWABLE PLANTATIONS

The paper cycle, which closes with the social circularity of recycling, starts with the **natural circularity** that stems from the **renewable** character of its raw material - wood for paper - grown on **local plantations.** These plantations supply raw material for the paper bioeconomy and thus help to preserve forests and their biodiversity.

They also offer environmental benefits, such as being efficient CO_2 sinks and contributing to the generation of vegetable soil from the uppermost surface towards the bedrock. Furthermore, they are an important provider of rural employment, helping to revitalise depopulated areas in Spain. The paper sector is committed to promoting sustainable forest management on these plantations and their certification, which covers issues such as forest health, maintenance, conservation and improvement of biodiversity, and the capability to regenerate or prolong the existence of forest stands over time.

Wood to make paper is grown on local plantations

1 GF | GRI 204-1 | GRI 301-1 | GRI 304-1 | GRI 304-2

The cellulose fibre from which paper is made in Spain is a **natural, renewable and recyclable resource** that comes from the wood fibre of fast-growing species (pine and eucalyptus), grown almost entirely on local plantations, which are continuously regenerated and replanted.

GRI 304-1 | GRI 304-2

The plantations used by the paper industry at present cover **480,122** hectares (2.6% of the total forest landcover in the country) and stand on terrain that is lying fallow due to the abandonment of farmlands, so that, thanks to these plantations, Spanish forest landcover is increasing.

Precisely because of their specific characteristics, these **fast-growing species** enable a greater amount of wood to be harvested from smaller land areas and thus help to preserve forests and their biodiversity.

Based on data from 2020, the circular pulp and paper bioindustry in Spain uses 5.3 million cubic metres of debarked wood to make 1.7 million tons of pulp for paper. 97% of this wood comes from **local plantations** and the remaining 3% from plantations in other European Union countries.

In the period covered by this report (2018-2020), marked in the final stages by COVID-19, the consumption of wood for paper-making fell from 5.8 m^3 million in 2018 to 5.5 in 2019 and then to the current 5.3 m^3 million, in which the percentage of local wood has remained high, ranging from 96% in the first two years of the series to 97% in this last year.

Bicircularity using local raw material is a distinctive sign of the Spanish paper industry, which makes efficient cascade use of a natural and renewable resource, generating **added value** via the **industrial transformation** of wood into pulp and pulp into paper in the ten pulp mills and sixty-nine paper mills the sector operates across Spain. Paper is subsequently transformed into a large variety of paper products, which are increasingly substituting other materials and which, once used, can be recycled again and again, thus closing the bicircularity that starts with nature.

CONSUMPTION OF WOOD FOR PAPER BY SPECIES | 000' m^3 debarked wood

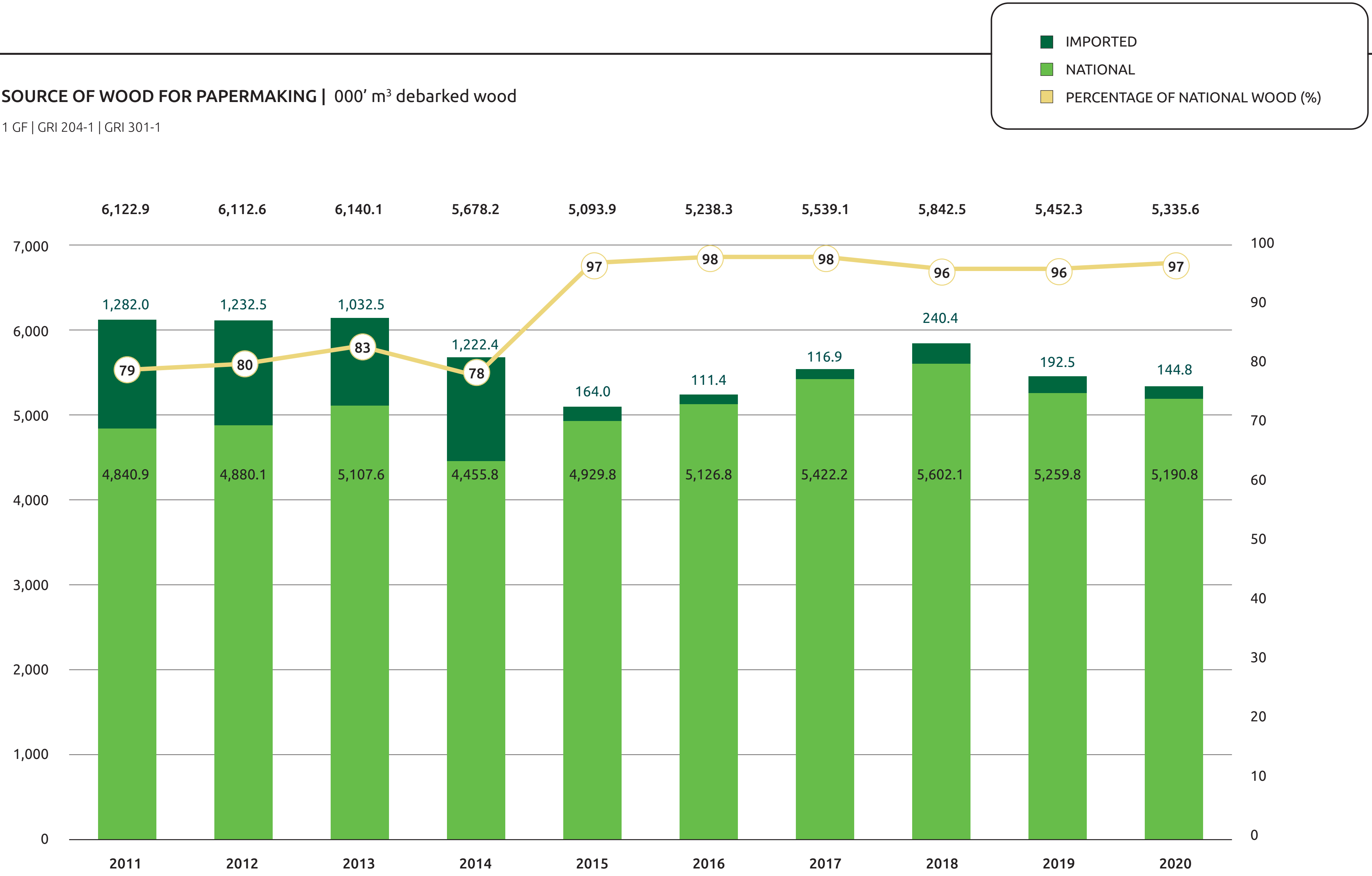
1 GF | GRI 204-1 | GRI 301-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
SUM TOTAL	**6,122.9**	**6,112.6**	**6,140.1**	**5,678.2**	**5,093.9**	**5,238.3**	**5,539.1**	**5,842.5**	**5,452.3**	**5,335.6**
Eucalypt	4,897.3	5,004.6	5,009.8	4,525.2	3,912.0	4,123.8	4,366.7	4,665.4	4,284.0	4,120.7
National eucalypt	3,708.5	3,772.1	3,987.5	3,310.8	3,747.9	4,012.3	4,249.8	4,425.0	4,091.5	3,975.9
Imported eucalypt	1,188.8	1,232.5	1,022.3	1,214.4	164.0	111.4	116.9	240.4	192.5	144.8
Pine	1,225.6	1,108.0	1,130.3	1,153.0	1,181.9	1,114.5	1,172.4	1,177.1	1,168.3	1,214.9
National pine	1,132.4	1,108.0	1,120.1	1,145.0	1,181.9	1,114.5	1,172.4	1,177.1	1,168.3	1,214.9
Imported pine	93.2	0.0	10.2	8.0	0.0	0.0	0.0	0.0	0.0	0.0

SOURCE: ASPAPEL

SOURCE OF WOOD FOR PAPERMAKING | 000' m³ debarked wood

1 GF | GRI 204-1 | GRI 301-1



SOURCE: ASPAPEL

LET US TELL YOU 4 THINGS ABOUT SPANISH FORESTS

The **5 countries with the most forests in Europe** are the Russian Federation, Sweden, Finland, **Spain**, and France.

SOURCE: FAO *Global Forest Resources Assessment 2020.*

Forests in Spain have grown by 34% since 1990, from a total of 13.9 million hectares that year to today's 18.6 million hectares.

SOURCE: FAO *Global Forest Resources Assessment 2020.*

The forest economy in Spain employs 300,000 workers (forestry and repopulation, pulp & paper, wood and furniture, biomass...) and **accounts for 1.7% of GDP.**

SOURCE: JUNTOS POR LOS BOSQUES *What our forests can contribute to the legislature. 2016.*

In Spain, forest biomass (trees) continues to increase: annual biomass growth of 46.3 m^3 million barked wood with an annual logging rate for all uses of 17 million cubic metres of debarked wood.

SOURCE: MITERD Yearbook of Forest Strategy, 2019.

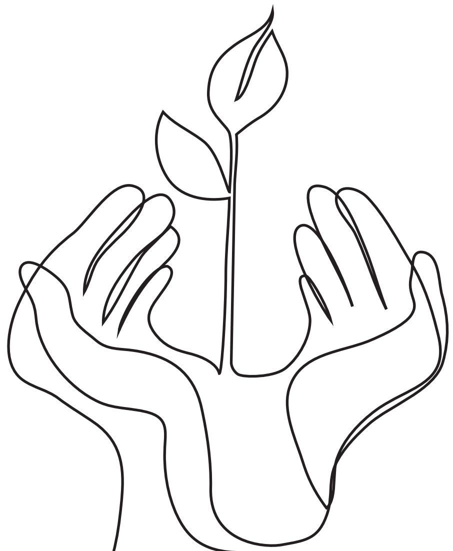
Paper plantations: CO_2 sinks to fight the climate change

3 GF

In order to grow and develop, trees capture CO_2 from the atmosphere and then use solar energy and water to convert it into carbohydrates, which constitute their food. In the case of fast-growing species, such as pine and eucalyptus, this **CO_2 sequestering effect** is greater, precisely because of their speedy growth. These plantations of wood for paper, which are continuously being regenerated and replanted, are an **environmental opportunity**, as they contain only young trees, capable of responding to increases in CO_2 concentration and fixing more carbon to grow faster.

Furthermore, the c**arbon fixed in plantations remains in paper products**, which are efficient **CO_2 stores.** For example, paper is stored for years and even generations in the books we keep in our libraries, and with successive recycling, as is the case with packaging, this carbon storage is extended.

The 480,122 hectares of wood plantations used for paper in Spain are large CO_2 sinks which, by fixing **47 million tons of CO_2 equivalent,** contribute to **mitigating the climate change**, as urged by the new report from the Intergovernmental Panel on Climate Change (IPCC) for the United Nations.



CO2 FIXATION BY SINK EFFECT | 000’ tons

3 GF

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
In total in Spanish forestsl										
Stored carbon	380,741.3	385,832.5	577,013.6	584,611.7	592,209.9	599,808.0	607,406.1	615,004.2	622,602.4	630,200.5
CO_2 equivalent	1,396,051.5	1,414,719.3	2,115,716.6	2,143,576.4	2,171,436.2	2,199,296.0	2,227,155.8	2,255,015.6	2,282,875.4	2,310,735.1
In total in eucalypt and Radiata pine plantations										
Stored carbon	17,402.3	15,493.0	15,754.0	16,117.3	16,560.4	20,380.3	21,039.7	21,671.0	22,302.3	22,933.6
CO_2 equivalent	63,808.6	56,807.5	57,764.6	59,096.9	60,721.5	74,727.8	77,145.7	79,460.4	81,775.1	84,089.8
In plantations for use by the paper sector										
Stored carbon	7,451.0	8,088.3	8,674.3	7,604.9	8,465.0	11,442.2	12,530.2	13,185.7	12,695.1	12,827.7
CO_2 equivalent	27,320.3	29,586.0	31,642.0	27,884.8	31,038.4	41,954.8	45,944.2	48,347.6	46,548.7	47,034.8

SOURCE: MAPAMA- MITERD

Creation of employment and wealth in depopulated Spain

2 GF

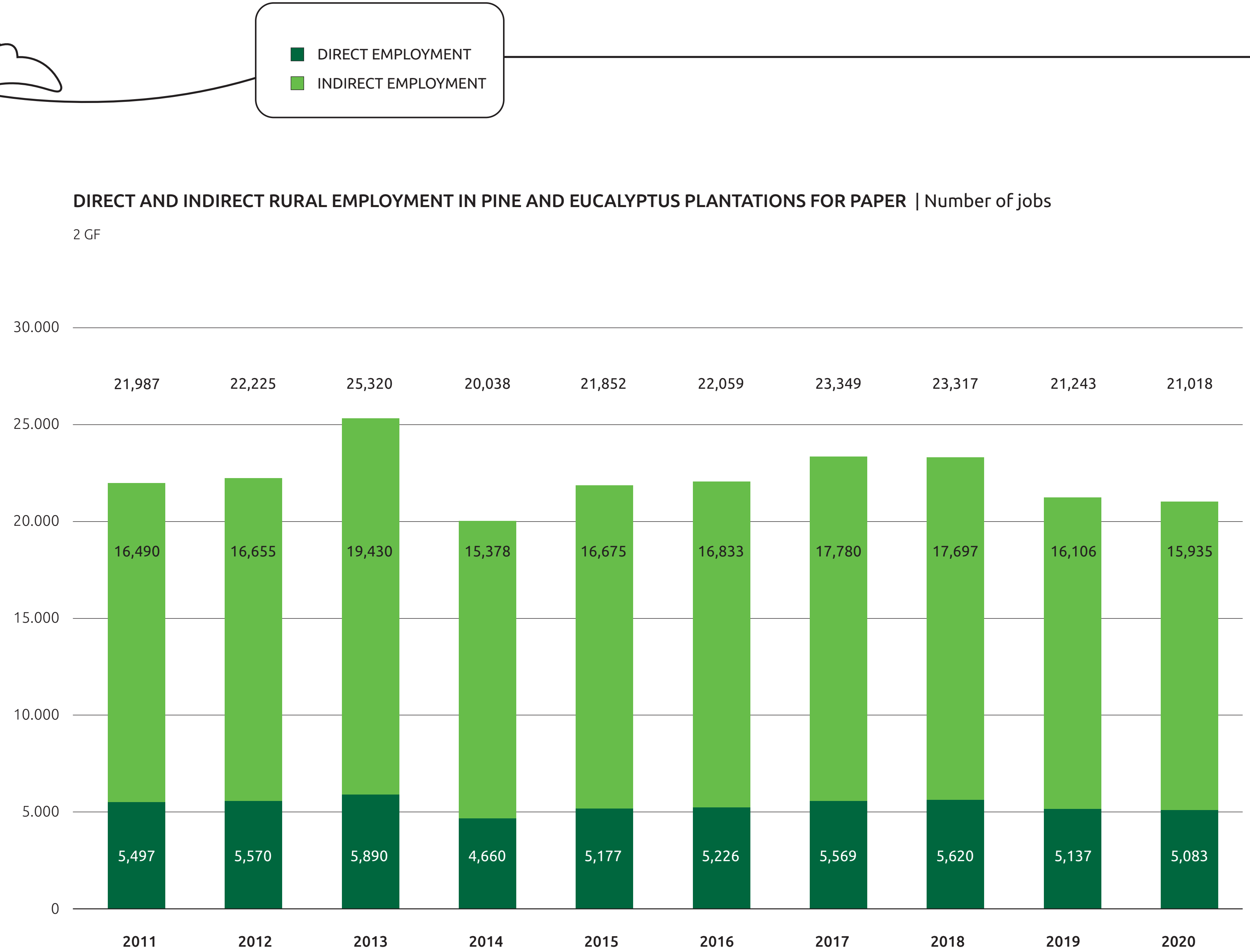
Despite the growth in population that Spain has experienced in the 21st century, soaring from 41 million inhabitants at the turn of the century to today's 47 million, **depopulation is becoming more intense in small towns and villages in rural areas**, a phenomenon that has come to be known as the 'empty Spain'. Furthermore, the increase in life-expectancy, which is undoubtedly a positive achievement, nevertheless translates into an **ageing of the population** that is also especially rife in small rural communities.

In the face of such increasing depopulation and ageing of the rural world, local wood plantations for paper are a **force that drives the creation of employment and wealth.** In regard to employment, the 480,122 hectares of wood-for-paper plantations provide 5,083 direct jobs in replanting and forestry tasks, and 15,935 indirect jobs in machinery, transport, workshops...

More than 21,000 jobs retain a working population in the 'empty Spain'. As for the creation of wealth, it is important to underline the significant contribution made by these plantations to the income of small forest owners and rural municipalities, as well as to public revenues via taxation.

DIRECT AND INDIRECT RURAL EMPLOYMENT IN PINE AND EUCALYPTUS PLANTATIONS FOR PAPER | Number of jobs

2 GF



SOURCE: ASPAPEL

Certified products enable people to see and experience the forest and its sustainable management

4 GF | GRI 304-1 | GRI 304-2 | GRI 308-1

Over the last century in Spain, the urban population has more than doubled. When only three out of ten Spaniards in 1900 lived in cities, today that figure has reached eight out of ten. One result of this process of urban migration, which is occurring worldwide, especially in developed societies, is that we tend to live our lives **neglecting the countryside in general and especially the forest.**

At the crossroads between urban society that demands them and rural society that produces them, forest-based products such as paper bring us closer to experiencing and acquainting ourselves with nature and the rural way of life.

The sustainable forest management of our woodlands and their **certification**, which guarantees the sustainable sourcing of forest products, respond to **consumers' growing commitment to sustainability.** A sustainably managed forest has greater biodiversity, vitality, and health, and is better prepared to combat the risk of wildfires and pests, while also contributing to rural development.

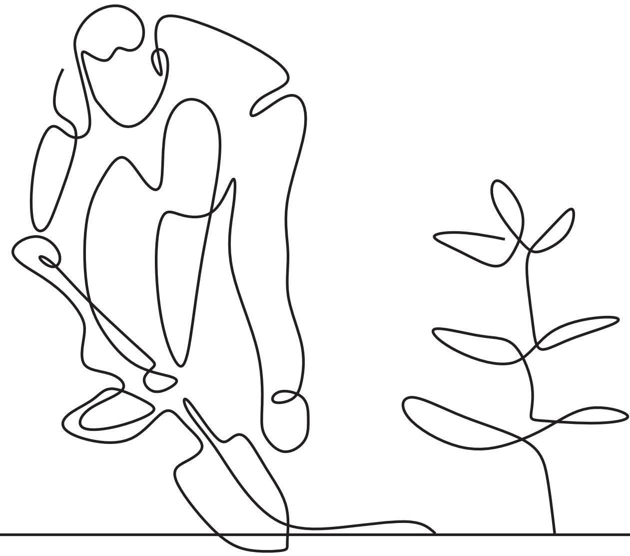
GRI 304-1 | GRI 304-2 | GRI 308-1

The **Spanish paper sector's commitment** to sustainable forest management and the reinforcing of its certification has yielded significant results in the last decade. Today, 100% of Spanish pulp mills and pulp suppliers, 92% of wood suppliers in the sector, and 62% of paper mills are certified.

In the last ten years, the use of **certified wood** in the sector has undergone significant growth, expanding from 16% in 2011 to 61% today. All wood **supplied** to the sector is controlled, as it comes entirely from the **European Union** (97% from Spain and 3% from other European countries).

As far as products are concerned, forestry certification has also seen remarkable development: nowadays, 60% of the pulp consumed by the sector and 62% of the paper it sells to the market are certified.

LET US TELL YOU 4 THINGS ABOUT FOREST CERTIFICATION



What sustainable forest management is: It is the management of forest stands that reconciles the use of forest products with their ability to regenerate, their biodiversity, their health, and their vitality, so that they can persist and continue to fulfil their functions both now and in the future.

What forest certification is: It is a process by which an independent, officially recognised body certifies that the management of a given forest area is carried out in accordance with FSC/PEFC sustainability criteria, and that its use complies with the relevant legislation of the country of origin. Subsequently, it monitors and controls each link in the custody system when certified wood enters mills.

How forest certification works: it follows the trail of wood from the forest to the end consumer, who receives a product with an FSC or PEFC label that guarantees the wood comes from a sustainably managed forest.

What forest certification offers the consumer: the guarantee that the paper products he or she uses are sustainable and come from legal logging.

FOREST CERTIFICATION | In %

4 GF | GRI 304-1 | GRI 304-2 | GRI 308-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Certified pulp mills	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Certified pulp suppliers [1]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Certified wood consumed by the paper sector	15.6	24.7	29.3	37.3	30.0	56.0	61.0	59.0	59.0	61.0
Certified wood suppliers	80.0	80.0	82.0	85.0	88.0	90.0	92.0	92.0	92.0	92.0
Certified paper mills	32.0	51.0	59.0	72.0	75.0	75.0	75.0	62.0[*]	62.0[*]	62.0[*]
Market Pulp - Certified Consumed Pulp [2]	16.0	31.9	41.0	51.0	49.7	56.0	56.0	59	68	60
Certified paper on the market	7.7	24.7	29.3	46.2	54.4	55.0	61.1	63.0	63.0	62.0

SOURCE: MAPAMA

[1] Includes pulp mills and integrated mills.
[2] Market pulp: pulp sold in open competition with other producers. As of 2020, this indicator has been replaced by Certified Consumed Pulp.
[*] Due to mergers or closedowns.

THE THREE KEYS TO SUSTAINABLE FOREST MANAGEMENT AND ITS CERTIFICATION

In our country, the fragmentation of forest ownership has traditionally been an obstacle to the development of sustainable forest management. Two-thirds of forest lands are private individual or community-owned forests in the hands of more than two million private owners. The remaining third is public and belongs to local authorities, autonomous regions, and the State.

In such a context, the need is clear for a new corporate figure designed to promote and encourage the grouping of small forest properties to enable active management. Forestlands - both public and private – need to be documented and have instruments that guarantee their proper planning and management according to sustainability criteria, which in turn calls for large investments, thus underlining the need for a tax policy to support forest management.

1. **To encourage the grouping of small forest properties**
2. **To make it compulsory to have management projects and instruments in place in order to be eligible for public subsidies**
3. **Specific policy of incentives and taxation for investment in forests.**

ASPAPEL promotes sustainable forest management

4 GF

Among the actions taken by ASPAPEL in the reporting period (2018-2020) aimed at **furthering the development and implementation of sustainable forest management** (SFM) in Spain, which includes production, biodiversity, soil improvement, health..., it is fair to mention a series of activities carried out at local, regional, national, and global level:

- **Document on the species used by the sector** to explain technically the benefits they produce at the socio-economic and environmental level and their contribution to the fight against depopulation
- **Meta-analysis** carried out by 13 scientists who reviewed and analysed the **specialist literature on farming eucalypts**
- **Document on forests in the province of Guipúzcoa**
- **Document named Towards a regional bioeconomy in Cantabria,** which put forward some necessary questions for SFM
- Publication: **Best practices for Eucalyptus logging in Asturias**
- **Study into the causes that hinder the logging of eucalyptus in Galicia**
- **Report on eucalyptus along the Cantabrian coast**
- **Regional forest photos** for specific monitoring of the indicators that SFM meters: logging, forest areas, SFM certification, etc.
- **Technical support for the Edufores Foundation for its Buenarbol project** informing about eucalyptus plantations
- **Video promoting SFM and its uses in Aragon**
- **Statistical reports on SFM-certified wood consumption**
- Specific forest health projects: leader of the **GOSSGE Operating Group** (eucalyptus) and participating member of **Innobandas** (pine)
- **Meetings with administrations to improve SFM activities** (logging, forestry, overcoming administrative obstacles, ...)
- **Participation** in the **Forest Resources Mobilisation Programme of Cantabria**
- **Participation** in **SFM promotion activities in Castilla & León**
- **Participation** on the **Forestry Council of Asturias** (SFM actions in the new Asturias Forestry Plan)
- **Promotion of forest land grouping plans** to government administrations and Forestry Commissions/Councils **for the implementation of SFM**
- **Promotion of forestry improvement programmes** to explain SFM to owners
- Promotion of forest certification through **ASPAPEL's own participation in PEFC España** and that of its members in **FSC España**
- **Participation in the Spanish Confederation of Business Organisations (CEOE)** on forest biodiversity legislation at national level
- **Participation** on the **National Forestry Council and the Juntos por los Bosques** programme on issues related to SFM and bottlenecks hindering its development
- **Participation** in revisions of **UNE 162000 standards**
- **Contributions** at international level to the draft **European Biodiversity Strategy and European Forest Strategy**

INDUSTRIAL DECARBONISATION FOR CLIMATE NEUTRALITY

EMPLOYMENT

16,637 direct jobs

90% indefinite contracts

11% Administration

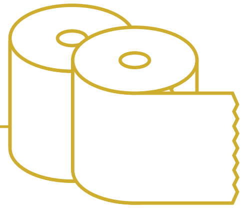
22% Management and technical staff

67% Operators

ENVIRONMENTAL MANAGEMENT SYSTEMS (ISO OR EMAS)

97%

of production



MIX DE COMBUSTIBLES

2% Fuel Oil

34% Biomass

64% Natural gas

COGENERATION

876 MW

installed CHP capacity

EMISSIONS 2011-2020

4.4 m t (2011)

3.3 m t (2020)

CO_2 -25%

SOx -86%

NOx -52%

TOTAL WATER USE

CONSUMPTION **4%** OF TOTAL USE

1990	2011	2020
223 m m^3	124 m m^3	102 m m^3

ACCIDENT RATES

	Incidents	Frequency
2011	32.9	19.6
2020	27.9	17.5

PROCESS WASTE

78%

REUSED

Main uses:

5% Raw material for other industries

22% Landfill

11% Others

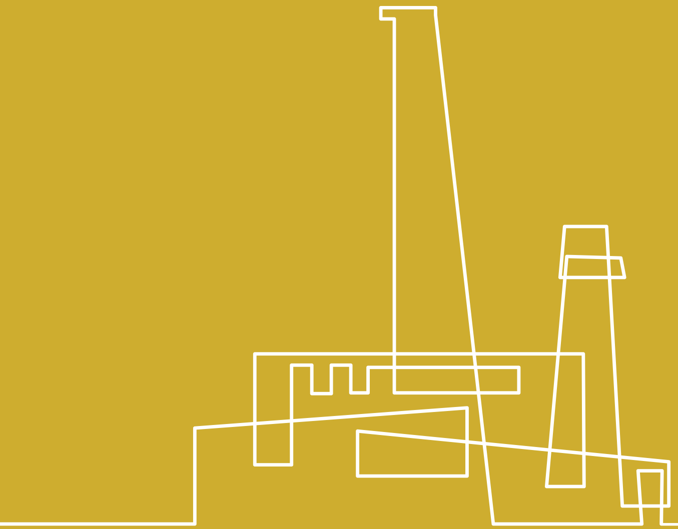
30% To produce energy

17% Compost

15% Direct use on farms and added to soils

DECARBONISATION PROJECTS

- **E-cogeneration** (renewable fuels and green hydrogen)
- **Biogas and green hydrogen** for thermal energy
- **Integration of renewables** (photovoltaic, biomass, renewable waste, etc.).



EFFICIENT AND RESPONSIBLE PRODUCTION PROCESS

INDUSTRIAL DECARBONISATION FOR CLIMATE NEUTRALITY

Along with **biocircularity, decarbonisation,** reduction of environmental footprints, and **digitalisation** are the fundamental pillars of the Spanish paper sector's industrial strategy on transforming the paper value chain in Spain into an **international benchmark as a circular and decarbonised industry.**

A challenge that the sector tackles by improving its fuel mix with ecogeneration, efficient use of energy and water, increased reuse of process waste, and transition to digital technology as the main lines of action in the realm of manufacturing.

To carry out this transformation successfully, the sector has a **highly-skilled, stable** workforce with a very low rotation rate, who enjoy **secure employment** and **continuous training** as priorities in the sector's management of its human resources.

Papermaking process

13 PP | GRI 308-1

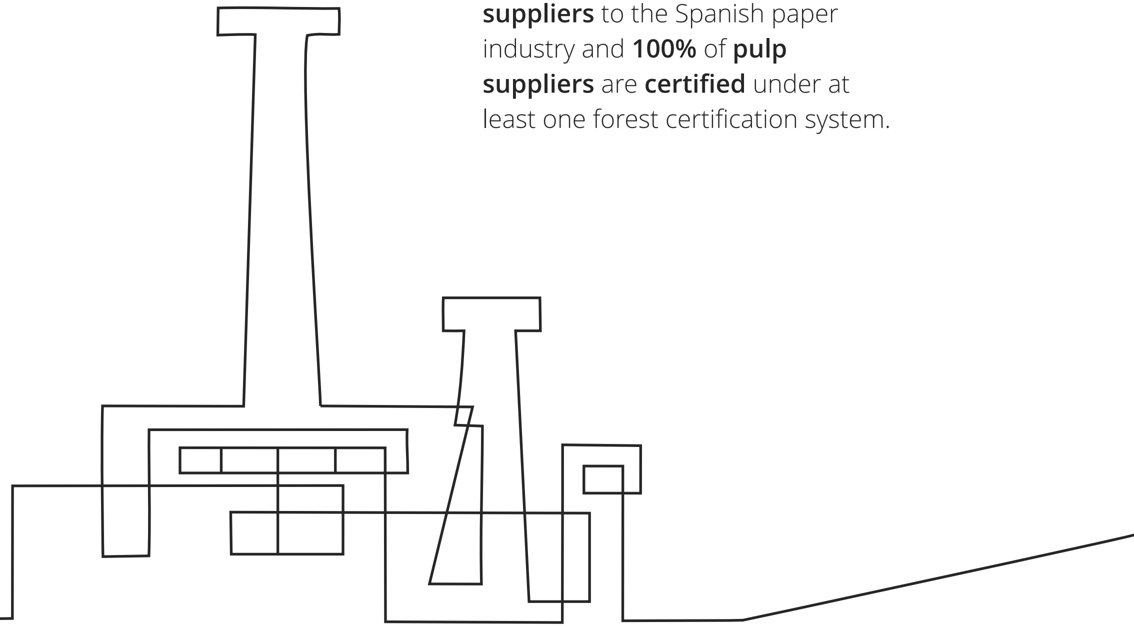
The Spanish paper industry, with its **ten pulp and sixty-nine paper mills**, produces a very balanced mix of papers that include all the main varieties for the increasingly wide and diverse range of paper products.
Industrial papermaking calls for very high-tech machinery.

A modern paper production line can measure up to 200 metres in length and occupy a space as large as two football fields, with more power than 500 cars combined and more chips than an intercontinental passenger aircraft.

The paper sector in Spain and Europe is immersed in a **technological revolution** that is radically changing its manufacturing processes. Decarbonisation, reduced environmental footprint from the manufacturing process, circular economy, and digitalisation are the four pillars of that transformation.

13 PP | GRI 308-1

97% of the pulp and paper produced in Spain is manufactured under an **environmental management system (ISO or EMAS).** This means that suppliers in the sector are assessed on the basis of environmental criteria and practically all complaints about environmental impacts are processed through a complaint scheme, within the provisions of the EMAS. With regard to the environmental assessment of suppliers, it is important to remember that **92%** of **wood suppliers** to the Spanish paper industry and **100%** of **pulp suppliers** are **certified** under at least one forest certification system.



ENVIRONMENTAL MANAGEMENT SYSTEM (EMAS)

13 PP | GRI 308-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nº. of mills with EMAS	54	55	55	52	54	54	52	52	52	52
% of production under EMAS	93	94	97	97	96	93	94	93	94	97

SOURCE: ASPAPEL

97%

of production

EMAS

LET US TELL YOU 4 THINGS ABOUT THE PAPERMAKING PROCESS

WOOD

To get cellulose from wood, the fibres bonded by lignin are separated, which is achieved by mechanical, chemical or semi-chemical processes.

CELLULOSE PULP

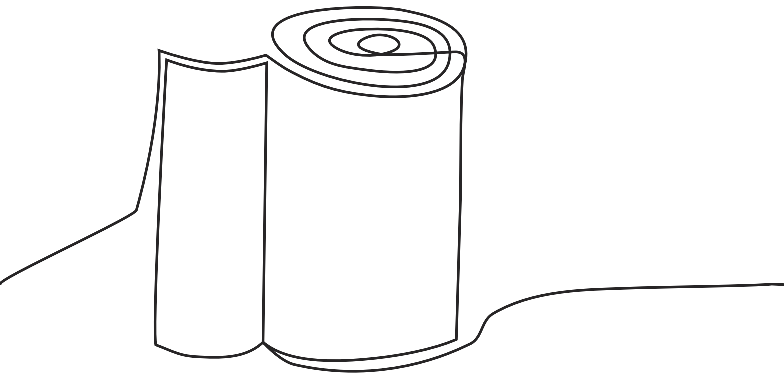
The pulp obtained can be used to make paper directly or can undergo a bleaching process to remove the residual lignin that darkens the pulp. This **bleaching** process in the Spanish paper industry is 100% either **TFC** (totally chlorine-free) or **ECF** (elemental chlorine-free).

RECYCLING

When the fibre source is paper for recycling, it is fed into a **pulper** with water, and in successive **cleaning** stages, all items except for cellulose fibres, including ink, where appropriate, are removed from the fibrous slurry.

PAPER

To make paper, using either new or recycled cellulose fibre, an aqueous solution is prepared and deposited on an endless belt, so that a long band driven by rollers is formed. The next operations that follow are **sedimentation of the fibres to form a sheet,** removal of excess water by **pressure, drying, and finally paper finishing.**



Fuel mix, cogeneration and energy efficiency - keys to decarbonisation

5 PP | 6 PP | GRI 302-1

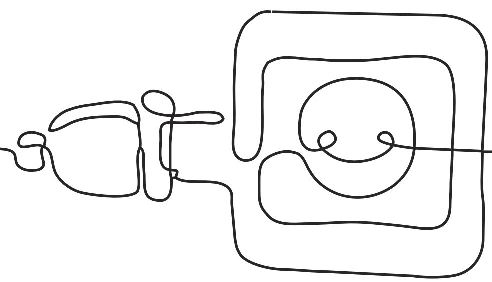
The pulp and paper industry is intensive in its use of heat and power to move machinery and dry pulp and paper. The sector produces most of the energy and electricity it requires in combined heat and power (cogeneration) plants located next to its mills, thus avoiding losses through transport.

In the process of industrial decarbonisation to which the pulp & paper industry in Spain and in the rest of Europe is firmly committed, **improving the fuel mix** is one of the key factors being worked on to reduce CO_2 emissions and thus contribute to the European goal of **carbon neutrality by 2050.**

Biomass that is generated during pulp and paper making (bark, lignin, remains of fibres no longer suitable for recycling, ...) is increasingly used as a fuel on-site by mills. The paper sector is today the largest producer and industrial consumer of biomass in the country. Currently, one third of the fuel used by the sector is renewable (biomass and biogas).

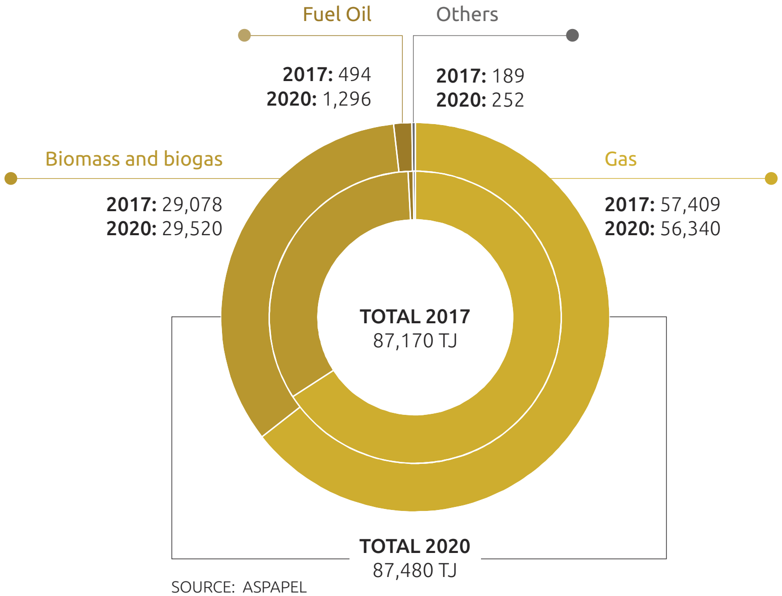
Natural gas (64% of the mix) is the main fuel for the sector's cogeneration plants today and is also used in auxiliary boilers to produce heat.

Throughout this decade, hydrogen-fired cogeneration could become a reality. Progress is being made on developing engines and turbines that can consume hydrogen, so that the future of ecogeneration will be mainly conditioned by the development of green hydrogen generation and the adaptation of the transport and distribution networks that today carry natural gas.



FUEL CONSUMPTION | in TJ

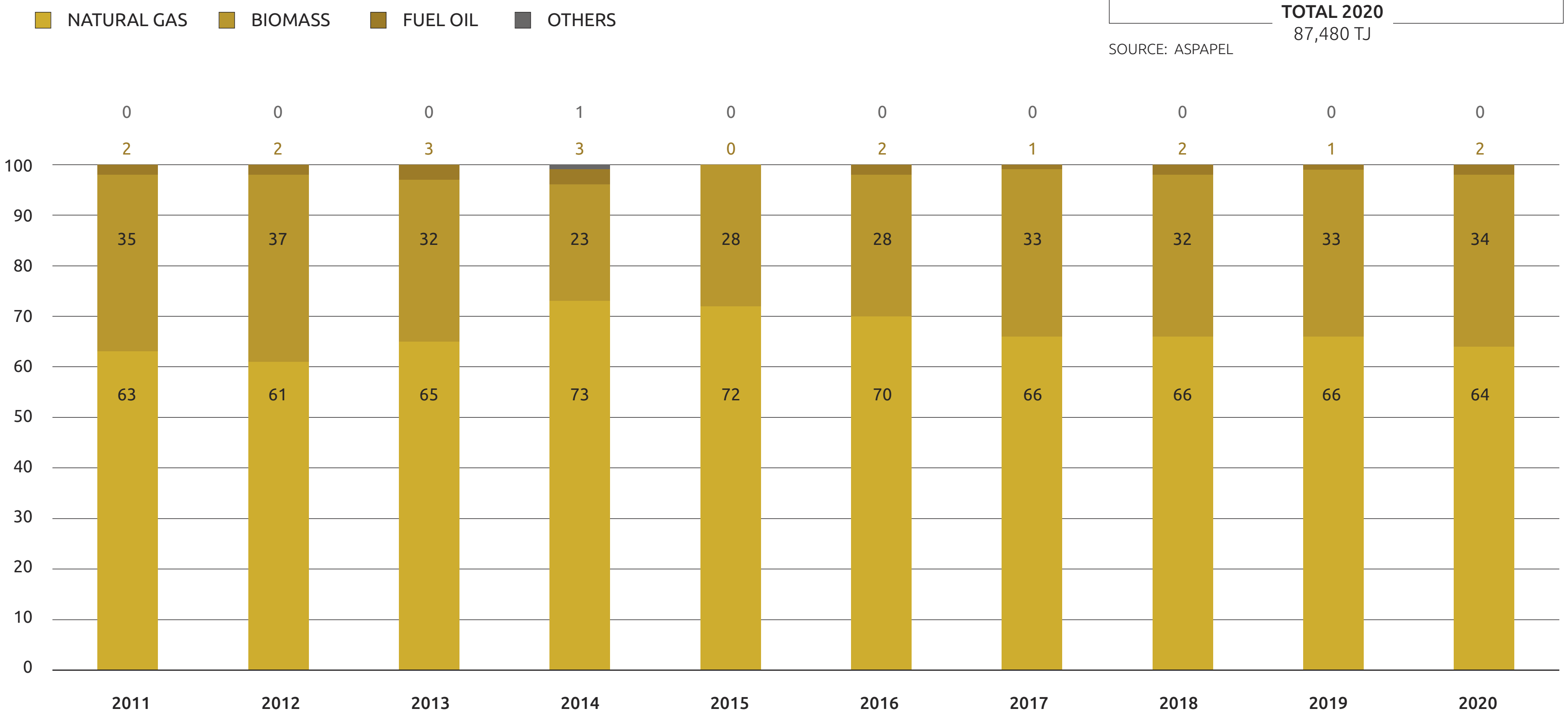
5 PP | GRI 302-1



SOURCE: ASPAPEL

FUEL CONSUMPTION | as % of total

5 PP | GRI 302-1



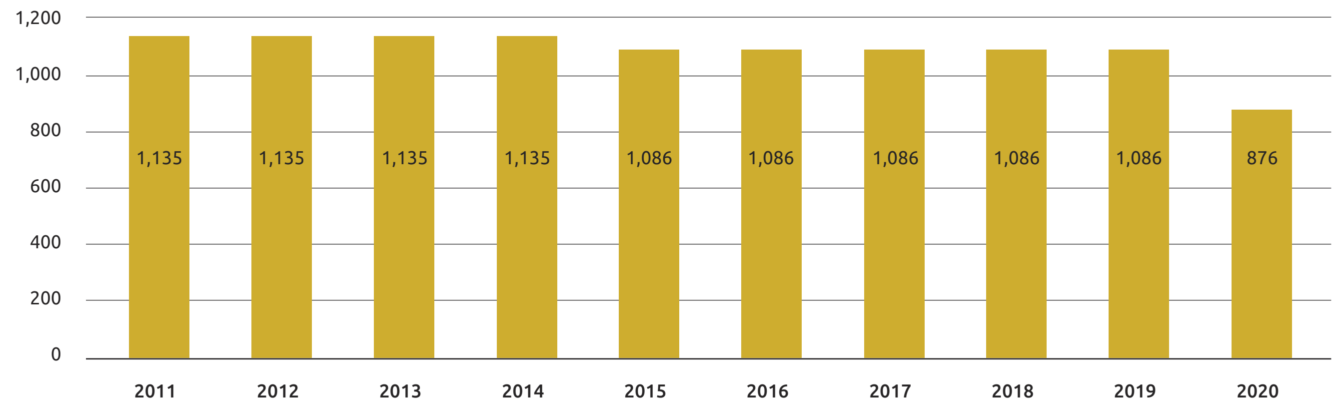
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Others	0	0	0	1	0	0	0	0	0	0
Fuel oil	2	2	3	3	0	2	1	2	1	2
Biomass	35	37	32	23	28	28	33	32	33	34
Natural gas	63	61	65	73	72	70	66	66	66	64

SOURCE: ASPAPEL

Cogeneration is the main tool for industrial energy efficiency and competitiveness available to heat-intensive sectors such as paper mills. Cogeneration produces both electric power and heat in the form of steam, optimising fuel use to save on primary energy (savings of more than 10%) and reduce emissions. It is a highly efficient distributed electricity generation system. The pulp and paper industry has an installed cogeneration capacity of 876 MW.

INSTALLED COGENERATION CAPACITY | in MW

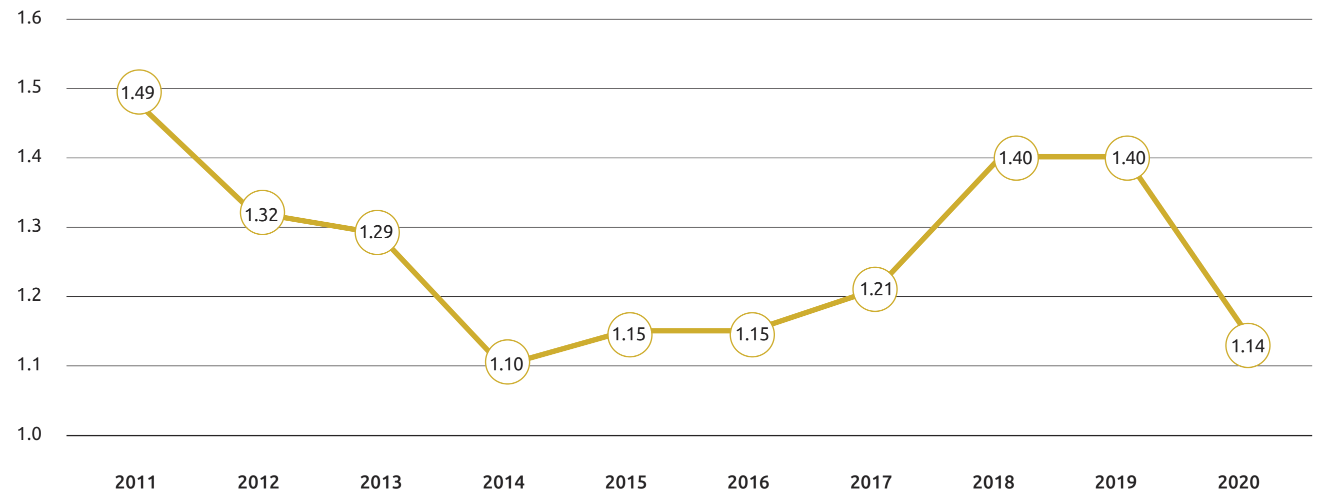
6 PP | GRI 302-1



SOURCE: ASPAPEL

ELECTICITY GENERATED/CONSUMED

6 PP | GRI 302-1



SOURCE: ASPAPEL

Electricity generated **18,875 TJ**

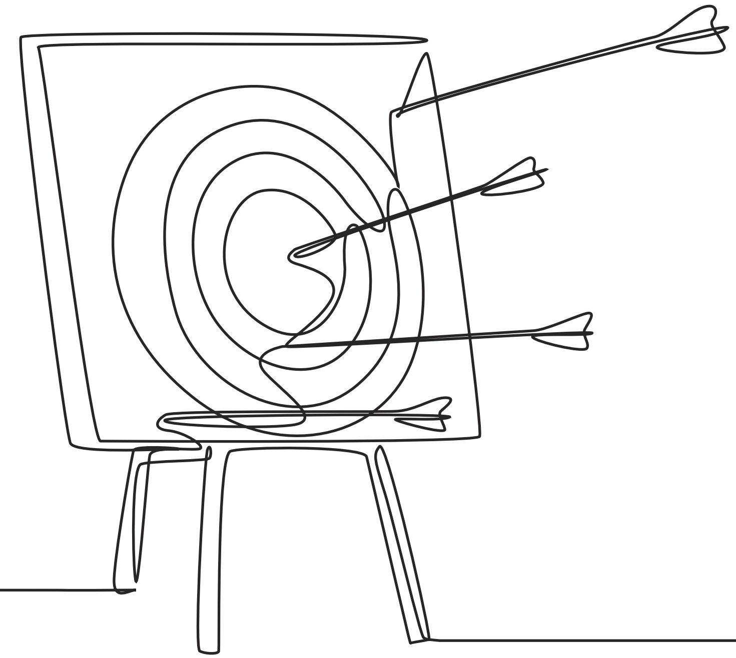
Electricity consumed **16,524 TJ**

2020

ENERGY EFFICIENCY (Electricity consumption/production) | in MWhe/t

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0.59	0.61	0.61	0.63	0.59	0.58	0.60	0.57	0.57	0.58

SOURCE: ASPAPEL



Energy accounts for 30% of the sector's costs, making energy efficiency a priority for the sector, not only for environmental concerns, but also for economic reasons. Currently, the use as fuel of **biomass** generated in the process and **cogeneration** (a Best Available Technology in the BREF document for pulp and paper making) are the **main energy efficiency instruments available to the sector.**

The paper industry, committed to contributing to the **decarbonisation** of the Spanish economy, is constantly looking for ways to achieve that goal. To that end, it is implementing or plans to implement numerous measures at its production sites, in areas such as **energy savings and efficiency or the use of decarbonised energy sources**, etc. Among others, they include renovating burners to achieve better combustion control, reforming the drying section to recover heat, replacing equipment with more efficient units (vacuum pumps, refiners, heat exchangers), shutting down unnecessary equipment due to changes in production (for example: from pumping to gravity transfer), improved heat insulation, installation of frequency shifters, installation of flash stream systems, and, of course, improved monitoring of energy consumption.

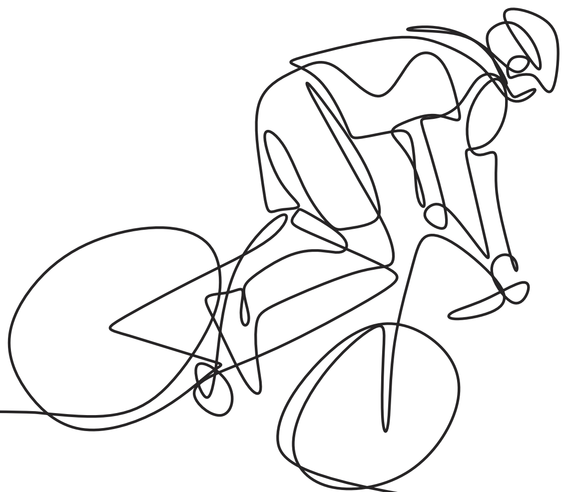
Emission reduction: commitment to decarbonisation

7 PP | 8 PP | GRI 305-1 | GRI 305-7

Back in 2011, the Spanish and European paper industry launched its **2050 Roadmap** to reduce greenhouse gas emissions. In 2017, the revised Roadmap set the spotlight on how to undertake the necessary **capital investments required to lead the low-carbon bioeconomy.**

GRI 305-1

More recently, in November 2019, ASPAPEL represented the Spanish paper industry as one of over 30 signatories of an initiative by CEOs in the European pulp and paper industry, which outlines the **sector's plans and contributions to achieving climate neutrality in Europe by 2050** and declares its support and **commitment to decarbonisation**. The declaration was delivered to the European Commission in Brussels.

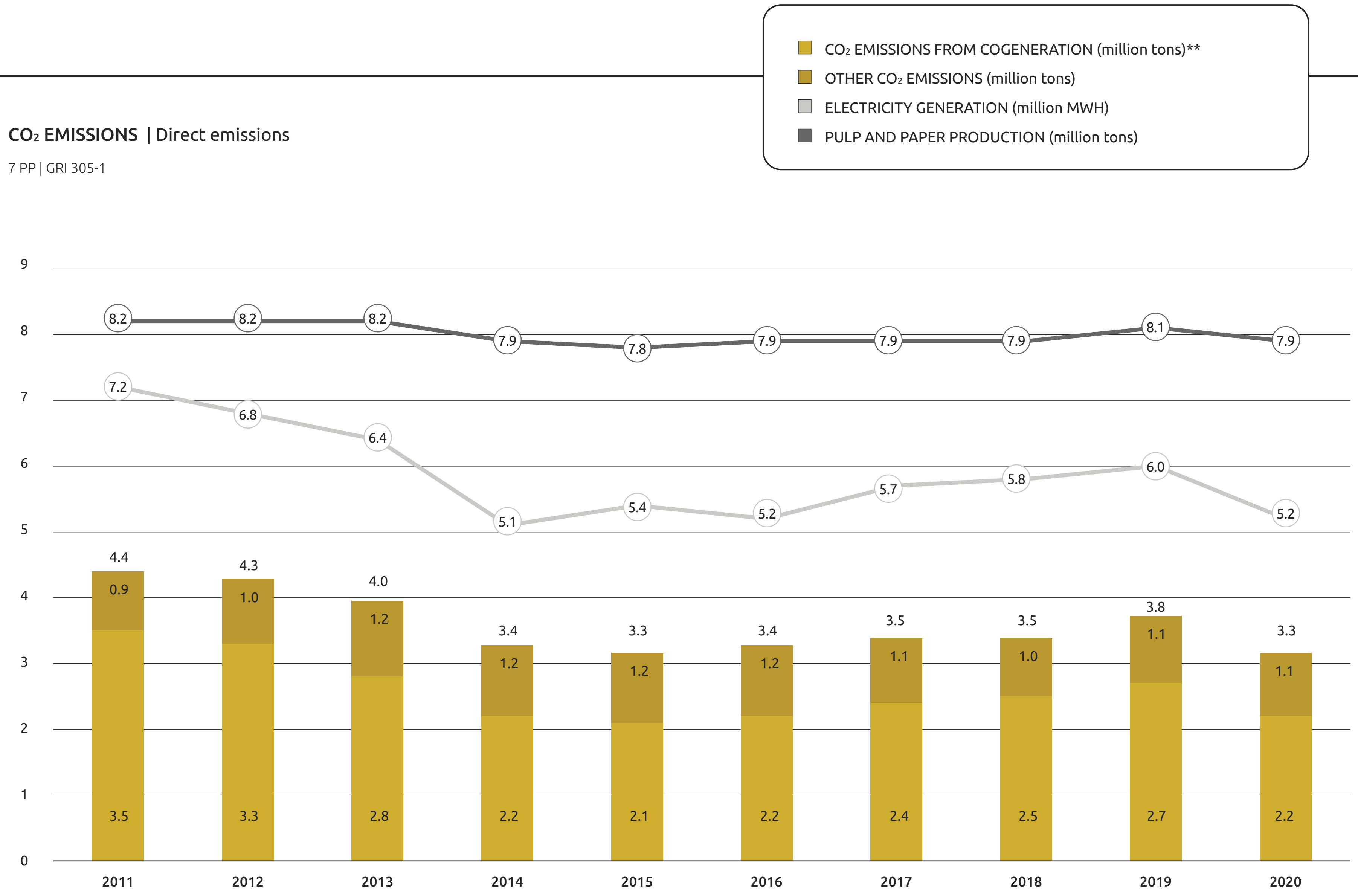


ASPAPEL is now working on a programme to ensure that Spanish paper companies can successfully tackle the **technological transformation** required by decarbonisation, **especially in terms of heat demand.**

In its strategic investment plan for the next three years, recently presented as a proposal for a Project Driving Industrial Competitiveness and Sustainability within the framework of the National Recovery and Resilience Plan, the Spanish paper industry includes projects intending to substitute gas and fossil fuels with **renewable fuels and green hydrogen in cogeneration;** to incorporate biogas and **green hydrogen** as fuels with a zero net impact to **cover its thermal energy demands** in the production of pulp and paper, and to integrate facilities that generate **electricity from renewable sources** (photovoltaic, biomass, renewable waste, etc.).
residuos renovables, etc.).

CO_2 EMISSIONS | Direct emissions

7 PP | GRI 305-1



SOURCE: ASPAPEL

*The figure for total CO_2 is verified and published each year by the European Commission for emission rights reported by plants within the framework of the CO_2 Emission Trading System.

**The figure for CO_2 emissions from cogeneration is calculated from the consumption of cogeneration fuel stated in surveys, which for natural gas, the factor used is 56.1 kg/tJ (IPCC 2006 guidelines for national greenhouse gas inventories).

SOx, NOx AND OTHER SIGNIFICANT ATMOSPHERIC EMISSIONS | in tons

8 PP | GRI 305-7

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Atmospheric emissions of SOx*	3,514	3,346	4,828	1,224	1,647	ND	1.724	995	585	482
Atmospheric emissions of NOx*	11,248	10,849	9,285	5,938	7,612	6,696	6,857	5,573	6,338	5,364
Total particles**	-	-	-	215	337	307	279	390	407	397

SOURCE: ASPAPEL

*SOx and NOx emissions for 2014 come from the survey of companies in the sector, while earlier figures were calculated using emission factors based on fuel consumption (EMEP/CORINAIR book and guide - Emission factors for the paper industry taking into account fuel used and the source of emission) and did not consider the emission reduction measures that many mills have in place. Data for 2020 are estimates.

** Data only available since 2014

GRI 305-1

Direct emissions from the Spanish paper industry come from combustion systems used to produce the energy needed for its industrial process. The main greenhouse gas (GHG) is CO_2. Spanish pulp and paper mills form part of the European Union's **ETS** (Emissions Trading System). Their emissions must therefore be covered by **carbon credits** received by free or purchased allocation. The current scheme is a disincentive for an energy efficiency technology that is fundamental to the sector such as cogeneration, since emission rights are not assigned to the part of the system that generates electric power.

Energy efficiency measures, the use of **biomass** as a fuel (carbon neutral, according to the criteria established in the GHG Trading Directive), and **cogeneration** are currently the three pillars supporting the Spanish sector's strategy in terms of emission reductions.

Total CO_2 emissions have been reduced by **25%** compared to 2011, while SOx and NOx emissions have come down by **86%** and **52%** respectively.

Producing with less water and less effluent

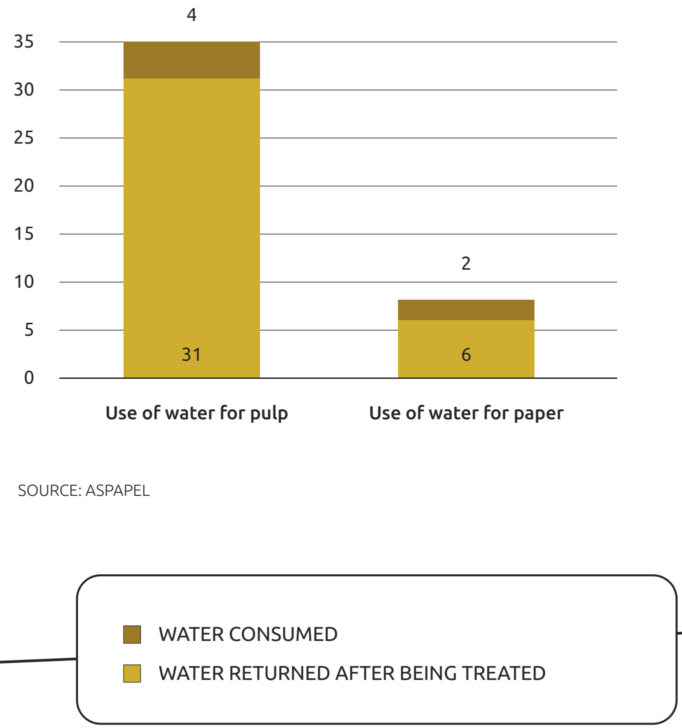
10 PP | 11 PP | 12 PP | GRI 303-3 | GRI 303-4 | GRI 303-5

The pulp and paper industry uses **water** to prepare pulp and mainly as a **means of transporting the cellulose fibres** that paper is made from.

In fact, paper making is based on cellulose fibres' natural tendency to bond in the presence of water, with no need for adhesives.

WATER USE AND CONSUMPTION 2020 | in m³/t

10 PP | GRI 303-5



SOURCE: ASPAPEL

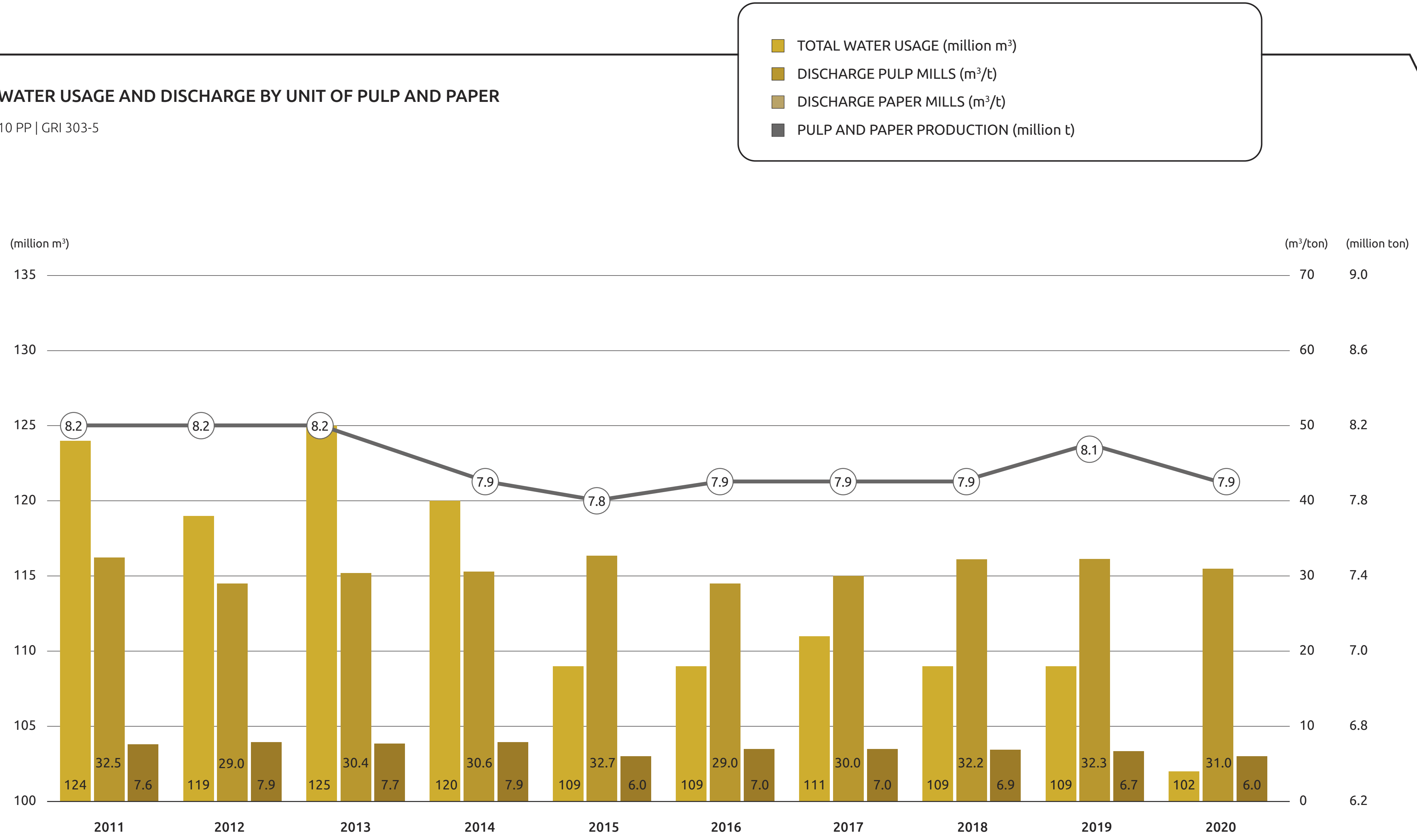
10 PP | GRI 303-5

In 2020, total use of water in Spanish pulp and paper mills was 102 million cubic metres per year, which is less than **half the amount of water it used in 1990**, despite the fact that production has increased by 60% since then. Compared to the 124 m^3 million per year in 2011, the reduction for a similar level of production was 18%.

Of those 102m m^3 of water used in 2020, only 4% was actually consumed by evaporation during the manufacturing process or by being incorporated into the end product. The remaining **96% (98 m^3 million) was treated and returned** to the receiving medium (lakes, sea, municipal mains, estuaries...), after being used internally as many times as possible.

WATER USAGE AND DISCHARGE BY UNIT OF PULP AND PAPER

10 PP | GRI 303-5



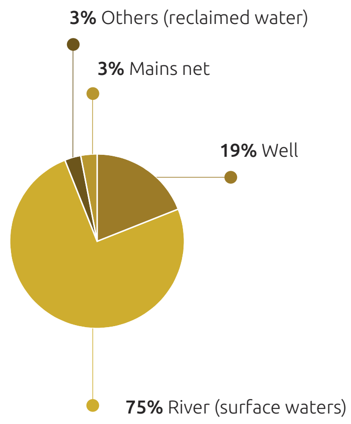
SOURCE: ASPAPEL

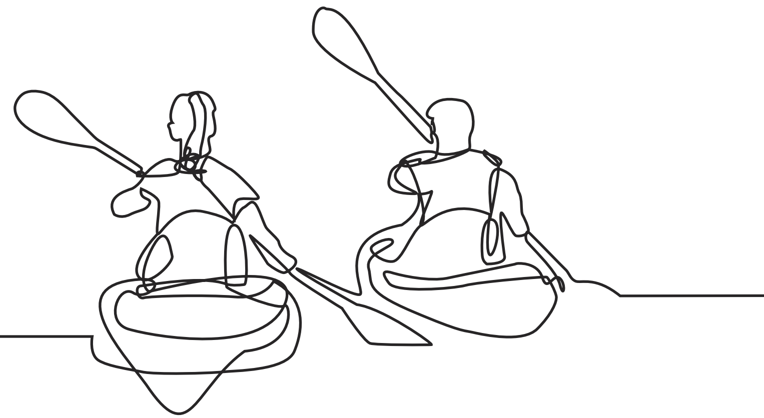
TOTAL WATER CATCHMENT BY SOURCE | million m³

GRI 303-3

	2014	2015	2016	2017	2018	2019	2020
Well	36	23	23	21	24	23	19
River (surface waters)	79	70	70	76	75	80	75
Mains network	3	13	12	11	8	3	3
Other (reclaimed water)	2	2	3	2	2	3	3
Total water usage (million m³)	**120**	**109**	**109**	**111**	**109**	**109**	**102**

SOURCE: ASPAPEL





TOTAL EFFLUENT DISCHARGE BY TYPE AND DESTINATION | million m³

GRI 303-4

	2014	2015	2016	2017	2018	2019	2020
Rivers or lakes	51	40	34	39	38	40	39
Sea	34	32	36	40	39	38	36
Municipal sewers	19	19	21	10	11	13	20
Estuaries	0	0	2	6,5	3	3	3
Total effluent discharge	**104**	**91**	**93**	**95**	**91**	**94**	**98**

SOURCE: ASPAPEL

12 PP | GRI 303-4

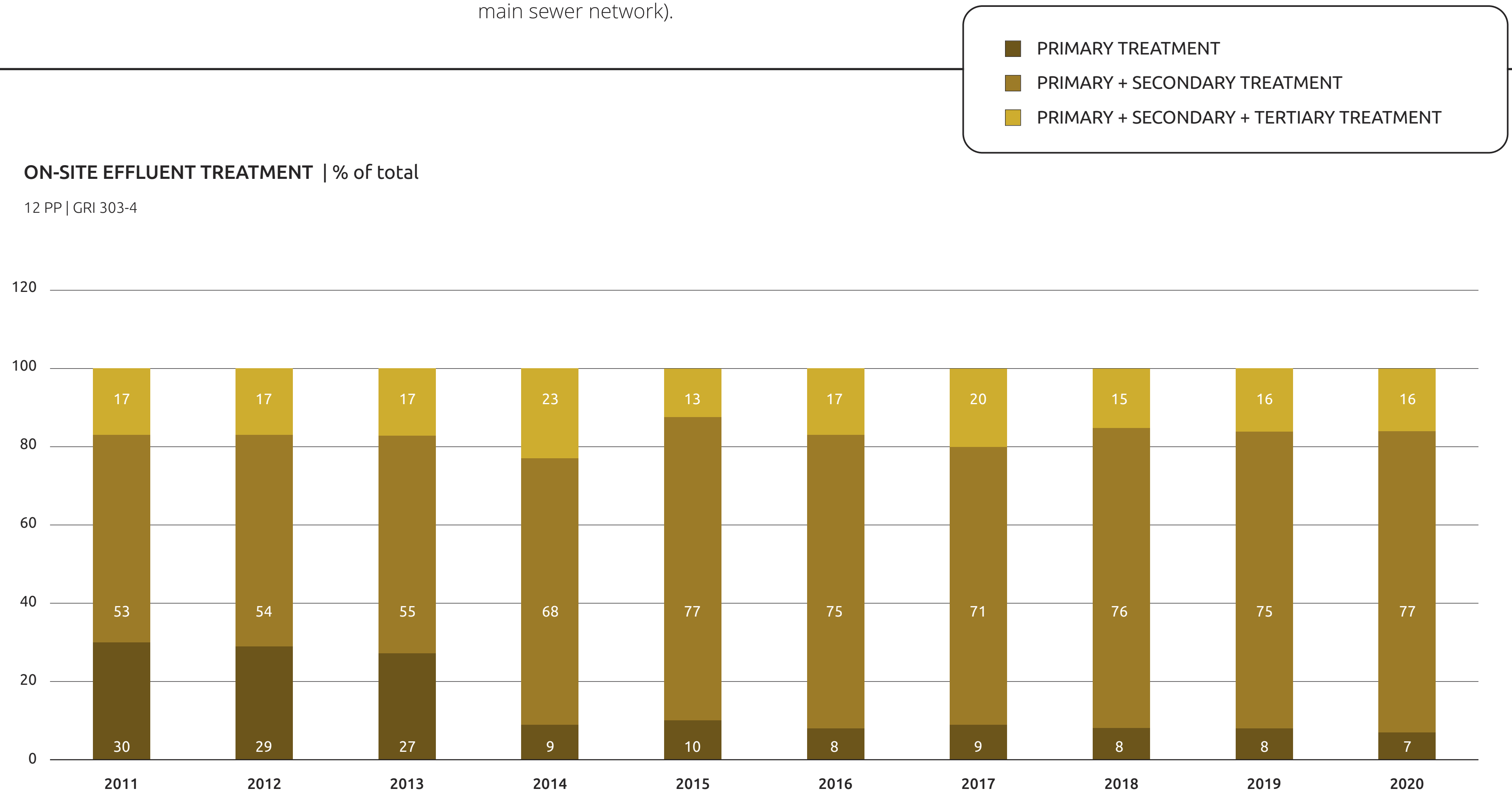
All effluents from pulp and paper making are cleaned in the **sector's own water treatment plants.**

In 2020, 16% of effluents received tertiary treatment in addition to primary and secondary treatment, 77% received secondary treatment on top of primary treatment, and just 7% received primary treatment (with additional treatment in the main sewer network).

The percentage of effluents with only primary treatment has been reduced in the last decade from 30% in 2011 to today's 7%.

ON-SITE EFFLUENT TREATMENT | % of total

12 PP | GRI 303-4



SOURCE: ASPAPEL

EFFLUENT QUALITY | kg/ton

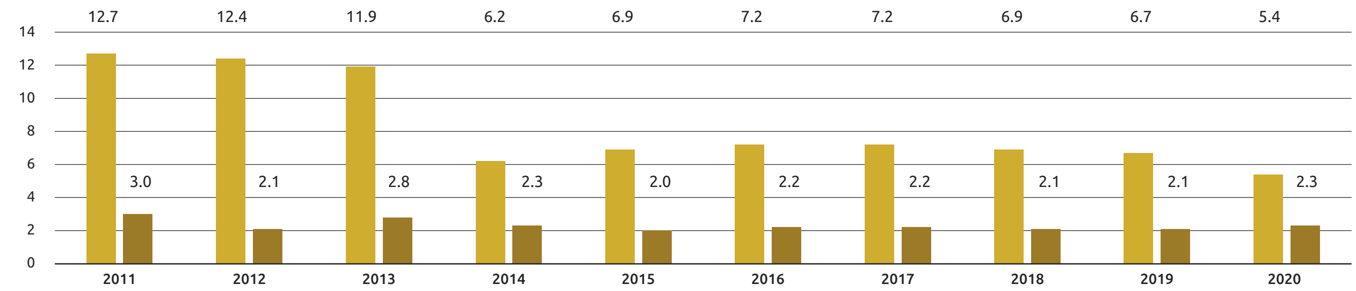
11 PP | GRI 303-4

SOURCE: ASPAPEL

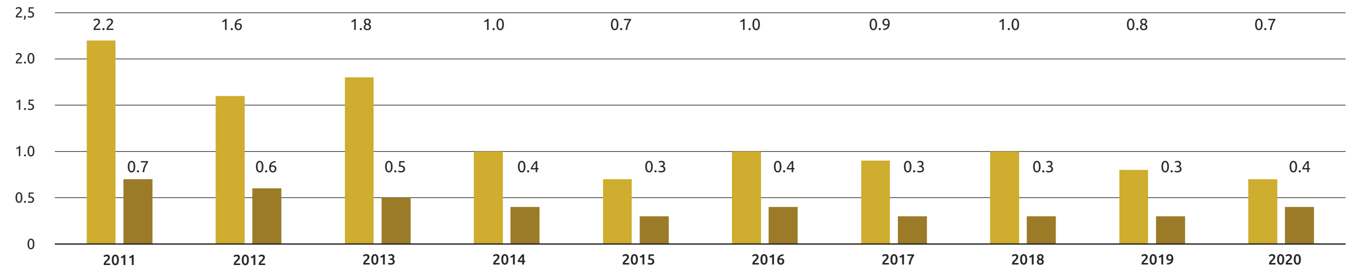
PULP

PAPER

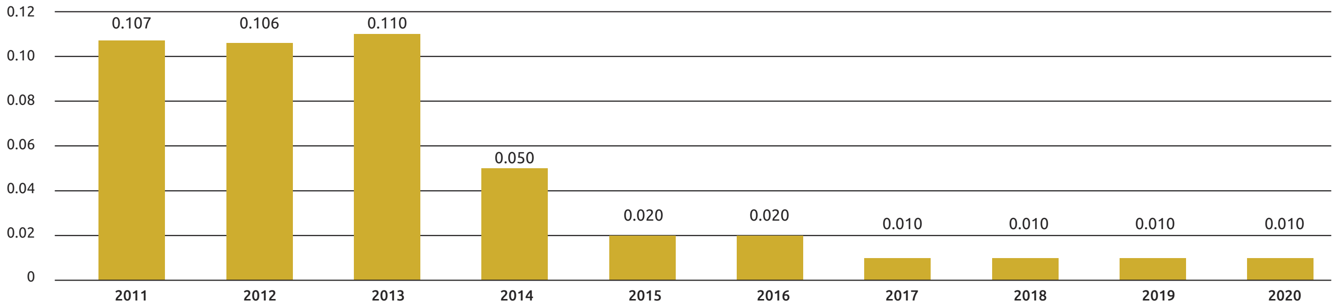
CHEMICAL OXYGEN DEMAND (COD) | kg/ton



SUSPENDED SOLIDS (TSS) | kg/ton



ADSORBABLE ORGANIC HALIDES (AOX) | kg/ton bleached pulp

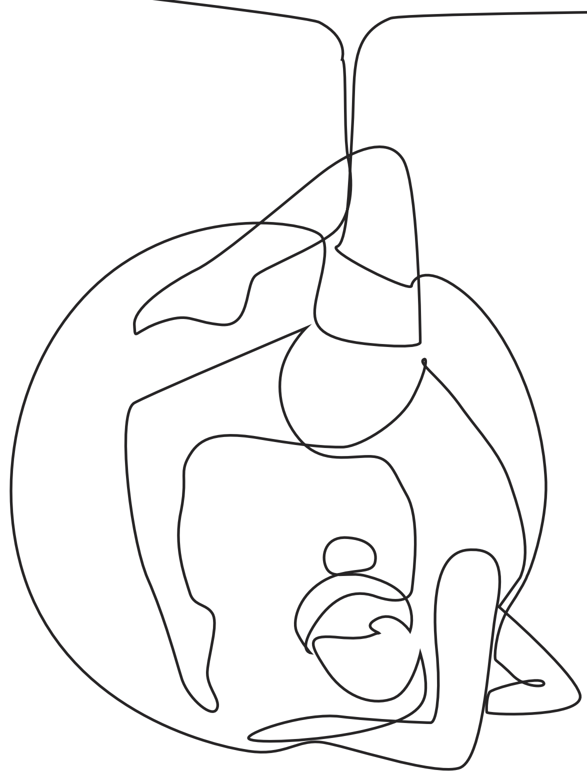


There has also been a **significant improvement in all indicators of effluent quality** over the course of the decade. Chemical Oxygen Demand (COD) in 2020 is down by 57% for pulp and 23% for paper compared to 2011. Total Suspended Solids (TSS) have decreased by 68% for pulp and 43% for paper. Finally, Adsorbable Organic Halides (AOX), specific to effluents from bleached pulp-making, have been reduced by 91%.

Process waste: circularity towards zero waste to landfill

9 PP | GRI 306-2

The specific residues from the pulp and paper making process are entirely **classified as non-hazardous waste** in the European Waste Catalogue (EWC).



The miniscule amounts of hazardous waste (0.16% in 2020) are not specific to the pulp & paper sector but instead are typically generated in maintenance work in any industry (used oils, fluorescent tubes, batteries...) and are managed through authorised waste management firms.

The management policy for waste from the paper process focuses primarily on **minimising** its generation through better quality raw materials and the implementation of improvements in the manufacturing process. As far as the waste that is generated goes, the objective is to achieve **circularity towards zero waste going to landfill** by re-using it for energy recovery or in other applications.

SOLID WASTE IN THE SPANISH PAPER INDUSTRY | tons

9 PP | GRI 306-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Non-hazardous waste specific to the paper industry	1,483,497	1,590,360	1,480,865	1,412,856	1,488,563	1,344,009	1,269,041	1,276,422	1,406,662	1,335,932
Other non-hazardous waste	110,326	154,420	137,658	158,382	90,877	239,579	114,021	95,117	185,985	177,722
Hazardous waste	2,452	3,069	2,890	2,500	1,753	1,601	1,192	2,846	2,475	2,397
Total	**1,596,275**	**1,747,849**	**1,621,413**	**1,573,738**	**1,581,193**	**1,585,189**	**1,385,055**	**1,374,387**	**1,595,122**	**1,516,051**

SOURCE: ASPAPEL

The disposal of waste on controlled landfills is only contemplated when no other means are possible. The percentage of waste destined to landfill has fallen significantly, from 38% in 2006 (the oldest data available) to 29% in 2011 or 22% in 2020.

At present, **78% of manufacturing waste is re-used** in different applications. The main ones are: **energy recovery,** mainly on-site by the mill (30%), **composting** (17%), **direct agricultural usage and application on soils** (15%), and as a **raw material in other industries,** such as cement or ceramics (4.7%). The amount re-used by these latter industries was practically halved in 2020 compared to previous years due to the decline in the cement and ceramics businesses during the pandemic.

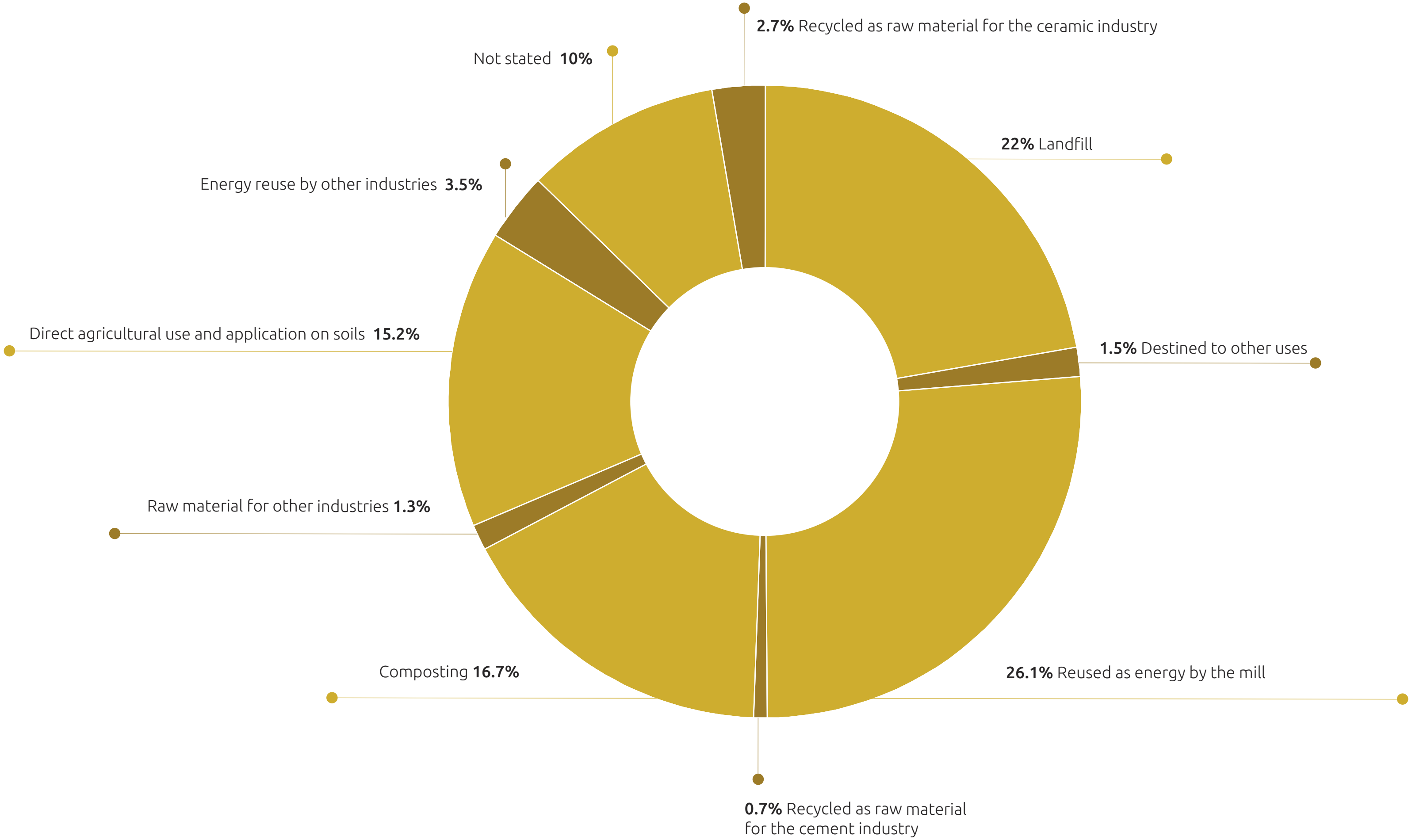
On the contrary, it is worth highlighting the significant growth over the last decade in the reuse of this waste as fuel by the actual mill.

Each industrial site - individually and for each type of waste - chooses the most appropriate management system, taking into consideration technical and environmental criteria, legal requirements and economic feasibility.

The sector is working on searching for and assessing **new ways of reusing** its process waste as alternatives to landfill.

PAPER PROCESS WASTE MANAGEMENT 2020 | % of total

9 PP | GRI 306-2



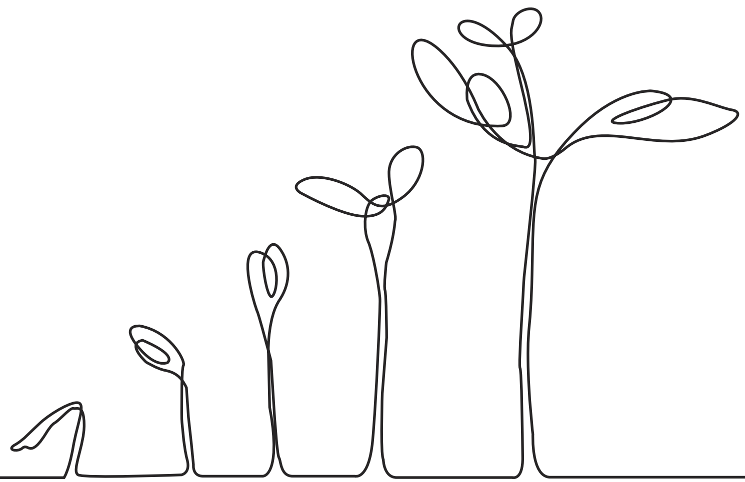
SOURCE: ASPAPEL

PAPER PROCESS WASTE MANAGEMENT 2020 | % of total

9 PP | GRI 306-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Landfill	29.0	27.8	22.9	19.4	19.8	20.9	19.3	20.5	20.9	22.2
Energy reuse at the mill	8.8	23.6	27.3	25.3	25.2	27.8	36.7	29.9	25.6	26.1
Energy reuse by other industries	-	-	-	2.2	2.6	2.3	2.3	2.1	2.7	3.5
Direct agricultural use and application on soils	31.4	24.0	24.2	22.1	15.2	13.6	8.8	16.0	19.2	15.2
Composting	12.1	15.4	9.9	9.3	14.6	14.5	7.3	13.8	19.1	16.7
Recycled as raw material for the ceramic industry	9.6	3.4	1.3	1.3	6.3	9.7	4.6	5.5	5.9	2.7
Recycled as raw material for the cement industry	7.7	2.0	2.1	3.1	0.4	2.2	2.7	2.8	1.9	0.7
Raw material for other industries	0.7	2.2	8.0	1.4	4.3	2.2	1.8	1.8	1.4	1.3
Destined to other uses	0.7	1.5	4.2	4.2	4.6	5.2	3.2	4.7	1.5	1.5
Not stated	-	-	-	11.7	7.0	1.5	13.4	2.9	1.7	10.0

SOURCE: ASPAPEL



Stable and qualified employment for an industry undergoing continuous technological renovation

14 PP | 15 PP | GRI 401-1

Innovation and sustainability are the two basic characteristics of a sector undergoing permanent technological renovation that offers **qualified and stable** employment and significant opportunities for **personal career development.**

Quality control and **environmental monitoring,** together with process and product R&D, are essential parts of the paper business. All this calls for a workforce of skilled and qualified employees and job stability.

The total number of employees in the paper industry in Spain amounted in 2020 to 16,637 direct jobs, up by 2.2% compared to 2017. It is especially worth noting that **in 2020, the year of the pandemic, the sector managed to maintain employment.** 67% of employees work at operator level, 22% are managers and technical staff, and 11% hold administrative positions. The **investment plan** set out for the next three years will encourage **job creation** along the paper value chain (4,500 direct jobs and 8,500 indirect jobs) through the implementation of pioneering and innovative projects, which, in the medium term, will be replicated along the entire chain.

Employees are mostly male (84%), with 16% females (two percent higher than in 2017). **Women are only in majority in Admin departments,** where they account for 52% of the workforce. It should be noted that **27% of managerial and technical positions**, i.e., 6% more than in 2017, **are now held by women.** The presence of women at operational level is still scarce, where they account for only 5.5%.

The pulp and paper making process – under continuous **technological renovation** - is highly computerised, automated, and robotised.

EVOLUTION OF WORKFORCE

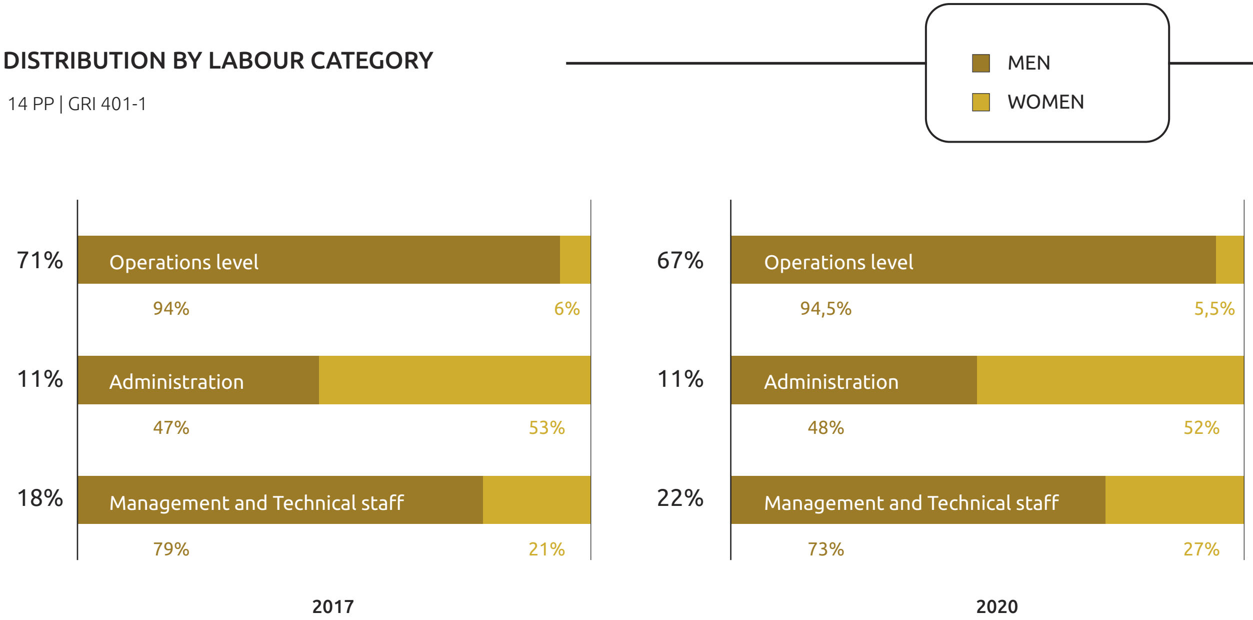
14 PP | 15 PP | GRI 401-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of direct jobs	17,200	17,150	17,075	16,570	16,320	16,200	16,280	16,595	16,635	16,637

SOURCE: ASPAPEL

DISTRIBUTION BY LABOUR CATEGORY

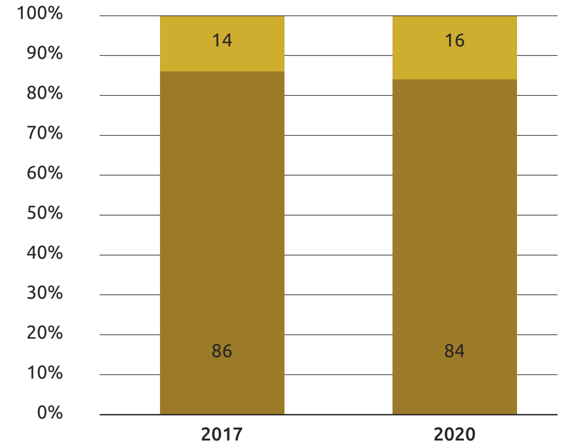
14 PP | GRI 401-1



SOURCE: ASPAPEL

DISTRIBUTION BY SEX

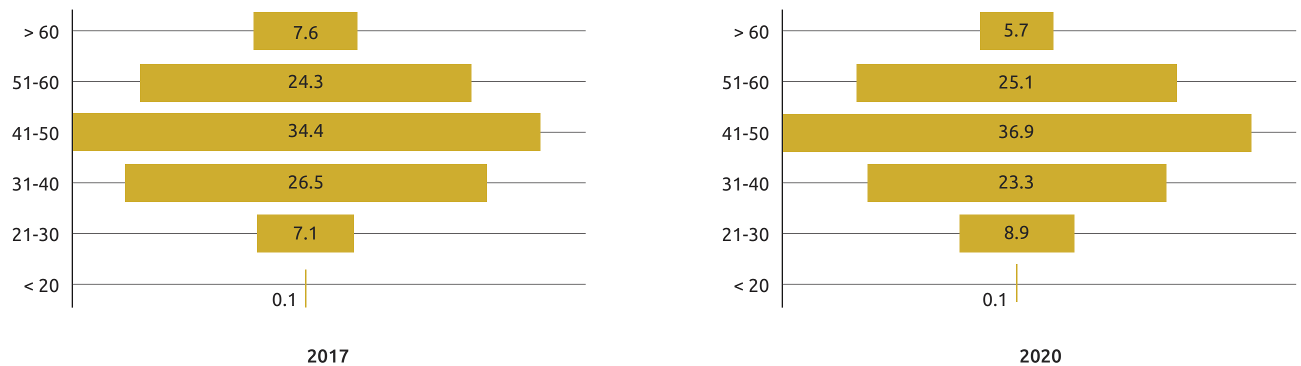
14 PP | GRI 401-1



SOURCE: ASPAPEL

DISTRIBUTION BY AGE | %

14 PP | 15 PP | GRI 401-1

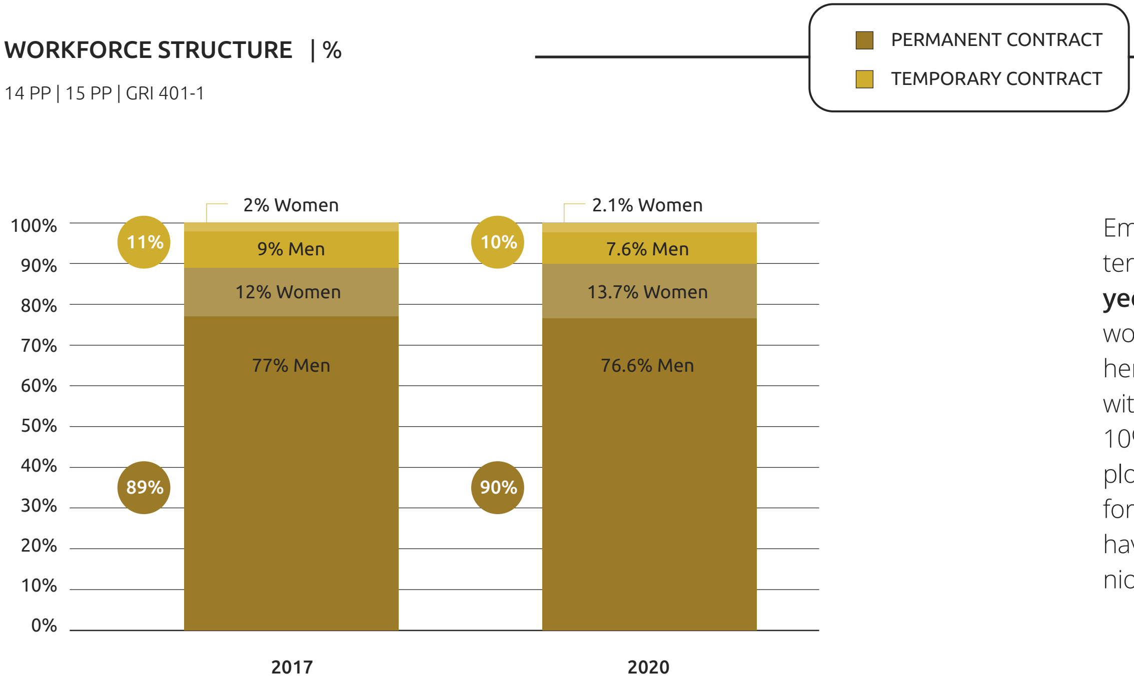


SOURCE: ASPAPEL

As far as employee **distribution by age** is concerned, just over a third (36.9%) are between 41 and 50 years old, 32.3% are younger, while 30.8% belong to older age groups.

WORKFORCE STRUCTURE | %

14 PP | 15 PP | GRI 401-1

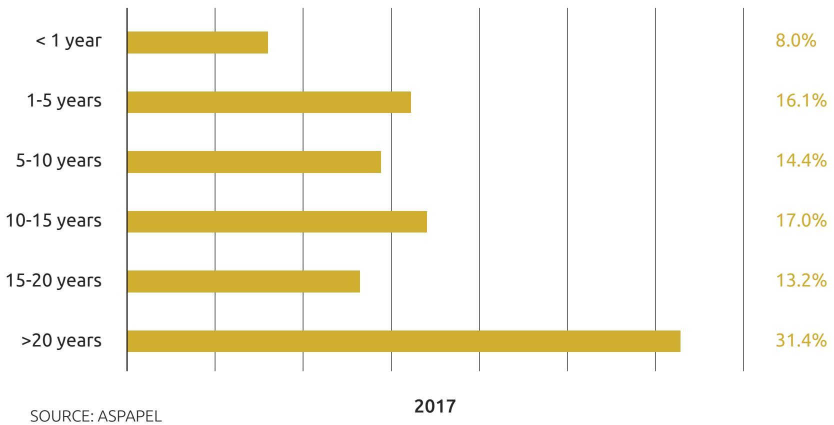


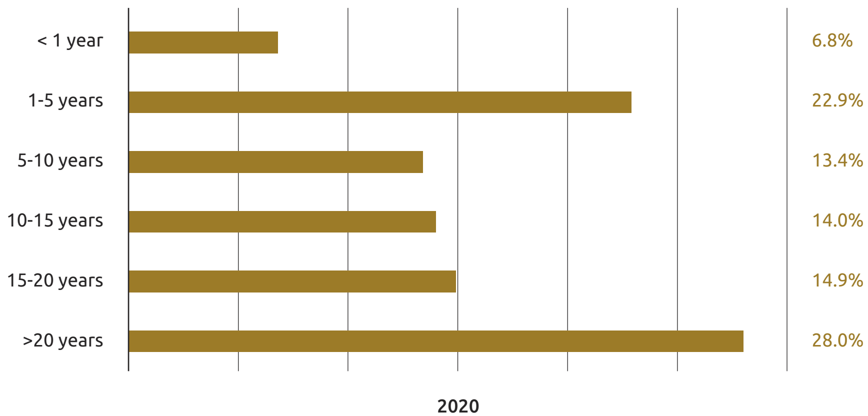
SOURCE: ASPAPEL

Employment in the sector is characterised by **stability and low employee turnover.** Currently 90% of the workforce (one percentage point higher than in 20217) are employees with a **permanent contract,** while 10% are temporary jobs. 28% of employees have been in their company for more than 20 years, while 28.9% have between 10 and 20 years' seniority.

DISTRIBUTION BY SENIORITY | %

14PP | 15PP | GRI 401-1





SOURCE: ASPAPEL

Talent development: continuous in-house training and sector-wide offer

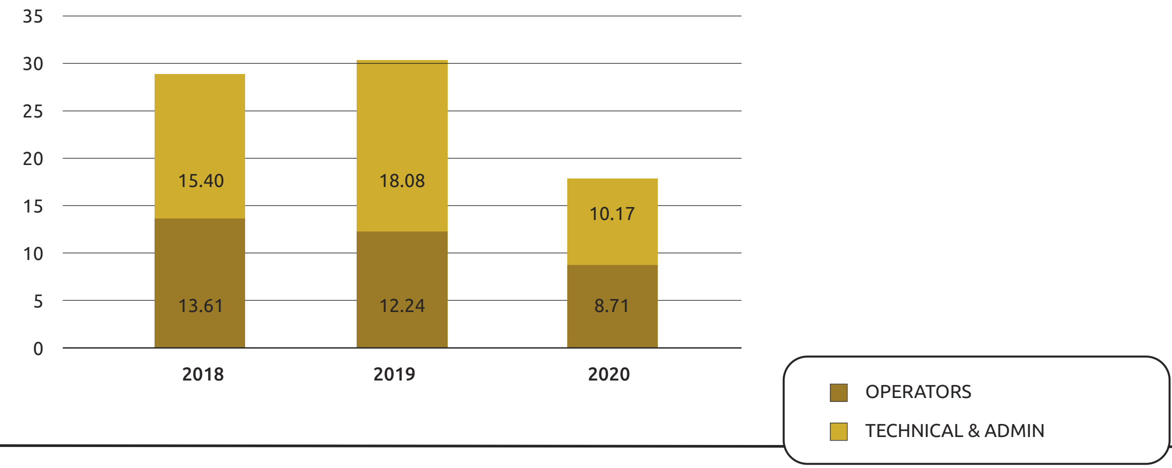
14 PP | 15 PP | GRI 403-5 | GRI 404-1

Despite the efforts made in terms of **in-house training**, the harsh situation created by the pandemic in 2020 has had a clear impact, with significant drops in the average number of hours of training per year per employee, both among technical and administrative staff (10.17 hours compared to 14.2 in 2017), and at operations level (8.71 hours, compared to 17.22 in 2017). In both groups, the emphasis has been on skills training.

ASPAPEL runs a **sector-wide talent development programme** to complement companies' own training plans, that responds swiftly and precisely to the training needs of companies and professionals in the sector, with flexible formats (face-to-face courses and workshops temporarily cancelled by COVID-19, webinars, streaming conferences, and possibility of on-site conferences at the company), in addition to a wide range of papermaking courses available online.

TRAINING | Total hours per worker

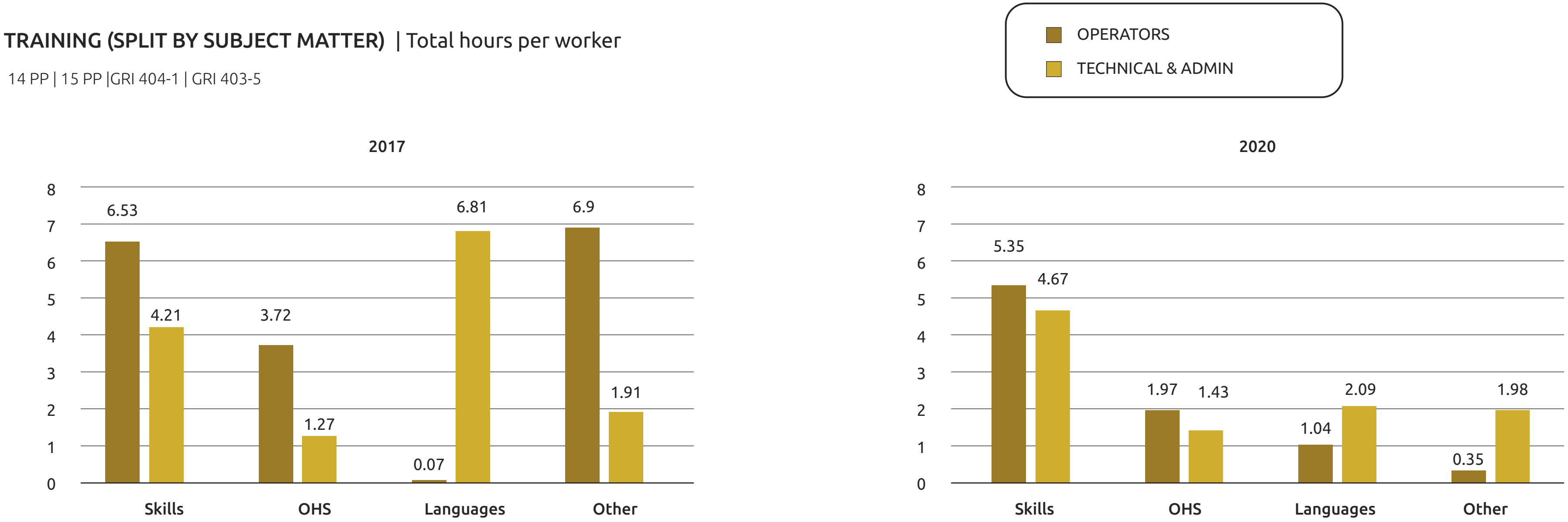
14 PP | 15 PP | GRI 403-5 | GRI 404-1



SOURCE: ASPAPEL

TRAINING (SPLIT BY SUBJECT MATTER) | Total hours per worker

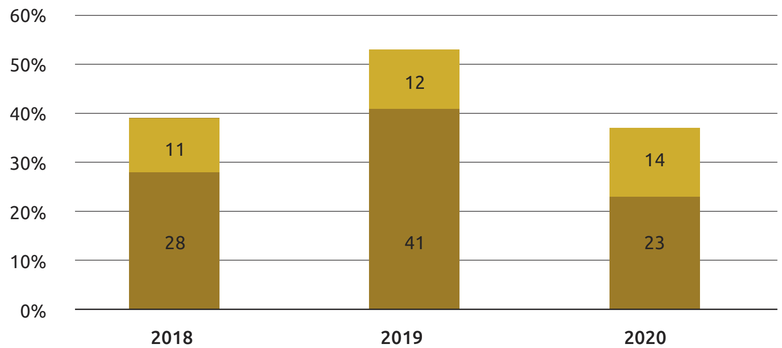
14 PP | 15 PP |GRI 404-1 | GRI 403-5



SOURCE: ASPAPEL

OHS TRAINING VS ALL TRAINING | %

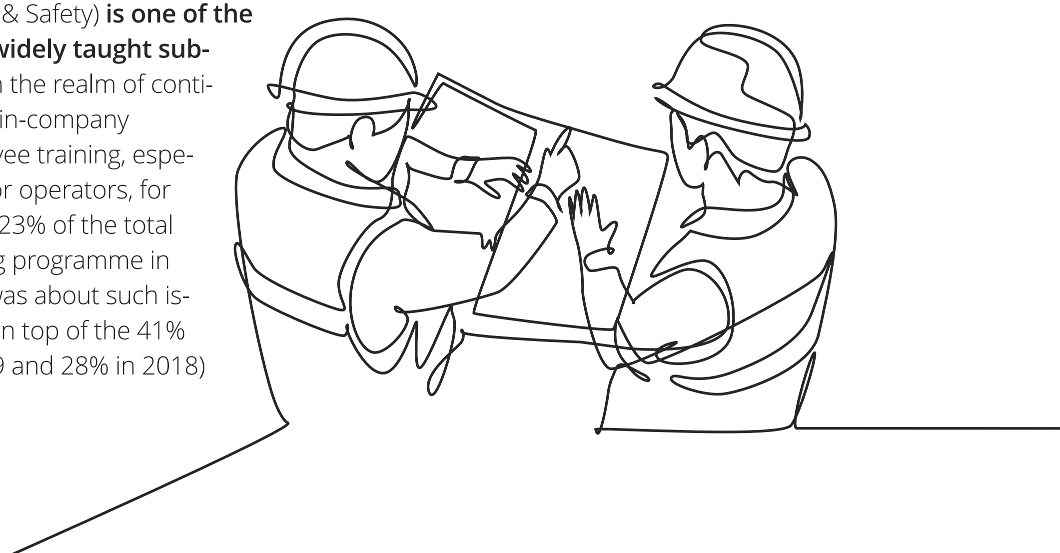
GRI 403-5



SOURCE: ASPAPEL

GRI 403-5

Training in **OHS** (Occupational Health & Safety) **is one of the most widely taught subjects** in the realm of continuous in-company employee training, especially for operators, for whom 23% of the total training programme in 2020 was about such issues (on top of the 41% in 2019 and 28% in 2018)



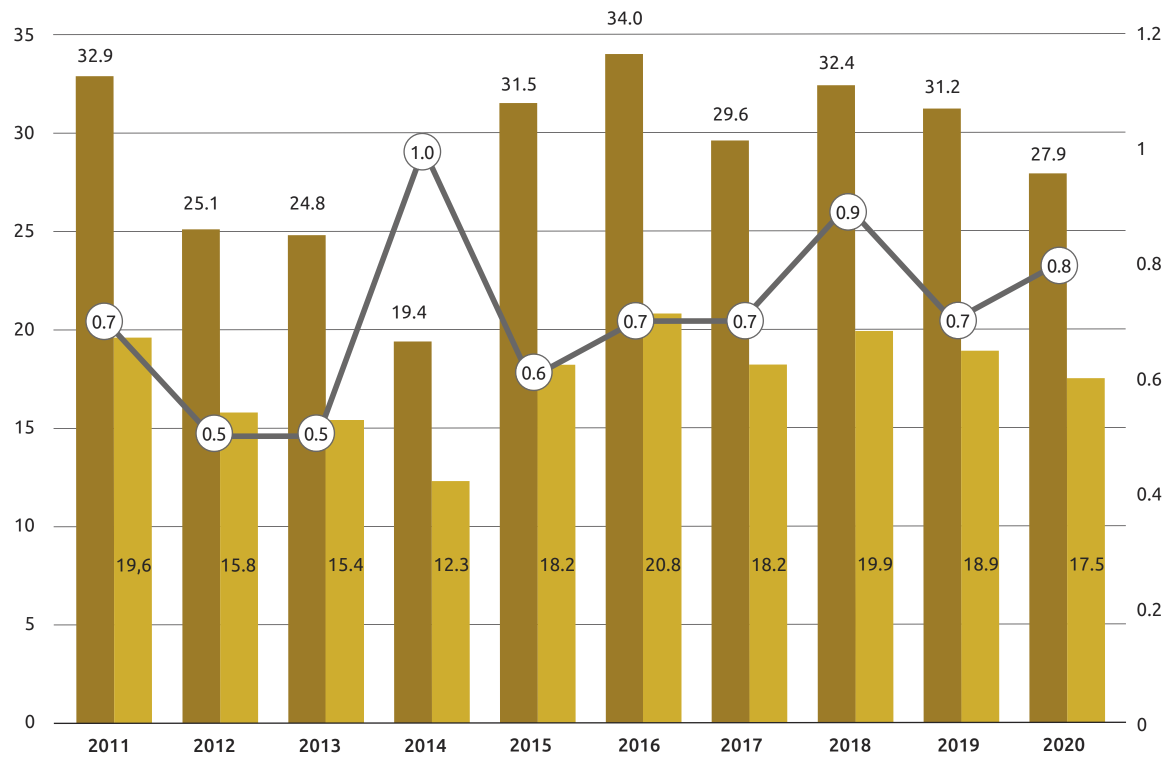
Health and safety at work, strategic priority and collaboration

16 PP | 17 PP | GRI 403-1 | GRI 403-2 | GRI 403-4 | GRI 403-5
GRI 403-9 | GRI 403-10

Preventing occupational risks is a **strategic priority** for the Spanish pulp and paper industry. That is why it implements a powerful and ambitious **sector-wide programme** with the collaboration of ASPAPEL, employers and trade unions, and the active and committed participation of its companies. Over this reporting period (2018-2020), **a drop can be seen in the number and frequency of accident rates.** It is equally significant that there were no deaths during that period. Occupational ill-health accounts for around 1% of injuries in the sector (0.7% in 2018, 0% in 2019, and 1.5% in 2020).

EMPLOYEE ACCIDENT RATES | Incidents / Frequency / Severity

17 PP | GRI 403-9 | GRI 403-10



*Frequency rate includes fatal accidents where applicable

** Lost time (days) start to be counted from the same day of the accident (unlike other countries in Europe that count from the third day)

SOURCE: ASPAPEL

INCIDENT (nº of lost time accidents and WRI per thousand employees)

FREQUENCY (nº of lost time accidents and WRI per million work hours)*

SEVERITY (nº of days' absence due to LTA or WRI per thousand work hours)**

EMPLOYEE ACCIDENT RATES | Average Time Lost from accident/sick Leave

17 PP | GRI 403-9 | GRI 403-10

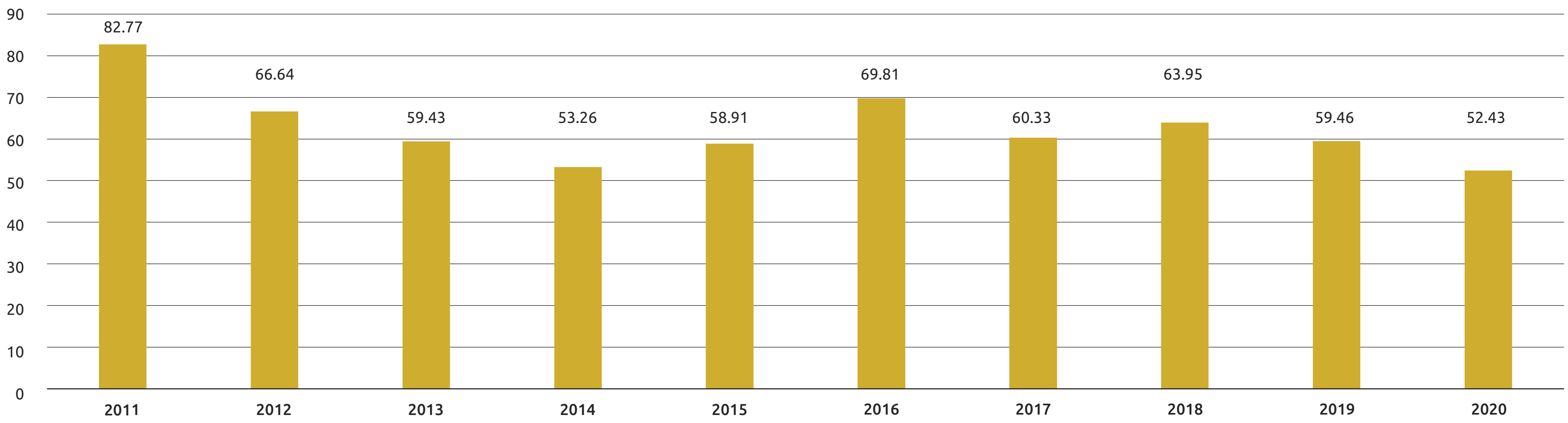
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average duration *	34.56	30.12	33.76	79.71	34.09	34.37	40.59	43.98	34.99	45.83

*Average duration (no. of calendar days' sick leave divided by total number of accidents and occupational ill health)

SOURCE: ASPAPEL

EMPLOYEE ACCIDENT RATES | Accident Frequency Rate (includes accidents with or without sick leave)

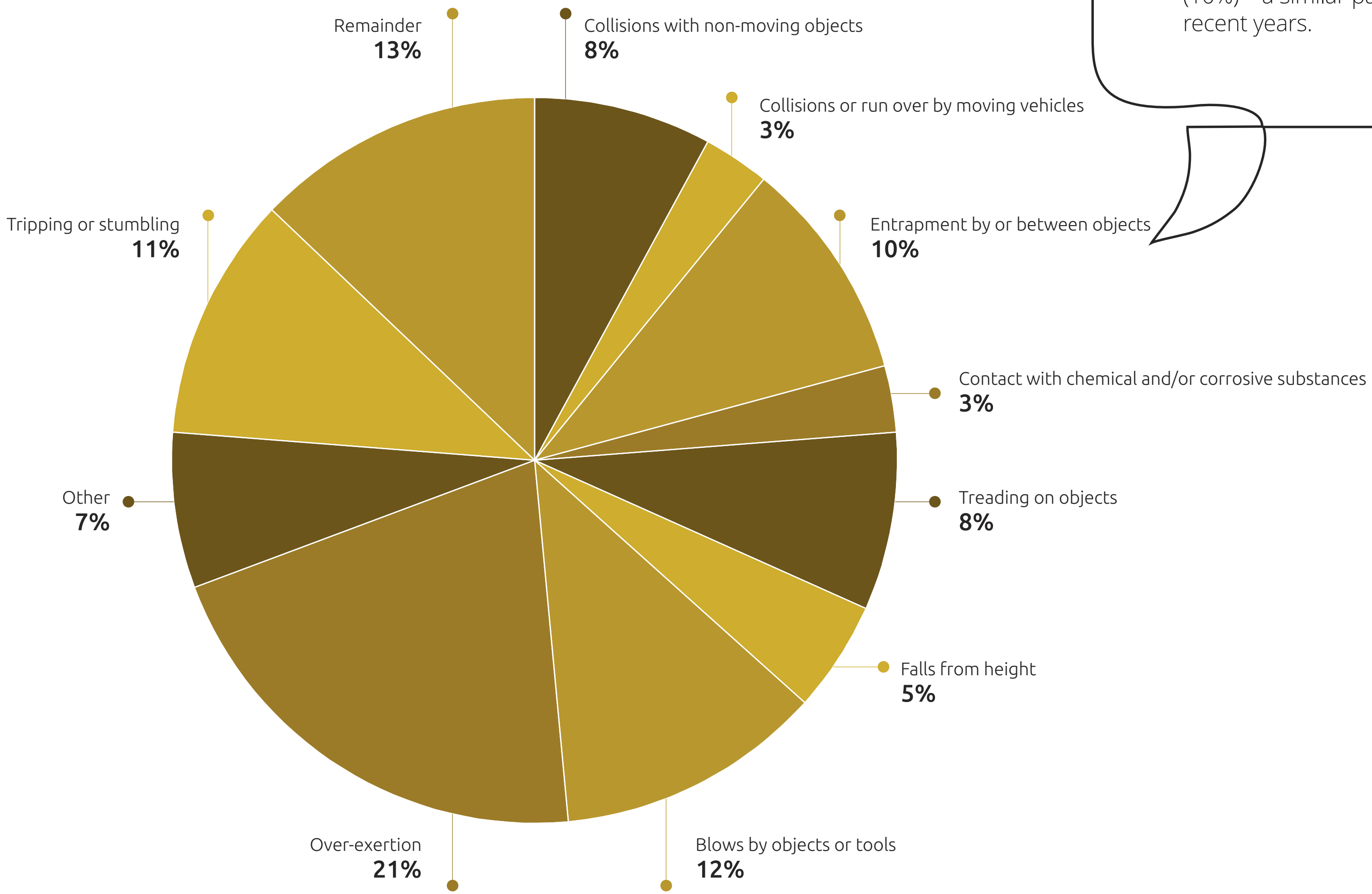
17 PP | GRI 403-9 | GRI 403-10



SOURCE: ASPAPEL

TYPES OF EMPLOYEE ACCIDENTS 2020 | %

17 PP | GRI 403-9 | GRI 403-10

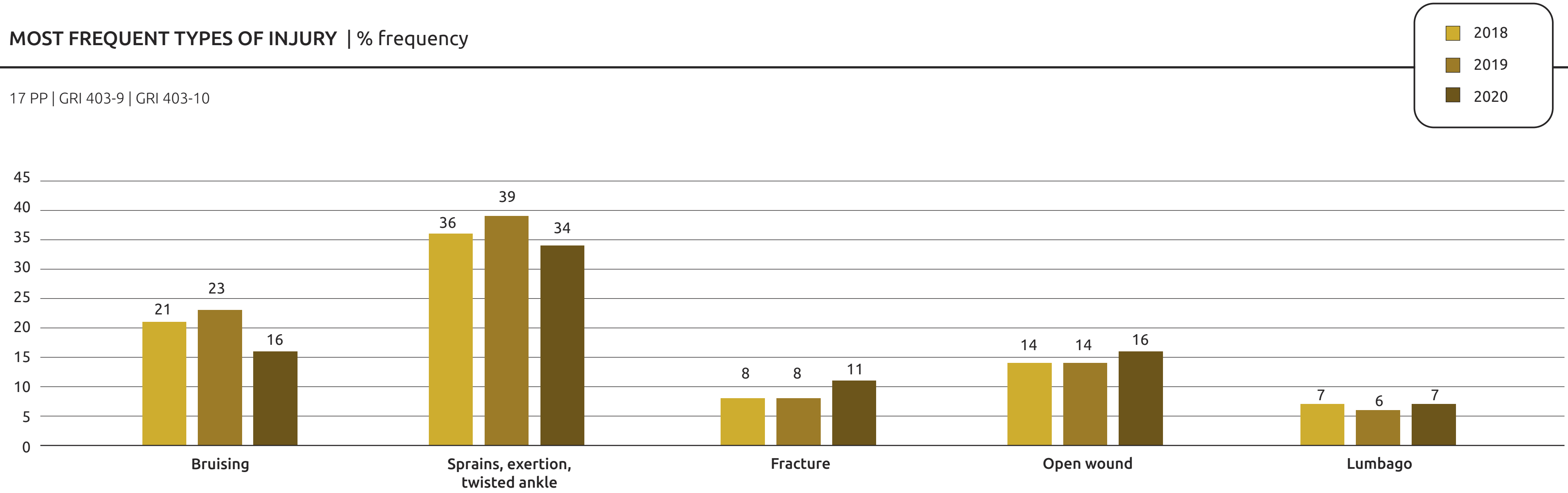


SOURCE: ASPAPEL

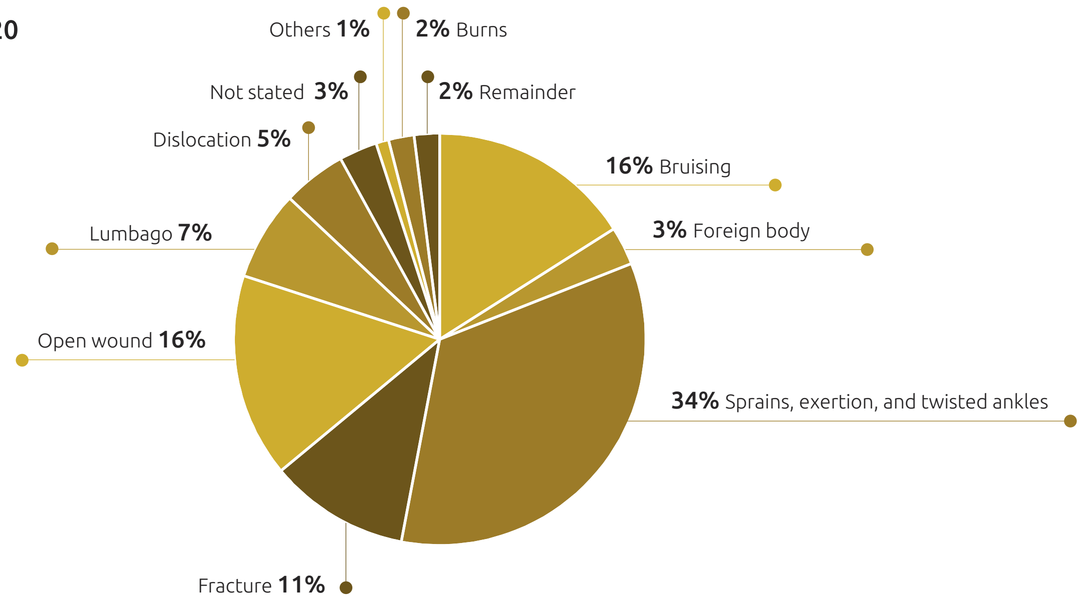
In regard to the type of accident, i.e., how they occurred, more than half of the accidents in 2020 were due to over-exertion (21%), knocks or blows by objects or tools (12%), tripping or stumbling (11%), and body parts entrapped between or by objects (10%) – a similar pattern to that seen in recent years.

MOST FREQUENT TYPES OF INJURY | % frequency

17 PP | GRI 403-9 | GRI 403-10



YEAR 2020



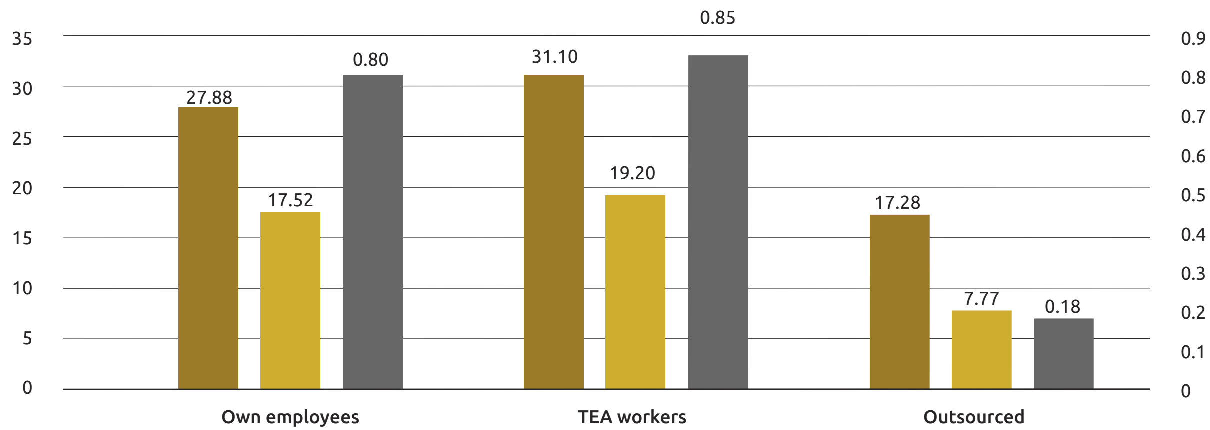
SOURCE: ASPAPEL

Sprains, exertions, and twisted ankles are the most frequent types of injury in the sector, followed by bruises, open wounds, fractures, and back pain.

ACCIDENT RATES AMONG OWN EMPLOYEES AND REGULAR OUTSOURCED WORKERS 2020

17 PP | GRI 403-9 | GRI 403-10

In 2020, the **accident rate among outside companies** that regularly carry out work for the sector **performed very well** in terms of frequency rate, number of incidents, and especially in severity, with a result well below that of our own employees in the case of outsourced workers and with a similar rate to our own staff among TEA workers.

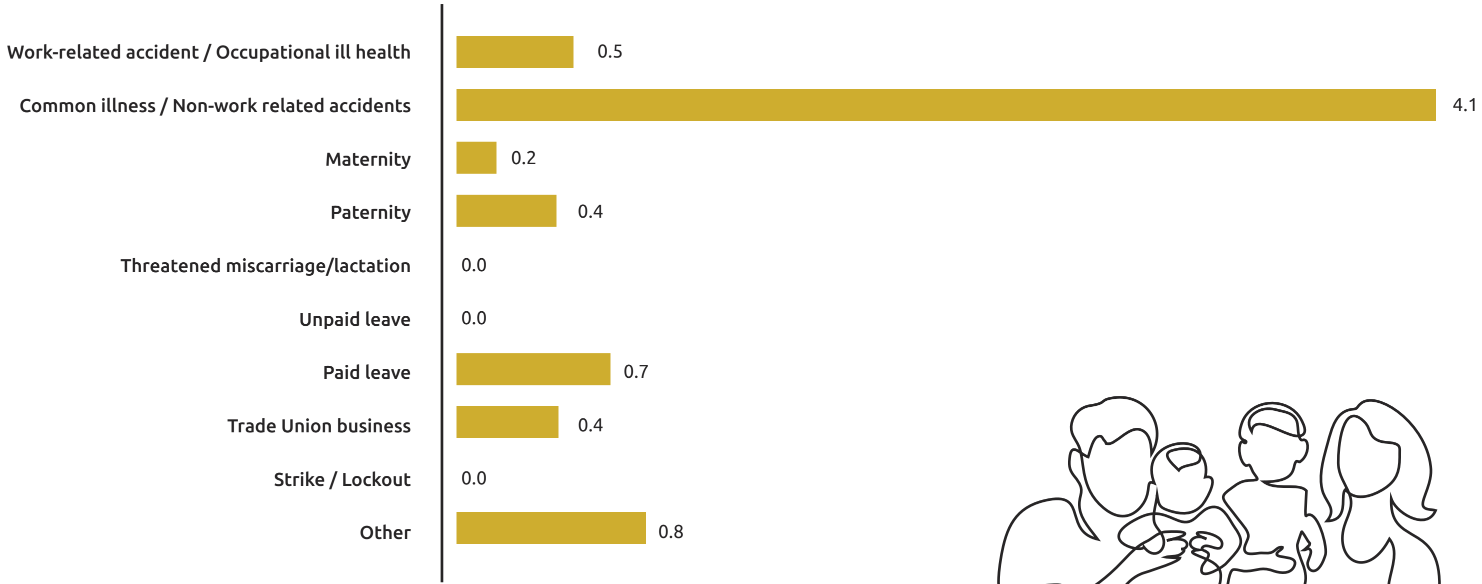


SOURCE: ASPAPEL

Common illness and **non-work related accidents** were the **main cause of employee absenteeism,** followed far behind by work-related accidents and occupational ill health. Paid leave, paternity and maternity leave, and allowance to attend Trade Union business are basic causes of absence from work.

ABSENTEEISM AND ABSENCE FROM WORK BY CAUSE
No. days lost / Theoretical no. workdays in %

17 PP | GRI 403-9 | GRI 403-10



SOURCE: ASPAPEL

THE COLLECTIVE BARGAINING AGREEMENT

16 PP | GRI 403-1 | GRI 403-2 | GRI 403-4 | GRI 403-5

The sector's **collective bargaining agreements for 2015-2018 and 2019-2020** indicate a need to boost prevention measures in the field of occupational health and safety, to have a method for assessing and monitoring work-related accidents and illness, and to adopt any organisational, training or reporting actions that are deemed necessary to achieve a real drop in incidents. They emphasise that companies in the sector must seek everybody's fullest collaboration to ensure safety measures can effectively reduce risks.

The agreements highlight the priority nature of promoting and boosting **prevention measures at organisation, training, and reporting level** to enable employees to adapt to the organisational changes that new technologies bring. They underline the need for companies' medical services to **reinforce their medical and epidemiological surveillance.** The agreement calls on company management, health & safety committees, OHS officers, worker committees, and staff representatives and shop stewards to exercise the **strictest compliance, monitoring, and application of all current (general, company or work centre) health and safety regulations.** They also expressly mention that the best protection for workers comes from applying the current Occupational Health and Safety Act.

THE SECTORIAL OHS PROGRAMME

16 PP

In the period covered by this report, work has continued on different projects within the framework of the Sectorial OHS Programme initiated in 2003 by ASPAPEL and trade union signatories of the collective bargaining agreement.

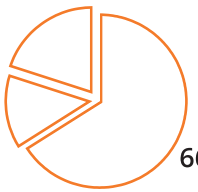
In 2018, an app was developed whose name translates as ***"Play your role in OHS",*** funded by the National Foundation for the Prevention of Occupational Risks (FEPRL). It is a game where workers can make decisions about their approach to different scenarios and circumstances and see the consequences of their actions. The idea behind the "Play your role in OHS" project is to provide a powerful learning tool that improves awareness among workers, managers, and directors in regard to health and safety and enables a true OHS culture to be consolidated in companies in the paper sector. Another project, also funded by the FEPRL, is the ***'Diagnosis of the situation in the paper and board recovery sector in regard to OHS'.***

In 2019, the **Model Guide to Risk Prevention,** published in 2005 on the basis of OSHAS 18001, was updated to adapt it to the new ISO 45001 to enhance middle management leadership, and three training techniques in the field of OHS (effective communication and active listening, teamwork, and building awareness in health & safety) were developed and studied online by more than 500 workers across the sector in 2020. At the same time, the **Activity Coordination Guide for paper recovery firms** was prepared to ensure compliance with legislation on outsourcing.

In 2020, apart from the continuous bustle on the OHS Forum due to the COVID-19 health crisis, a **Guide on Safety Measures against COVID-19** was published in conjunction with the trade unions that signed the Bargaining Agreement and which was kept permanently updated despite the changing situation of the pandemic and of the legislation applicable to it. The **Online Course on Risks in the Paper Industry** was also produced in 2020, as was the **Manual for improved safety with the machinery used by paper and board recovery firms.**

It should be noted that collaboration between management and workers in matters of health and safety at work is mostly guaranteed in the sector, since **more than 95% of employees are represented by health and safety committees.**

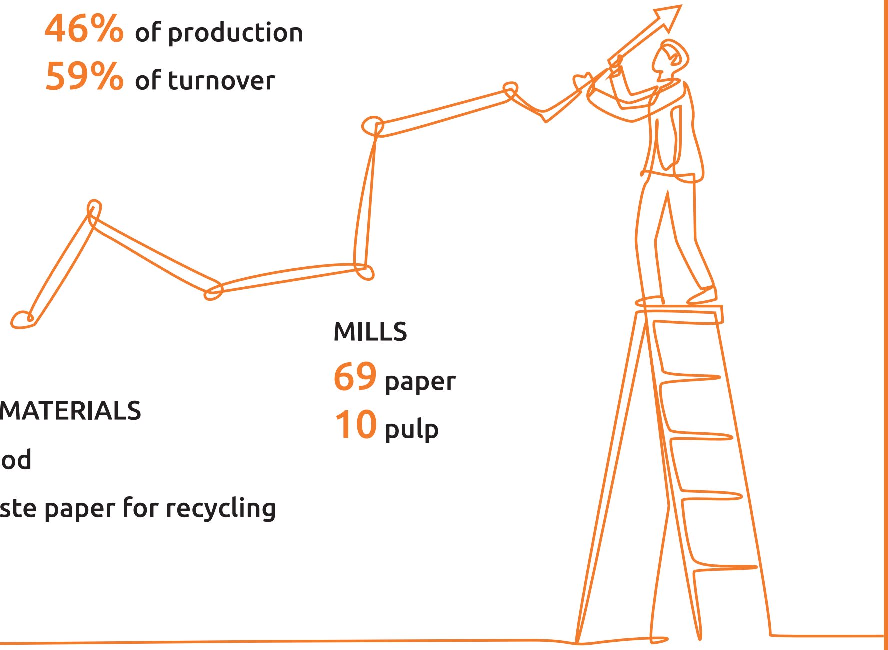
INNOVATIVE INDUSTRY WITH LOW-CARBON, BICIRCULAR PRODUCTS



EXPORTS
46% of production
59% of turnover

PRODUCTION
6.2 m tons paper
1.7 m tons pulp

CAPITAL EXPENDITURE 2018-2020
€1.09 billion
8% of turnover



MILLS
69 paper
10 pulp

LOCAL RAW MATERIALS
97% of wood
71% of waste paper for recycling

INNOVATION IN DECARBONISED BIOCIRCULARITY

Achievements and opportunities:

- Local and renewable raw material
- High recycling rates
- Decoupling carbon emissions from production growth
- Product substitution

POWERFUL AND SUSTAINABLE PAPER VALUE CHAIN

4.5% of GDP

18.5% of industrial employment

8.8% of industrial production

13.2% of the added value of industry

Circular business model
Certified Products
Supplier homologation
Renewable energy
Minimise carbon footprint
Stable, quality employment
Local economy development
Worker health and welfare

GENERATION OF WEALTH AND CONTRIBUTION TO LIVING STANDARDS

INNOVATIVE INDUSTRY WITH LOW-CARBON, BIOCIRCULAR PRODUCTS

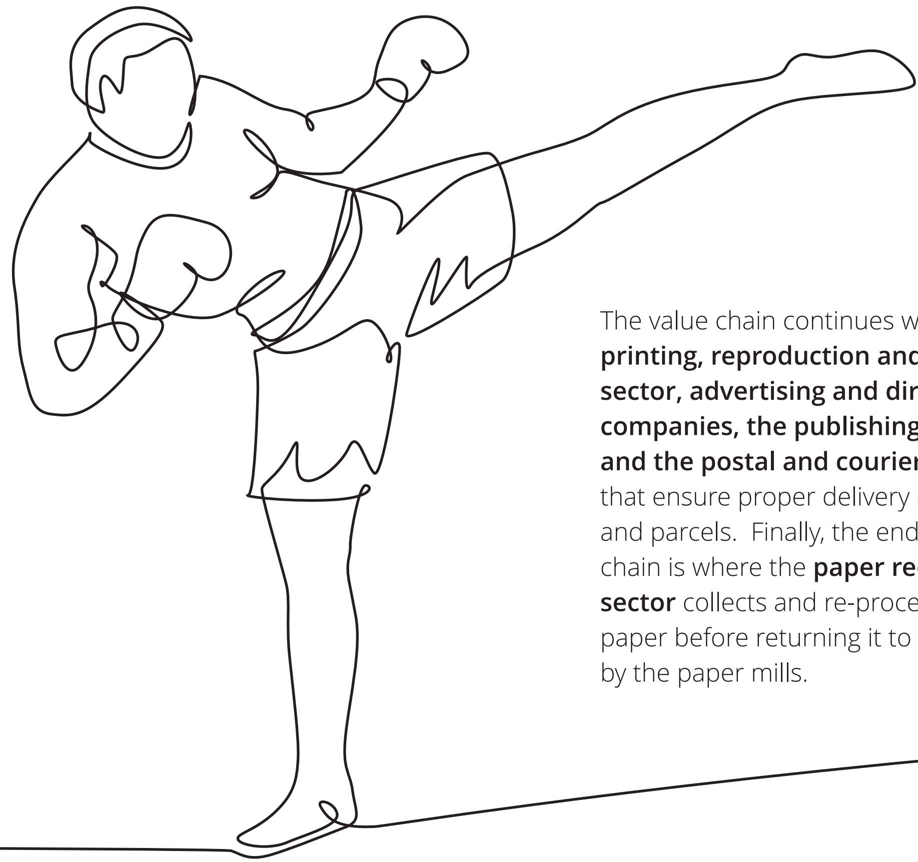
The doubly circular pulp and paper bioindustry, with its 69 paper mills and 10 pulp mills, is the **driving force of a powerful and sustainable value chain**, whose overall contribution to the economy represents 4.5% of GDP and generates one in five jobs in our country. Using local raw materials, **the sector improves the quality of life of citizens** in the 21st century with renewable and recyclable bioproducts that are substituting more and more products from non-renewable fossil resources.

The powerful and sustainable paper value chain

GRI 201-1 | GRI 203-2

One thing that COVID-19 has made crystal clear is the importance of having a **powerful and sustainable local industry,** with entire value chains nearby to avoid shortages of basic goods, especially in situations such as the one created by the pandemic. In the case of the paper sector, had it not been able to guarantee the supply of both personal hygiene and cleaning products and packaging for basic needs (food, drink, medicines...), a serious supply chain problem and overwhelming shortages would have occurred.

The paper value chain begins in wood plantations for paper, which the **industry** uses to produce **pulp and paper,** while **transformation companies** manufacture a wide range of paper and board-based products, such as packaging of all kinds (boxes, bags...), paper materials (envelopes, notebooks, folders...) and tissue products (toilet paper, diapers, kitchen paper...).



The value chain continues with the **printing, reproduction and finishing sector, advertising and direct mailing companies, the publishing industry, and the postal and courier services** that ensure proper delivery of letters and parcels. Finally, the end of the chain is where the **paper recovery sector** collects and re-processes used paper before returning it to be recycled by the paper mills.

The chain plays a very important role in the Spanish economy, not only directly but also in an indirect, induced manner and should be considered in its entirety. Its overall turnover represents **4.5% of Spanish GDP.** In terms of labour, the paper chain accounts in all for **18.5% of industrial employment** and 2% of national employment. With **8.8% of industrial production output,** it generates 13.2% of Spanish industry added value. It also contributes 1.8% of all tax revenues, through corporation tax, Social Security, personal income tax, and VAT.

SOCIO-ECONOMIC IMPORTANCE OF THE PAPER VALUE CHAIN (2015)
Million euros

GRI 201-1 | GRI 203-2

	Direct contribution	Total contribution (direct + indirect + induced)
Turnover	23,094	48,471
Added Value	8,528	18,378
Jobs	182,370	369,036
Wages & Salaries	6,090	12,536
Gross surplus	2,566	6,055
Taxation	3,529	7,424

SOURCE: CEPREDE *Socio-economic importance of the pulp, paper and board value chain. 2018*

The paper value chain's total contribution (direct, indirect and induced) to the economy as a whole accounts for **369,036 jobs** and €12.536 billion in wages and salaries.

Overall turnover stands at €48.471 billion and added value amounts to €18.378 billion.

The overall contribution to State revenues via taxes and Social Security contributions stands at €7.424 billion.

Good Sustainability practices

In order to broaden the focus of this report beyond the mere manufacture of pulp and paper, with the support of external consultants Worldlex (specialised in Sustainability & Environmental Management), we held four workshops in which organisations representing the various links along the paper value chain and some of its associate companies came together to provide information on the current situation, major milestones and good sustainability practices taking place in each of the following areas:

- **PACKAGING SECTOR** (AFCO – Spanish Association of Corrugated Board Packaging Manufacturers; ASPACK – Spanish Association of Paperboard Packaging Products and The Paper Bag),
- **PRINTING AND LABELLING SECTOR** (NEOBIS – Association of Graphic Arts and AIFEC – Iberian Association of Continuous Labelling Manufacturers),
- **BOOK SECTOR** (ANELE – Spanish Association of Book and Teaching Material Publishers and FGEE- Spanish Federation of Publishing Guilds); and
- **COLLECTION SECTOR** (ASPAPEL Spanish Forum of Paper for Recycling and REPACAR – Spanish Association of Paper and Cardboard Recyclers).

PACKAGING SECTOR

CONCLUSIONS

Risk-proof value chain

The paper and board packaging sector value chain is, by default, secure. Companies prioritise the procurement of raw materials from geographical areas where the legislation guarantees responsible practices in terms of human rights and the environment.

Going one step further than the legislation, companies in this sector pledge their commitment to sustainability through independent certifications of their product sourcing.

The risk management model these companies implement includes as part of their operations preventing risks from suppliers by requiring them to fulfil Codes of Ethics and Conduct for which their processes are approved on the basis of Sustainability criteria.

Natural advantage of moving towards the circular economy

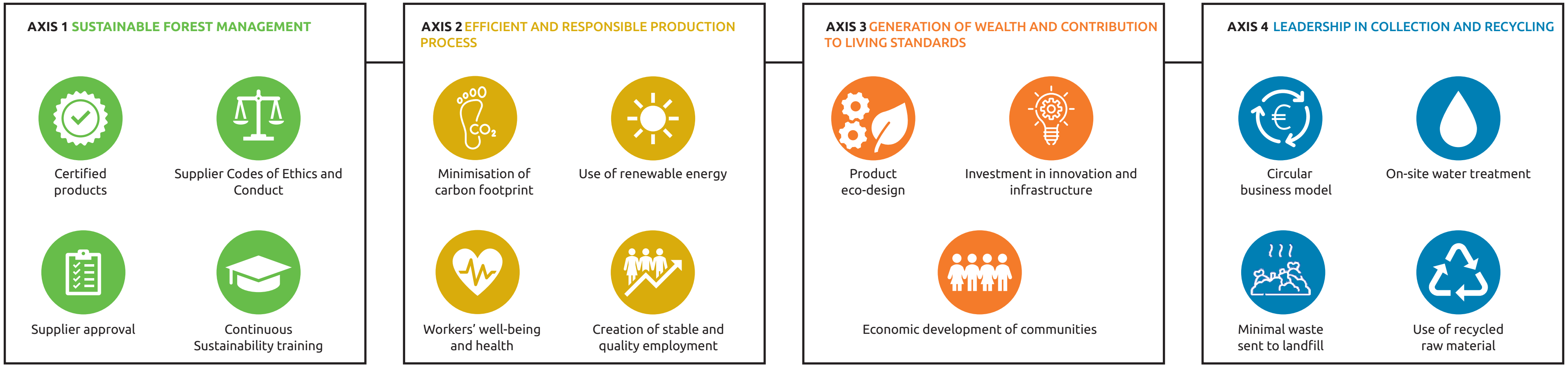
The paper and board packaging sector understands and has a keen stake in the preservation of nature (forest management), in which the manufacture of paper and board products completes a natural cycle that can maintain a sustainable environmental balance over time. These companies have invested a great deal of time and resources in preserving that balance.

The main raw material used is, by nature, renewable, recyclable and biodegradable. Even so, companies have invested heavily in maintaining a low impact on the environment.

In the design of its products, actions are being taken to reduce consumption of natural resources and promote a more sustainable use of materials. Clean and efficient technologies are used in its production processes. Some companies have taken important steps towards decarbonisation, both in production and in the offices, undertaking studies on how to reduce carbon footprint through renewable energy and energy efficiency measures, among others.

These companies are a reference in the transition towards circular business models. Although they count on the advantage of having waste or by-products that can be recycled as a raw material for their product, they also maintain a strong commitment to sustainability by recovering all their waste and even, in some cases, setting waste targets. It should be remembered that these companies have their own discharge treatment infrastructure to clean and return water to the natural environment under very stringent quality conditions.

DIAGRAM OF GOOD PRACTICE



Paper industry companies, protecting forests and water

The reputation of companies in the paper industry has suffered from a lack of quality, reliable information and from long-standing myths concerning the impacts their mills generate.

Nowadays, the certification of product sources is a general requirement to ensure and encourage proper forest management.

Water is doubly important to the paper industry: it is essential for forests to grow and for the production of paperboard packaging. The use of certain pollutants in the process has been reduced or even eliminated to ensure they do not end up in cleaning water. All Spanish board mills have installed treatment plants on site to clean their waters internally. The quality of their external effluents is subject to stringent requirements imposed by law that have led to a reduction in their pollutant load and has indirectly boosted the reuse of water before it is discharged.

Driving economic growth and decent work

The performance management policies and processes that have been put in place open the door to enhancing internal talent. Measures to achieve a better balance between work and family life and to protect workers' health and safety consolidate companies in the sector as attractive places to work in.

Employee well-being and care are ensured via quality jobs that offer career opportunities and job stability. This is clearly visible in companies in the paper industry, whose workforce tends to have low turnover and high seniority and average age rates.

In line with the Sustainable Development Goals (SDG), packaging companies provide their stakeholders with training and awareness-building. Equal opportunities are guaranteed at all corporate levels. In addition, extensive contributions are made to the development of local communities in Spain, both directly through the company's presence and indirectly by attending to the needs of the natural environment.

Opportunities for improvement

Trends in sustainability and society's needs encourage the use of paperboard packaging. These products have become preferential over other packaging materials and the sector has proven its resilience in production quality in the face of growing demand and requirements in regard to environmental care and the protection of human rights.

However, the opportunity to improve still remains in terms of retaining new talent or creating generational diversity, especially with young talent that is more open to frequent job changes.

PRINTING AND LABELLING SECTORS

CONCLUSIONS

Paper and board: sustainable products par excellence

The circular economy concept is inherent in paper and board's DNA and extends along the value chain, meaning the same business that depends on forests also defends their proper management through certificates of origin and chain of custody.

The main raw material for paper and board products is, by nature, biodegradable and recyclable. For the other auxiliary materials that need to be consumed to make and present the end product, companies prioritise the use of materials that contain fewer pollutants, as in the case of inks. Even though the market still does not insist on certificates of environmental or social responsibility, the sector takes great care to work with products from risk-free areas, where the legislation guarantees they have been responsibly sourced.

By default, the paper industry offers a wide range of certified products, which gives it an advantage over other products, since in recent years, the incorporation of Sustainability criteria has become more widespread in customer purchasing.

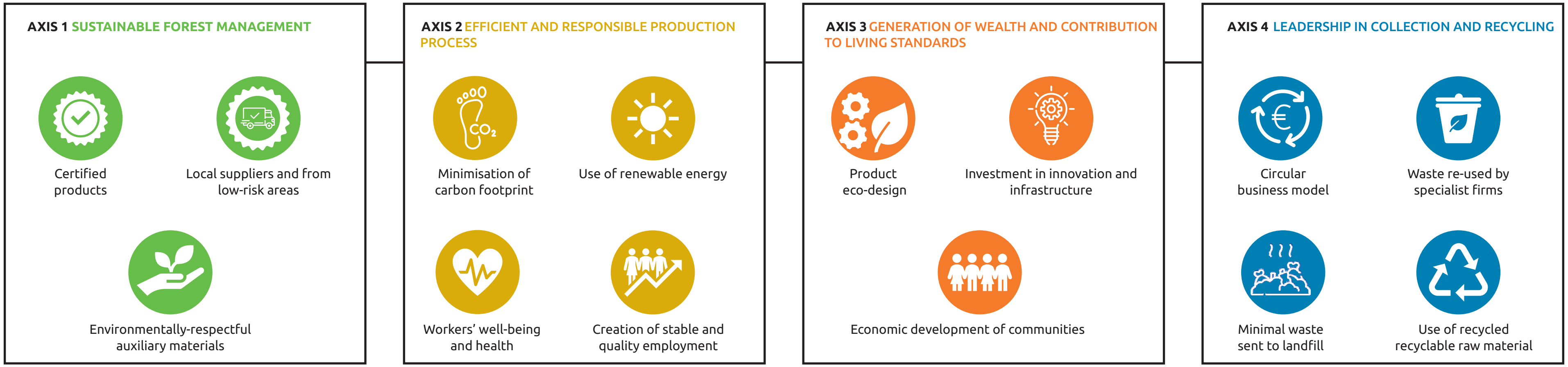
Furthermore, the sector remains firmly committed to innovation in order to develop and use more environmentally friendly materials.

A sector committed to energy transition

The printing business calls for a large consumption of energy, which has brought its companies reputational losses, when the truth is printing firms have invested very significant resources in developing methods and technologies that reduce the negative impact on the environment and for society.

They have incorporated measures into their strategies to minimise carbon footprint at both product and organisational level. Energy efficiency measures have been implemented across the board, from offices and workshops to machinery.

DIAGRAM OF GOOD PRACTICE



In accordance with multilateral agreements and national strategies, steps towards decarbonisation have been taken that include installing solar panels and procurement of 100% renewable power.

Attractive and sustainable value proposition

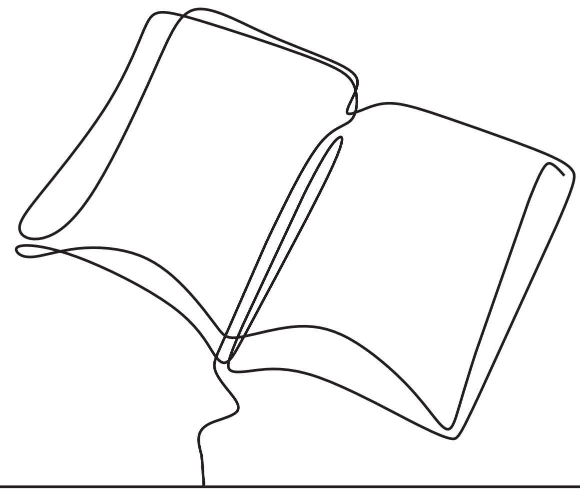
Like the rest of enterprises in the paper chain, printing and labelling companies have difficulty attracting and retaining new talent. Although it is true that, on the whole, the profile of people looking for employment has varied as a result of changing expectations among the younger generation and of new needs that arose from the pandemic, it is also clear that companies can mobilise resources to adapt to disruptive circumstances and accept more flexible measures.

Job-seeking trends have evolved towards a preference for employment that provides a balance between work and home life in companies with clear environmental and/or social objectives. The sector has already evolved in criteria considered important by its stakeholders, such as investing in reducing the business' impact on the environment and in implementing stronger safety measures to prevent occupational accidents.

It can be considered an attractive sector, because caring for nature (specifically, forests) is inherent to its economic growth and on top of that, it offers good remuneration and continuous professional recognition.

The pandemic has speeded up processes of change in the business world, measures to provide a keener balance between family life and work and more flexibility have increased throughout the organisational structure, and job positions have evolved with positive results in people's personal performance.

There is still room for improving the sustainability of auxiliary materials in products and technology, which is maintained through a firm commitment to innovation. It remains to make a concerted effort to strengthen generational diversity in the sector.



BOOK SECTOR

CONCLUSIONS

The paper book industry has shown itself to be resilient in the face of growing digitalisation and the health crisis caused by Covid-19.
The purchase of books and other uses of paper continues to grow significantly, despite the advance of digital alternatives. During the health crisis, it was possible to maintain the number of jobs while still protecting workers' health at all times.

Paper has been transformed by society's needs and expectations
Paper products and paper uses have evolved into new products, new types of paper, different grades. Traditional products remain while other types of paper consumption continue to grow.

Furthermore, the paper industry has managed to evolve in line with society's concerns over time, such as protecting the environment. Companies with paper products have invested significant resources in optimising their processes, increasing recycling, safeguarding the protection of human rights, and developing ways to combat illegal logging.

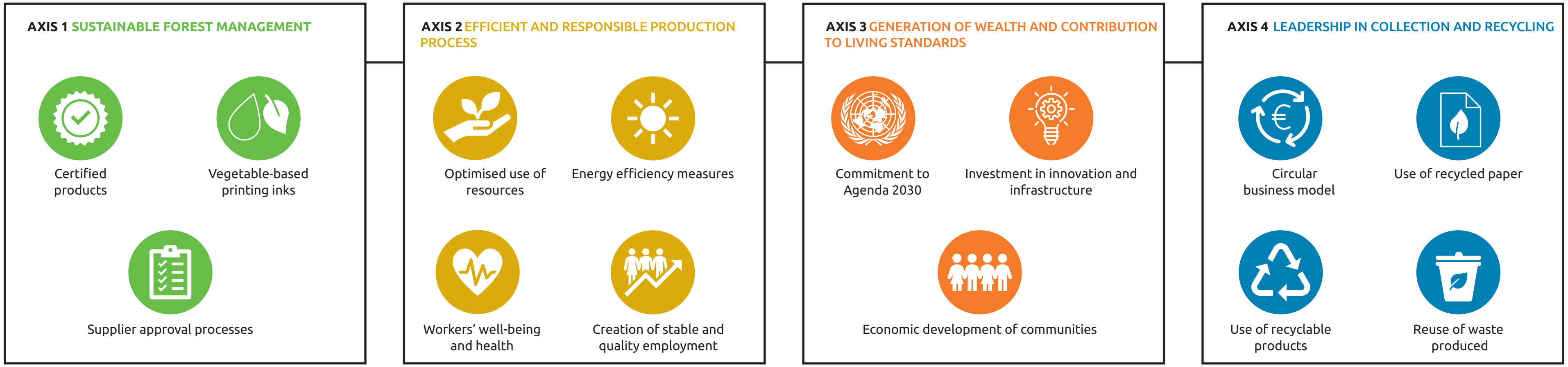
The production of paper books is sustainable over time
On the one hand, it has been demonstrated that people like to read on paper. Although there exist other possible substitutes for paper books, digitisation has not affected people's preferences and the demand for conventional books continues to grow.

On the other hand, whether by law or at its own initiative, the paper industry has achieved something that very few other industries have been able to: a circular business model. In the book printing business, that model starts with producing books using recycled paper fibre or recyclable raw materials or materials sourced from certified forests. The book-making process and its administration procedures seek to save energy, minimise consumption and reduce waste.

The minimal amount of hazardous waste generated is reused in the most efficient manner, like all other waste fractions. Moreover, the biggest waste – paper – is converted into its main raw material again, after being transformed.

Sustainability is implemented throughout the supply chain by requiring supplier approval according to sustainability criteria, prioritising recycled and/or recyclable materials, etc...

DIAGRAM OF GOOD PRACTICE



Book publishing as a driver of economic growth and decent work
The performance management policies and processes that have been put in place open the door to enhancing internal talent. Measures to achieve a better balance between work and family life and to protect workers' health and safety consolidate companies in the sector as attractive places to work in.

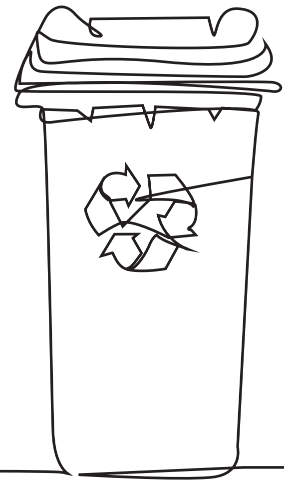
Employee well-being and care is defended through quality jobs that offer career opportunities and job stability. This is clearly visible in companies in the paper industry, whose workforce tends to have low turnover and high seniority and average age rates.

In line with the 2030 Agenda, book publishing companies provide their stakeholders with training and awareness-building. Equal opportunities are guaranteed at all corporate levels. In addition, extensive contributions are made to the development of local communities in Spain, both directly through the company's presence and indirectly by attending to the needs of the natural environment.

There is still some way to go
All the efforts and resources implemented by book publishing companies have led them to be considered benchmarks of proof that it is possible to create sustainable value, as is reflected in their economic growth.

However, there is still some way to go in terms of including sustainability criteria in the selection of outsourced suppliers and services (transport and machinery), as well as in both gender and generational diversity.

PAPER RECOVERY SECTOR



CONCLUSIONS

Paper collection and recovery: a key link in a circular business model

The collection and recovery sector is unique in that it is both the first and the last link in the paper value chain. It belongs to a system that closes material flows, where waste feeds the production of new products derived from paper and board. This cycle is possible thanks to the collection and recovery of properly separated and treated materials.

Both because of the inherent nature of its raw material and the efforts that have been invested, companies in this sector, like most companies in the paper value chain, have consolidated themselves as leaders in circular business with demonstrable economic growth.

Measures have been taken to optimise collection and improve quality in the recovery of paper and board through the use of clean, efficient and responsible technologies that lead to stronger creation of value.

Sector heading towards decarbonisation

In accordance with multilateral agreements and national policies, the sector has implemented both internal and external decarbonisation processes.

It has invested in technological innovation to create less pollution and minimise carbon footprint in its value chain. Measures have been taken throughout the entire business to reduce impacts by optimising transport routes to reduce emissions, procuring renewable energy, switching to electric machinery, or consuming more sustainable fuels, including creating its own infra-structure to produce biogas.

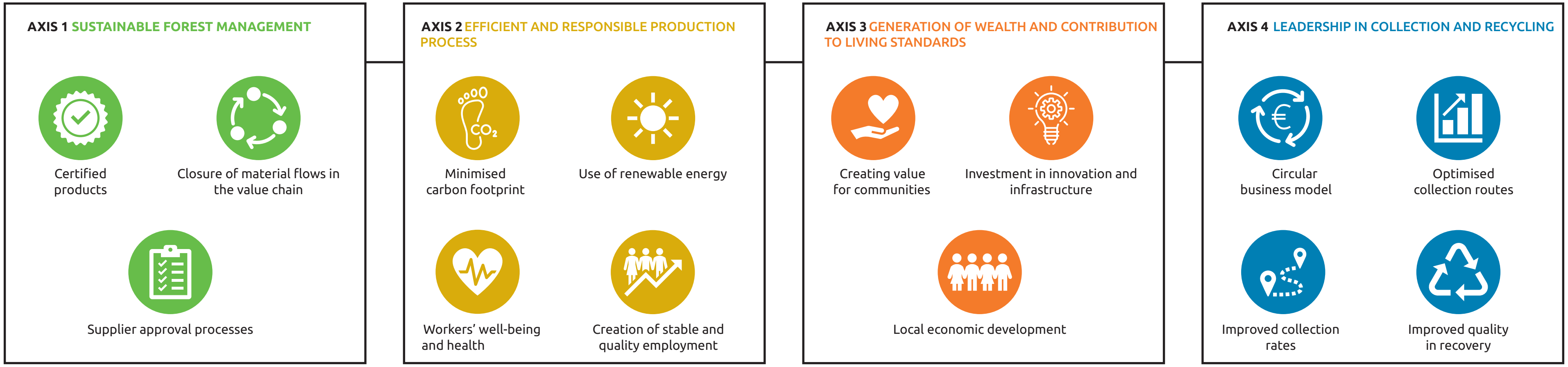
Studies are carried out continually to certify the sector’s carbon footprint and identify further opportunities for improvement.

360º Waste management

As paper and board waste managers, these companies have a built-in philosophy of reusing all kinds of waste. That means they go beyond their basic paper collection and recovery business and put their significant resources to use to treat and recover other types of waste within the company.

In addition, they strive to reinsert into their processes products that can be reused in order to minimise waste. Such commitment to reducing waste extends to the offices, where other products have been substituted with paper-based goods, which at the end of their life cycle will become easily recyclable, less pollutant waste that can be reintroduced as a sustainable raw material.

DIAGRAM OF GOOD PRACTICE



When technology is unable to guarantee recycling, either internally or through efficient waste management firms, the waste hierarchy is applied to recover energy. Water is also treated to ensure proper effluent quality.

This sector's business philosophy and its resources have led it to set direct or indirect goals of zero waste.

Driving economic growth and decent work

New profiles in regard to job-seeking aspire to a greater balance between work, career, and professional recognition and aligning personal goals with those of the company.

In general, the paper sector is experiencing difficulty in attracting and retaining new talent, even though it offers interesting, healthy, and sustainable jobs in companies that look after their workers in terms of safety and personal career development and demonstrate a certain degree of flexibility to balance work with personal life.

The pandemic has proven that companies can mobilise means to adapt to new situations effectively and productively. In particular, the paper and board collection and recovery sector has shown itself to be resilient by maintaining its operations as an essential business. The visibility of the actions it has taken to integrate new flexibility measures for the entire workforce, especially for jobs at operations level, its sturdy commitment to digitalisation, which has made living with health restrictions easier, and its implementation of policies and programmes that guarantee both security and equal opportunities, make this sector a stable and attractive one to work for.

In addition, these companies strive to strengthen employees' feeling of belonging to the firm, by involving its human resources in volunteering and social events that also add value to local communities.

Opportunities for improvement

All the efforts and resources put in place by companies in the paper recovery sector have led them to become benchmarks in terms of creating sustainable value.

However, there is still some way to go in terms of improving both gender and generational diversity in the workforce. That goes hand in hand with the opportunity to improve external communications to advertise such quality of employment in order to attract and retain new talent and to train its employees as experts in recycling.

69 paper mills and 10 pulp mills that generate employment and wealth in their communities

21 GR | 23 GR | 24 GR | 25 GR | 26 GR | 27 GR | 29 GR | 32 GR | GRI 201-1 | GRI 203 -1 | GRI 203-2 | GRI 204-1 | GRI 301-1 | GRI 301-2 | GRI 401-1

The Spanish paper industry is one of the largest producers of pulp and paper in Europe, with **69 paper mills and 10 pulp mills**, who play an important role in generating employment and wealth in their respective communities.

MAP OF PULP AND PAPER MILLS

GRI 203-1

GRI 203-1

In many cases, mills are located in small localities and make an important contribution to territorial structure and the fight against depopulation in rural Spain. The industry's business stimulates capital investment in infrastructure and services that boost the economic and social environment around the mills for the benefit of the entire community where they operate.

EXAMPLES OF INFRASTRUCTURES AND SERVICES THAT BOOST THE AREAS AROUND THE SECTOR'S MILLS

GRI 203-1

RAW MATERIAL SOURCING

Wood Contribution to the cleaning of forest stands and the construction and maintenance of access roads (forest paths).
Paper for recycling Contribution to street cleaning and less landfilling.

PRODUCTION

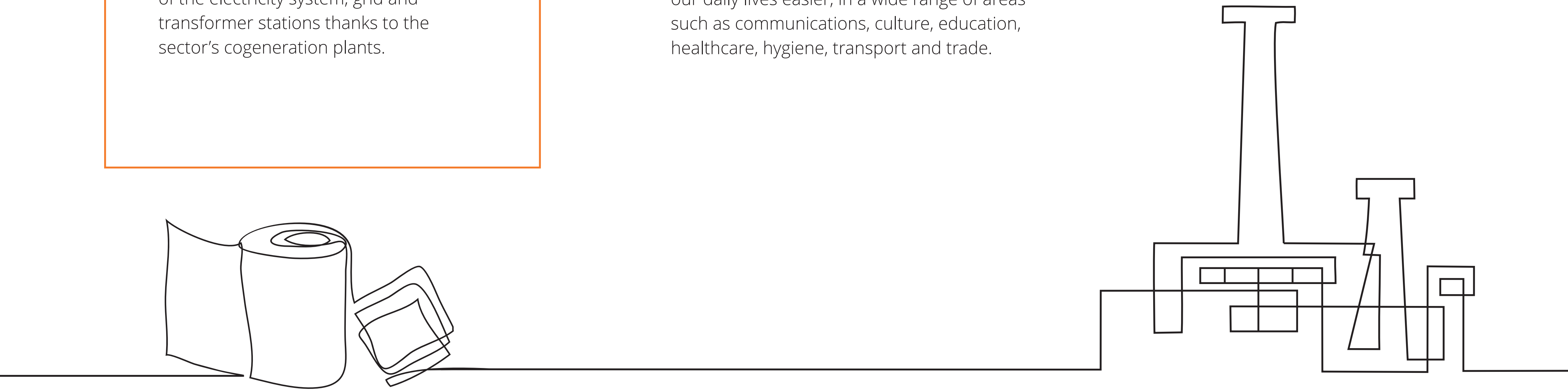
Improvement of access roads, implementation of gas mains, or installation of a municipal water treatment plant where previously there was none. Improved stability of the electricity system, grid and transformer stations thanks to the sector's cogeneration plants.

In the year of the pandemic, the slump in paper production was only 2.6% over the 2019 figure, while pulp production fell by 0.4%. Total production reached 6.27 million tons of paper and 1.65m tons of pulp. **Classed as an essential sector of the economy, the paper industry has managed to maintain its business and employment levels throughout COVID-19.**

Almost all of ten pulp mills and sixty-nine paper mills were able to remain in service by increasing their health & safety measures. The existence of a **strong national paper industry** has made it possible, even during lockdown, to meet demand and **avoid shortages** of essential items manufactured by the Spanish paper industry.

Such items are **essential products** that make our daily lives easier, in a wide range of areas such as communications, culture, education, healthcare, hygiene, transport and trade.

Following a slight rise in 2018, paper consumption stayed stable in 2019 and dropped by 4.7% in 2020, after six years in a row of growth. Nevertheless, that drop was practically half the slump in GDP and household consumption. Total **paper consumption** in Spain stands at 6.5 million tons, one million tons below the all-time consumption record of 2006. **Performance across the various types of paper was very asymmetric,** with difficulties for graphic papers and growth in packaging papers.



EVOLUTION OF PRODUCTION AND CONSUMPTION | Thousand tons

21 GR | 29 GR

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Paper production	6,203	6,177	6,181	6,036	6,195	6,219	6,218	6,157	6,437	6,269
Paper consumption	6,428	6,158	6,085	6,257	6,607	6,645	6,803	6,860	6,874	6,553
Pulp production	1,976	1,981	1,977	1,863	1,641	1,677	1,700	1,713	1,657	1,650
Pulp consumption	1,771	1,847	1,921	1,813	1,949	1,914	1,877	1,903	1,822	1,714

SOURCE: ASPAPEL

The paper industry manufactures essential products that make our daily lives easier.

TOTAL SECTOR TURNOVER | Million Euros

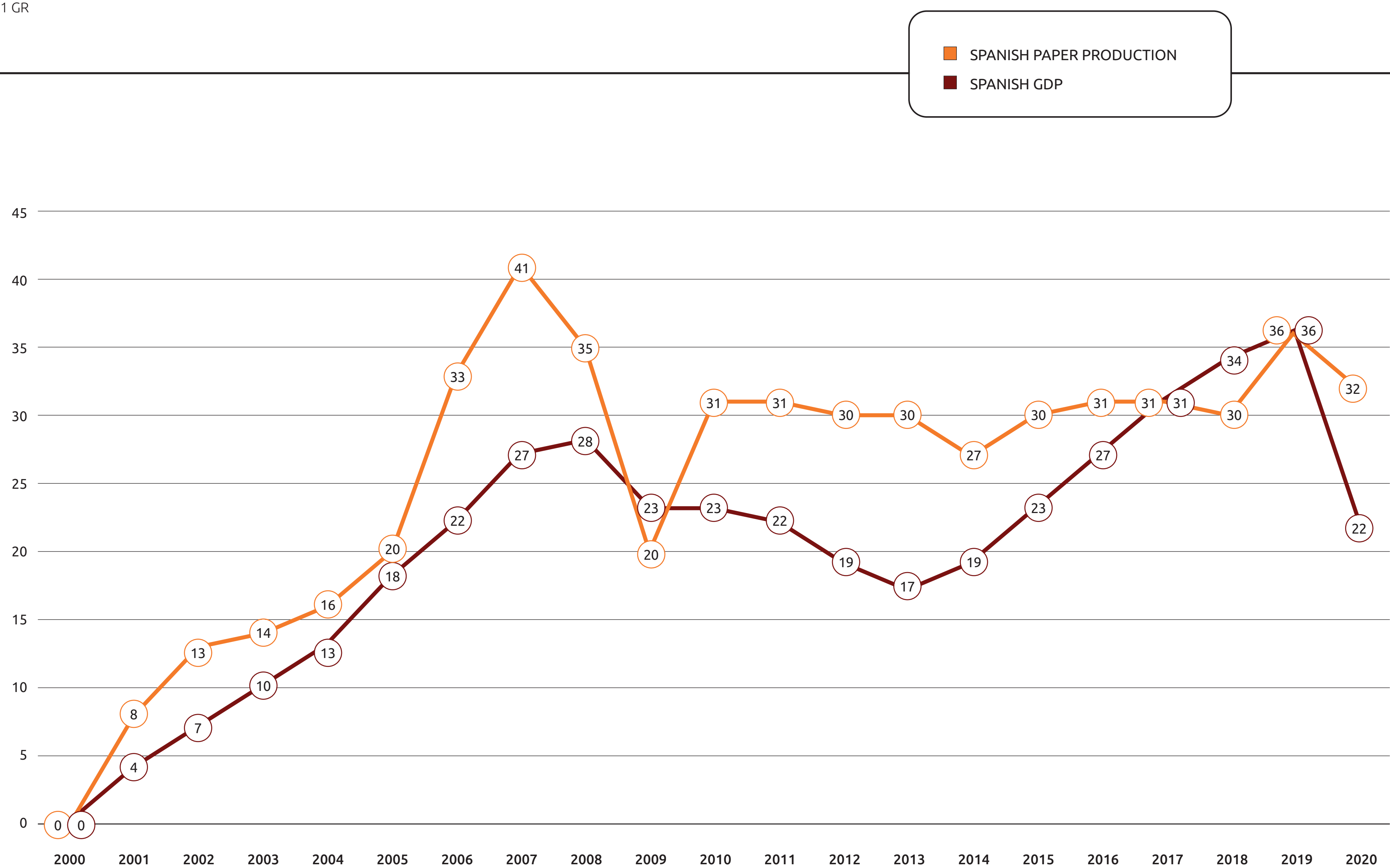
23 GR | GRI 201-1

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
4,643	4,317	4,263	4,141	4,156	4,240	4,401	4,779	4,618	3,981

SOURCE: ASPAPEL

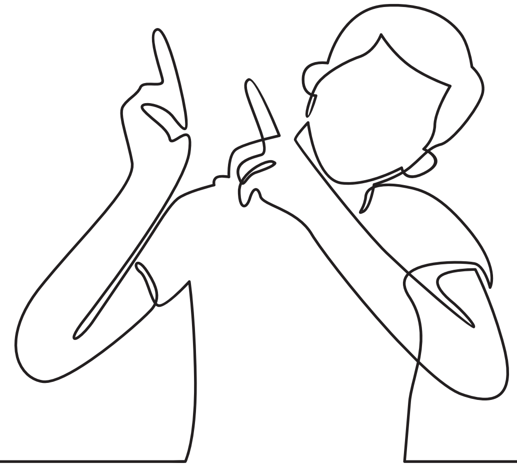
SECTOR GROWTH COMPARED TO GDP | % aggregate increase since 2000

21 GR



SOURCE: INE and ASPAPEL

The number of **direct jobs** in the pulp and paper industry stands at 16,637. In 2017, employment began to recover after the first and second recessions. In the period covered by this Report, employment has increased from 16,280 direct employees in 2017 to the current 16,637, with employment levels being maintained in 2020, the year of the pandemic - a remarkable achievement. **Employment in the industry is characterised by its high qualification and stability.**



EMPLOYMENT AND PRODUCTIVITY

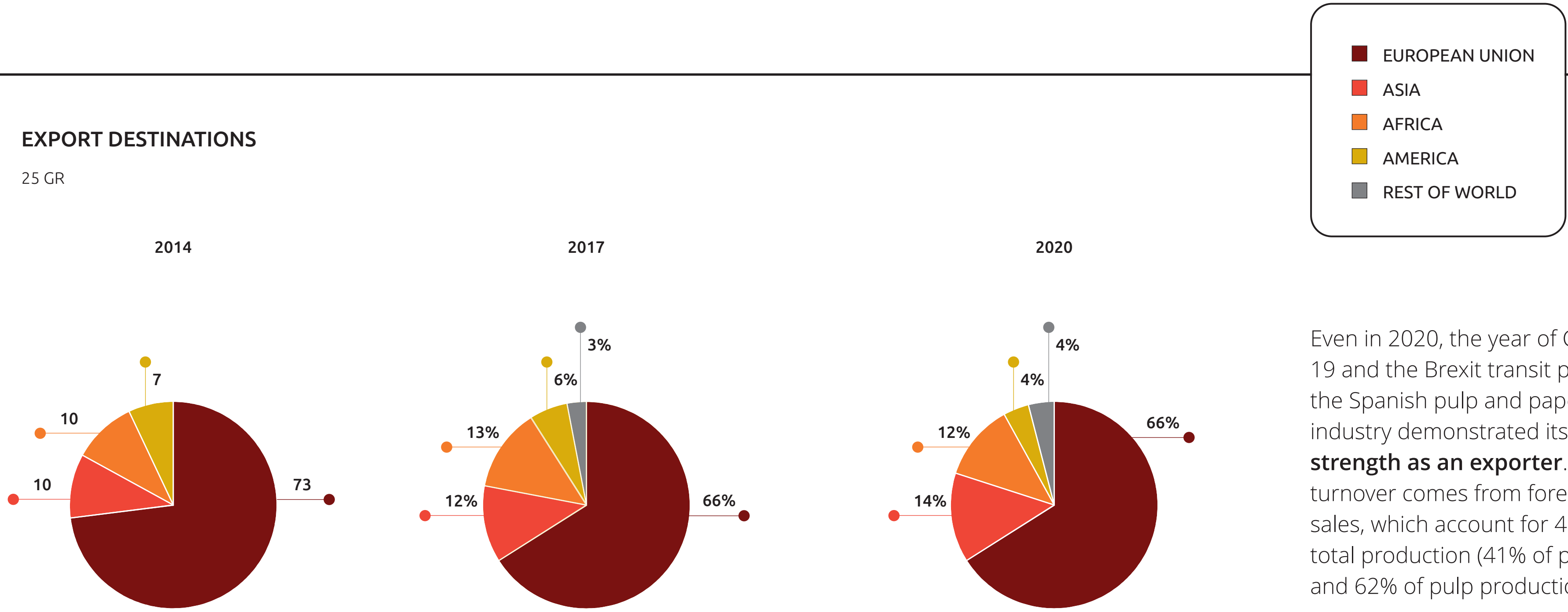
26 GR | 27 GR | GRI 401-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct employment (number of employees)	17,200	17,150	17,075	16,570	16,320	16,200	16,280	16,595	16,635	16,637
Productivity (tons per worker per year)	476	476	478	477	480	487	486	474	487	476
Pulp and paper production	8.2	8.2	8.2	7.9	7.8	7.9	7.9	7.9	8.1	7.9

SOURCE: ASPAPEL

EXPORT DESTINATIONS

25 GR



SOURCE: ASPAPEL

EVOLUTION OF EXPORT RATE | % exports / production

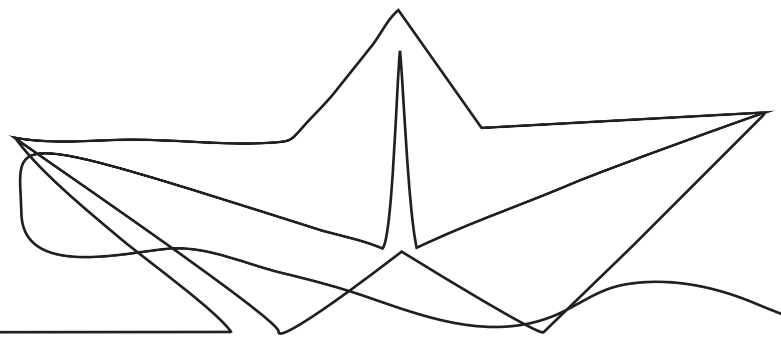
25 GR

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Paper export rate	47.6	47.9	49.3	48.3	45.1	45.5	43.1	42.0	41.2	41.4
Pulp export rate	62.3	59.2	61.6	58.9	51.8	55.4	56.6	55.8	56.5	62.3

SOURCE: ASPAPEL

Even in 2020, the year of COVID-19 and the Brexit transit period, the Spanish pulp and paper industry demonstrated its **strength as an exporter**. 59% of turnover comes from foreign sales, which account for 46% of total production (41% of paper and 62% of pulp production).

The **main destinations** of those exports are other countries in the **European Union**, mainly Germany, France, Italy, Portugal, and the United Kingdom. The EU continues to be the largest export market (66% of total exports), while Spain's presence on **Asian markets** continues to grow significantly (14%).



PROCUREMENT OF LOCAL RAW MATERIALS

24GR | GRI 203-2 | GRI 204-1 | GRI 301-1 | GRI 301-2

To make paper, the basic **raw materials** are virgin fibre, fibre for recycling, and auxiliary materials, such as starch, kaolin, glues, dyes, etc., which are used to give the end paper certain properties and finishes for its intended use.
The sector prioritises local consumption in its raw material procurement. 97% of the wood and 71% of the paper for recycling used as a raw material in 2020 by the pulp and paper industry were locally sourced. In an economy like Spain's, which traditionally suffers from a deficit of raw materials, the paper sector stands out for its significant **use of local suppliers** and the **added value it creates by its industrial transformation** of those supplies carried out at the 10 pulp mills and 69 paper mills located in Spain.

RAW MATERIAL PROCUREMENT | thousand tons

24GR | GRI 203-2 | GRI 301-1 | GRI 301-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Virgin fibre	1,771	1,847	1,921	1,813	1,949	1,914	1,877	1,903	1,822	1,714
Paper for recycling (*)	4,432	4,409	4,476	4,396	4,508	4,520	4,367	4,257	4,482	4,463
Auxiliary materials	866	867	886	1,043	1,020	1,024	906	861	998	914
Total raw materials	7,069	7,123	7,283	7,252	7,477	7,434	7,150	7,021	7,302	7,091

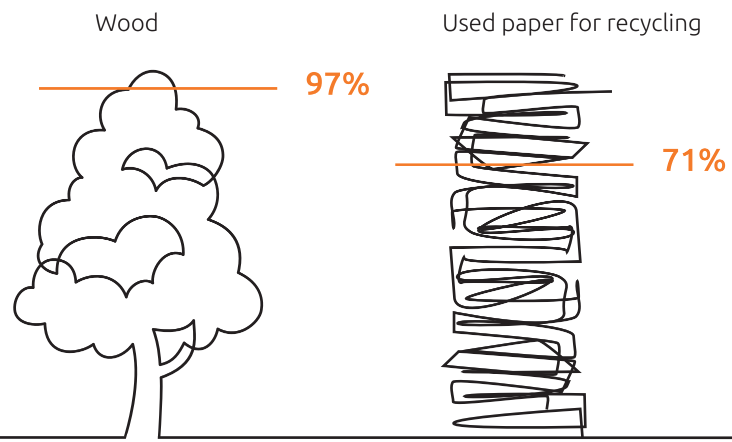
* In consumption of pulp equivalent

SOURCE: ASPAPEL

Such levels of local sourcing are possible because Spain is the **third largest country in the EU in terms of forest landcover**, after Sweden and Finland, and has an **efficient paper collection and recycling collection system** supported by massive collaboration of the general public.

LOCAL RAW MATERIALS 2020 | %

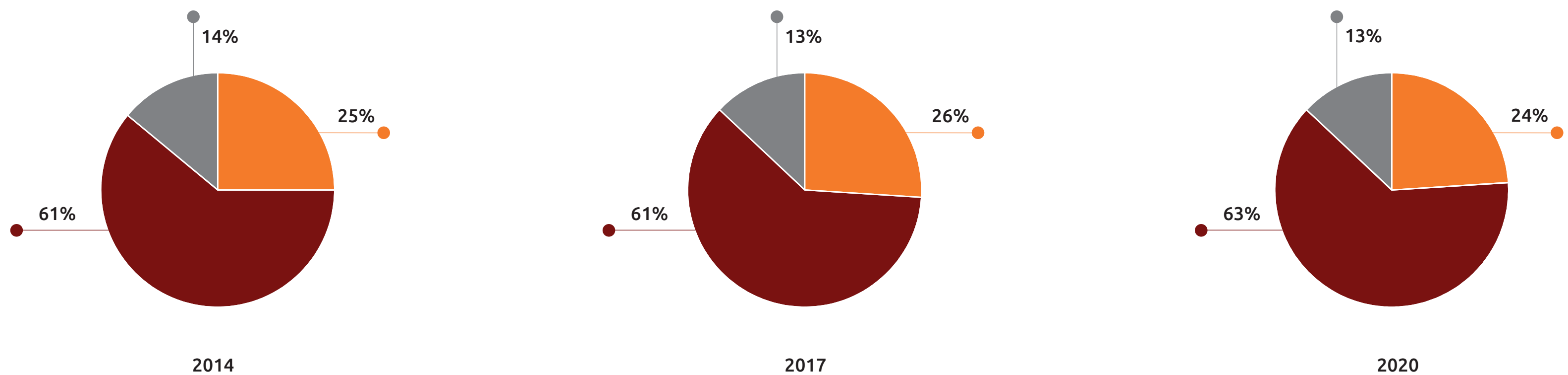
24 GR | GRI 203-2 | GRI 204-1 | GRI 301-1 | GRI 301-2



- VIRGIN FIBRE (%)
- FIBRE FOR RECYCLING (%)
- AUXILIARY MATERIALS (%)

RAW MATERIAL PROCUREMENT | %

24GR | GRI 203-2 | GRI 301-1 | GRI 301-2



SOURCE: ASPAPEL

RAW MATERIALS AND FINISHED PRODUCT TRANSPORT

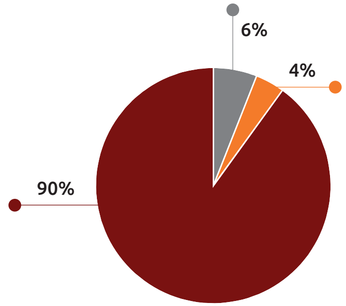
32 GR | GRI 203-2

The Spanish pulp and paper industry transports 11.7 million tons of **raw materials** (wood, market pulp, and paper for recycling) by **road** (90%), **sea** (6%), and **train** (4%). Road haulage (77%) is also the most widely used means of transport for the 6.3 million tons of **finished product** (paper), which is also transported by **sea** (19%), mainly on its way to export, or by **train** (4%).

SEA
TRAIN
ROAD

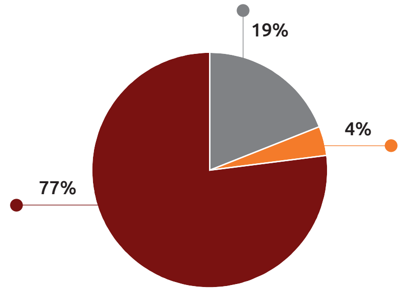
RAW MATERIAL TRANSPORT 2020

11.7 million tons



FINISHED PRODUCT TRANSPORT 2020

6.3 million tons



TRANSPORT

32 GR | GRI 203-2

	2014	2015	2016	2017	2018	2019	2020
Transport of raw materials (wood, market pulp, paper for recycling)							
Total volume (m tons)	11.2	11.4	11.6	11.8	12.0	12.0	11.7
Train (%)	7	6	5	5	6	5	4
Road (%)	86	89	90	89	89	90	90
Sea (%)	7	5	5	6	5	5	6
Transport of finished product (paper)							
Total volume (m tons)	6	6.2	6.2	6.2	6.2	6.4	6.3
Train (%)	10	9	8	8	11	5	4
Road (%)	66	69	71	73	74	76	77
Sea (%)	25	22	21	19	15	18	19

SOURCE: ASPAPEL

In terms of reducing emissions from transport, the sector is working to **improve access to rail freighting,** despite the drop seen in the last few years in this mode of transport for both raw materials and finished paper. Another basic outstanding issue is the **optimisation of road haulage**, for which it is crucial to increase the permissible maximum weight per truck to 44 tons, as is already the case in neighbouring countries.

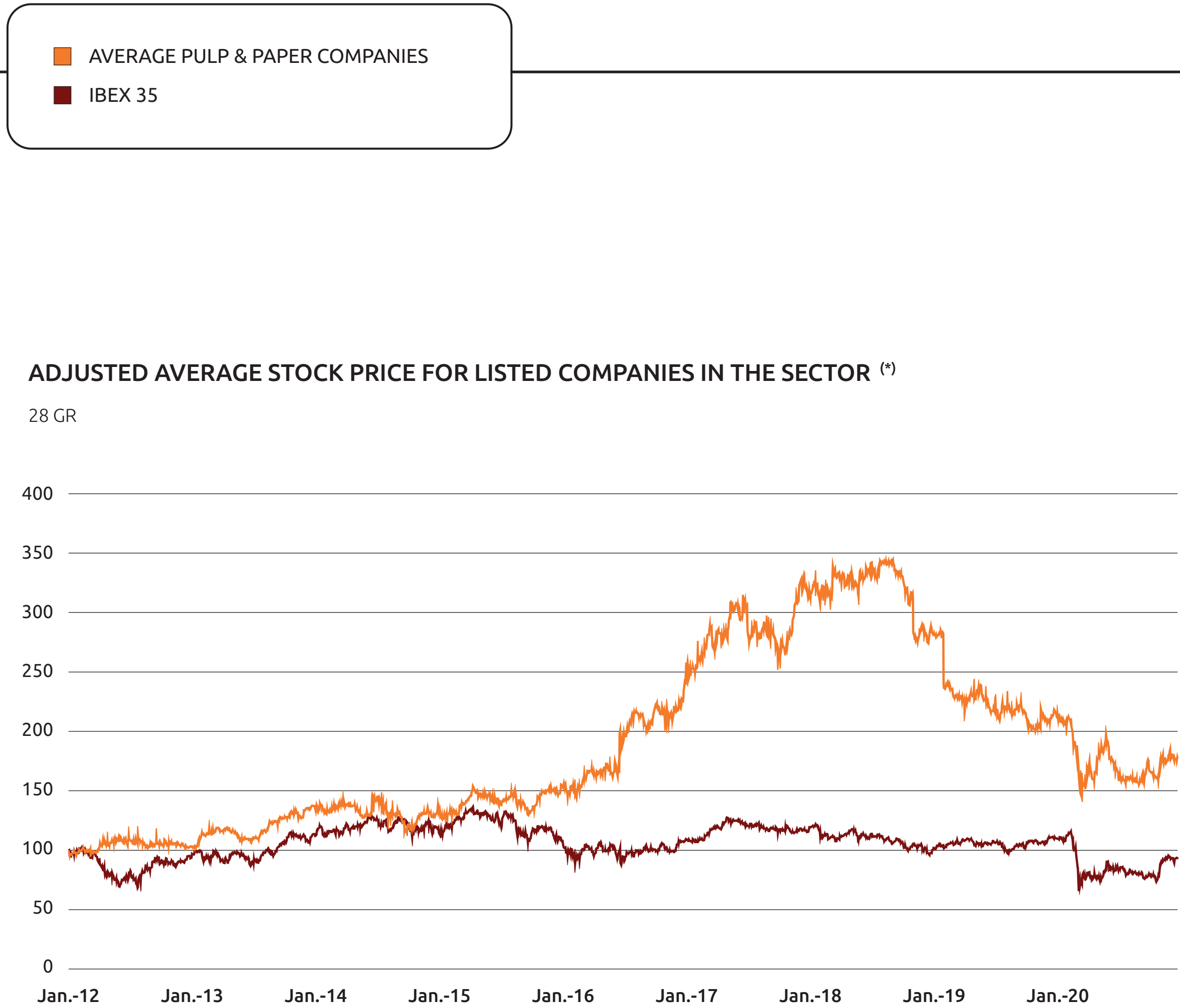
Stock market performance of listed companies

28 GR

Over the reporting period (2018-2020), listed pulp and paper companies have seen a clear downward run on share prices that then levels off at the end of the period, although their average stock price is higher than the Ibex 35.

ADJUSTED AVERAGE STOCK PRICE FOR LISTED COMPANIES IN THE SECTOR (*)

28 GR



*Europac – up to 06/02/19, Iberpapel, Ence, Miquel y Costas, and Sniace up until 13/07/20

Innovation: decarbonised bicircularity

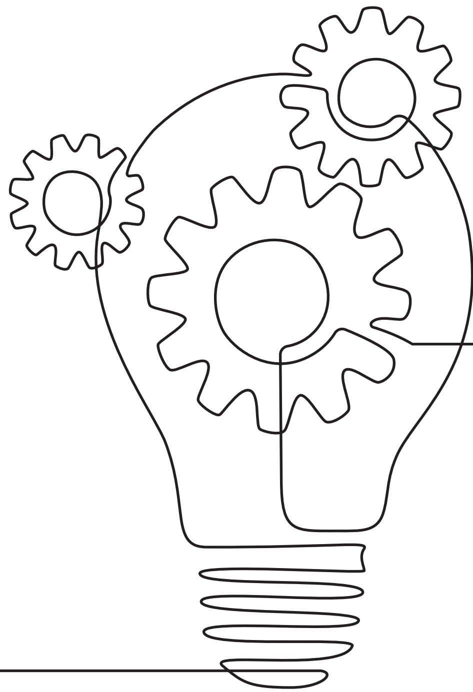
31 GR

In November 2019, ASPAPEL signed the European paper industry CEOs' initiative on behalf of the Spanish paper industry, which outlines the sector's **contribution and plans for achieving climate neutrality in Europe by 2050** and declares its support and **commitment to decarbonisation**. The path to the sector achieving full decarbonisation and contributing to European climate neutrality already has a firm base in the paper industry's achievements to date, where it has guaranteed the sustainability of its raw materials and improved the performance of its processes with low-carbon products.

The Spanish paper industry's goal is to advance in the **transformation of the paper value chain into an international benchmark as a circular and decarbonised industry,** contributing to the country's objectives and enhancing the competitiveness and sustainability of Spanish industry.

The paper value chain shares a vision of itself to which it is strongly committed as a doubly circular bioindustry (**natural circularity** using natural, renewable raw materials, and **social circularity**, with recyclable and massively recycled bio-products), destined to **lead the decarbonisation** of our economy.

The road to that decarbonised bicircularity is already marked by achievements and opportunities such as **local, renewable and carbon-neutral raw materials,** its extremely **high recycling rates,** or having managed to decouple carbon emissions from production growth through **energy efficiency.** Special mention should be made of low-carbon, bi-cyclical paper bio-products' increasing **substitution of other materials** as an alternative to carbon-intensive products from non-renewable and non-biodegradable sources.



Investment in innovation and technological renewal

22 GR | 31GR

With capital expenditure totalling €1.085 billion in the period covered by this Report (2018-2020), the Spanish paper industry is a strong investing sector with a **CAPEX to turnover ratio** for the period of **over 8%.** By way of reference, the latest data to be published by Spain's Institute of Statistics reveals average investment for Spanish industry as a whole stands at 4% of turnover.

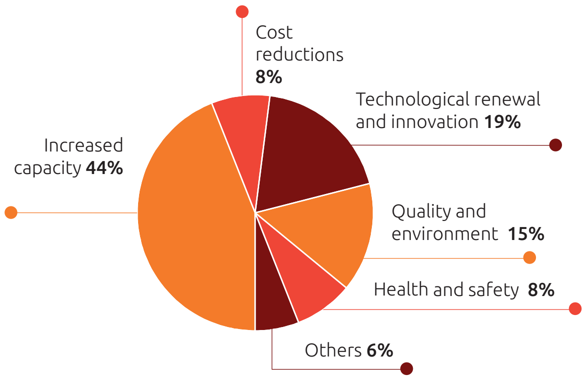
In 2020, those investments were channelled following much the same pattern as in recent years, with 44% going on **increasing production capacity,** ahead of **innovation and technological renewal** (20%), and **quality and environment** (15%).

In the period 2018-2020, €549 million (51% of the sector's total capital expenditure) were directed at increasing capacity. In general, this is a sector in continuous transformation that is migrating to a large extent towards markets with greater growth potential, such as packaging, and products of greater added value, such as special papers for a large diversity of applications.

Investment in innovation and technological renewal in 2018-2020 totalled €167 million (15% of total CAPEX), and finally, 13% of total CAPEX for the period was directed at quality and environmental improvements.

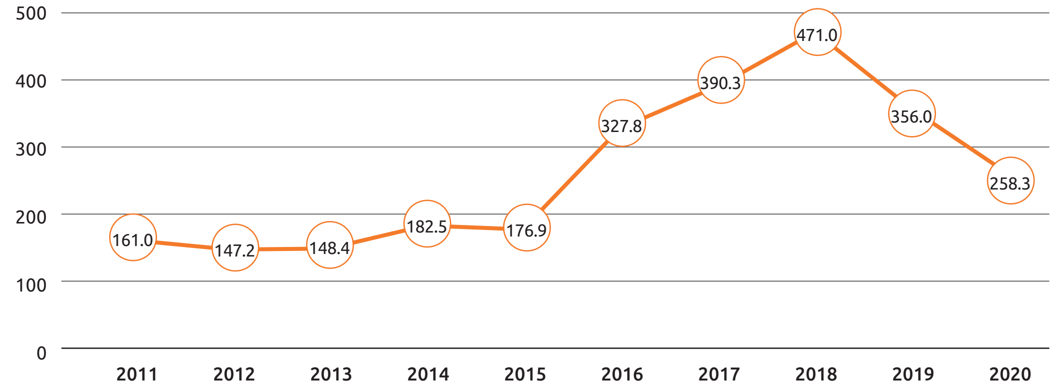
PAPER SECTOR CAPEX 2020
% of total

22 GR | 31 GR



INVESTMENT IN THE PULP AND PAPER SECTOR | million Euros

22 GR



SOURCE: ASPAPEL

Material substitution: a complete mix of low-carbon, bicircular paper bioproducts

29 GR | GRI 102-43 | GRI 102-44 | GRI 103-2

The Spanish paper industry, with 10 pulp and 69 paper mills, produces **a highly balanced mix of papers** that includes all leading varieties for a very diverse range of paper products.

29 GR

The sector produces papers both for corrugated board and coated board, which are used to manufacture the different types of **containers and packaging** necessary to transport and sell all kinds of goods. It also produces paper for large volume sacks (cement, pet food...), paper for shopping bags, board for tubes, moulded cellulose packaging, etc.

For **hygiene and sanitary** uses, the Spanish paper industry manufactures tissue papers used in personal hygiene (toilet paper, sanitary towels, diapers, facial tissues, ...), private homes (kitchen paper, napkins, tablecloths ...), and for sanitary and industrial cleaning equipment.

It also manufactures **graphic papers** for printing (newspapers, magazines, books, brochures, cards) and for writing (loose leaves, notebooks, ...), as well as an endless range of **special papers** for very diverse applications: self-adhesive papers, filter paper, metallic paper, security papers, ...

These are **essential products** that make our daily lives easier in areas as varied as communications, culture, education, healthcare, hygiene, transport and trade.

We are also witnessing a significant process of **product substitution.** For example, in the world of packaging, in response to demands from end consumers, many specifiers, packers, designers and distributors are looking for more sustainable solutions and are therefore turning to paper and board, which are renewable, recyclable, and biodegradable and thus the natural choice for trade, logistics, and transport.

No material can be perfect for all possible applications, but large distribution and packaging brands are actively working with paper companies in search of more sustainable alternatives. **Paper has significant potential as a substitute of other materials.** According to studies by specialist consultants such as MATERIAL ECONOMICS (Sustainable packaging. The role of materials substitution 2018), 25% of all non-renewable materials currently used in packaging are eligible for substitution without jeopardising functionality. For example, natural polymers are already being developed that can be incorporated into paper and board containers to protect them against moisture and make them waterproof without preventing their subsequent recycling. **Innovation** plays and will continue to play a fundamental role.

Drinking straws made of paper; compostable single-dose coffee pods; compostable food trays for restaurants, catering and take-away; reusable, recyclable, and biodegradable supermarket bags; paperboard trays for the sale of fresh products in shops, or tea bags made entirely of cellulose fibres - these are just some of the paper products that the industry is developing and marketing to respond to the needs of the responsible consumer.

CONSUMER SATISFACTION

GRI 102-43 | GRI 102-44

Paper is a highly versatile, flexible, multi-purpose material with an enormous capacity to respond to the new needs and demands of today's consumer.

According to the 2020 edition of the **Paper Public Opinion Survey** carried out periodically by SIGMADOS for the paper value chain (national computer-assisted telephone survey consisting of one thousand interviews among the general public aged over eighteen), 85% of consumers would like the use of paper products as a substitute of other materials to increase (65%) or to remain as it is (20%).

82.7% of respondents cannot imagine life without paper, while 79.3% express their loyalty to paper and **satisfaction with paper-based products.**

Respondents give paper products a 7.8 out of 10 rating. The most highly valued characteristics are **recyclability** (8.5 out of 10), **biodegradability** (8.1), the fact that they adapt well to the purposes they are used for (8), and their safety for the user (7.9).

One trend that is emerging strongly is **forest certification**, since 82% of respondents expressed a preference for products with forest certification. A majority of respondents consider growing wood on plantations maintains or even improves forest resources (57%), as the same number (28.9%) or more (28.1%) trees are planted than are logged, and that majority remains across all age groups and among both men and women.

A large majority of respondents (88%) claim they recycle their paper in the **blue bin** always (66.6%) or almost always (21.4%), and recycling is the issue on which citizens have the greatest demand for information (64% of respondents say it is the issue concerning paper that they would like to have more information about). Respondents considered **paper and board packaging to be more ecological** (97.4%), more pleasant (85%), of greater quality (67.7%), and more convenient (58.4%) than other types of packaging. Paper shopping bags are the preferential choice in supermarkets (54.8%) for respondents of all ages, compared to bags made of other materials. Paper and board are also far and above the preferred packaging for online purchases (preferred by 76.6% of online shoppers and between 76% and 78% across all age groups).

In comparison with e-readers, they consider **paper books** to be more pleasant (82.3%), of higher quality (72.9%), and more convenient (66.4%). 79.6% of respondents are in favour of the paper book co-existing with the e-book.

The survey reveals an overall growing trend of acceptance and satisfaction with new and emerging uses of paper and board. 73.4% of respondents would definitely buy (53.7%) or are likely to buy (19.7%) soft drinks in board packs if they were packaged in the same material as already occurs with milk or fruit juice. 79.9% would definitely buy (61.9%) or are likely to buy (18%) household cleaning products if they were packaged in board.

A large proportion of consumers (76.7% of respondents) also state they are willing to use **new paper products** such as straws, food trays for restaurants, catering and take-away, shopping bags, etc. that until recently have mostly been made from other materials. Respondents also expressed their support for research and development into new pulp, paper and board products, while 87% said they were willing to use future paper products such as smart packaging, paper batteries, cellulose-based cosmetics and medicines, etc..

Finally, paper and board products are widely accepted as **essential products** by respondents, especially for hygiene and sanitary papers (8.99 out of 10), food, beverage, and medicine packaging (7.64), and graphic papers for books, newspapers and magazines (6.60).

PRODUCT SAFETY

GRI 103-2

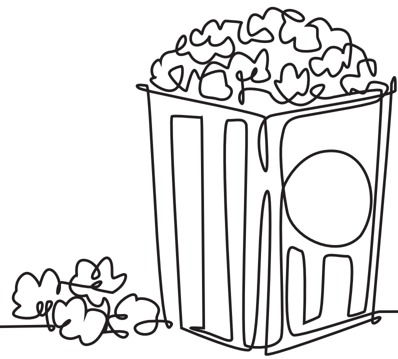
The Spanish paper industry upholds a firm **commitment to the quality and safety of its products,** especially those that, as part of food packaging, are intended to come into contact with food.

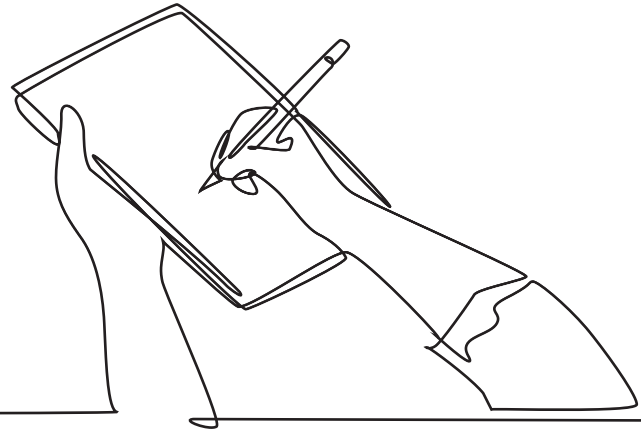
In the absence of specific harmonised legislation for paper and board across the EU, the Spanish paper sector has proactively imposed its own specific control measures. As early as in 2010, it collaborated in the publication of an Industrial Guide to determining the suitability of paper and board materials and articles for contact with food, in accordance with the most stringent European regulations.

Very recently, and given the ongoing lack of specific harmonised legislation, a new document has been drawn up (**Food Contact Guide for the Compliance of Paper and Board Materials and Products, 2019**) to help the Spanish paper industry fulfil the requirements of the most stringent European legislation in force in this respect. The guide covers aspects such as risk management, product design, selection of raw materials, good manufacturing practices, and process control and monitoring, along with end product testing. It covers all paper and board materials and products and therefore applies to paper and board making, to the manufacture of tissue paper, and to the handling of materials and end products destined to come into contact with foodstuffs. An increasing number of companies in the sector, following the recommendations given in the Guide, have end product safety certificates that validate the results of their self-monitoring, certify compliance with applicable regulations, and offer the consumer guarantees as to the quality of their paper and board for food contact.

Furthermore, the **Good Manufacturing Practices guide for paper and board in contact with food** drafted in 2010, which recommends ascertaining that all raw materials used come from clearly-identified and approved suppliers, has been revised and updated. Monitoring must also guarantee traceability all the way through the process to the end product, enabling any level of risk to be identified and suitable management measures implemented. Throughout the reporting period, work has continued on the implementation of the Good Practice Guide by Spanish mills in the paper sector.

The Spanish paper industry promotes the safety of paper products along the entire value chain, involving all actors there in a firm commitment to protecting consumer health. At national and international level, it collaborates with lawmakers and regulatory bodies to guarantee suitable measures for protecting **consumer health and defending their interests.**

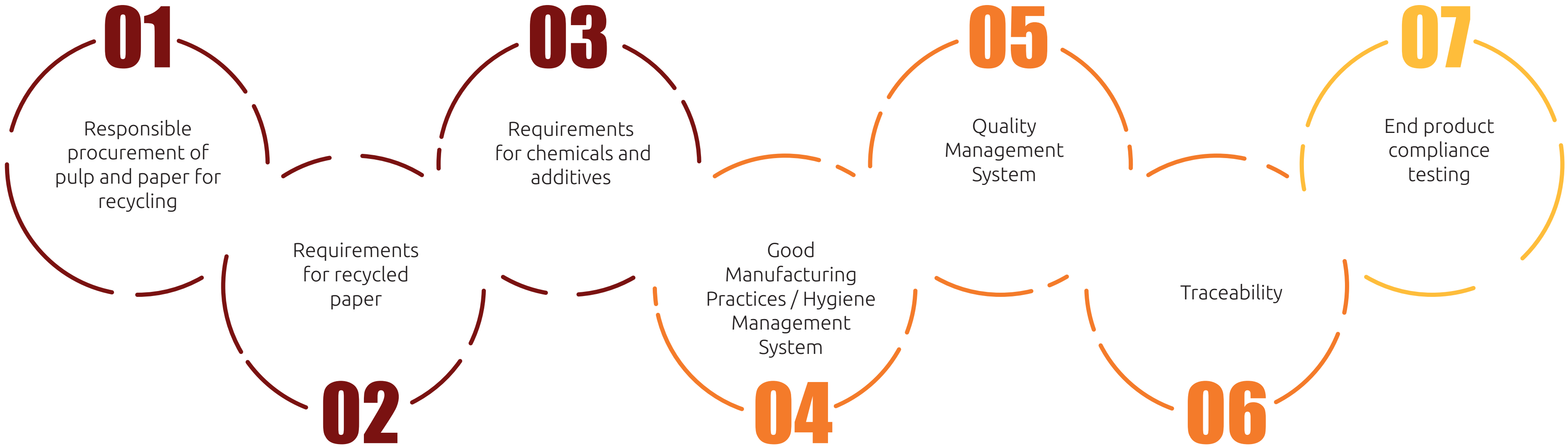




COMPLIANCE ASSESSMENT FOR THE MANUFACTURE OF PAPER AND BOARD FOR FOOD CONTACT

GRI 103-2

- RAW MATERIALS
- PROCESS
- PRODUCT



Social action in the paper sector

30 GR | GRI 413-1

ASPAPEL (Sector-wide scope)

30 GR | GRI 413-1

ASPAPEL carries out a large number of sectorial initiatives in environmental matters and has entered into collaboration agreements with different cultural and educational organisations.

On the environmental front, it is worth mentioning the forestry education activities imparted by the **Edufores Foundation** and the **Blue Birdies scheme** (www.pajaritasazules.com) directed at town councils and local authorities to promote good practices in their management of separate used paper and board collection.

As for culture and education, through ASPAPEL, the sector has collaboration agreements with a number of bodies, some of whom are mentioned below:

- **Asociación Hispánica de Historiadores del Papel (Spanish Association of Paper Historians):** under the agreement, the sector aids their organisation and structure, sponsors the biannual AHHP Awards, and collaborates in the organisation of exhibitions, publication of books and papers, etc.
- **Museo Molino Papelero de Capellades (The Capellades Paper Mill Museum):** under this agreement, the sector collaborates in the maintenance of the Museum and its work.
- **EMOZ The Zaragoza Teaching Museum of Origami:** an agreement to provide aid to this initiative, which is a pioneer in Europe.
- **Polytechnic University of Catalonia (UPC):** agreement to promote a University Master's degree in Paper and Graphic Technology at the UPC School of Industrial, Aerospace and Audiovisual Engineering in Terrassa (ESEIAAT), through student scholarships to finance tuition and placements at companies in the sector.

SOME EXAMPLES OF SOCIAL ACTION BY COMPANIES IN THE SECTOR

30 GR | GRI 413-1

Within the framework of their corporate social responsibility strategy, companies in the sector run very diverse sponsorship and patronage programmes in collaboration with local administrations, non-government organisations, education centres, sports associations, etc. In the period of this report, apart from their usual aid, educational, cultural, and sports programmes that confirm their commitment to the areas where the sector does its business, our companies have undertaken additional actions in the fight against the Covid-19 pandemic and its health, economic, and social consequences.

ALIER

Alier runs a variety of actions and collaboration initiatives in the fields of skills training, research, social inclusion, and sports with different bodies in the areas where it operates. In regard to training, it has collaboration agreements in place with the **University of Lleida (UDL)** and the **Open University of Catalunya (UOC),** and also collaborates in the **dual master's degree in Industrial Engineering at the UDL** and the **master's degree in Paper and Graphic Technology at the Polytechnic University of Catalonia (UPC)**. It participates in **specific training programmes with institutes** in the area, such as the Intermediate Training Cycle in Administrative Management at the Almenar Vocational School, the Higher Degree Training Cycle in Electro-mechanics at the Episcopal Institute, and its support of training schemes at Rossellor College.

As far as research goes, ALIER collaborates with the UDL on an **INNOTEC project** entitled: "Revalorising paper waste: reuse of cellulose and production of 5 Hydroxymethylfurfural".

The company's social action takes the form of supporting social inclusion with companies such as **TIRGI, Sant Joan de Deu,** or **ASPROS**. Finally, it is worth mentioning its support for local sport: ALIER is a partner and collaborator of **Rosselló and Atlétic Lleida football clubs.**

Alier is a patron of the P**aper Mill Museum in Capellades** and also collaborates as the main promoter with the **Health and Sustainability Foundation,** which carries out research and development on mental health.

COTTON SOUTH

Cotton South is an enterprise that started out in life as a worker co-operative, created in one of the areas of Spain hardest hit by unemployment, so it has a clear commitment to **local development.** Given its industrial, commercial, and international procurement of raw materials, it is highly focused on defending the ten underlying principles of the **United Nations' Global Compact,** of which it is a signatory. It is a B member of **Sedex,** and in 2020 renew its membership of the **Business Club for Nature (WWF).**

Its social action activities in 2020 include assistance collaborations **(Red Cross, Caritas, AEDO-PAT - Association of Patients and Donors of Organs for Transplants)** and with institutions in the area where it runs its business **(town councils of Fonelas and Benalúa, and Parish of Fonelas y Benalúa)** through different collaboration and sponsorship initiatives.

ENCE

ENCE Pontevedra runs a Social Plan that is one of the largest social initiatives by a private company in Spain, **to which it allocates funds to finance projects in six areas of action: sports, education and culture, entrepreneurship, community aid, recovery and care of local environments, and the fight against exclusion from society.** Some highlights of the more than 800 projects financed since the plan commenced include the **'Limpa a túa Ría' project, ENCE Intercultural Language Scholarships 2018/19, or the Protection of forest species' nests.**

In 2017, ENCE signed a Framework Agreement for Cooperation with the Town Council of Navia to aid projects such as the **rehabilitation of the Navia Casino** and surrounding areas, the promotion of **concerts**, or the **Navia Book Fair**. In the field of sports, it has financed the installation of **new athletics tracks** and sponsored sporting events, such as the **annual rowing race along the Navia Estuary or the Navia Estuary triathlon.**

Ence has also taken measures against Covid-19. Firstly, it extended the implementation periods of its Pontevedra Social Plan projects in view of the situation and in 2020, it launched **"Encemplea"** to help young job-seekers from Pontevedra to find employment. Likewise, it **donated a reel of approved, unwoven textile fabric to** a citizens' initiative aiming to **produce face masks and healthcare material to various hospitals.** In the area surrounding its Navia biomill, it donated - in collaboration with LC Paper from Gerona - two truckloads of **paper for sanitary and hygiene use produced** by LC using pulp from the Ence biomills to various public **hospitals in Asturias.** Again, in collaboration with LC Paper, Ence supplied **Puertollano City Council** with a truckload of **sanitary material.**

GOMÀ-CAMPS

Among the various social action initiatives taken by GOMÀ-CAMPS, it is worth mentioning the **Reto Experimenta Programme** at the **Rovira i Virgili University Foundation** in Tarragona. Interest and vocation in science are not born, they need to be created. That is the essence of the programme, which aims to channel synergies between the university, research centres and companies such as Gomà-Camps in order to promote, through experimentation, a **vocation for science and technology** among the very young. Designed as a competition, the programme challenges **1st and 2nd year secondary schoolchildren** (12/13 y.o.) to design and carry out scientific experiments with homemade materials under the supervision of scientific sponsors from the academic and business world. Over 4 sessions, these active career professionals show the children real scientific methods in a practical and applicable manner.

Gomà-Camps participated in the challenge by sponsoring scientific capsules and involving its staff through sponsorship to accompany the schoolchildren in the classroom.

INTERNATIONAL PAPER

Prominent among the social action initiatives launched by IP is its support of **APNA (Association of Parents of People with Autism)** through a donation to train three of their professionals in the innovative PACT technique and to purchase all the necessary material to put it into practice. It is hoped that more than 200 families will benefit from this project in the short term, followed by another thousand over the next 10 years.

The **PACT (Paediatric Autism Communication Therapy)** method is a communication therapy for children with autism or social communication needs that was developed in the United Kingdom and is used in the UK national health service. APNA will be the first Spanish centre dedicated to autistic health disorders to apply this novel therapy in the field of education.

IP also collaborates with **FESBAL (The Spanish Federation of Food Banks),** donating corrugated board boxes and money, collecting food from its plants and offices, and allowing employees to volunteer in the "The Great Collection" week.

LC PAPER

Through a co-operation agreement between **Ence and LC Paper, several trucks of tissue products for hygiene and sanitary use were donated to SEPSA - the Asturias Regional Health Service,** as part of the setting-up of field hospitals in response to the Coronavirus pandemic. These sanitary products were made by LC Paper using unbleached "Naturcel" pulp from Ence as raw material.

In this way, both companies collaborate in the **fight against the coronavirus,** given the importance during this situation of guaranteeing supplies to citizens and health centres of paper products, especially tissue, which plays an important role in the hygiene measures required to curb and combat Covid-19.

Furthermore, during this period, LC Paper has been awarded **"B Corp" certification,** making it the only tissue industry in the world and the only paper company in Europe to have this seal of positive social and environmental impact, which identifies companies that have successfully passed a demanding audit of corporate responsibility. There are more than 4,000 B Corp companies in the world, about 100 of them in Spain.

30 GR | GRI 413-1

MIQUEL Y COSTAS

The Miquel y Costas Group carries out social action projects that express its corporate commitment to the environment and its responsibility towards various social groups close to its mills. Since 2019, this action has been channelled through the **Miquel y Costas & Miquel Foundation (FMCM).**

Some of the most significant projects include **picture-writing courses** at three schools close to the group's mills, **collaboration with the Princess of Girona Foundation** to aid social training projects that facilitate access to the labour market, and research, innovation, and technology development projects, or the **Yoleo project** to encourage reading among secondary school children in collaboration with the **Legiland/Yoleo** society.

The Group also collaborates with the **Pasqual Maragall Foundation,** whose main objective is the early detection of Alzheimer's disease, with the **Media-Lab Festival (Tortosa),** which combines robotics, virtual reality, augmented reality and video games and is open to primary and secondary school students in the region of Las Terres de l'Ebre, and with the **Museu Moli Paperer,** an educational instrument that makes it possible to explain the evolution of paper and its growing use as a sustainable material to the approximately 26,000 people that visit it each year, mainly secondary school students.

Likewise, the firm 'Smoking', which belongs to the Miquel y Costas Group, collaborates in the international project **"Trees for the Future",** aimed at helping local farmers protect large areas of the Sahel region.
del Sahel.

SMURFIT KAPPA NERVIÓN

Within the group of initiative known as **'EveryOne-Inclusion and Diversity Programmes'** and as part of its Corporate Social Responsibility strategy, Smurfit Kappa Nervion undertakes various aid, educational and employment orientation programmes every year, directed at its employees and at the local community where it operates.

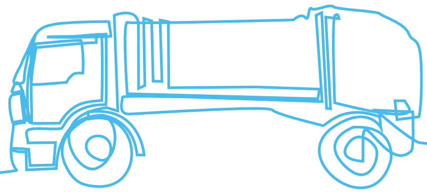
Several initiatives and actions have been carried out since 2018, such as the **Family Plan** for handicapped members of company employee families, aid **programmes for students with disabilities** with **Vocational Training Centres in Bizkaia,** Awareness-building Campaigns for all students at the **Vocational Training Centre in Iurreta, Journey towards a Job - Avifes** (Individual job counselling for people with mental disabilities at the Duranguesado and training school), or **Online Corporate Volunteering via Mentoring,** providing job-searching advisory services and training in specific technical skills to handicapped youngsters.

Furthermore, Smurfit Kappa Nervion carries **out sponsorship and patronage programmes in collaboration with local institutions, non-governmental organisations, or sports and cultural bodies,** such as the Red Cross (aid for 74 families in situations of extreme vulnerability, often due to the Covid-19 crisis), food collection campaigns, or sponsorship and aid to local sports clubs (football, Basque rackets, women's cycling, etc.).

PAPER BICIRCULARITY: QUALITY LOCAL RECYCLING

4,384,700 tons

PAPER FOR RECYCLING COLLECTED



66.9%

COLLECTION RATE

Percentage of consumed paper

5,130,400 tons

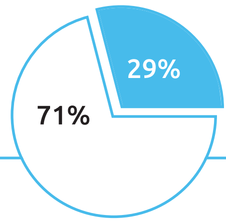
USED PAPER RECYCLED

2nd largest recycler in the EU

78.3%

RECYCLING RATE

Percentage of consumed paper



PROMOTING PAPER RECOVERY AND RECYCLING

- Pajaritas Azules
  Tu papel 21 • Municipios
- Standardisation
- European Guide to Recyclability of Paper and Board Packaging
- 4ever green

LEADERSHIP IN COLLECTION AND RECYCLING

PAPER BICIRCULARITY: QUALITY LOCAL RECYCLING

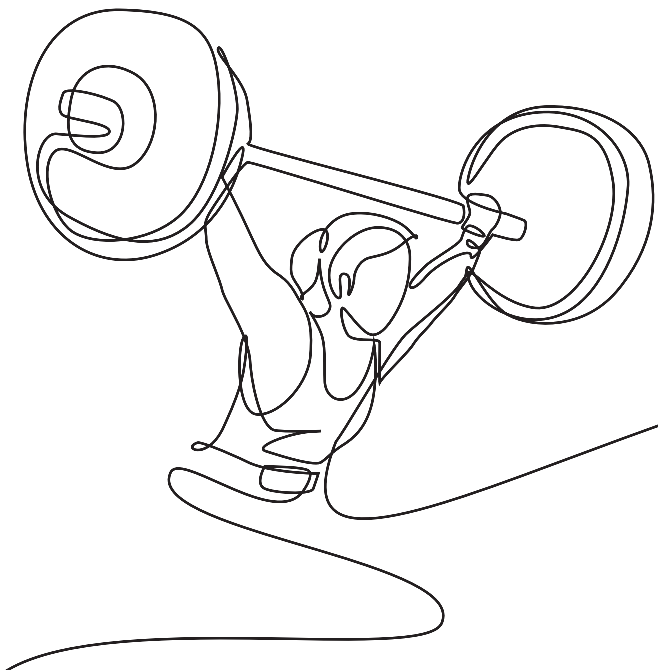
The paper cycle, which begins with the **natural circularity** that comes from the renewable nature of its raw material (wood for paper grown on plantations), closes with **high-quality local recycling,** thanks to the concurrence of three factors: a highly efficient collection system, the involvement of **municipal councils**, and massive collaboration from the **general public,** all of which combine to create a powerful r**ecovery sector** and a **paper industry** with large recycling capabilities (the second largest recycler in Europe) that guarantees that all paper collected in Spain that meets European quality standards will be recycled.

Paper and board collection and recycling in Spain, a system that shows its muscle, even when faced by a pandemic

18 LR | 19 LR | GRI 301-3

As occurred during the last financial crisis, during the health, social and economic crisis created by COVID-19, the collection of paper and board in Spain once again flexed its muscle to demonstrate how **strong and well-designed the system is.**

In 2020, the year of the pandemic, 4,384,700 tons of paper and board were collected for recycling, a volume similar (-0.7%) to that of 2019. Despite the pandemic and even during lockdown, families continued to recycle, and have done so more than ever, practically offsetting the drop in collection from the hospitality and retail sectors. The volume collected is equivalent to **44 large football stadiums filled to the brim with paper and board.**



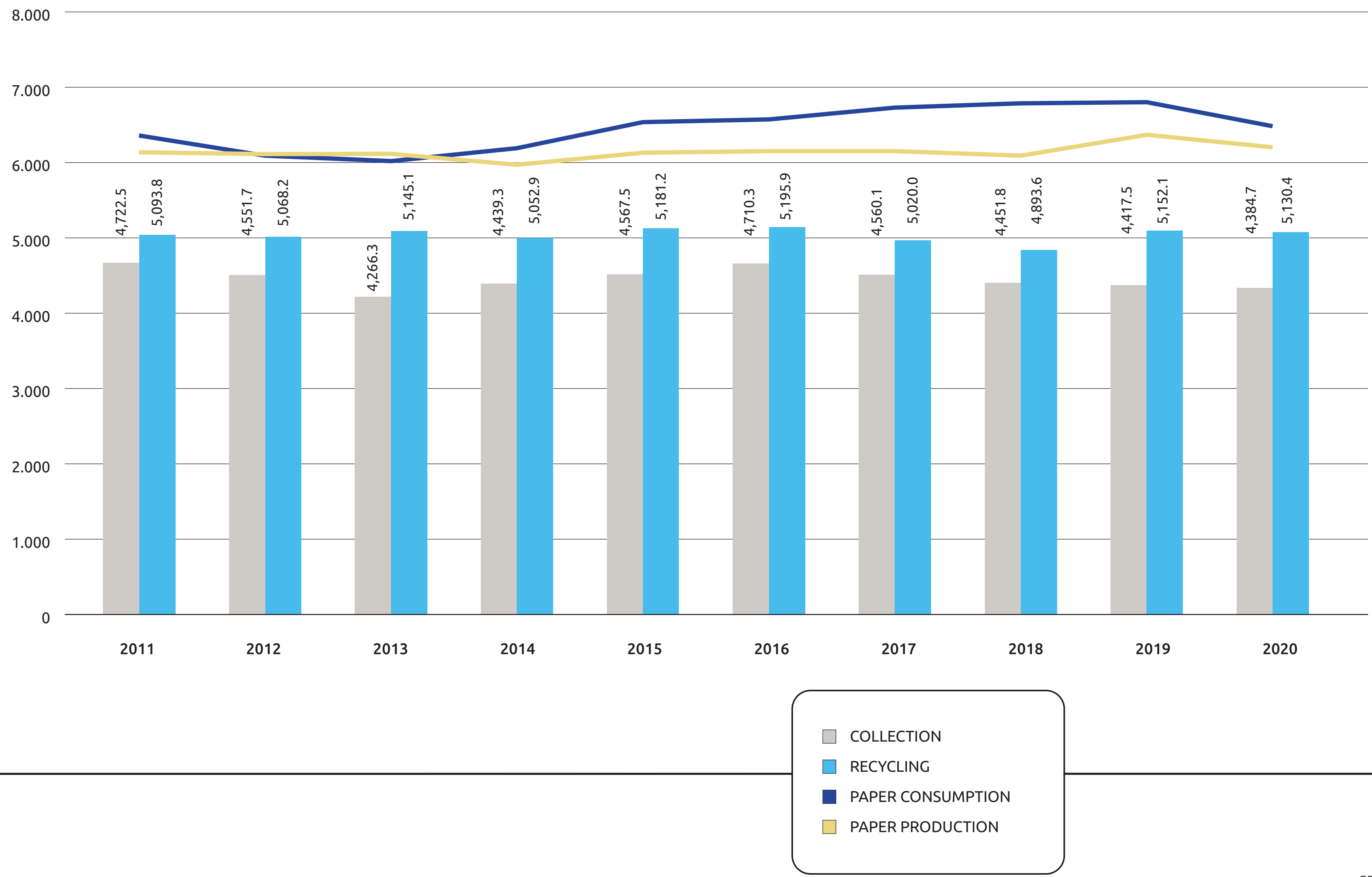
In the whole period covered by this report (2018-2020), the collection of paper for recycling stood at 4.4 million tons, with a decrease of 3.8% in 2020 compared to 2017, in line with the fall in paper consumption, which over the same period was -3.7%.

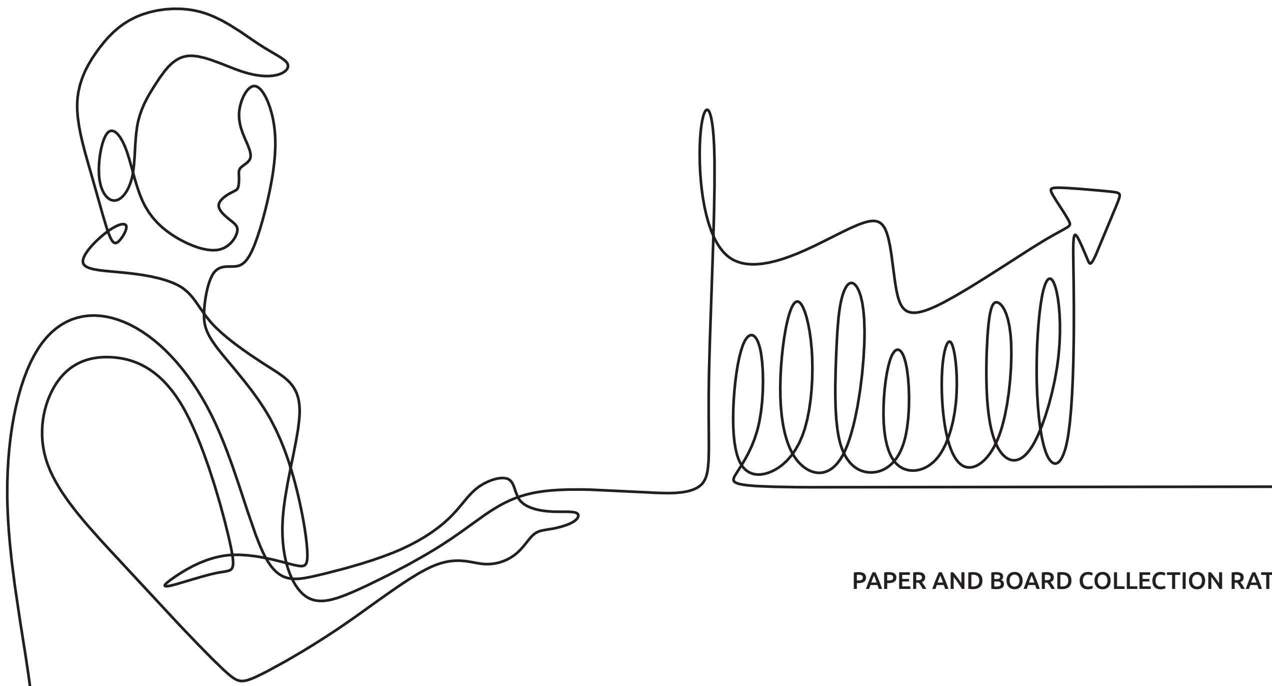
Spanish **paper mills** received 5,130,400 tons of used paper in 2020, a volume similar (-0.4%) to that of 2019. For the entire reporting period, the volume of recycling increased by 2.2%, from 5.02 million tons in 2017 to 5.13 million tons today.

The **recycling rate** (paper recycled as raw material by paper mills over total paper and board consumption) stood at 78.3%, which is a growth of over 4% compared to 2017.

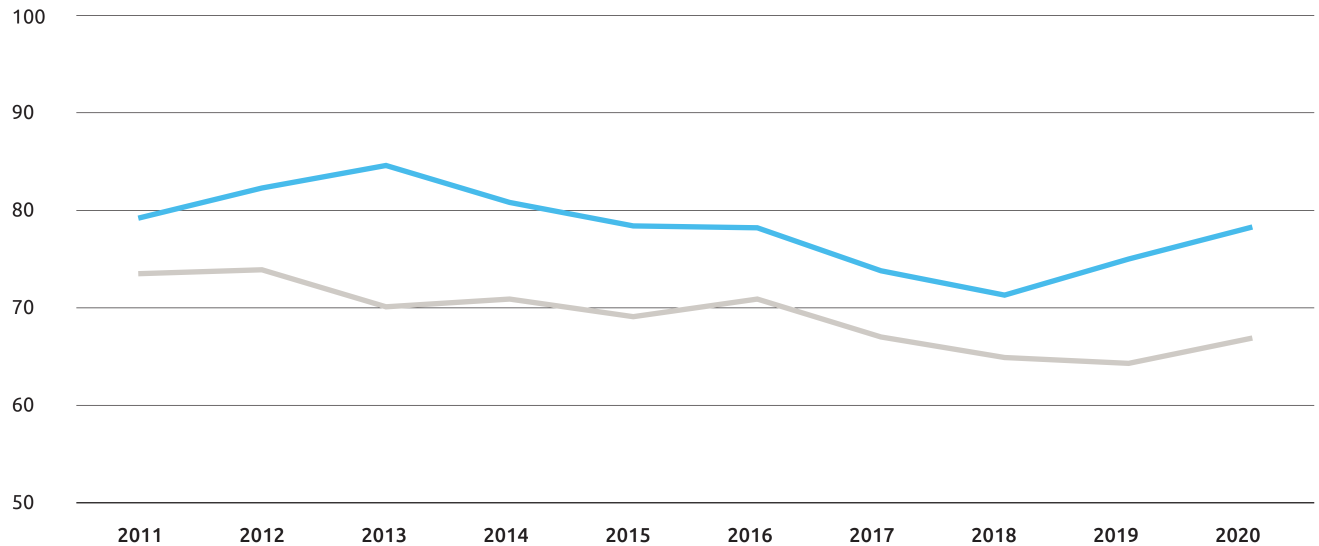
VOLUME OF PAPER AND BOARD COLLECTION AND RECYCLING | THOUSAND TONS

18 LR | 19 LR | GRI 301-3

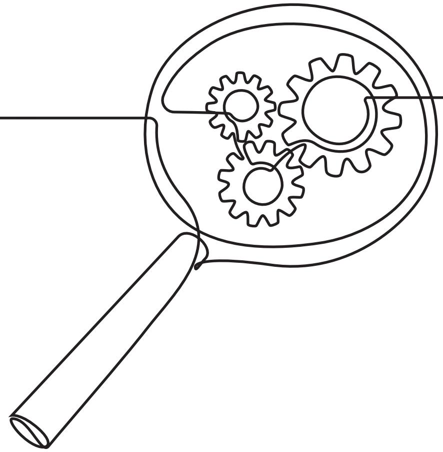




PAPER AND BOARD COLLECTION RATE AND RECYCLING RATE | %



[1] Collection of paper for recycling expressed as % of paper & board consumption
[2] Consumption of paper for recycling used as raw material expressed as % of paper and board consumption



HOW PAPER AND BOARD COLLECTION WORKS

WAYS OF COLLECTING USED PAPER AND BOARD FOR RECYCLING

- **Municipal separate collection** (blue bins, door-to-door retail, and waste disposal stations), which accounts for 20% of the paper and board collected for recycling

- **Collection carried out by private operators** from large retail outlets, industries, printing companies… , which accounts for the remaining 80%.

Collected paper and board goes to treatment plants at companies in the **recovery sector,** where it is cleaned, sorted (according to UNE-EN 643 standard), conditioned and baled.

Finally, **paper mills** buy that paper and board and use it as a raw material to make recycled paper and board, which returns to the consumer in the form of various paper products.

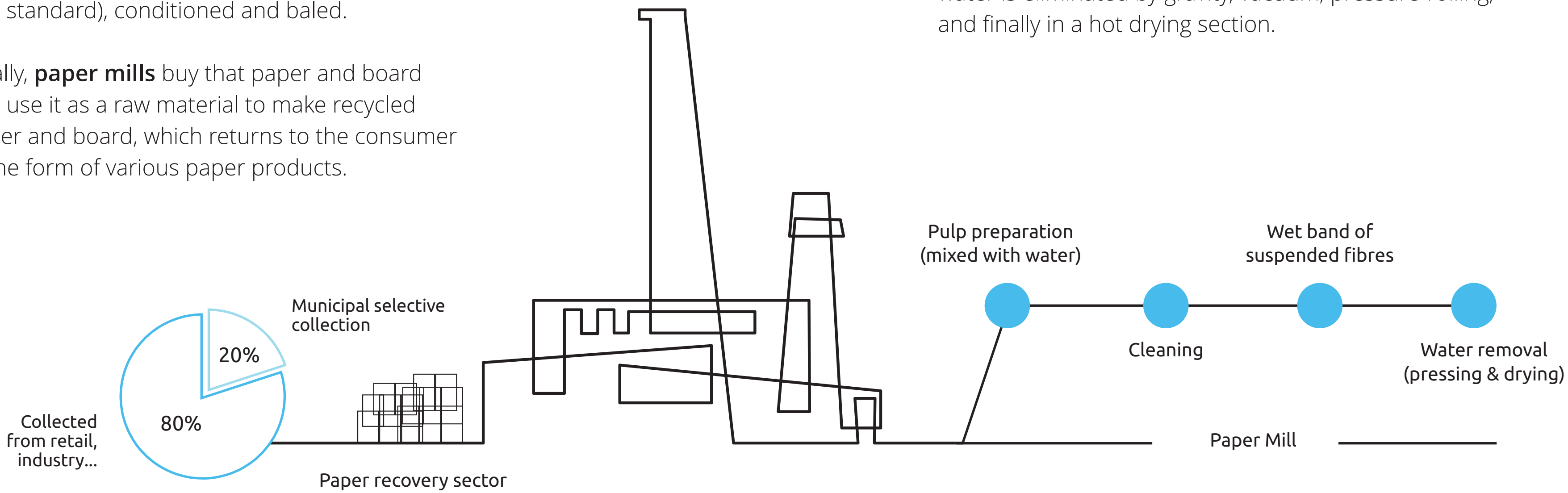
HOW THE MILL WHERE PAPER IS RECYCLED WORKS

1. When the paper for recycling reaches the paper mill, it is mixed with **water.**

2. In successive **cleaning stages,** the cellulose fibres are separated from staples, plastics… In the case of printed paper, inks are also removed by a flotation process.

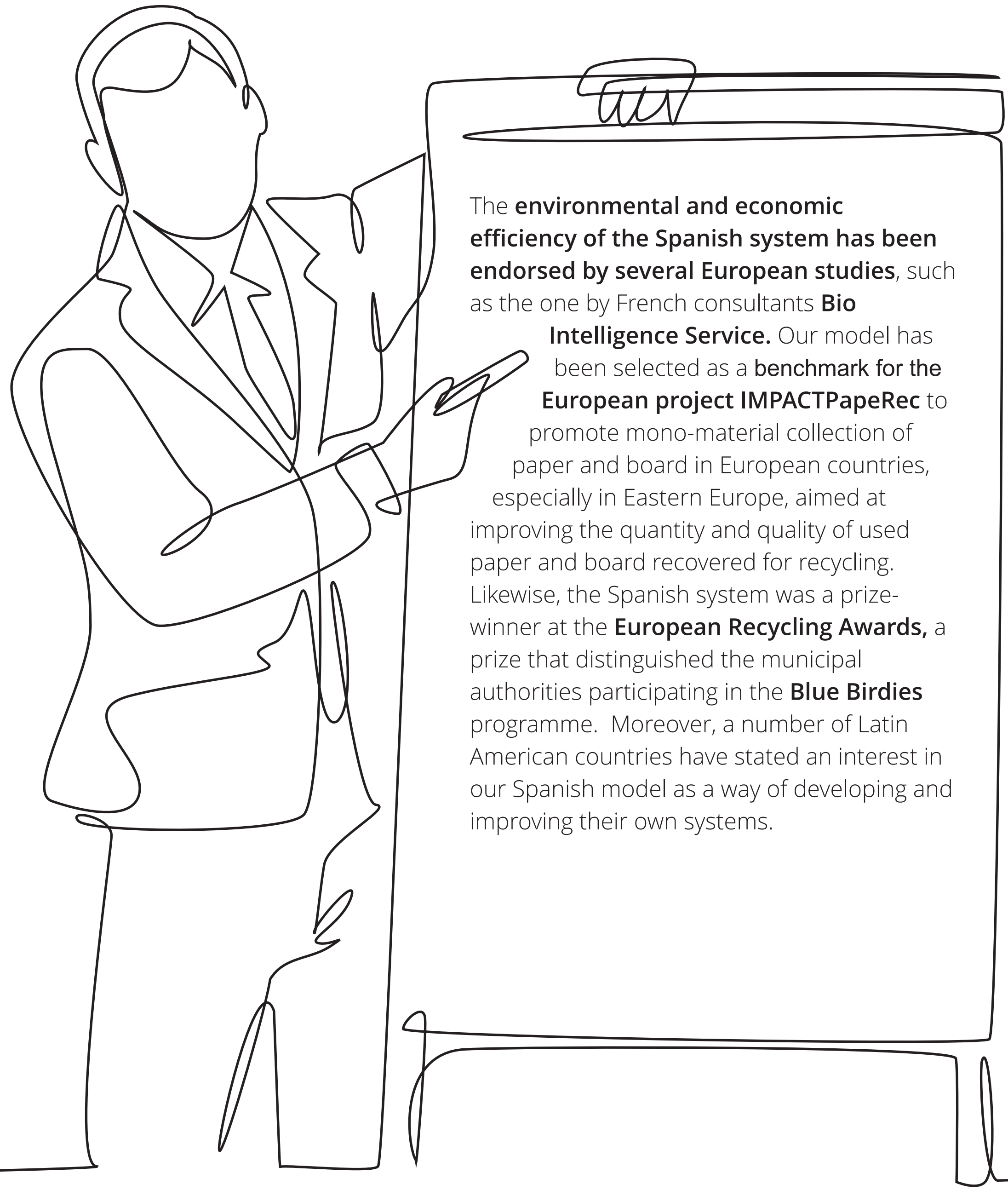
3. Pulp formed only of clean fibres then passes onto the **paper machine.**

4. The machine forms a **band of wet paper** from which water is eliminated by gravity, vacuum, pressure-rolling, and finally in a hot drying section.



The Spanish model of municipal separate collection, a European benchmark

The Spanish model of **mono-material** municipal separate collection using **blue bins** in the street backed by programmed **complementary collection** from smaller shops, schools, offices, etc. is a model of success and a benchmark in Europe.



The **environmental and economic efficiency of the Spanish system has been endorsed by several European studies**, such as the one by French consultants **Bio Intelligence Service.** Our model has been selected as a benchmark for the **European project IMPACTPapeRec** to promote mono-material collection of paper and board in European countries, especially in Eastern Europe, aimed at improving the quantity and quality of used paper and board recovered for recycling. Likewise, the Spanish system was a prize-winner at the **European Recycling Awards,** a prize that distinguished the municipal authorities participating in the **Blue Birdies** programme. Moreover, a number of Latin American countries have stated an interest in our Spanish model as a way of developing and improving their own systems.

MONO-MATERIAL COLLECTION

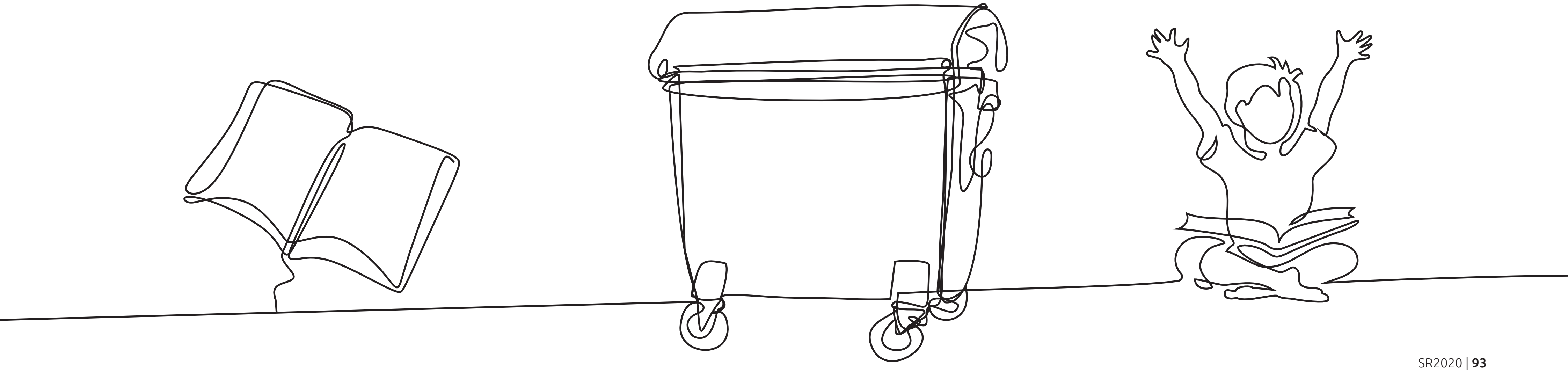
Paper and board are collected in a specific bin, separately from other waste, to avoid contamination and achieve a **higher quality** of material for recycling. Paper and board is collected in our cities, towns and villages in the so-called **blue bin**, the same colour being used for the whole country. Blue bins are positioned in easy-access points on streets and roads so that all kinds of household consumer papers and boards are collected together. That way, the system is **fully available** for citizens to drop off their paper and board **at any time** around the clock.

SUITABLE NUMBER OF BINS AND COMPLEMENTARY COLLECTIONS

On top of all this, there has to be a **suitable number** of bins. In Spain, we have almost 230,000 blue bins, and programmed **complementary collections** (schedules, guidelines...) from shops, schools, offices, etc., thus leaving the blue bin for household use.

INFORMATION AND CITIZEN AWARENESS

The way this collection scheme is designed, together with frequent information and citizen awareness campaigns, has enabled the idea of **collaborating** with paper recycling to become deeply rooted in citizens' minds. Not surprisingly, **recyclability** is the most highly-valued characteristic of paper products, scoring 8.5 out of 10 in the 2020 Survey on Paper in Spain carried out by Sigma Dos for the paper chain.



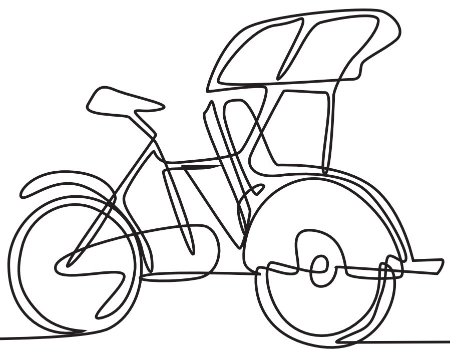
Local quality recycling

A distinctive feature of the Spanish paper sector is its use of **local raw materials.** As far as paper for recycling is concerned, 71% of the used paper recycled by paper mills located in Spain is collected in the country, while the rest comes mainly from France and Portugal. This high degree of local recycling is possible because in Europe, only Germany has a **higher recycling capacity** than the Spanish paper industry, which guarantees that all paper and board collected separately and which meets European quality standards will be recycled in our country.

These quality standards are set out in **European standard EN 643, the European List of Standard Grades of paper and board for recycling,** which defines the various types of paper and board for recycling that can be used as raw material in the paper industry, and which also specifies tolerances for unwanted or unsuitable materials.

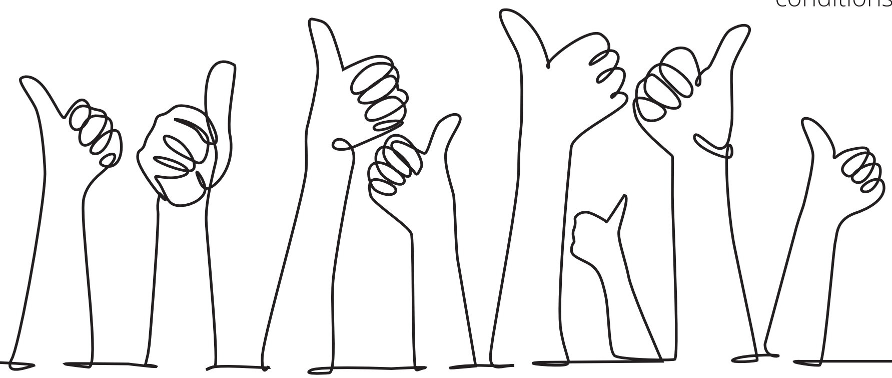
For a number of years now, more and more waste other than paper and board, mainly organic and textile materials, which constitute what is called unsuitable material, has been appearing in the blue bins in our municipalities. When 10 years ago, the average amount of **unsuitable materials** was 3% by weight, it now **amounts to 10%, which hinders final recycling and has negative environmental and economic consequences.**

The quality of the material collected is key to achieving circularity and is essential for closing the circuit as a fundamental part of the circular economy of paper. **To ensure quality recycling, it is imperative that the amount of unsuitable materials in blue bins be reduced.**



Firstly, paper and board must be collected separately from all other waste fractions. It is also necessary that blue bins be properly protected with small mouths or openings to avoid waste other than paper and board being dropped inside. It is also essential to **implement a system to control and monitor the amount of unsuitable materials.** We need to insist through **information and awareness-building campaigns,** providing citizens more clearly with the information they require to separate waste correctly and recycle it better.

In Spain, significant steps have recently been taken to improve quality. Worthy of mention is the new **Catalonia Convention,** in which the Waste Agency, Catalan municipal councils, and the paper industry have agreed on delivery conditions for recovered paper from municipalities, by which quality becomes part of the payment structure. Another example is the **quality control procedure for paper and board collected from municipalities,** which is already being implemented in many recovery companies. It is also worth highlighting the efforts made by many local authorities to ensure the lids on paper bins are kept effectively closed. Finally, the progress made in implementing quality metering devices at the entrance to paper mills and systems to **monitor the quality** of the paper for recycling received by mills.



HOW TO COLLABORATE WITH QUALITY RECYCLING

TOWN COUNCILS

1 **Bins suitable for collecting paper,** closed with small mouths or openings to prevent waste other than paper and board being deposited.

2 **Reinforce the door-to-door collection services of board from shops.**

3 **Implement control and monitoring of the amount of unsuitable materials.**

CITIZENS

1 **All paper and board goes into the blue bin.** Drop all used paper and board inside the blue bin, because paper and board are 100% recyclable. It is important to collect paper and board separately from other materials to prevent them from being stained and to make their recycling easier.

2 **Only paper.** No materials other than paper and board (e.g., plastic bags, clothes, etc).

3 **Fold boxes.** Boxes should be folded before being dropped in the bin so that they do not take up more space than necessary.

Ten keys to the circular economy

The paper industry in Spain and Europe is **promoting transition towards the circular economy** by involving all stakeholders in the virtuous cycle of recycling, from citizens, public administrations and the recovery sector to the paper mills that carry out the final recycling.

This calls for a whole series of **legislative, operational, and social support measures.**

LEGISLATIVE MEASURES

1 **Waste recycling targets must be ambitious and uniform for all materials.**

2 **Flows must be homogeneously measured throughout Europe to ensure they are comparable.**

3 **Landfills should be considered the last resort.** Dumping recyclable waste in landfills should be prohibited. Recyclable waste, which is therefore a valuable asset, should not end up in landfills.

4 In order to improve the competitiveness of recycling, **a legal framework should be encouraged, one that does not penalise waste from recycling at the same rate as untreated waste.**

5 It is necessary to put in place options that **enable waste from recycling to be recovered on site or at other industries.**

OPERATIONAL MEASURES

6 To continue closing the loop, it is essential **to facilitate the maintenance of current recycling facilities as well as future investments** by actively taking steps to ensure that all waste recovered, for example, in Spain is recycled in Spain, or in the EU.

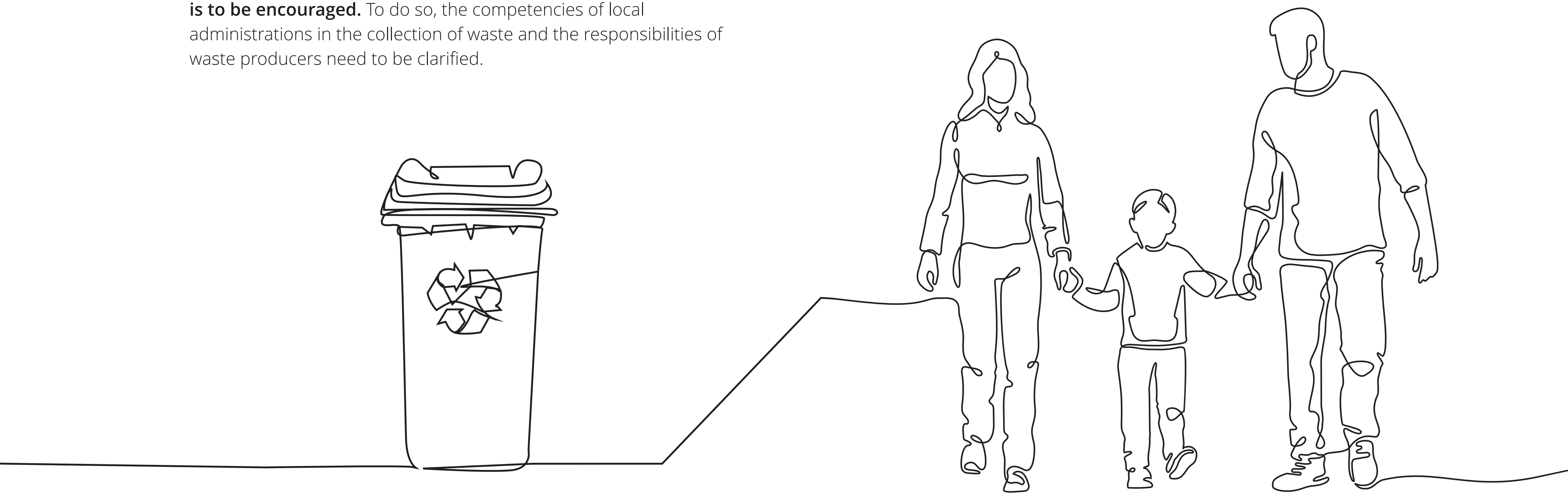
7 It is necessary to prevent **waste being exported** for recycling in areas outside Europe that do not comply with equivalent environmental and labour requirements to those in **European standards.**

8 The **municipal separate collection system must be strengthened** with investment in **containerisation** and restocking of bins. Furthermore, **separate collection** from small businesses and offices **is to be encouraged.** To do so, the competencies of local administrations in the collection of waste and the responsibilities of waste producers need to be clarified.

SOCIAL SUPPORT MEASURES

9 To improve public awareness and collaboration, it is essential to increase transparency in information by publishing the results of recycling and the final destination of waste collected separately.

10 A public **information** campaign is also required to change consumer habits and give preference to materials that are environmentally superior. Such new consumer habits will run in parallel with a reduction in the impact of waste on the environment through effective prevention and eco-design measures.



Working on promoting collection and recycling

20LR | GRI 413-1

Promoting paper and board recycling is one of ASPAPEL's **strategic objectives** and is part of the numerous initiatives the Association takes.

PAJARITAS AZULES (BLUE BIRDIES)

20LR | GRI 413-1

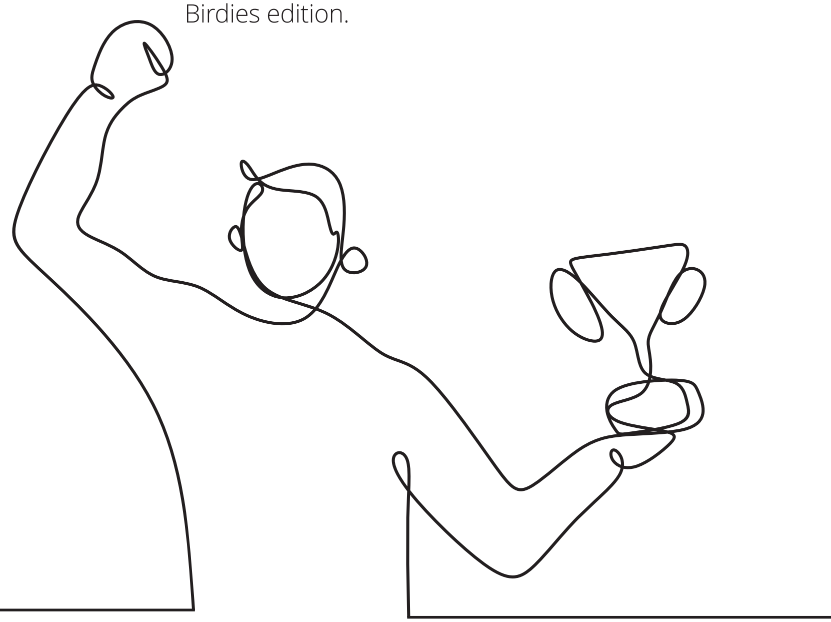
Launched by ASPAPEL in 2016 as a way of renewing its well-known Tu Papel 21 project after 10 years in service, the **Blue Birdies** programme has continued to grow over the reporting period and **in 2017, won the European Paper Recycling Award,** a prestigious biennial event organised by the European Paper Recycling Council.

Blue Birdies is an annual programme to **monitor, assess and acknowledge** the standard of municipal management of the separate collection of paper and board for recycling that focuses on continuous improvement and is directed at all local councils (municipalities and groups of municipalities) with more than 50,000 inhabitants, and provincial capital towns.

The annual assessment of each town or group of municipalities is accompanied by technical advice with recommendations for improvement, which enable the local council to improve their results in the next Blue Birdies edition.

Pajaritas Azules

Tu papel 21 • Municipios



The assessment is based on **21 indicators,** which analyse everything related to collection from blue bins and complementary collections, public information and awareness-building campaigns and actions, matters related to regulating and planning collection management, and the results and traceability as far as final recycling. The programme offers a **recognition and incentive for improvement** scheme by awarding one, two or three Blue Birdies to those councils or groups of municipalities that each year stand above the rest of the participants in the programme, thanks to the high levels of excellence they achieve in their management of separate paper and board collection.

In the **2020 edition of Pajaritas Azules**, in line with the intention behind the new waste directive to move towards a circular economy with high degrees of efficiency, **one indispensable requirement proposed was for local authorities to keep track of the amount of unsuitable materials in separately collected paper and board**. The specific indicator about the quality of collected material has become "supercritical", so that in order to be eligible for recognition under any of the three levels of Blue Birdies, they have to have a quality control and improvement procedure in place.

The project technical team offers municipalities and collection and recovery service firms advice to help them implement the procedure, which consists of controls and systematic recording of data concerning the quality of material to detect possible incidents and apply corrective measures for improvement.

Another novelty in 2020 is that, **as a result, the indicators on measures to be taken to reduce the level of unsuitable materials have been reinforced:** both the one referring to suitable models of blue bin with small mouths or tightly closed lids, and the one that refers to campaigns on the proper segregation and use of blue bins that are correctly identified and differentiated from other waste bins.

QUALITY RECYCLING

20LR | GRI 413-1

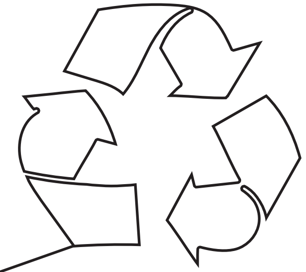
In the period covered by this Report (2018-2020), among the activities carried out by the sector to promote the separate collection of paper and board, it is worth mentioning **the gradual implementation of a quality control procedure for paper and board, the result of active publicity about this instrument for improving the quality of recovered material that has been implemented by recovery companies and local authorities.** As **regards legislative matters, the order from the Ministry for Ecological Transition (MITECO) published on 21 May 2020,** set down the criteria for determining when paper recovered to be used to produce recycled paper ceases to be considered waste. This is an opportunity for the paper and board recycling chain as a whole, as it will help to guarantee the quality of recovered paper, reduce the bureaucratic load, and eliminate barriers on the free movement of this raw material. After intensive work between manufacturers and collectors to transmit a common viewpoint to the Ministry, **the regulation underlines the requirement that compliance with European standards in the waste declassification process be maintained at all times** (EN 643 European list of paper and board grades for recycling and EN 17085 Sampling procedures for paper and board for recycling).

STANDARDISATION

20LR

AENOR's Technical Committee on Standardisation, with the active participation of **ASPAPEL,** has published a paper called **CEN prEN 17085 Paper and Board – Sampling procedures for paper and board for recycling.** Following the agreement reached between all members of the paper supply chain at European level, this new method makes it possible to standardise the type of sampling to be applied to paper for recycling, depending on the method of analysis to be used subsequently. Specifically, for the sampling of complete truckloads of paper for recycling using automatic tools and infrared probe readings, it sets a sampling frequency of one bale per truckload.

Work is also underway on a further CEN paper: preparation of a **Guide for the interpretation of Standard EN 643 on the content of organic matter in paper for recycling,** which is currently at the voting stage.



EUROPEAN GUIDE TO THE RECYCLABILITY OF PAPER AND BOARD PACKAGING

20LR

The European Guide to the Recyclability of Paper and Board Packaging, published in 2020, **includes the recyclability guidelines developed by CEPI** (the European paper industry association to which ASPAPEL belongs), **CITPA, ACE, and FEFCO, with the intention that the value chain, including retailers and brand owners, ensure that functionality goes hand in hand with recyclability.** In this regard, the new European guidelines aim to become the reference document for advancing with innovation and introducing new techniques for the recyclability of used paper packaging. These guidelines will help to create widespread awareness along the value chain to improve the recyclability of products and also help to comply with national protocols and requirements, thus closing the circularity of the paper industry even further.

4EVERGREEN: COLLABORATION TO CLOSE THE CYCLE

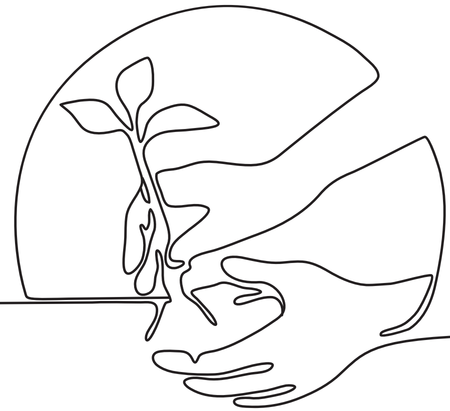
20LR

ASPAPEL is one of the groups participating in **4Evergreen**, an **ambitious European alliance** in which more than 50 companies and organisations **in the paper and board packaging value chain collaborate to optimise the circularity of our sector and products.**

Experts from member companies participate in the different works-teams in an unprecedented collaborative effort between manufacturers, transformers, packers and brand names.

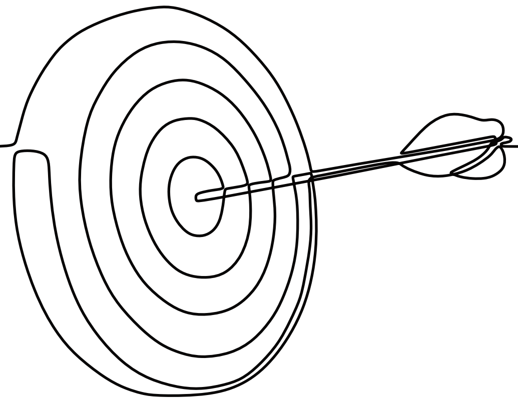
The initiative, launched in 2019 by **CEPI** (the European paper industry association to which **ASPAPEL** belongs) and presented in 2020, **aims to increase the contribution of packaging paper to a circular and sustainable economy that minimises climate and environmental impact.**

Consumers' growing environmental awareness and concerns, as well as increased regulations for packaging, such as the Single Use Plastics Directive, have helped companies to **speed up the development of alternative packaging materials** in order to provide consumers with more environmentally friendly alternatives. 4Evergreen was created as a forum to engage and connect industry members across the value chain of wood fibre packaging manufacturers (from paper and board producers to packaging converters, food and drink brand-owners and retailers, technology and material suppliers, waste sorters & collectors, research organizations and technical universities). To this end, the project focuses on producing a **circularity guide and a recycling assessment protocol** for the whole industry, developing guidelines to improve the collection and sorting of paper and board packaging, including multi-material packaging, and driving innovations to help achieve that goal.



Sustainability targets

GRI 103-2 | GRI 103-3



GRI 103-2 | GRI 103-3

The pulp and paper sector represented by ASPAPEL sets itself every three years ambitious improvement target, which it reports on periodically in its Sustainability Reports, grouped around the four pillars of activity in this area: sustainable forest management, efficient and responsible production process, generation of wealth and contribution to living standards, and leadership in collection and recycling.

Building further on its earlier goals and responding to new challenges, the sector has set itself 15 targets for the period 2021-2023, and reports on the degree of fulfilment of the 2018-2020 goals.

SUSTAINABLE FOREST MANAGEMENT

GRI 103-2 | GRI 103-3

ACHIEVEMENT 2018-2020 TARGETS

1. IMPROVED SUSTAINABLE MANAGEMENT OF PLANTATIONS

1.1 Maintain current surface areas under certified management and increase the amount of forest land with management tools

- **Achieved.** The land area under a management instrument has been increased: 89% of industrial forest landcover has management instruments in place and is certified (FSC/PEFC).

1.2 Proactivity in the control of diseases by species, with involvement of innovation operating groups

- **Achieved.** Disease and pests in eucalyptus and conifers have been actively monitored, with steps taken to combat disease in eucalyptus and pine, under the GOSSGE (eucalyptus) and INNOBANDAS (pine) Operational Groups.

2. CONTRIBUTION TO RURAL DEVELOPMENT

2.1 Maintain supply at the same levels and with more than 95% from national sources

- **Achieved.** Nationally-sourced supplies have performed over the pre-set level, reaching 97% this last year.

2.2 Monitor use of quality seedlings and production improvements

- **Not achieved.** The complexity of monitoring plantations has prevented compliance, although a full selection of quality seedlings has been detected in new plantations by forest owners

2.3 Promote plans for the extraction of forest resources in the Autonomous Communities required

- **Partly achieved.** Programmes for the extraction of forest resources have been promoted in the forest administrations of a number of regions (Aragon, Cantabria, Castilla y Leon)

3. LEGALITY OF WOOD SUPPLIES AND PRODUCT CERTIFICATION

3.1 Monitor and publish statistics on the outcome of applying EUTR

- **Partly achieved.** Since 2019, statistics on logging in Galicia have been published with EUTR data, although other Autonomous Communities are still not doing so. MITERD has also published its 2019 Yearbook of Forestry Statistics

3.2 Increase the percentage of certified products on the market

- **Achieved.** An average of 60% of certified wood consumed and 100% consumption of controlled wood has been reached during the period. As for paper, the average for the reporting period is 63% certified paper on the market.

2021 – 2023 TARGETS

1. IMPROVE SUSTAINABLE FOREST MANAGEMENT OF PLANTATIONS

- Encourage small forest owners to group together for joint management
- Promote the maintenance of biodiversity in plantation management
- Disseminate forest work habits to increase CO_2 fixation in plantations of species for the sector and keep CO_2 fixation in the plantations used by the sector at the same level.
- Proposal to make forest grouping and use of management instruments compulsory to be eligible for subsidies
- Propose a policy of incentives and taxation for investments in forest management

2. MAINTAIN CONTRIBUTION TO RURAL DEVELOPMENT

- Maintain wood supplied from Spanish sources at the same level, i.e., over 95%
- Promote plans for forest resource extraction based on compliance with the best logging practices
- Keep direct and indirect employment derived from farming species for the sector at the same levels

3. LEGALITY AND SUSTAINABILITY OF WOOD AND PRODUCT CERTIFICATION

- Monitor and publish statistics on the outcome of applying EUTR to logging and on forest certification
- Increase the amount of certified wood consumed and number of certified products

EFFICIENT AND RESPONSIBLE PRODUCTION PROCESS

GRI 103-2 | GRI 103-3

ACHIEVEMENT 2018 - 2020 TARGETS

4. REDUCE ACCIDENT RATES

4.1 Sustained reduction of all indexes

4.2 Keep accident frequency rate below 15

4.3 Reduce overall frequency rate to below 50

- **Partially achieved.** Accident rates have fallen steadily over the period 2018 to 2020, although both frequency and general frequency rates were somewhat higher than the target set for the period.

5. BOOST ENERGY EFFICIENCY AND DECARBONISATION

5.1 Implement new energy efficiency measures

- **Achieved.** The number of mills with an energy management system in place is growing, now accounting for 37% of the sector's overall production

5.2 Advance in implementing the 2050 Roadmap for decarbonisation of the sector

- **Achieved.** In addition to individual actions by companies, an internal decarbonisation working group has been set up to support the process.

6. IMPROVE WASTE RECOVERY AND MINIMISE LANDFILLING

6.1 Analyse and search for new ways of reusing process waste within the framework of the circular economy

- **Achieved.** Studies have been carried out and information provided to companies on new opportunities for reusing residues by identifying new technologies. Projects are either underway or under study that will lead to increased reusage of process waste.

7. ACTIONS TO PROMOTE ENVIRONMENTAL AWARENESS AT PRODUCTION SITES

- **Achieved.** An environmental awareness campaign was carried out at mills in the sectors by means of posters and a new online course on environmental awareness is available for workers in the sector that deals with the latest issues.

2021 – 2023 TARGETS

4. REDUCE ACCIDENT RATES

- Consolidate the downward trend in all indexes
- Keep accident frequency rate below 15
- Keep the overall frequency rate below 50

5. CONTRIBUTE, AT SECTORIAL LEVEL, TO THE DECARBONISATION OF SPANISH INDUSTRY AND ENERGY SYSTEM

- Strengthen commitment to improving energy efficiency by helping to achieve the national target
- In line with the sector's commitment to climate neutrality by 2050, continue working towards the effective decarbonisation of the sector at both national and European levels

6. IMPROVE WASTE RECOVERY AND REUSE TO MINIMISE LANDFILLING

- Goal 6 is kept open, as improving the recovery and reuse of waste is considered a priority.

GENERATION OF WEALTH AND CONTRIBUTION TO LIVING STANDARDS

GRI 103-2 | GRI 103-3

ACHIEVEMENT 2018 - 2020 TARGETS

8. CONTRIBUTE TO IMPROVING COMPETITIVENESS

8.1 Boost capital investment towards papers with great growth potential and higher added value

- **Achieved.** Innovation and market launch through investment in new products

8.2 Promote collaboration with teaching centres to attract talent

- **Achieved.** Launch of a scholarship programme to aid post-graduate university studies

9. WORK IN FAVOUR OF TRANSPORT SUSTAINABILITY AND SAFETY

9.1 Promote a review of weights and size regulations (increase truckloads to at least 44 tons)

- **Partly achieved.** Promoted but no change to the regulations has yet appeared

9.2 Standardise stowage documents for the sector's different cargoes and consolidate cargo securing measures for all products and raw materials

- **Achieved.** Sectorial fact sheets published and with numerous distribution actions

9.3 Create an ASPAPEL network in the field of transport to form-communicate-inform

- **Achieved.** Network now up and running

10. CONTRIBUTE TO EDUCATION ABOUT RECYCLING

10.1 Continue the Blue Birdies programme, encourage specific campaigns by town councils and other interest groups on the separate collection and recycling of paper

- **Achieved.** Programme carried out each year with the successful participation of municipal authorities

11. TRANSITION TO THE CIRCULAR ECONOMY OF PAPER

11.1 Maintain and promote the concept of a circular economy to ensure efficiency along the chain, from the eco-design of products to their final recycling in paper mills

- **In progress.** Launch of the European Platform 4Evergreen

12. CONTINUOUS IMPROVEMENT IN PRODUCT PROTECTION

12.1 Enhance the monitoring of legislation that affects paper in contact with food, working from the value chain

12.2 Support the creation of a specific legislative framework

12.3 Improve technical knowledge, to complement that of companies

- **Achieved.** Timely monitoring of the legislative process including the implementation of proposals and increased knowledge of the sector

2021 – 2023 TARGETS

7. CONTRIBUTE TO IMPROVING COMPETITIVENESS

- Investment programme within the framework of the Recovery and Resilience Plan

8. WORK IN FAVOUR OF TRANSPORT SUSTAINABILITY AND SAFETY

- Continue to raise awareness of transport safety and circulate best practices

9. CONTRIBUTE TO EDUCATION ABOUT RECYCLING

- Continue the Blue Birdies programme, promoting specific campaigns by municipalities and other interest groups on the separate collection and recycling of paper

10. DEVELOPMENT OF SUBSTITUTE PRODUCTS

- Use innovation and investments to promote products with a lower environmental footprint

11. CONTINUOUS IMPROVEMENT IN PRODUCT PROTECTION

- Develop the value chain approach in product protection by increasing actions between sectors

LEADERSHIP IN COLLECTION AND RECYCLING

GRI 103-2 | GRI 103-3

ACHIEVEMENT 2018-2020 TARGETS

13. KEEP PAPER COLLECTION RATE ABOVE 70%

13.1 Promote the renovation of municipal blue bins and the collection of door-to-door collection services

- **Achieved.** Public participation in the municipal separate collection of paper and board has increased, while some door-to-door cardboard collection services from small shops have been recovered, which has enabled almost a million tons of paper and board to be separately collected in one year (all-time record since 2010)

14. PROMOTE RECYCLING BY WORKING WITH A CHAIN APPROACH

14.1 Address challenges that can improve the efficiency of the entire supply chain

- **Achieved.** Through the New Recovery Board, synergies have been found with other organisations in the sector and common meeting forums and lines of work set up.

15. IMPROVE THE QUALITY OF PAPER FOR RECYCLING

15.1 Promote quality as the central axis of the separate collection and recycling of paper

- **Achieved.** By implementing the control of unusable materials in municipalities and recovery firms, including quality requirements in the commercialization of paper for recycling, systematic monitoring of quality at mills, and by quality criteria so that recovered paper is no longer considered waste and European paper for recycling sampling procedure.

16. 16. ENHANCE THE SUPPLY OF PAPER FOR RECYCLING FROM NATIONAL SOURCES TO 75-80%

16.1 Harness the value of the Spanish paper industry's recycling capabilities

- **Partly achieved.** Local supply has been increased but not enough to reach the target.

2021 – 2023 TARGETS

12. MAINTAIN PAPER RECOVERY RATE ABOVE 70%

- Adapt municipal separate collection systems to new consumer habits

13. STRENGTHEN TEAMWORK THROUGHOUT THE CHAIN TO OVERCOME RECYCLING CHALLENGES

- Promote improved efficiency along the entire paper chain to continue making progress in the circular economy of paper.

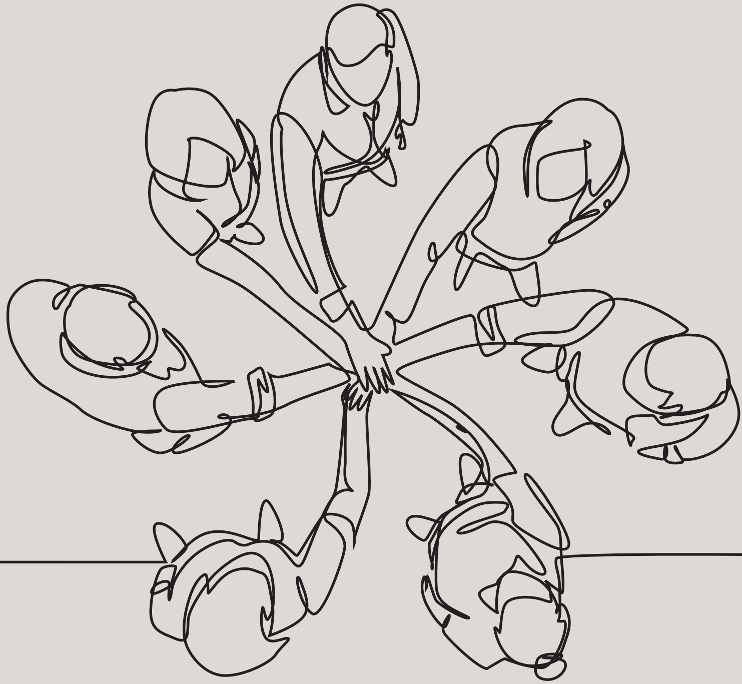
14. IMPROVE THE QUALITY OF PAPER FOR RECYCLING

- Promote quality as the central pillar and objective in the separate collection, recovery and recycling of paper

15. STRENGTHEN THE CONTRIBUTION OF RECYCLING TO LOCAL DEVELOPMENT

- Harness the value of the Spanish paper industry's collection and recycling capacity.

ASPAPEL, the organisation



BRINGING PULP AND PAPER MAKING COMPANIES IN SPAIN TOGETHER

GRI 102-1 | GRI 102-4 | GRI 102-5 | GRI 102-6 | GRI 102-7

ASPAPEL (Spanish Association of Pulp, Paper and Board Manufacturers) is a professional, nationwide organisation (non-profit making association) representing companies in the pulp and paper industry in Spain. Its members account for more than 90% of the sector's production (see list of associate member companies on page 115).

The pulp and paper sector in Spain has 10 pulp mills producing 1.7 million tons of pulp, and 69 paper mills, with a total production of 6.3 million tons of paper. These mills are distributed across Spain, although the areas with the greatest concentration are Aragon, Catalonia, Basque Country, Navarre, Castilla y León, and Valencia.

By subsectors, 70% of the 6.3 million tons of paper produced by the Spanish paper industry are packaging papers, 13% personal hygiene and sanitary papers, 10% printing & writing papers, and 7% special papers and other papers.

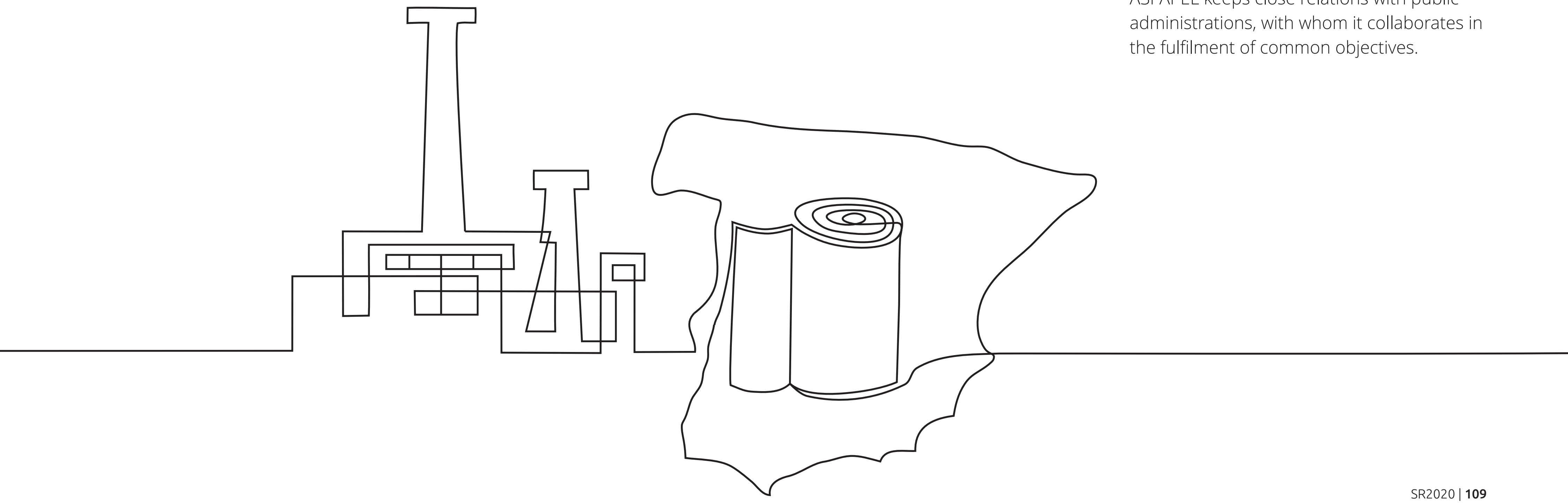
WORKING FOR THE COMPETITIVE AND SUSTAINABLE DEVELOPMENT OF THE SPANISH PAPER INDUSTRY

GRI 102-2

The purpose of the Association is to contribute to the competitive and sustainable development of its member companies and to promoting the image of the sector, of its companies and of its products.

ASPAPEL represents and defends the interests of the sector before public administrations and stakeholders. It also implements sector-wide strategies on priority issues for the industry and carries out very diverse activities to improve knowledge about the sector and enhance its competitiveness in the global environment. It is also a forum for member companies, where initiatives are developed to improve the image of paper and of the companies that make it.

ASPAPEL keeps close relations with public administrations, with whom it collaborates in the fulfilment of common objectives.



AREAS OF ACTIVITY

GRI 102-2 | GRI 102-7

ASPAPEL's activity is structured in 8 main areas, with the goals and actions detailed below:

FORESTRY: To promote the sustainability of natural resources and generate employment and wealth in rural areas home to eucalyptus and pine plantations for paper. To harmonise the sustainability and mobilisation of these forest resources - wood and biomass - for their efficient use in industrial processes. Support sustainable forest management and its certification to offer products endorsed by the certificate.

ENVIRONMENT: To collaborate in European, national, and regional regulation-making processes. To transfer information to companies for them to effectively implement new requirements. To launch proactive initiatives that allow companies in the sector to successfully face various environmental challenges.

ENERGY: To promote the decarbonisation of the sector with initiatives that help companies in the industry to successfully face this challenge. To promote initiatives and strategies that improve energy efficiency and costs in the sector.

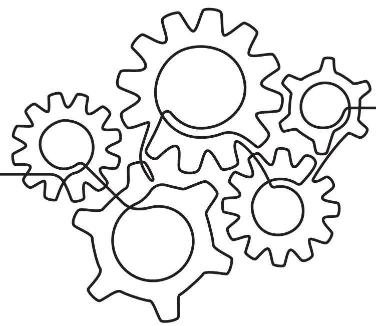
HUMAN CAPITAL: To promote human capital as a factor of competitiveness for companies in the sector in three areas: labour relations, occupational health and safety, and industrial safety and training. To work on recruiting and retaining talent and promote the paper industry as an attractive industry in which to build a career.

COLLECTION AND RECYCLING: To support collection and recycling within the framework of the circular economy of paper. To promote actions to encourage the recovery of sufficient paper and board to supply the mills, to ensure that paper for recycling complies with appropriate quality standards, and that its collection is carried out with cost efficiency.

TRANSPORT AND LOGISTICS: To promote the sustainability and safety of transport and reduce its impact on costs for the sector in order to improve competitiveness. Improve access to rail and optimise road haulage.

PRODUCT: To work for product safety. To ensure the suitability of paper for food use, acting on the legislative framework, customer requirements and adaptation of companies. To place the sector in a favourable position in public procurement schemes, environmental labels and footprints, and prevention measures.

COMMUNICATION: To increment agile and transparent communications with sector stakeholders and with the general public. To improve knowledge about the sector and strengthen its reputation and that of its companies and the products they make.



MANAGEMENT TEAM AND STRUCTURE

GRI 102-3

The association is headquartered in Madrid, where it easier to exercise our duties before public administrations and to collaborate with other business organisations. For logistical purposes, this location is equidistant from the companies in the sector, distributed across the Spanish mainland.

GRI 102-8 | GRI 102-7 | GRI 102-41

The ASPAPEL team, comprising 17 professional employees, makes it possible to cover the Association's areas of activity without significant need for outside workers. 100% of the workforce is covered by collective bargaining agreements.

ASPAPEL maintains a strict policy of transparency and publishes relevant information about the organisation, including economic data, on its website.

ASPAPEL TEAM

GRI 102-8

	TOTAL			MEN			WOMEN			PERMANENT			FULL-TIME		
	2014	**2017**	**2020**	**2014**	**2017**	**2020**	**2014**	**2017**	**2020**	**2014**	**2017**	**2020**	**2014**	**2017**	**2020**
Admin staff	6	5	6	1	1	1	5	4	5	6	5	6	6	5	6
Middle managers	4	4	3	2	2	2	2	2	1	3	4	3	3	3	3
Managers	7	6	8	4	4	5	3	2	3	7	6	8	7	6	8
Total	17	15	17	7	7	8	10	8	9	16	15	17	16	14	17

GRI 102-7 | GRI 102-18

The ASPAPEL management team is structured to match its requirements, with management boards, committees, and specific groups per area, in which sector companies can participate. Committees and groups draw up and submit proposals to the governing bodies on various issues. It is a non-profit association, so it has no shareholders.

The sovereign governing body is the General Assembly, made up of representatives from all member companies. The Assembly delegates on a smaller Board of Directors, in which the different types of companies in the sector in terms of product, size, etc. are represented. The Board is responsible for the day-to-day running of the Association. Members of the Board of Directors are not remunerated. Both the General Assembly and the Board of Directors have a Chairman, elected from among the member companies, whose fundamental task is to represent the Association and preside over meetings of the governing bodies.

In accordance with the bye-laws and the representatives of member companies in each governing body, there may be no conflicts of interest among them that might hinder the Association’s proper operation.

To achieve its purposes, ASPAPEL establishes a three-year strategic plan in which goals, and means to achieve them, are defined for each topic.

Decisions that entails a commitment by the organisation to certain issues and, ultimately, its support for any initiative adopted by another national or foreign institution, that may be of interest for the fulfilment of its goals or external positioning, must be analysed and approved by the management bodies.

At present, the working committees are as follows: Forestry Committee, Recycling Committee, Environmental Committee, Energy Committee, Human Capital Committee, and Transport and Logistics Committee.

GRI 102-9

ASPAPEL collaborates with a small number of suppliers to achieve its objectives and to provide the services it performs. All of them are managed within the framework established by the Organisation’s Quality System and, in particular, according to the Purchasing procedure established for such purposes.
The vast majority of external vendors are from Spain and in some very exceptional cases, from Europe. Regular service providers number approximately fifty, with another twenty occasional or non-recurring vendors. Vendor types vary: professional services, consultants, communications and public relations, infrastructure, supplies, technology, financial services, maintenance, furniture and equipment, venue rentals, etc. The annual turnover of payables to suppliers and service providers is more than one million Euro.

GRI 102-10

There have been no significant changes in either the organisation or its supply chain during the reporting period (2018-2020).

GRI 102-13

ASPAPEL belongs to several European and Spanish organisations, such as CEPI (Confederation of European Paper Industries), EUROGRAPH (Confederation of European Fine Paper Industries), ICFPA (International Council of Forest and Paper Associations), UTIPULP (European Association representing the Group of European Market Wood Pulp Users), CEOE (Confederation of Spanish Employers), ACOGEN (Spanish Association of Cogeneration), PEFC (Programme for the Endorsement of Forest Certification), etc. It is also the trustee of the Edufores Foundation and a shareholder of RECIPAP, S.L.

VISION, MISSION AND VALUES

GRI 102-16

VISION

To contribute to the competitive and sustainable development of its companies while promoting the positive image of a sector with the ability to influence.

MISSION

To represent the sector actively and pro-actively; to play a decisive role in the political sphere, in society and before relevant international organisations; to improve the competitiveness of member companies by acting on key aspects and especially on raw materials and energy; to promote a positive image of the sector, positioning it as a dynamic and innovative industry that adds value to society and which stands as a benchmark of sustainability and the circular economy; to help attract talent and human capital; to develop specific projects of interest for all or part of the sector, and to provide a forum where member companies can meet.

VALUES

- True representation that legitimises its work as spokesperson for the sector.
- Consensus and balance for the different sensitivities of its member companies.
- Focus on matters and challenges that are priority for the sector.
- Geared to producing results that offer its members true value.
- Efficiency in the use of available media.
- Credibility and transparency in its role as a solvent interlocutor.
- Documented data that support its discourse.
- Proactivity to anticipate problems and provide solutions.
- Alliances that enhance its own capabilities.
- Professionalism and teamwork among its employees.

CODE OF CONDUCT, QUALITY AND TRANSPARENCY

GRI 102-12 | GRI 102-16

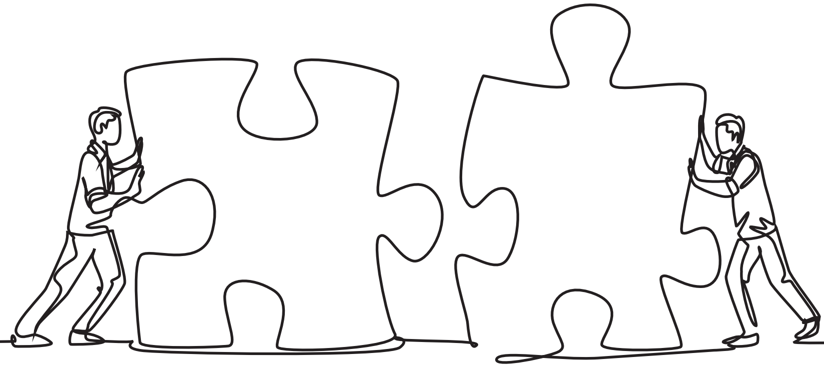
ASPAPEL pledges to comply with the principles and values of its Code of Conduct in its relations with government authorities, elected officials, and other public employees.

The Association is run under a Quality Management System certified by an independent third party according to ISO 9001. During the reporting period, these certificates have been renewed on a yearly basis.

ASPAPEL is listed on the European Transparency Register (number: 814014013312-48) and on Spain's National Securities and Competition Commission's Register of Interest Groups.

ASPAPEL undertakes all its activities according to a strict compliance scheme (regulatory compliance) in regard to Competition that includes:

- Regular legal reviews of the Statistics and Data Collection Service
- Seeking legal opinion prior to implementing new projects
- Internal protocol for potential investigations
- Attendance of legal counsel at Board meetings
- Meeting management protocol mandatory for all attendees



STAKEHOLDERS

GRI 102-40 | GRI 102-42 | GRI 102-43 | GRI 102-44

ASPAPEL periodically updates its Map of Stakeholders that analyses both the degree of influence of each of these groups exerts on the economic, social, and environmental performance of the Association, and the extent to which each group is affected by ASPAPEL's own performance in these three areas, both today and in the near future. Coinciding with the preparation of this report, a new update was made, the outcome of which can be seen in the table.

STAKEHOLDERS BY DEGREE OF INFLUENCE AND AFFECTATION
Reviewed 2021

	Direct employees
	Raw material suppliers
	First customer (corrugator, printer, bag manufacturer, publishers, etc.)
	Public administration
	Local Residents' Associations
	Trade Unions
	Investors
	Rating agencies
	Political parties
	Teaching institutions/Colleges /Universities
	Consumer associations
	Sectorial associations
	Environmental associations
	Other NGOs/Non-Profit Organisations
	Media and Press

In the context of its stakeholder relations, ASPAPEL stages a series of activities, such as the annual event open to stakeholders, which registers an attendance of more than 300 people. It also publishes and distributes (on paper, digital and/or audio-visual format) both periodicals (Annual Statistics Report on the Sector or the Sustainability Report) and publications on specific issues, which are widely distributed to stakeholders in the sector. ASPAPEL also publishes a fortnightly e-newsletter and runs a permanently updated corporate website and specific websites for different topics. It is also present on social media.

Likewise, a continual relationship with stakeholders is upheld in specific programmes or working groups, such as the Paper Forum, with the participation of different sectors of the paper chain, the Sectorial OHS Programme, in collaboration with trade unions, or its Blue Birdie Programme – Tu Papel 21, to promote recycling, with the participation of municipalities.

As on previous occasions, when preparing this Sustainability Report, a process of stakeholder consultation and participation was set up via an online survey, with the participation of over 400 stakeholder respondents, which enabled us to update the material topics included in this report (see Materiality Matrix, pages 116-119).

ASSOCIATE MEMBER COMPANIES OF ASPAPEL

GRI 102-5 | GRI 102-7

- AGUSTÍN BARRAL, S.A.
- AHLSTROM-MUNKSJÖ PAPER, S.A.
- ALIER, S.A.
- CELULOSA DE LEVANTE, S.A. (CELESA)
- CELUOSA GALLUR, S.L.
- CELULOSA INDUSTRIAL DEL ALTO TER, S.A. (CIAT, S.A.)
- CELULOSAS MOLDEADAS DE ATXONDO, S.A. (CEMOSA)
- CLARIANA, S.A.
- COTTON SOUTH, S.L. (CELSUR)
- DS SMITH
- ENCE ENERGÍA Y CELULOSA
- ESSITY SPAIN, S.L.
- FILTROS ANOIA, S.A.
- GOMÀ-CAMPS, S.A.U.
- GUARRO CASAS, S.A.
- HINOJOSA PAPER
- IBERBOARD MILL, S.L.
- INTERNATIONAL PAPER
- INVERSIONES MACLEAN IBÉRICA, S.L.
- ISMA 2000, S.L.
- J. VILASECA, S.A.
- LC PAPER 1881, S.A.
- LUCART TISSUE & SOAPS, S.L.U.
- MATÍAS GOMÁ TOMÁS, S.A.
- MB PAPELES ESPECIALES, S.A.
- MIQUEL Y COSTAS & MIQUEL, S.A.
- NORTHWOOD DICEPA S.L.
- PACK BENEFIT, S.L.
- PAPEL ARALAR, S.A.
- PAPELERA DE BRANDIA, S.A.
- PAPELERA DEL ORIA, S.A.
- PAPELERA DEL PRINCIPADO, S.A. (PAPRINSA)
- PAPELERA ECKER, S.A.
- PAPELERA GUIPUZCOANA DE ZICUÑAGA, S.A.
- PAPELERAS DEL ARLANZÓN
- PAPERTECH, S.L.
- PAPRESA, S.A.
- PERE PONS, S.A.
- PERE VALLS, S.A.
- RDM GROUP
- S.A. INDUSTRIAS CELULOSA ARAGONESA (SAICA)
- SARRIÓ PAPELERA DE ALMAZÁN, S.L.U.
- SMURFIT KAPPA ESPAÑA, S.A.
- SMURFIT KAPPA NAVARRA, S.A.
- SMURFIT KAPPA NERVIÓN, S.A.
- SOFIDEL SPAIN
- SOLIDUS SAN ANDRÉS, S.L.
- TERRANOVA PAPERS, S.A.
- TORRASPAPEL, S.A. (LECTA)
- UNIÓN INDUSTRIAL PAPELERA, S.A. (UIPSA)

Sustainability Report

GRI 101

MATERIALITY AND COVERAGE

GRI 102-43 | GRI 102-46 | GRI 102-47 | GRI 103-1

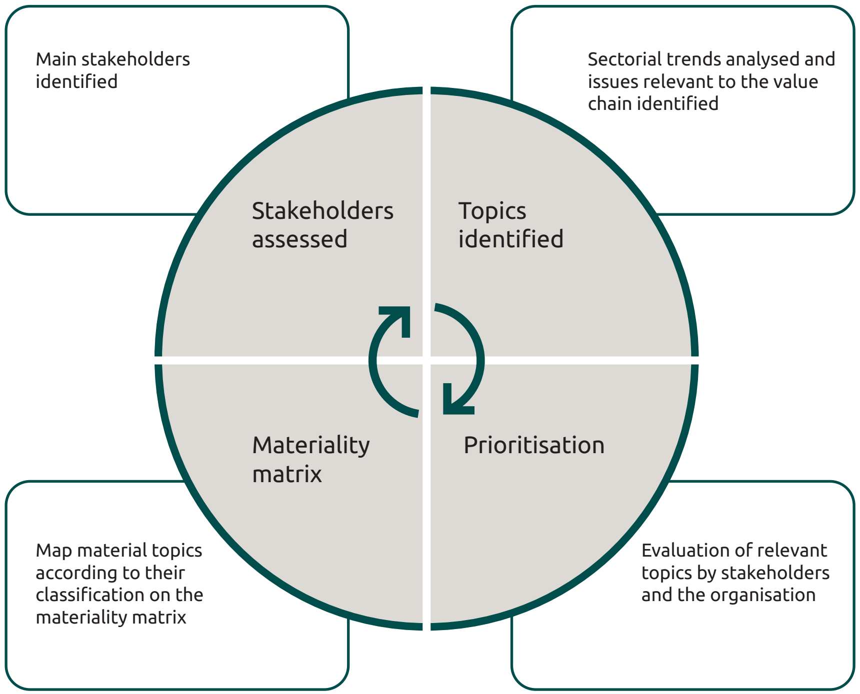
The contents relating to the organisation (general basic disclosures) refer to a single entity: ASPAPEL (Spanish Association of Pulp, Paper and Board Manufacturers). All material issues have a sector-wide scale and refer to the whole of the Spanish pulp and paper making industry, which ASPAPEL represents.

Assessing materiality is key to the process of managing the environmental, social and economic dimensions of the organisation, to defining strategies, actions and to establishing dialogue with stakeholders.

At each edition of the Report, a new process to update Materiality is performed in order to:

- Determine those issues that are relevant to guide the strategies to be followed by ASPAPEL and the Sustainability Policy.
- To respond to the requirements of the GRI Standards for sustainability reporting.
- To take into account stakeholder expectations.

In 2021, Materiality was updated taking as a reference the guidelines of the GRI Standards and standard AA1000SES on "AccountAbility", with the support of external consultants Worldlex (specialised in sustainability and environmental management). To update the Materiality of this Report, the following steps were taken:



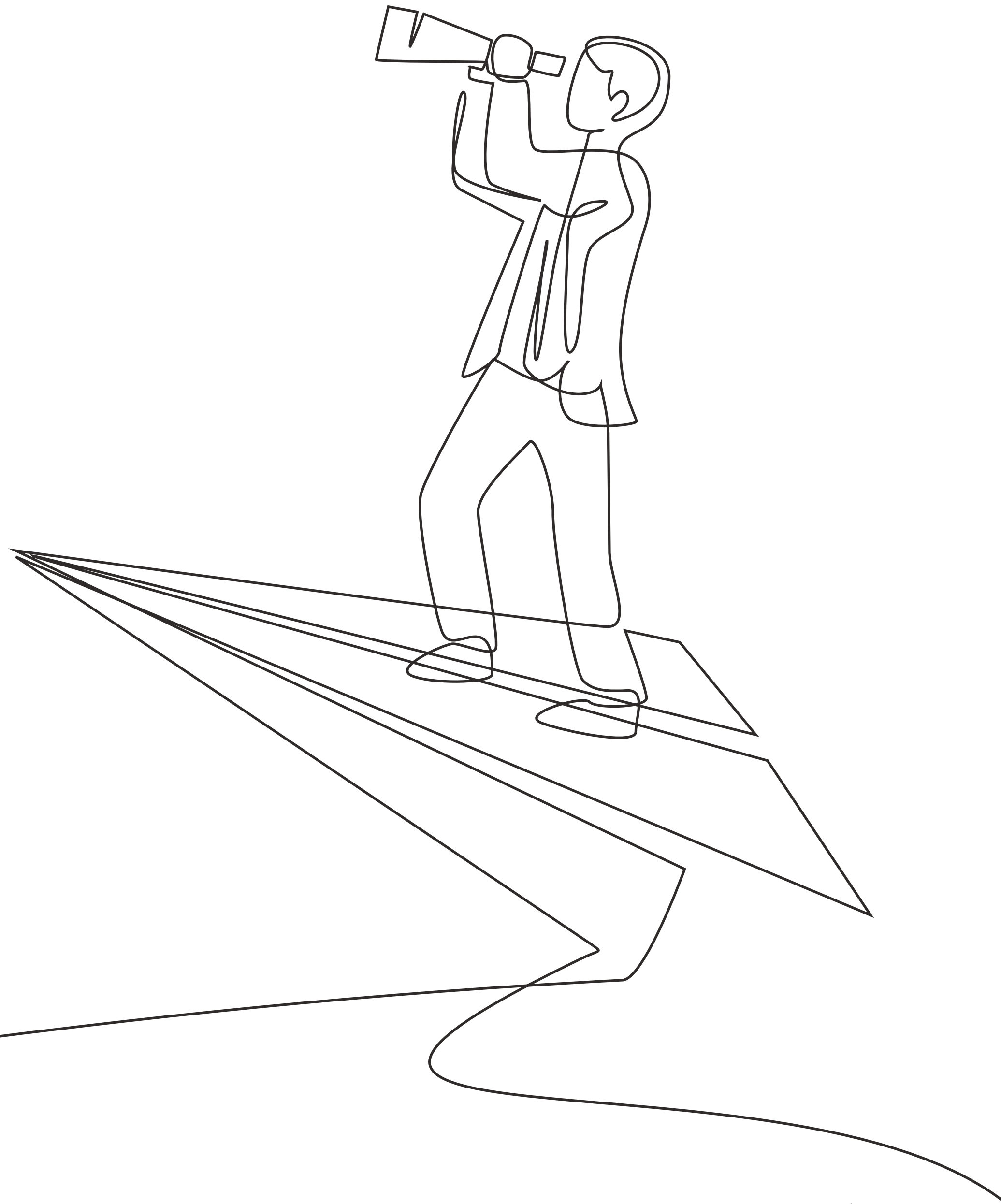
IDENTIFICATION OF MAIN STAKEHOLDERS

GRI 102-43

Stakeholders are entities or individuals who may be significantly affected by ASPAPEL's activities, products and services, or whose actions may affect the organisation's ability to successfully implement its strategies and achieve its goals. ASPAPEL classifies the stakeholders it identifies according to the weight they exert on decision-making within the organisation.

Stakeholders have been identified as follows:

- Direct employees
- Suppliers of raw materials
- First customer (corrugator, printer, bag manufacturer, publishers, etc.)
- Public administration
- Residents' Associations
- Trade Unions
- Investors
- Rating agencies
- Political parties
- Teaching institutions //Colleges /Universities
- Consumer associations
- Sectorial associations
- Environmental associations
- Other NGOs/Non-Profit Organisations
- Media and Press



IDENTIFICATION OF MATERIAL TOPICS
GRI 102-46

Material topics are determined from an assessment of internal and external sources to identify global trends for the entire pulp sector (pulp and paper making).

- **Internal sources:** ASPAPEL sustainability reports and their respective updates, Materiality Matrix (2015-2017), results of consultations with stakeholders, axes of the sector's commitment to sustainability, ASPAPEL lines of strategy and sectorial reports.

- **External sources:** GRI documents, sustainability or environmental reports from companies in the sector, Sustainable Development Goals, and various studies.

Subsequently, all the issues were reviewed with the aim of matching them to the topics in the GRI Standards. For example, the issue of sustainable forest practices and management and their certification was integrated into GRI 304 Biodiversity. Likewise, the collection and recycling of used paper and board was classed under GRI 301 Materials. These and other ASPAPEL specific topics and contents can be found in the summary table detailed on pages 6-7.

PRIORITISATION
GRI 102-46 | GRI 102-43

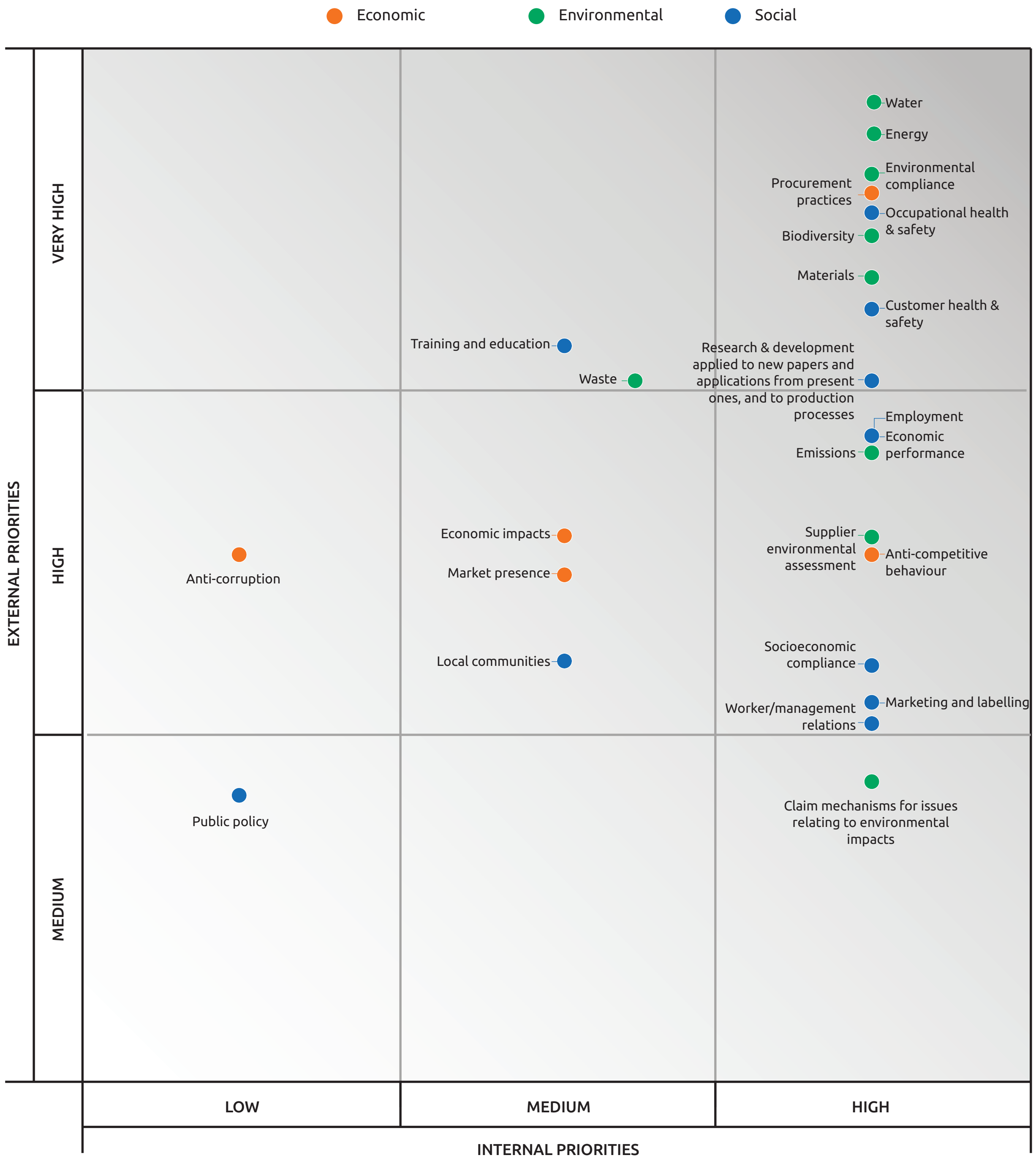
The relevant topics were prioritised through quantitative assessment at both internal level (i.e., relevance for ASPAPEL) and at external level (relevance for stakeholders). This prioritisation defines the degree of importance attributed to each topic.

- **Internal prioritisation:** Heads of the different areas and projects at ASPAPEL assessed the importance of each issue taking into account the impacts they produce on the strategy, the sector and the value chain. Trends, sustainability, potential risks, and regulations were also taken into account when giving scores.

- **External prioritisation:** For three weeks between June and July 2021, an online survey of stakeholders was carried out to assess the relevant issues. More than 400 replies were received, which enabled us to consider that the results were sufficiently representative of ASPAPEL's stakeholders. For statistical analysis, the replies were weighted according to the stakeholder in question, so that the weight of each group is directly proportional to its degree of relevance for ASPAPEL.

MATERIALITY MATRIX

GRI 102-44 | GRI 102-46 | GRI 102-47



Finally, by adding together the sum of internal (**ASPAPEL**) and external (**stakeholder**) assessments, we reached 25 material topics with scores over five (total results of the assessment range between 5 and 7, since both internally and externally, most topics scored a high degree of importance, such as 4 "Very important" or 3 "Important").

GRI / ASPAPEL	MATERIAL TOPIC	SCORE
303	Water	7.83
302	Energy	7.82
307	Environmental compliance	7.79
416	Customer health and safety	7.76
304	Biodiversity	7.74
403	Occupational Health & Safety	7.67
301	Materials	7.62
ASPAPEL	Research	7.61
204	Procurement practices	7.58
201	Economic performance	7.56
401	Employment	7.56
305	Emissions	7.54
308	Supplier environmental assessment	7.47
419	Socioeconomic compliance	7.47
206	Anti-competitive behaviour	7.46
417	Marketing and labelling	7.33
402	Worker/management relations	7.31
ASPAPEL	Claim mechanisms	7.26
306	Waste	6.86
404	Training and education	6.64
203	Indirect economic impacts	6.49
202	Market presence	6.44
413	Local communities	6.37
205	Anti-corruption	5.46
415	Public policy	5.25

REPORT PROFILE

GRI 102-50 | GRI 102-51 | GRI 102-52

This fifth Paper Sector Sustainability Report covers the period 2018-2020 and updates the data given in the previous report in 2018. The report has been published every three years since 2005, and since 2008, annual updates of the main contents have also been published.

The series of historical data reported in this edition cover the period 2011-2020 for a better understanding of how the data has evolved and because of the relevance of being able to refer to the beginning of the crisis. Some data refers to material topics included in the report for which the complete series is not available, so in those cases, last year's figure and any historical information available is given.

Information on basic general disclosures relates to the organisation (ASPAPEL), while specific material topics or basic contents relate to the paper sector business that the Association represents.

Based on the concept of circular economy, the sector's commitment to sustainability revolves around four main axes: sustainable forest management (GF), efficient and responsible production process (PP), leadership in recovery and recycling (LR), and generation of wealth and contribution to quality of life (GR). Around these four axes, the information about topics that are materially relevant, including issues that directly or indirectly have an impact on the sustainable development of the sector, is organised into four chapters. In this way, the report covers the fundamental issues related to sustainability, in its economic, environmental, and social considerations.

DATA COLLECTION AND PROCESSING

Information is collected about each of the disclosures from companies in the sector, and the sum total of those data is what is shown in the report. The nature of the organisation, given that it is a sectorial association, has the advantage of offering a comprehensive, sector-wide view - as was seen in previous editions – and serves as a useful model for companies in the sector to subsequently publish their own reports with their individual data. External sources are also used (MITERD, INE...), as specified in each table or graph. Data on the forest sector as a whole comes from two annual surveys: one on wood certification sent to pulp mills, and the other on product and raw material certification sent to pulp and paper making mills, whether they use virgin fibre or recovered paper. The representativeness of the data is usually very high (in 2020, it stands at 95% of wood consumption, 95% of pulp production, and 78% of certified paper). The data about eucalyptus and pine forest landcover comes from the National Inventory, and the data of the land area used by the sector, as well as about employment, is calculated by ASPAPEL's own method according to growth rate and productivity in eucalyptus and pine stands, and to the number of operations carried out as part of forest management and handling of consumed wood. To calculate CO_2, the official method is used, taking as the reference the National Inventory of Greenhouse Gas Emissions (NIR) published on the Ministry for Ecological Transition and Demographic Challenge (MITERD)'s website.

Sector-wide environmental data are obtained from an annual survey which is sent to all pulp and paper mills. The representativeness of the data is usually very high, close to or greater than 90%, and to obtain a percentage of production for which answers are not available, it is estimated from the sectorial ratio with the aim of reporting data for the entire industry. Mills report to ASPAPEL environmental data that has mostly already been reported to government administrations as part of their compliance with legal reporting requirements that in turn come from measurements and controls taken at the mill.

GRI 305-1

The main greenhouse gas (GHG) is CO_2 and direct emissions from the process are reported. The data is obtained from sector-wide surveys and that same data is verified for compliance with the requirements of CO_2 emissions trading. The overall data for the sector is available from the OECC's annual evaluation reports.

As from 2014, emissions of SOx and NOx come from surveys of companies in the sector, while earlier rates were calculated using emission factors according to fuel consumption (EMEP / CORINAIR book and guide, emission factors for the paper industry taking into account the fuel used and the emission source) and did not consider the emission reduction measures that many mills have implemented. For 2020, NOx and SOx data are estimated.

Data on paper and pulp production, investment data, consumption of raw materials, and others come from surveys that the companies complete on a monthly basis. In addition to this scheme, ASPAPEL uses foreign trade data from Customs, regularly published by the Statistical Department of the Tax Agency. International data is sourced from CEPI or RISI. Some data are calculated or estimated from these statistical sources.

GRI 301-3

Sectorial data on paper recycling are prepared at ASPAPEL by adding together the data received from companies on their paper production and consumption of raw materials. Once these data have been added up, paper recovery is calculated indirectly using customs information (paper recovery = consumption of paper for recycling at the mill - imports + exports).

The information included reflects the performance of the sector in the broader context of Sustainability. The material topics and their coverage reflect significant economic, environmental, and social impacts, to enable stakeholders to assess the sector's performance over the reporting period (2018-2020).

This report has been drawn up in accordance with the GRI Standards: core option. It has not been assured externally. It was prepared and written on the basis of balance between the different material topics, accuracy and reliability of the data provided, clarity of its texts, and comparability between successive editions published at regular intervals.

MANAGEMENT APPROACH

GRI 103-2

The pulp and paper sector formulates its vision of sustainability as the decisive contribution of paper and the companies that manufacture it to improving quality of life and sustainable development, through sustainable forest management, clean production processes and the continuous recycling of its products.

The environment is a priority in all ASPAPEL activities and a large part of the organisation's resources and efforts are focused on aiding the sector to minimise its environmental impact. All members of the ASPAPEL management team have committed responsibilities to developing and managing environmental policies and actions.

The Forestry Directorate, the Environment Directorate, the Energy Directorate and the Recycling and Logistics Directorate have working committees on all these matters who, together with experts from companies in the sector, design and implement actions to improve the sector's environmental performance. Their proposals are submitted for approval to the Board of Directors.

As far as the social dimension (including product responsibility) goes, safety at work, training and the implementation of suitable and fair working conditions in companies in the sector are all priority issues for ASPAPEL. In this regard, it is worth mentioning various initiatives that are being carried out in a joint agreement with trade union organisations and which focus on all aspects of occupational health and safety. Furthermore, working conditions are negotiated by agreeing Collective Bargaining Agreements with the main trade unions. ASPAPEL has a Human Capital Directorate and the permanent support of a committee of experts from the companies in the sector.

ASPAPEL is also working on developing pro-active initiatives in the field of paper product safety and consumer health, such as the implementation of good paper and board manufacturing practices and participation in forums on the development of product safety policies.

With regard to the economic section, ASPAPEL works in favour of the competitive and sustainable development of a circular bioindustry that is the driving force behind the pulp, paper and board value chain. An industry that exports half of its production, creates stable and skilled employment and uses a natural and renewable resource in which Spain has great potential, and which therefore is a key sector for the industrial future of our country. Consumers are increasingly and clearly demanding products that meet our needs at the lowest possible environmental cost, products that are natural, renewable, massively recycled and biodegradable, such as paper, which in many applications has substituted other products that do not meet those characteristics.

GRI 103-3

ASPAPEL's environmental, social and economic sustainability policy is defined in three-year strategic plans that include goals for different themes and are developed by the respective Committees and Directorates that report regularly to the Board of Directors. Since 2005, ASPAPEL has published a three-year Sustainability Report, in which it reports sustainability goals and their achievement, using GRI data backed up by its own specific content.

In addition, the Association is managed under a quality management system certified by an independent body under ISO 9001, which means it is committed to continuous improvement and compliance with regulations and has a system to correct any deviation or incident that may occur.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT APPROACH

GRI 403-1

All companies in the paper sector and all workers, activities and work centres are covered by an occupational health and safety management system, as required by Law 54/2003 of 12 December, that reforms the framework regulations for Occupational Health and Safety. According to Article 2.2, OHS must be integrated into the company's general management system, both in all its activities and at all hierarchical levels of the company, through the implementation and application of an Occupational Risk Prevention Plan. This Risk Prevention Plan must be set down in writing and its definition matches what is commonly understood as an Occupational Health and Safety Management System.

GRI 403-2

In regard to the identification of hazards, risk assessment and investigation of incidents, Article 16 of the OHS Act and Article 4 of the OHS Service Regulations oblige companies to document the undertaking of a Risk Assessment of all risks existing in the activities carried out at the company in each job. The assessment must consider existing or planned job conditions and its result must agree with the level of risk existing at the company. Each company performs Risk Assessment of its installations and various job positions in accordance with legal requirements and prior advance consultation with the workers' representatives as to the procedure to be used in the assessment.

All companies in the sector have in place the necessary communication channels for workers to transmit to the management, usually via their immediate superiors, any situation of risk they detect, so that the necessary preventive measures can be taken. The OHS Act stipulates that workers have a right to stop work and leave the workplace, if necessary, when they consider that such an activity entails a serious and imminent risk to their life or health.

Conducting investigations into accidents occurring at work is a legal requirement laid down by Article 16.3 of the OHS Act, so that conducting such investigations into any accidents at the workplace that occur among employees of each company must be included in a system that specifies who is responsible for conducting them and the documents where outcomes are to be recorded. Likewise, the planning and management of corrective actions, and their follow-up, is standardised to correct any anomalies or deficiencies detected as a result of such accidents.

GRI 403-3

Article 22 of the OHS Act regulates the right of workers to health surveillance in accordance with the risks inherent in their job and the employer's corresponding duty to guarantee that right for workers. This right is voluntary, with some exceptions, and shall be exercised with respect for the worker's right to privacy and dignity and to all information regarding his state of health being kept confidential. The results of the health surveillance shall be reported to the relevant worker, while both employer and worker shall be informed of the outcome of examinations performed to determine the worker's suitability to do a specific job or of the need to introduce or improve safety or protection measures. Worker health monitoring and surveillance shall be undertaken by healthcare personnel with suitable technical skills, training and accredited capabilities.

GRI 403-4

With regard to worker participation, Article 35 of the Occupational Health and Safety Act provides that OHS officers are the representatives of workers with specific training in the field of occupational health and safety. On the other hand, in each of the areas in which two or more OHS officers have been appointed because the work centre has more than 50 employees a Health and Safety Committee must be set up, a joint committee consisting of the OHS officers on the one hand and an equal number of management representatives on the other. The Committee shall discuss issues relating to occupational health and safety in mills and the conditions existing there on a quarterly basis (and whenever requested by any of the representatives).

WATER AND EFFLUENT MANAGEMENT APPROACH

GRI 303-1 | GRI 303-2

Water is essential in the pulp and paper manufacturing process, as it is necessary to transport fibre. The water used is mainly collected from rivers and, after being used in the manufacturing process, is returned to the medium after being cleaned in on-site or external facilities. For the sector's mills, both the collection of water, its use, and the quality of the final effluent are issues that are subject to very stringent legal requirements.

In Spain, the sector has worked and continues to work intensively on applying the Best Available Technologies, both to reduce use of water per ton of end product and to improve discharge quality, minimising their environmental impact. Sector-wide data on water and effluents are obtained from an annual survey which is sent to all pulp and paper mills.

Effluents from the sector's mills comply with the legal limits applicable in each case, which depend on whether it is a direct discharge to a public course or an indirect discharge, in which case the effluent goes to a mains line for subsequent treatment. These values are particular to each plant, although mills with direct discharge must at least meet the values associated with the Best Available Technologies, according to European legislation (EU Commission Execution Decision of 26 September 2014, establishing conclusions on best available techniques for pulp, paper and board production, in accordance with Directive 2010/75/EU of the European Parliament and of the Council on industrial emissions).

The Voluntary Agreement signed between the Ministry of the Environment and the Association of Pulp, Paper and Board Manufacturers (ASPAPEL), in force between 2000-2009, marked a milestone in efficient water usage in the sector, with a 37% reduction in the use of water per ton produced.

Also, in effluent quality, significant improvements were achieved in all parameters: Chemical Oxygen Demand (COD) was reduced by 38% for paper and 37% for pulp; Suspended Solids (TSS) came down by 78% in paper and 12% in pulp, and Adsorbable Organic Halides (AOX) saw a 47% reduction in pulp. The agreement also championed the total elimination in 2007 of the use of molecular chlorine to produce pulp, so that currently all pulp making in Spain is either ECF (elemental chlorine free) or TCF (totally chlorine free). As a sector, there are today no overall objectives in this area, since at present, in all parameters, the maximum requirement levels that the Best Available Techniques allow for have been achieved.

GRI CONTENT INDEX

GRI MATERIALITY DISCLOSURES SERVICE 2021

FOUNDATION AND GENERAL DISCLOSURES

GRI STANDARD DISCLOSURE	PAGE, LOCATION OR EXPLANATION	OMISSIONS	EXTERNAL ASSURANCE
GRI 101 Foundation 2016			
101 Principles	Páginas 116-120 & 121-124		NO
GRI 102 General Disclosures 2016			
Organizational profile			
102-1 Name of the organisation	Page 108		NO
102-2 Activities, brands, products, and services	Pages 109-110. None of the products or services is banned in certain markets.		NO
102-3 Location of headquarters	Pages 91 & 111		NO
102-4 Location of operations	Page 1108		NO
102-5 Ownership and legal form	Pages 108 & 115		NO
102-6 Markets served	Page 108		NO
102-7 Scale of the organisation	Pages 108-112 & 115. http://www.aspapel.es/la-asociacion/transparencia Audit Report		YES
102-8 Information on employees and other workers	Page 111		NO
102-9 Supply chain	Page 112		NO
102-10 Significant changes to the organisation and its supply chain	Page 112		NO
102-11 Precautionary Principle or approach	The precautionary principle is not applicable due to the nature of ASPAPEL's activity		NO
102-12 External initiatives	Page 113		NO
102-13 Membership of Associations	Page 112		NO
Strategy			
102-14 Statement from senior decision-makers	Pages2-3		NO

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.
The service was performed on the Spanish version of the report.

FOUNDATION AND GENERAL DISCLOSURES

GRI STANDARD DISCLOSURE	PAGE, LOCATION OR EXPLANATION	OMISSIONS	EXTERNAL ASSURANCE
Ethics and Integrity			
102-16 Values, principles, standards, and norms of behaviour	Page 113 CODE OF CONDUCT: http://www.aspapel.es/sites/default/files/adjuntos/doc_445_0.pdf		NO
Governance			
102-18 Governance structure	Page 112		NO
Stakeholder engagement			
102-40 List of stakeholder groups	Page 114		NO
102-41 Collective bargaining agreements	Page 111		NO
102-42 Identifying and selecting stakeholders	Page 114		NO
102-43 Approach to stakeholder engagement	Pages 78, 114 & 116-118		NO
102-44 Key topics and concerns raised	Pages 79, 114 & 119		NO
Reporting practice			
102-45 Entities included in the consolidated financial statements	The financial statements refer to a single entity: ASPAPEL (Spanish Association of Pulp and Paper Manufacturers) http://www.aspapel.es/la-asociacion/transparencia Audit Report		YES
102-46 Defining report content and topic Boundaries	Pages 116 & 118-119		NO
102-47 List of material topics	Page 119		NO
102-48 Restatements of information	There are no significant changes		NO
102-49 Changes in reporting	There are no significant changes		NO
102-50 Reporting period	Page 120		NO
102-51 Date of most recent report	Page 120		NO
102-52 Reporting cycle	Page 120		NO
102-53 Contact point for questions regarding the report	aspapel@aspapel.es		NO
102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: core option.		NO
102-55 GRI content index	Pages 125-133		NO
102-56 External assurance	The report has not been externally assured. Only the organisation's financial statements have been audited: ASPAPEL: http://www.aspapel.es/la-asociacion/transparencia Audit Report		NO

ECONOMIC MATERIAL TOPICS

GRI STANDARD DISCLOSURE	PAGE, LOCATION OR EXPLANATION	OMISSIONS	EXTERNAL ASSURANCE
GRI 103 Management Approach 2016 **Related to: Economic performance (201), Market Presence (202), Indirect economic impacts (203), Procuremnt practices (204), Anti-corruption (205), Anti-competitive behaviour (206)**			
103-1 Explanation of the material topic and its Boundary	Pages 116-119		NO
103-2 The management approach and its components	Pages 4-5, 103-107 & 122		NO
103-3 Evaluation of the management approach	Pages 103-107 & 122		NO

ECONOMIC MATERIAL TOPICS			
GRI STANDARD DISCLOSURE	**PAGE, LOCATION OR EXPLANATION**	**OMISSIONS**	**EXTERNAL ASSURANCE**
GRI 201 Economic Performance 2016			
201-1 Direct economic value generated and distributed	Direct economic value generated Page 68 Distributed economic value: Socioeconomic value of the pulp, paper and board value chain. Pages 56-57 of this Report (brief summary of the study. Full study: http://www.aspapel.es/default/files/publicaciones/doc_545_informe socioeconomico_cadena_valor.pdf (especially pages 16-18 and 24-25).	Since the reporting organisation ASPAPEL is an association representing the entire sector, it is very difficult, even impossible to have sectorial information sufficiently representative and of quality on the distributed economic value. As a sector, the greatest relevance in this regard is the pulp and paper industry as the engine of a value chain and the direct, indirect and induced socioeconomic impact that it generates. For that purpose, ASPAPEL and other organisations in the value chain have had an extensive study on the subject prepared.	NO
GRI 202 Market presence 2016			
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	The sector's collective bargaining agreement establishes for the different professional groups, without distinction by sex, gross annual minimum wages of between €17,390 and €19,417 in the case of labour and between €15,725 and €32,296 for employees. Remuneration in the non-stop system (continuous work that allows uninterrupted plant operation), as well as other conditions (shifts, breaks, etc.) is determined prior agreement between company management and the Workers' Committee or shop stewards. By comparison, the minimum interprofessional wage for the year 2020 was set in Spain at €13,300 gross per year.		NO
GRI 203 Indirect economic impacts 2016			
203-1 Infrastructure investments and services supported	Pages 66-67		NO
203-2 Significant indirect economic impacts	Pages 72-74 & 56-57 (brief summary of the study on the chain's impact). Full study: http://www.aspapel.es/sites/default/files/publicaciones/doc_545_informe_socioeconomico_cadena_valor.pdf (pages 16-18)		NO
GRI 204 Procurement practices 2016			
204-1 Proportion of spending on local suppliers	Pages 11-12 & 72-73		NO
GRI 205 Anti-corruption 2016			
205-2 Communication and training about anti-corruption policies and procedures	The Chair, Vice-Chair, and other members of the Board of Directors, as well as the workers and employees of ASPAPEL and any other associate member or hired person, when they act on behalf of ASPAPEL, are acquainted with and pledge to fulfil in all their relations with authorities, elected officials, and other public employees, the Code of conduct that has been widely circulated. Likewise, companies in the sector have their own Codes of Conduct, anti-corruption policies and good practices. In addition, certification schemes that are widely in place across the sector require the certified organisation to comply with local, national and international anti-corruption legislation and where such legislation does not exist, to adopt anti-corruption measures suitable for the existing risk.		NO

ECONOMIC MATERIAL TOPICS

GRI STANDARD DISCLOSURE	PAGE, LOCATION OR EXPLANATION	OMISIONES	EXTERNAL ASSURANCE
GRI 206 Anti-competitive behaviour 2016			
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	During the reporting period, there have been no reports of infringements of competitive rights in the pulp and paper industry. ASPAPEL has a strict protocol of behaviour in place in all its activities.		NO

ENVIRONMENTAL MATERIAL TOPICS

GRI STANDARD DISCLOSURE	PAGE, LOCATION OR EXPLANATION	OMISSIONS	EXTERNAL ASSURANCE
GRI 103 Management approach 2016 **Linked to: Materials (301), Energy (302), Biodiversity (304), Emissions (305), Effluents and waste (306), Environmental compliance (307), Supplier Environmental Assessment (308)**			
103-1 Explanation of the material topic and its Boundary	Pages 116-119		NO
103-2 The management approach and its components	Pages 4-5, 103-107 & 122		NO
103-3 Evaluation of the management approach	Pages 103-107 & 122		NO
GRI 301 Materials 2016			
301-1 Materials used by weight or volume	Pages 11-12 & 72-73		NO
301-2 Recycled input materials used	Pages 72-73		NO
301-3 Reclaimed products and their packaging materials	Pages 88-89 & 121		NO
GRI 302 Energy 2016			
302-1 Energy consumption within the organisation	Pages26-28		NO
GRI 303 Water and effluents 2018			
MANAGEMENT APPROACH 303-1 Interactions with water as a shared resource	Page 124		NO
MANAGEMENT APPROACH 303-2 Management of water discharge-related impacts	Page 124		NO
303-3 Water withdrawal	Page 35	At this time data on areas of water stress for the entire sector are not available.	NO
303-4 Water discharge	Pages 35-37	At this time data on areas of water stress for the entire sector are not available.	NO
303-5 Water consumption	Pages 33-34	At this time data on areas of water stress for the entire sector are not available..	NO
GRI 304 Biodiversity 2016			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Pages 10, 18 & 20 The sector's manufacturing plants are not located in or on land bordering with protected areas or areas of great value for biodiversity. They are plants sited within municipalities or on industrial estates.		NO

ENVIRONMENTAL MATERIAL TOPICS			
GRI STANDARD DISCLOSURE	**PAGE, LOCATION OR EXPLANATION**	**OMISSIONS**	**EXTERNAL ASSURANCE**
304-2 Significant impacts of activities, products, and services on biodiversity	Pages 10, 18 & 20 No impacts are detected in the use of plantations that deteriorate biodiversity. The pulp and paper sector has initiated a pilot experiment in Asturias to implement a code of good practices in eucalyptus logging in the territory, aimed at upholding such good practices both with regard to respecting biodiversity and the safety of workers who interact with the environment. Actions to improve forest health have also been carried out with (GOSSGE and INNOBANDA).		NO
GRI 305 Emissions 2016			
305-1 Direct (scope 1) GHG emissions	Pages 30-32 & 121		NO
305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Page 32		NO
GRI 306 Effluents and waste 2016			
306-2 Waste by type and disposal method	Pages 38-41		NO
GRI 307 Environmental compliance 2016			
307-1 Non-compliance with environmental laws and regulations	Although fines and penalties are public, there is no central registry to collect them. ASPAPEL works continuously to monitor new environmental requirements for the plants in the sector and provides its member companies with information for compliance. Although there is no information on significant fines or non-monetary sanctions in the sector, the fact that most mills (97% of the sector's production) have an environmental management system indicates a commitment to continuous improvement and compliance with regulations, and, therefore, a system to correct any deviation or incident that may occur.		NO
GRI 308 Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	Pages 18, 20 & 24-25 100% of pulp suppliers and 92% of wood suppliers have a certified chain of custody, so they must necessarily meet the requirements of these certification systems in logging to make sure it meets the criteria of environmental sustainability set down by PEFC and FSC. Additionally, in their procurement procedures, companies establish meticulous environmental regulations restricting logging to plantations and excluding wood from protected areas and wood pulp from doubtful sources through due diligence processes that mills have put in place to guarantee consumption of raw materials from legal logging.		NO

SOCIAL MATERIAL TOPICS			
GRI STANDARD DISCLOSURE	**PAGE, LOCATION OR EXPLANATION**	**OMISSIONS**	**EXTERNAL ASSURANCE**
GRI 103 Management approach 2016 **Linked to: Employment (401), Labour/management relations (402), Training and education (404), Local communities (414), Public policy (415), Customer health and safety (416), Marketing and labelling (417), Socioeconomic compliance (419)**			
103-1 Explanation of the material topic and its Boundary	Pages 116-119		NO
103-2 The management approach and its components	Pages 4-5, 80-81, 103-107 & 122		NO
103-3 Evaluation of the management approach	Pages 103-107 & 122		NO
GRI 401 Employment 2016			
401-1 New employee hires and employee turnover	Pages 42-44 & 70		NO
GRI 402 Labour/management relations 2016			
402-1 Minimum notice periods regarding operational changes	The State Collective Bargaining Agreement for the sector sets minimum periods of notice, consultation, and negotiation that must be met before proceeding with certain organisational changes. Article 7.4 Individual transfer – when prior agreement is not reached, minimum 30 days' notice to the worker and workers' representatives prior to the effective date. Art. 9.7 Flexibility and irregular distribution of work schedules. Worker Reps to be called 3 days before a negotiation period. If after five days, no agreement is reached, the dictates of the Workers' Statute shall be followed.		NO
GRI 403 Occupational Health and Safety 2018			
MANAGEMENT APPROACH 403-1 Occupational health and safety management system	Pages 53 & 123		NO
MANAGEMENT APPROACH 403-2 Hazard identification, risk assessment, and incident investigation	Pages 53 & 123		NO
MANAGEMENT APPROACH 403-3 Occupational health services	Pages 53 & 123		NO
MANAGEMENT APPROACH 403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 53 & 123		NO
MANAGEMENT APPROACH 403-5 Worker training on occupational health and safety	Pages 45-46 & 53 Article 19 of the Law on Occupational Health & Safety obliges employers to provide their workers with timely, sufficient and suitable theoretical and practical training in matters focused on preventing risks and health and safety measures in the jobs they perform in their respective positions at work, both at recruitment and when changes in duties or work teams take place.		NO
MANAGEMENT APPROACH 403-6 Promotion of worker health	Various companies in the sector have carried out campaigns to encourage sports and healthy habits, campaigns to aid quitting smoking, agreements with nearby gyms, etc. .		NO
MANAGEMENT APPROACH 403-7 Prevention and mitigation of occupational health & safety impacts directly linked by business relationships	All health and safety impacts of operations linked to business relationships are included in the company's OHS Management System.		NO
MANAGEMENT APPROACH 403-8 Workers covered by an Occupational Health and Safety management system	100% of workers in the sector are covered by an Occupational Health and Safety Management System. As Spanish OHS law requires, companies that have not hired an external specialist firm in Occupational Health & Safety are subject to external audits. No worker is excluded from an OHS management system.		NO

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SOCIAL MATERIAL TOPICS			
GRI STANDARD DISCLOSURE	**PAGE, LOCATION OR EXPLANATION**	**OMISSIONS**	**EXTERNAL ASSURANCE**
403-9 Work-related injuries	Pages 47-49 & 50-52 Hazards or risks are determined in Risk Assessments applied to entire mills, operations and each job. The OHS measures to be taken to eliminate or mitigate risks are also set down in the risk assessments of companies. Rates are calculated for every 1,000,000 hours worked. No workers have been excluded.		NO
403-10 Work-related ill health	Pages 47-49 & 50-52 Hazards or risks are determined in Risk Assessments applied to entire mills, operations, and each job. The OHS measures to be taken to eliminate or mitigate risks are also set down in the risk assessments of companies. Rates are calculated for every 1,000,000 hours worked. No workers have been excluded.		NO
GRI 404 Training and Education 2016			
404-1 Average hours of training per year per employee	Pages 45-46	The sector-wide split by sex and region Is not significant given the equal legal and employment conditions that exist.	NO
GRI 413 Local communities 2016			
413-1 Operations with local community engagement, impact assessments, and development programmes	Pages 82-85 & 98-99		NO
GRI 415 Public policy 2016			
415-1 Political contributions	As an organisation that participates in the development of public policies, ASPAPEL makes no political contributions. ASPAPEL has adopted a Code of Conduct when its interests are represented, by which the Chair, Vice Chair and other members of the Board of Directors, as well as workers and employees of ASPAPEL and any other associate member or contracted person, when acting on behalf of ASPAPEL, undertake to comply with a series of principles and values in their relations with authorities, elected officials and other public employees. The Code can be consulted at http://www.aspapel.es/sites/default/files/adjuntos/doc_445_0.pdf ASPAPEL is listed on relevant Transparency Registries both within Spain and the European Union.		NO
GRI 416 Customer health and safety 2016			
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In the 2018-2020 reporting period, the European Commission's Portal http://ec.europa.eu/food/safety/rasff/index_en.htm has not registered any alert concerning paper for contact with food, which confirms that the actions taken on a voluntary basis by the sector to ensure the safety of paper products in contact with food give good results.		NO

SOCIAL MATERIAL TOPICS

GRI STANDARD DISCLOSURE	PAGE, LOCATION OR EXPLANATION	OMISSIONS	EXTERNAL ASSURANCE
GRI 417 Marketing and labelling 2016			
417-1 Requirements for product and service information and labelling	Paper and board, and especially paper and board for contact with food, are safe products bound by more stringent European regulations that regulate such safety more than general product safety. They are marketed with adequate information to allow their risk-free use. Additionally, in compliance with either European legislation or the sector's own self-control measures, product traceability is guaranteed, as is a re-call mechanism for supplied products, if required.		NO
417-2 Incidents of non-compliance concerning product and service information and labelling	In this reporting period (2018-2020), the CE RAPEX portal https://ec.europa.eu/safety-gate-alerts/screen/webReport did not register any alerts relating to non-compliance with the rules on product labelling by paper or board for food contact. This confirms that the sector applies the rules on labelling correctly in the marketing and use of its products, without this being a cause of a consumer health and safety risk.		NO
GRI 419 Socioeconomic compliance 2016			
419-1 Non-compliance with laws and regulations in the social and economic area	No record exists of any company in the sector receiving such a fine in the reporting period.		NO

SPECIFIC TOPICS (WITH ASPAPEL DISCLOSURES)

GRI STANDARD DISCLOSURE	PAGE, LOCATION OR EXPLANATION	OMISSIONS	EXTERNAL ASSURANCE
ENVIRONMENTAL MATERIAL TOPICS **GRI 103 Management approach 2026** **Linked to: Environmental Management System. Number of mills with environmental management systems and % of production under an EMAS. Environmental claim mechanisms**			
103-1 Explanation of the material topic and its Boundary	Pages 116-119		NO
103-2 The management approach and its components	Pages 4-5, 103-107 & 122		NO
103-3 Evaluation of the management approach	Pages 103-107 & 122		NO
13 PP Environmental management system. Number of mills with an environmental management system and % of production under an EMAS. Environmental claim mechanisms.	Pages 24-25		
SOCIAL MATERIAL TOPICS **GRI 103 Management approach 2026** **Linked to R&D&I**			
103-1 Explanation of the material topic and its Boundary	Pages 116-119		NO
103-2 The management approach and its components	Pages 4-5, 103-107 & 122		NO
103-3 Evaluation of the management approach	Pages 103-107 & 122		NO
31 GR R&D&i	Pages 76-77		

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