



**ANNUAL
REPORT**

 **Grupo
iberpapel**



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Chairman's Letter

#1

Dear shareholders,

GRI: 2-22

The start of 2022 was promising: the Covid-19 pandemic, after burdening the economy for two years, was finally under control, fanning well-founded expectations of global economic growth and rising GDP.

Unfortunately, Russia's invasion of Ukraine derailed the incipient recovery and triggered increasing global prices, while inflation dragged along from previous years gained momentum.

The war in Ukraine, which has now lasted for more than a year with no end in sight, triggered a serious social crisis, pushing up crude oil and raw material prices, and causing an energy crisis of unknown proportions, due primarily to rising gas prices.

This was aggravated by Royal Decree-Law 10/2022 of 13 May, which penalised cogeneration, removing the right of facilities to apply the gas price adjustment available to combined cycle plants, which forced the majority of cogeneration facilities, including our own, to shut down. This also resulted in very serious cost overruns, since we consumed less gas than agreed in our contract in force as from 1 October 2021.

This legislation was amended by Royal Decree-Law 17/2022 of 20 September on urgent energy measures which, coupled with the termination in September of the onerous gas supply contract, led to a significant improvement in energy costs.

Despite this unstable macroeconomic, geopolitical and regulatory environment, our integrated production structure and flexible industrial and commercial model enabled us to increase output and control costs, thus improving results in relation to the previous year. EBITDA grew by 43% from €21 million to €30 million, while net profit rose from €9 million to €16 million or 70% above the 2021 figure.

Revenue increased by 24% from €237 million to €295 million due to the 38% rise in paper sales from €182 million to €252 million in value terms, thanks not to physical units sold but to our defensive pricing policy.

Electricity sales fell by 18%, however, from €51 million to €42 million, since our cogeneration plant was forced to shut down, as explained. Timber sales declined 69% from €4 million to €1 million. The value of our Uruguayan forest assets rose by €4.7 million before taxes thanks to an active market and the use of this value as a benchmark.

We remain fully committed to the Sustainable Development Goals. We successfully overcame personnel-related challenges during the year, when the workforce remained stable and the number of indefinite contracts reached 95%. We also fostered talent retention, continuous training and a work-life balance. As regards sustainability, we are helping to combat climate change by using sustainably sourced raw materials, biomass and cogeneration.

In the coming years, we will carry on investing to enhance production processes and integrate activities while searching for new investment opportunities, as in the recent past.

- In the forestry area, we aim to obtain the maximum yield from our plantations, always observing the strictest sustainability criteria.
- In the Industrial Division, we will continue implementing new BATs (Best Available Techniques) and more efficient processes. In 2023, we will invest over €22 million to renovate the lime kiln, improve machines 4 and 1, and overhaul the boiler auxiliary fuel (gas) burning system.
- In the Commercial Division, we are expanding the product range to provide greater added value both in Spain and abroad, as shown by the fact that around 30% of our paper sales are specialties developed in recent years.

Our integrated production model, in which three divisions span the entire paper value chain, generates synergies and boosts our competitiveness, which allows us to set these ambitious targets.

I would like to end by thanking all those who are part of this Company and who make it possible to successfully overcome all present and future challenges, this being the entire Iberpapel team, whose efforts make us an industry benchmark every day. And, of course, thanks also to the shareholders, who continue to place their trust in us.

ÍNIGO ECHEVARRÍA CANALES
IBERPAPEL'S CHAIRMAN

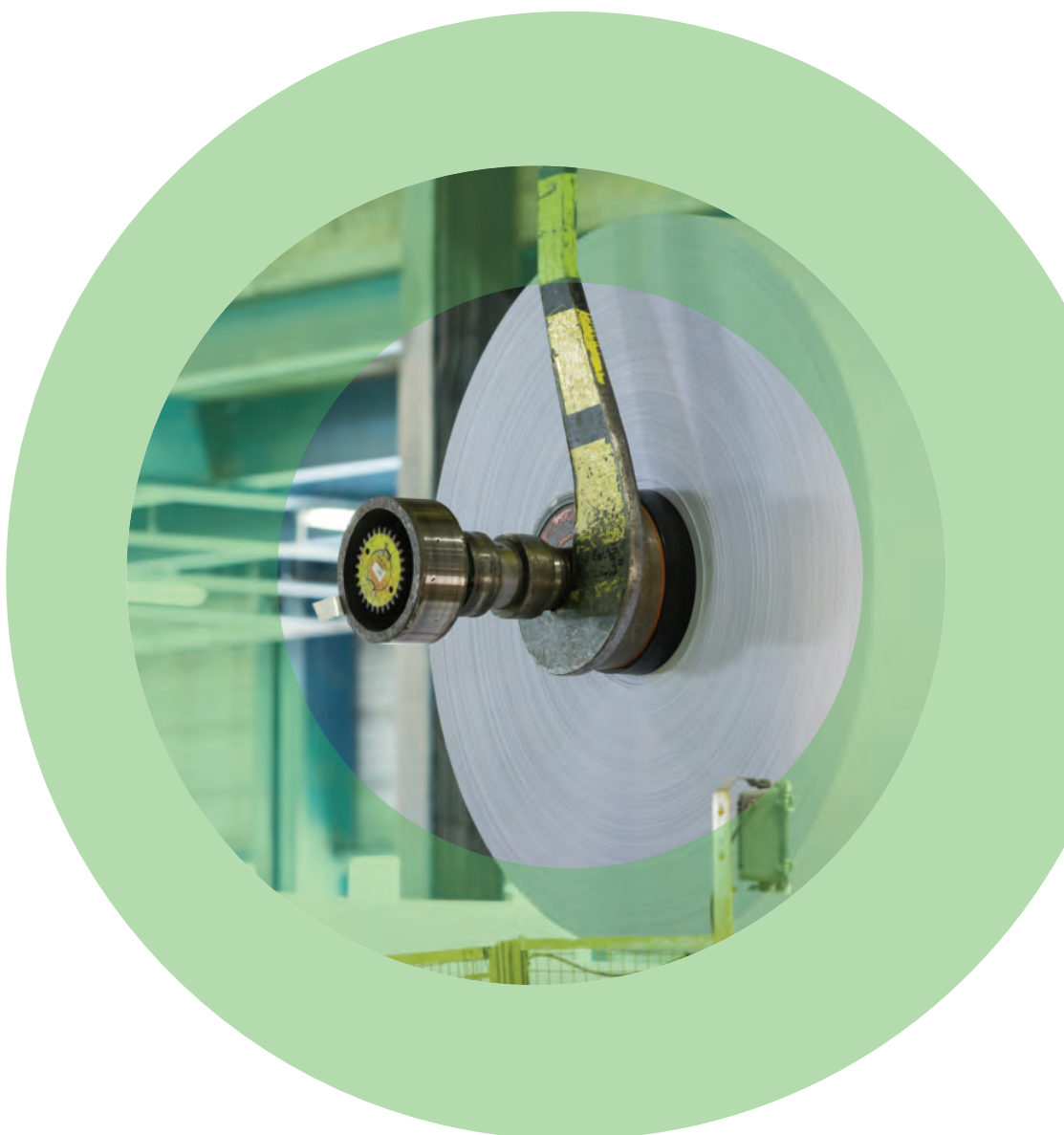
Iberpapel at a glance

#2

2.1 Our performance in 2022

Financial and non-financial highlights and key indicators

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



How we helped our stakeholders and the Group develop in 2022:

OUR PEOPLE

No. of employees¹ // 292 // -0.34% v. 2021
% indefinite contracts // 95.21% // +1.01% v. 2021
No. of disabled employees // 9 // = v. 2021

OUR CUSTOMERS

% long-standing domestic customers² // 94% // +2% v. 2021
% long-standing international customers² // 90% // -3% v. 2021

OUR SUPPLIERS

Custody chain certified timber suppliers // 96% // +6% v. 2021

OUR COMMUNITIES

Domestic suppliers // 93.56% // +1.72% v. 2021
Local community sponsorships // 5 // +150% v. 2021
Involvement in forums and associations // 12 // = v. 2021

OUR ENVIRONMENTAL RESPONSIBILITY

CO₂ emissions avoided // 180,256 t CO₂ // +8.72% v. 2021
Electricity consumed // 0.55 MWh/t // -5.18% v. 2021
Waste reused // 53% // -18% v. 2021

OUR CORPORATE GOVERNANCE

No. of Board of Directors meetings // 12 // +20% v. 2021
% attendance at the Annual General Meeting // 85.03% // +0.05% v. 2021

OUR FINANCIAL HIGHLIGHTS

EBITDA // €30.18 million // +43.28% v. 2021
Net profit // €15.84 million // +70.51% v. 2021
Leverage ratio // (14.68)% // +5.02% v. 2021

OUR SHAREHOLDERS

FY 2022 dividends // €0.40 per share³ // -20% v. 2021
Pay-out // 27.21% // -31.20% v. 2021
Return on Equity (R.O.E.)⁴ // 6.13 // +113.49% v. 2021

¹ At year-end (31/12/2021) / ² Aged over 5 years / ³ €0.15 per share proposed to the General Meeting / ⁴ ROE: EBIT divided by shareholders' funds.

Iberpapel's highlights

GRI: 2-6

| INCOME STATEMENT (million euro) | 2022 | 2021 |
|--|------------|------------|
| Revenue | 295.02 | 237.23 |
| Gross operating profit (EBITDA) | 30.18 | 21.07 |
| Operating margin (% of revenue) | 10.23% | 8.88% |
| Operating profit (EBIT) | 17.62 | 7.80 |
| Attributable net profit | 15.84 | 9.29 |
| Net margin (% of sales) | 5.37% | 3.92% |
| BALANCE SHEET (million euro) | | |
| Total assets | 389.10 | 385.84 |
| Equity | 287.36 | 269.65 |
| Net borrowings | (42.19) | (53.12) |
| Investments | 9.01 | 8.58 |
| FINANCIAL AND MANAGEMENT RATIOS | | |
| Net debt/Equity (%) | (14.68)% | (19.70)% |
| Net debt/EBITDA | (1.40) | (2.52) |
| Return on Equity (%) ¹ | 10.50% | 7.81% |
| EBITDA return on equity (%) ² | 5.51% | 3.44% |
| Working capital ³ | 87.67 | 92.58 |
| General liquidity (x) ⁴ | 2.17 | 2.21 |
| SHAREHOLDER RETURN (gross euro per share) | | |
| Interim dividend | 0.25 | 0.25 |
| Supplementary, definitive dividend ⁵ | 0.15 | 0.25 |
| Dividend yield (%) | 3.07% | 2.78% |
| Pay-out (%) | 27.21% | 58.41% |
| OUR STOCK | | |
| Number of shares | 11,039,829 | 11,039,829 |
| Capitalisation (million euro) | 144.07 | 198.72 |
| Year-end share price (euro) | 13.05 | 18.00 |
| Average share price during the year (euro) | 15.09 | 18.40 |
| Per-share equity (euro) | 26.03 | 24.43 |
| Price/Per-share equity (x) | 0.50 | 0.74 |
| PER (price-to-earnings ratio) (x) | 8.88 | 20.93 |
| Earnings per share (euro) | 1.47 | 0.86 |
| OTHER RELEVANT DATA | | |
| Number of employees | 292 | 293 |

¹ Calculated as the result of dividing EBITDA by shareholders' funds.

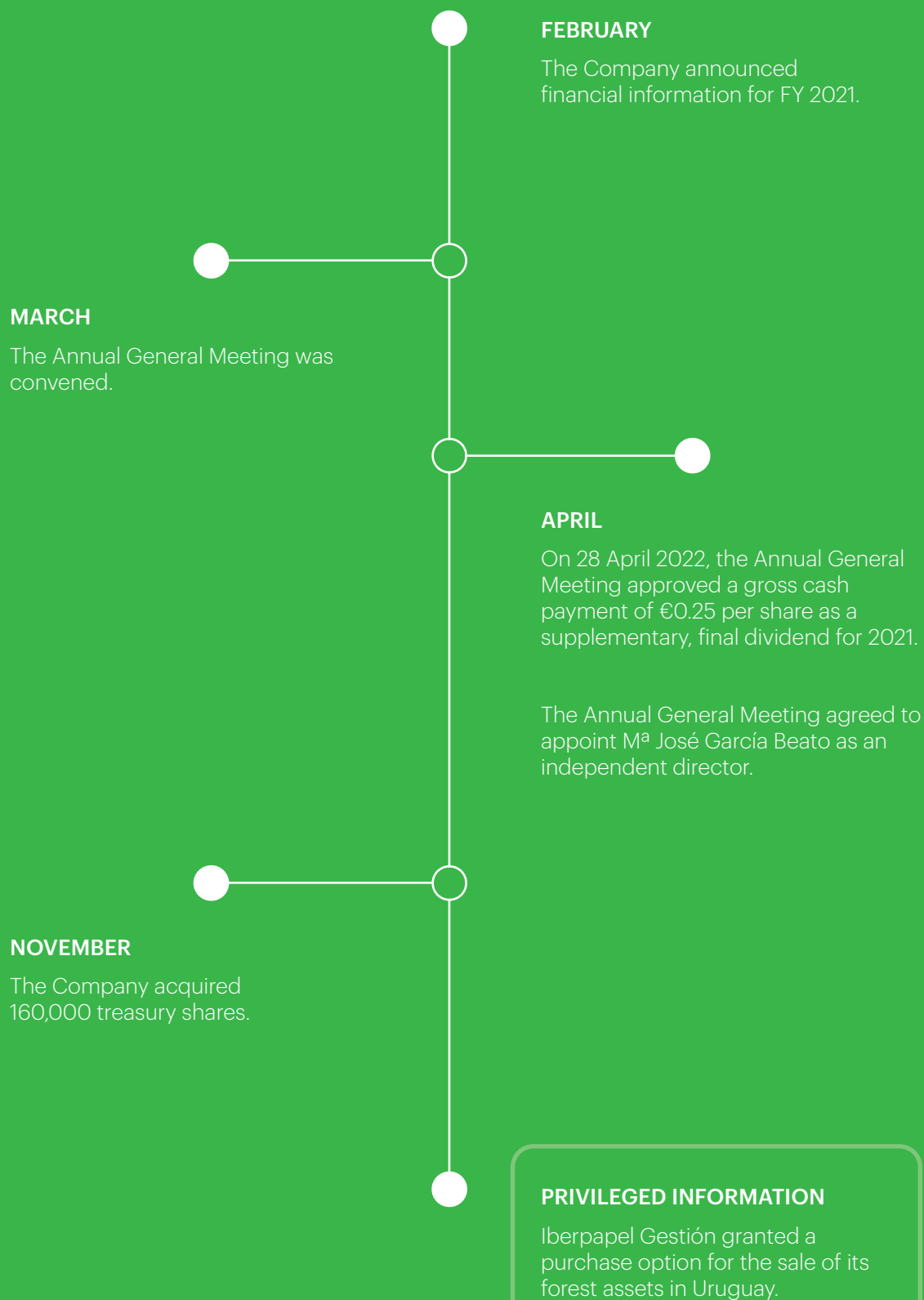
² Calculated as the quotient formed by net profit and equity, representing the relationship between economic profit and the equity capital necessary to obtain it.

³ Calculated as the excess of current assets over current liabilities, representing the company's capacity to continue to do business as normal in the short term.

⁴ Calculated as the product of dividing current assets by current liabilities, representing the proportion of short-term debts covered by assets that will be cashed at approximately the same time as the debts will fall due.

⁵ Proposed to the General Meeting.

2.2 2022 milestones



2.3 Future challenges chapter by chapter

4.3 Responsibility to our people

- Promote the hiring of young professionals to have the best talent.
- Foster the hiring of professionals with proven experience.
- Retain talent.
- Adapt attendance control at the plant.
- Maintain a stable working climate and improve industrial relations.
- Update the 2020-2025 Equality Plan to reflect new legislation.
- Form the new Equality Plan review committee following the union elections.
- Consolidate the existing Health and Safety Management System under the ISO 45001:2018 standard.
- Boost the activities of the Health and Safety Committee set up after the last union elections.
- Diversify the annual training plan to include team management and leadership courses.

4.4 Responsibility to our customers

- Win more customers and increase the volume of sales.
- Increase sales of specialty papers and of the products developed in 2022.
- Progress further in aspects related to environmental compliance and certification, such as the certificate of biodegradability and compostability, the extension of the ECOLABEL product range and other initiatives.

4.5 Responsibility to our suppliers

- Maintain a high percentage of custody chain certified timber suppliers.
- Carry on buying raw materials from domestic suppliers.
- Continue extending our commitment to sustainability throughout our value chain. Incentivise loyalty and regularity in strategic suppliers while promoting lasting relationships.
- Approve the Responsible Procurement Policy now prepared.



4.6 Responsibility to our local community

- Continue and encourage new collaboration initiatives with local communities in Argentina and Uruguay.
- Keep fostering local job creation and positive economic impacts while favouring domestic suppliers.
- Increase sponsorship of local community projects.

5.1 Our environmental responsibility at a glance

- Promote the circular economy through the internal reuse of waste to replace raw materials.
- Assess the organisation's carbon footprint under ISO 14064:2018.
- Establish a Company decarbonisation policy.
- Reduce our environmental impact by improving environmental parameters.
- Promote energy efficiency as a means of reducing the effects of global warming.

6 Our corporate governance at a glance

- Approve the Responsible Procurement Policy.
- Include in the Bylaws a Sustainability Committee, replacing the current Corporate Social Responsibility Committee, and an Investment Committee.
- Increase the involvement of the least represented gender.
- Adapt the whistleblower channels.



Our Group #3

3.1 The Iberpapel Group and value creation

Drawing on a number of key capitals, the Iberpapel Group provides value for its core stakeholders and fosters positive impacts on society and the environment.



| Key capitals | Stakeholders | Impacts |
|--|---|---|
| FINANCIAL Available shareholders' funds, debt and grants. | Shareholders, investors and the financial community. A consistent and transparent financial structure, investing in sustainable growth and future prospects. | Reducing our impact on the local area, preserving the natural environment and biodiversity. |
| INDUSTRIAL Machinery, plants and equipment. | Customers Satisfying customers through a flexible commercial strategy with huge capacity to adapt so as to boost profitability and product and service quality. | Advancing economic, social and environmental objectives hand in hand, focusing on clean energy, optimising energy efficiency and producing responsibly and sustainably. |
| INTELLECTUAL Technology, systems, licences and industry knowledge. | Suppliers A relationship of trust based on honesty, respect and responsible management. | Continuous team training while fostering engagement and excellence. |
| HUMAN Experience, capacity and team motivation. | Employees Believing in equal opportunities for all employees, encouraging participation and training, and ensuring diversity and a work-life balance. | Promoting personal development and a good working environment through collaboration, support and respect. |
| NATURAL Forests and environmental processes such as waste reuse. | Using natural and renewable raw materials from sustainably managed forests, promoting clean fuels, reducing our carbon footprint and responsibly managing water and waste. | Integrating innovation and respect for the environment throughout the value chain. |
| SOCIAL Cooperation, transparency and trusting relationships with stakeholders. | Regulatory bodies and associations Complying with current regulations, collaborating with institutions and committing to society. | Having a positive impact on our local area and building value in the communities. |

3.2 Market context

Current and future outlook for the global and domestic economy

The Company's efforts to keep up to date with new developments affecting the sector in which it does business are ongoing. This reflects our belief in the importance of knowing the current global and national economic context and in analysing future prospects so as to anticipate potential risks and opportunities.

The economic recovery is continuing, although momentum has weakened in the wake of the current supply crisis triggered by the war in Europe between Russia and Ukraine affecting the global economy.

The International Monetary Fund (IMF) forecast a slowdown in global economic growth down from 3.2% in 2022 to 2.9% in 2023 due to various factors such as the Russia-Ukraine war and the cost-of-living crisis.

According to the latest IMF report, the GDP was higher than expected in the first quarter of the year and contracted significantly in the second half. The risks analysed in the first version of the report prepared in the first quarter of the year materialised in the middle of the year, which led to tighter global financial conditions.

The consequences of the war have been worse than expected for European economies due to various factors such as higher energy costs, supply chain issues and rising commodity prices. In addition, the increase in international crude prices was affected by various sanctions imposed on Russia worldwide, such as the blocking of Russian coal and oil imports.

The global economic outlook is also directly affected by the climate change we are facing, but the effects are diverse depending on the country, in the same way that not all countries will have or will be able to leverage opportunities brought by technological development. So the IMF is selectively creating and offering further tools, such as the recent launch of the Resilience and Sustainability Trust Fund (RSTF) to help vulnerable countries overcome long-term challenges such as climate change or pandemics.

The RSTF is the IMF's first facility to provide affordable long-term financing, and as such aims to help countries build resilience to structural challenges, such as climate change and pandemics, so as contribute to longer-term economic and financial stability while catalyzing other public and private funding.

In domestic terms, the GDP is one of the most relevant indicators of a country's economic situation. According to the latest INE data up to November, during 2022 the GDP rose by 5.5% (1) in volume terms, largely due to exports of tourism services favoured by the lifting of restrictions imposed during the pandemic. However, economic prospects were undermined by rising commodity and energy prices. According to a Bank of Spain study, this increase in commodity prices has directly affected consumer prices in the euro area and Spain and largely explains the increase in inflation. The European Central Bank states that the escalation in gas and electricity prices make the future somewhat uncertain, undermining confidence and triggering a fall in spending and economic stagnation in the euro area during the second half of 2022.

While the 2022 recovery was attributable to tourism exports, it will be sustained mainly by the dynamism of private consumption stimulated by job creation during the period 2023-2024. Spain's GDP will return to pre-pandemic levels during the second half of 2023.

Risks

- Increasing political uncertainty.
- Rising inflation in developed economies and growing financial vulnerability.
- More restrictive GHG emissions policies.
- Growing food insecurity and poverty.
- Sharp rise in the price of supplies and commodities.
- Growth.

Opportunities

- Going for a green economic recovery.
- Market trend towards digitalisation and automation.
- Adapting to new environmental regulations.
- Building market resilience.

⁽¹⁾ Source: INE.

Paper industry overview

Although the idea of the disappearance of paper in the digital world we are living in is increasingly recurrent, there is no denying that it is still a basic aspect of our daily lives. Its use in all sectors of industry makes paper a hugely significant factor in world economic development.

408 million tonnes of paper were consumed worldwide, according to the latest available data. This is expected to increase to 476 million in 2032. In 2021, the main global producers of paper and board were the United States (78 million tonnes), China and Japan ⁽²⁾.

Europe is home to some of the world's largest paper producing countries, accounting for around one quarter of global paper production. According to the latest CEPI data, up until November 2022 the EU countries had produced a total of 74 million tonnes of paper and board, which was 5% less than the previous year.

Although the digital age has displaced some uses of paper, demand for other products, such as packaging paper, has been growing in recent years.

Like most industries, the paper sector has been affected by the war in Ukraine, due primarily to rising energy costs and the supply chain crisis. Paper production in Europe declined, but demand for paper and board for packaging skyrocketed. The use of cardboard as an alternative to plastic will further benefit packaging paper in the coming years, since paper and board are recycled at a rate of 85% in Europe as compared to 40% for plastic packaging.

Risks

- Changing market trend.
- Rising energy prices may affect the industry's competitiveness in Europe.
- Trade barriers: protectionist tariffs and subsidies for rivals.
- High cost of cellulose.

Oportunidades

- New opportunities for innovation.
- Displacement of plastic as a packaging material: sustainable packaging.
- Pioneering industry in Europe's low-carbon economy.

Paper and board production (millon t)

2022 highlights
(latest data published
by ASPAPEL)

| | | |
|---|---|---|
| GLOBAL 480 -14.6% v. 2021 | EUROPE 80 -6.6% v. 2021 | SPAIN 6.3 -4.7% v. 2021 |
|---|---|---|

⁽²⁾ Source: FAOSTAT. Food and Agriculture Organization of the United Nations.

Paper industry outlook in Spain

The paper industry is constantly evolving and integrating innovation into all processes and products out of respect for the environment. The Iberpapel Group is fully aligned with these values and keeps abreast of new trends so as to adapt our approach while always keeping sustainability in mind, throughout the value chain.

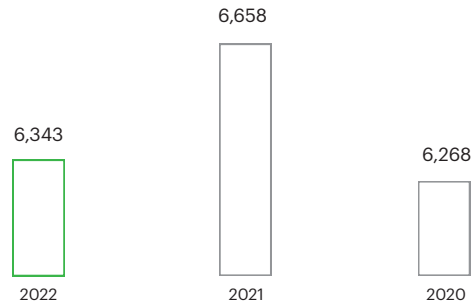
The paper industry is one of Spain's most consolidated sectors and one of the major European producers.

Despite this, in 2022 paper output in Spain was affected. According to the latest data available at November 2022, total production was expected to end the year at 6.3 million tonnes or 4.8% below the previous year.

A €1.4 billion investment plan for 2021 to 2023 was implemented in 2021 to carry on driving the transformation of the Spanish paper chain into an international benchmark for the circular, decarbonised industry. The pulp and paper industry is growing every year and investments in the last five years have exceeded €1,500 million, mainly in innovation and development.



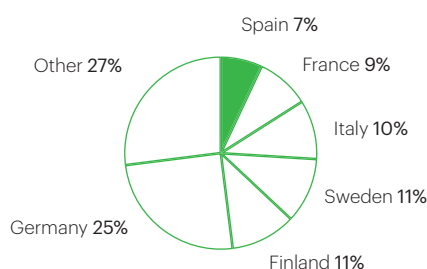
Total paper and board production in Spain (thousand tonnes)



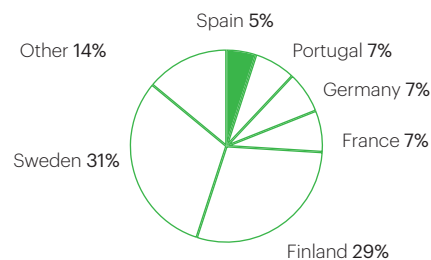
SOURCE: ASPAPEL. 2021 statistical data

Paper and pulp manufacturing in the EU (% of total EU output)

SPAIN IS THE 6TH LARGEST PAPER MANUFACTURER IN THE EU



SPAIN IS THE 6TH LARGEST CELLULOSE PRODUCER IN THE EU



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

- Though a benchmark industry for sustainability, it is undergoing a transformation, just like other industries, on the back of new market trends triggered by growing environmental concerns.
- The paper industry and output have been directly affected by the energy and political crisis.

How is Iberpapel adapting to a changing industry?

Iberpapel is among the most important companies in Spain's paper market and is still a leader thanks to our efforts to understand and anticipate the trends that are constantly shifting the path we follow. Due to growing concerns about the environment and climate change, these trends are increasingly shifting towards a more sustainable market model. With this aim, we strive for innovation so as to always offer the highest quality service while reducing our carbon footprint as far as possible.

Decarbonisation of the paper industry

The paper industry is among the best positioned sectors in decarbonisation for several reasons, including the high product recycling rate, renewable raw material sources thanks to sustainable forest management and the efficient, responsible production process.

The use of the biomass generated during paper manufacturing as a fuel for the paper mills themselves is increasingly common.

Europe's first roadmap for paper industry decarbonisation was launched in November 2011, presenting the outlook for the sector to 2050 and proposing to cut carbon emissions by 80%. Since then, the paper industry has been reducing emissions to meet this goal, reflecting the decarbonisation pledge.

To achieve these objectives, there are three fundamental pillars: enhancing the fuel mix, which currently comprises 64% natural gas and 34% biomass; sustainable use of water in production processes, which now stands at 102 million m³ per year (less than half the 1990 figure), and the recovery of manufacturing waste (now at 73%)⁽³⁾.

Paper industry decarbonisation is also favoured by the fact that the main raw material is a CO₂ sink, i.e. the fast-growing tree plantations used to make paper. In Spain, there are 480,122 hectares of these plantations absorbing 47 million CO₂-equivalent tonnes, thus helping to mitigate climate change.⁽²⁾

During the last annual European paper industry conference held in November 2021 under the name "Shaping next generation", the need to carry on decarbonising the industry and creating renewable products was expressed, as consumer habits are evolving towards a more sustainable mindset.

Speakers explained how new technologies and solutions for pulp, paper and recycling plants on the 2030 horizon are related to improved resource efficiency, environmental and climate impacts, energy efficiency and growing digitalisation⁽⁴⁾.



⁽³⁾ Source: Asociación Gracias Papel.

⁽⁴⁾ Source: CEPI

Consumers choose environmentally friendly products

Growing concern about the environment and climate change has not only been reflected at the political level through the development of stricter guidelines and more ambitious policies, but has also impacted society. This has led to a paradigm shift towards more sustainable and responsible consumption, with consumers increasingly opting for environmentally friendly brands. According to the sustainability report published by Simon, Kucher and Partners, 34% of consumers are willing to pay more for a product if it or the company making it are sustainable.

This, combined with the rise of digital commerce, is highlighting the consumer trend changes observed in recent years. The exponential escalation of online shopping is leading to exponential growth in demand for packaging, wrapping and labelling. To respond to these changing needs in a short period of time, the paper industry in Spain is working jointly to create new products to displace the use of plastic packaging.

In line with the changing market environment, Iberpapel is committed to innovation when developing new products. The following products are increasingly important: Vellum SC, Zicubag, Zicubag GR, Zicuflex, Ziculax, Zicumail, Zicupharma, Zicuset and Zicusil SCK (see further information on page 36). Iberpapel is still working hard to develop new products.



The importance of environmental certification

The consumer shift towards more responsible and sustainable practices highlights the need for environmental quality certification. Green certifications guarantee that a product is respectful of people and the environment, and can make a significant difference when competing with another product in the same market.

At Iberpapel, we integrate environmental commitment into our values, while striving to offer the highest quality service. This is the purpose of our environmental certification system. All the Group's forest assets are PEFC and FSC® certified and we have two forest-sourced product custody chains audited independently by DNV and AENOR (page 76). We also work with chain-of-custody certified timber suppliers to ensure environmental well-being and the Group's integrity. We have ISO 14001:2015 environmental management certification underlying our environmental policy.

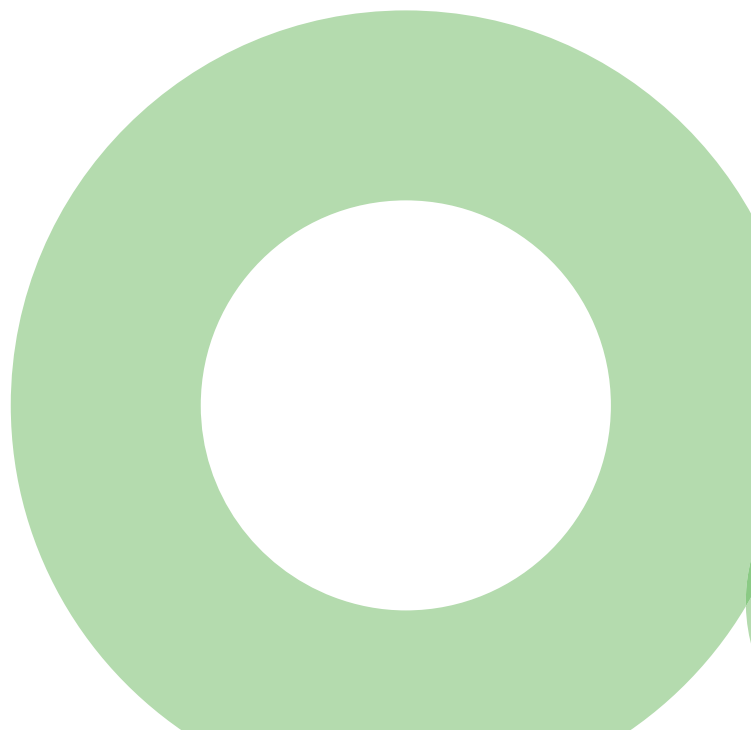
The paper industry and sustainability

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

As a result of these sustainability trends, responsible management of forests and plantations is increasingly important on a global level, as well as better use of the potential for a bioeconomy and circular economy in the paper industry, through inputs obtained from natural sources or waste. Indeed, according to the Mexican Chamber of Paper, the paper industry is one of the largest sectors that captures CO² emissions due to the nature of its activities, reforestation, use and recycling.

Another indication of the importance of sustainability in the paper industry is the REPAPEL project, which began in 2021 and is due to end in 2023, seeking new processes that will provide a global solution to waste reduction and an improvement in product manufacture and development. This project also targets the high-value-added valorisation of waste and by-products from pulp and paper production. It aims to develop technologies that can later be implemented in other industries, thus favouring the circular economy in other production processes.

The paper industry is seeking to build wealth and contribute to the quality of life of all stakeholders in the value chain, while encouraging society to move towards product recycling and reuse on the path to a sustainable future.



Iberpapel believes in sustainable growth

At Iberpapel, besides demonstrating the quality assurance of our products through environmental quality certification, sustainable growth and environmental protection are fully integrated into the Group's strategy, forming part of the Company's values and culture.

Iberpapel's environmental commitment follows continuous improvement guidelines through the goals and objectives defined in our environmental policy. Our raw material comes from sustainably managed forests and excludes trees from natural forests, thus promoting timber plantations and related sustainable management. We contribute in this way to the Sustainable Development Goals (SDGs), including SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

The Group is committed to investing in sustainable growth by increasingly reducing the carbon footprint associated with our manufacturing processes. This is illustrated by the fact that we produce considerably more paper than in 1990 but our environmental impact has been significantly reduced.

The Group also believes in the importance of environmental awareness, so we have integrated it into our Environmental Policy. We support employee training and engage employees to help us grow towards more efficient, productive and environmentally friendly processes.



3.3 Our strategic vision and outlook

GRI: 2-13, 2-12, 2-14

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

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

The Iberpapel Group at a glance

Forestry activity

- 25,788 hectares of plantations in Spain, Argentina and Uruguay.

Manufacture of cellulose fibre

- 240,000 metric tonnes of cellulose pulp installed capacity.

Paper production and marketing

- 250,000 metric tonnes of printing and writing paper.

Power generation

- 10 MW of electricity produced using our 20 MW biomass turbine.
- 50 MWh of gas power cogeneration installed capacity.

The Iberpapel Group's activities

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

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

Our business model and strategic vision

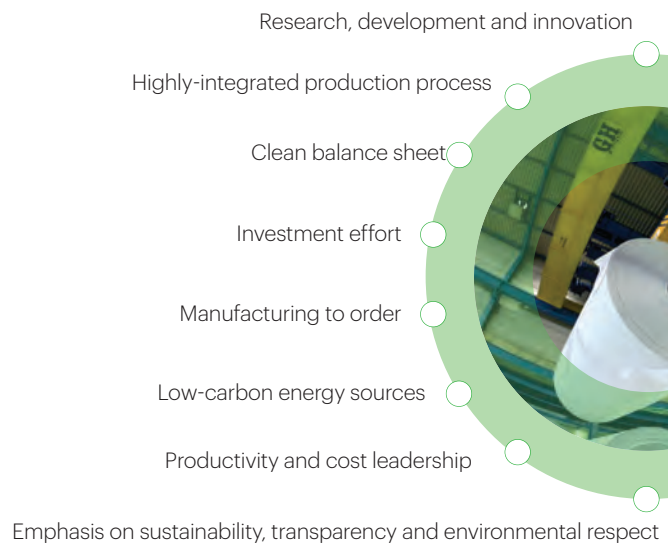
The success of our business model is based on a high level of integration of each of the production phases: timber, cellulose, paper and cogeneration. This provides a clear competitive advantage in terms of costs, all of which combines well with a highly flexible industrial and commercial set-up.

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

Clean balance sheet

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

Main strengths of our business model



Highly-integrated production process

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

Make-to-order manufacturing

Make-to-order production, allowing:

- Improved pricing.
- Guaranteed sale of all output.
- High degree of customer satisfaction.

Productivity and efficiency leadership

Insistence on cost control to boost productivity leadership.

Low-carbon energy sources

- Promoting energy technologies that have a lower environmental impact.
- Implementing the Climate Change Policy.

Emphasis on sustainability, transparency and respect for the environment

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

Investment effort

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

Research, development and innovation

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

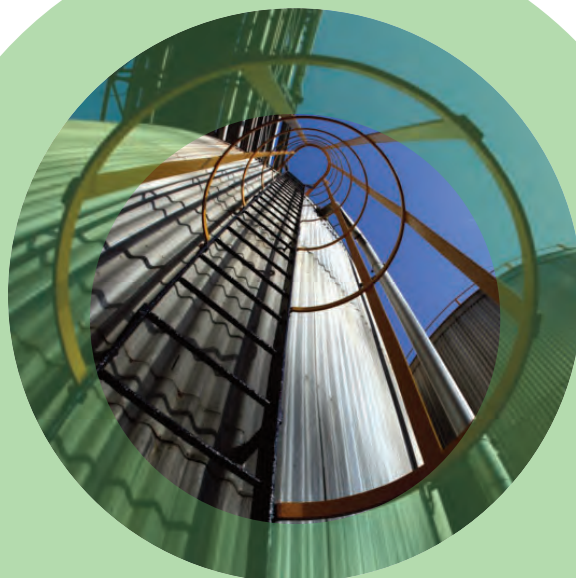
These distinctive factors have allowed us to reach a good positioning in the industry and overcome exceptionally difficult market circumstances. We aim to consolidate our model's efficiency, productivity and cost control without losing sight of growth, thanks to new investments in production capacity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

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

Pillars of the Iberpapel Group's strategy for 2023

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

Tight cost control.



Our business model and strategic vision

GRI: 2-6, 2-1

Forestry

In the coming years, the Forestry Division's strategy will focus on repopulating the fields that show optimisation potential with the best available genetics, always taking into account the sustainability of the entire natural system. Besides marketing timber in local markets, we are studying the possibility of resuming timber exports from Argentina.

The continuous improvement of the following lines of work will still be an objective:

- Certifying forest management in each country under the most stringent international standards at all times, integrating forest uses with the preservation of biodiversity and passing on socioeconomic benefits to the local communities.
- Silvopastoral systems integrated with the forest and natural systems.
- Applying the best silviculture techniques to optimise the economic value of rural highland.
- Studying potential carbon dioxide sequestration projects through the use of forest plantations that benefit society as a whole by helping to remove greenhouse gases from the atmosphere.

Industrial

In 2020, despite the economic and health situation caused by the coronavirus pandemic, our subsidiary Papelera Guipuzcoana de Zicuñaga managed to successfully complete the pulp mill modernisation and extension project. This included the implementation of new BATs (Best Available Techniques) and the use of more efficient, environmentally sustainable processes. Capacity was also increased to over 240,000 tonnes. Since the plant was commissioned, work has been carried out to optimise the new facilities and eucalyptus pulp yield and quality (bleached eucalyptus kraft pulp).

In 2023, strategic investments totalling more than €22 million are planned for Papelera Guipuzcoana de Zicuñaga, S.A.U., the most significant being:

- Lime kiln renovation: This investment will bring significant environmental improvements and considerable savings in raw material energy costs, CO² emissions and waste sent to landfills.
- Machine 4: Replacement of the continuous paper quality measurement equipment and the machine control system.
- Machine 1: Electrical and mechanical drive overhaul.
- Boiler auxiliary fuel (gas) burning system overhaul.
- Recurring capex, among other minor investments.
 - IT network architecture.
 - Automation of coating preparation.

Commercial

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

- Win more customers and increase the volume of sales.
- Increase sales of specialty papers and of the products developed in 2022.
- Progress further in aspects related to environmental compliance and certification, such as the certificate of biodegradability and compostability, the extension of the ECOLABEL product range and other initiatives.

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

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

Composition of the Corporate Social Responsibility Committee

- Jesús Alberdi Areizaga, Chair
- Néstor Basterra Larroude, Member
- María Luisa Guibert Ucín, Member
- María José García Beato, Member

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

The committee met three times in 2022 to drive and guide Iberpapel's corporate social responsibility actions and report to the Board of Directors on the current situation.

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

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

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

The plan prioritises a number of matters that Iberpapel regards as strategic, such as energy efficiency, biomass energy recovery and CO₂ emissions removal by our plantations.

In the coming years, we will carry on implementing plans to develop policies already in place so as to ensure that both our corporate culture and our strategic direction are instilled with this policy. A Responsible Procurement Policy was drawn up and the Climate Change Policy was updated in 2022.

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

Future prospects

Iberpapel faces new market challenges from a privileged position, since the Company has been capable of adapting to market needs thanks to its strategy and the competitive advantages of its business model. As an example, 30% of paper sales relate to specialities developed in recent years.

During the period 2017-2020, the Group invested some €80 million to increase production capacity and modernise the pulp mill. The latest technological developments and best available techniques (BATs) applicable to cellulose manufacture were also included in the pulp mill renovation.

3.4 The Iberpapel Group's business

GRI: 2-6, 2-1

Business structure

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

Forestry Division

6,117 ha. in Spain // 19,671 ha. in South America

Industrial Division

240,000 t/year // Pulp mill

Energy section (cogeneration)
50 MWh gas / 20 MWh biomass

250,000 t/year // Paper mill

Commercial Division

€251.89 million // Paper

€41.93 million // Energy

€1.19 million // Timber





SPAIN



FOREST PLANTATIONS:

La Palma del Condado (Huelva).



INDUSTRIAL PLANT:

Hernani (Guipúzcoa).



DIVISIONS AND COMMERCIAL AGENTS:

Barcelona, Irún, Madrid, San Sebastián and Seville



Commercial agents in Europe and Africa: Albania | Germany | Algeria | Austria | Belgium | Bosnia | Croatia | Denmark | Egypt | Slovakia | Slovenia | France | Greece | Hungary | Ireland | Israel | Italy | Macedonia | Morocco | Netherlands | Poland | Portugal | United Kingdom | Czech Republic | Romania | San Marino | Serbia | South Africa | Tunisia | Turkey.

Iberpapel, a success story:

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

1947: Installation of a paper machine with a width of 2.20 metres and a production capacity of 2,000 t/yr.

1958: Installation of a second paper machine and two static fibre boilers with a capacity of 75 m³, achieving an annual output of 14,000 t/yr of cellulose pulp.

1971: Commissioning of a new cellulose facility and modernisation of the paper machines to reach an annual production capacity of 35,000 t/yr.

1975: Start of the forestry project in Huelva.

1978: Closing down of the cellophane plant and retraining and reassignment of personnel to paper production, without the need for any large-scale redundancies.

1979: Commissioning of a new paper machine, dismantling the old machine number 2. This entailed extending and optimising the cellulose plant, resulting in a production increase year after year.

1988: Start of the forestry project in Argentina and Uruguay.

1997: 21.07.1997 Incorporation of Iberpapel Gestión, S.A.
28.11.1997 The Company's stock is admitted to trading on the stock exchange.

2000: Commissioning of paper machine number 4, boosting paper production capacity by 250%.

2003: Extension of the cellulose plant, increasing its production capacity by more than 90%.

2008: Commissioning of the 50 MW cogeneration plant, entailing an investment of €45 million.

2011: The Group begins to build a new biological treatment plant and outlet, entailing an investment of €16.4 million.

2013: For a large part of Spain's industry, this will go down in history as the year of the electricity reform.

2015: Cellulose production increase at the Hernani plant and a sound performance in the forestry area.

2017: Our sound financial structure allows us to launch the Hernani Project as a key to the Group's growth.

2018: Start of a new phase of growth.

2019: Phase one of the "Hernani Project": renovation and modernisation of the cellulose plant.

2020: Completion of the extension and renovation of the cellulose plant, despite the economic and health crisis caused by Covid-19.

2021: Consolidation of the new pulp mill and energy crisis.

2022: Iberpapel's growth continued, despite the invasion of Ukraine, inflation and the energy crisis.

3.4.1 Forestry Division

Sustainable forestry management: a key factor

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

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

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

"Forests are an integral part of the planet's sustainable development due to the economic, sociocultural and environmental benefits they provide, as they perform an essential function in the water cycle, soil conservation, carbon sequestration and habitat protection. Sustainable management is crucial to achieve a sustainable agriculture and food security"⁽⁵⁾.

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

The 2018 State of the World's Forests report explains that deforestation, mainly caused by the conversion of forest land into agricultural and livestock farmland, not only jeopardises the sectors that benefit in some way from the forest community but also seriously impacts the variety of life on the planet. Changes in the use of land aggravate the loss of habitats, soil erosion, decline in clean water sources and release of carbon into the atmosphere, so finding the formula to increase agricultural production and enhance food security without reducing forest areas is one of the great challenges of our time.

SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

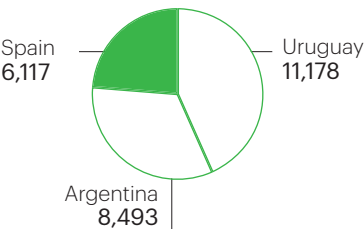


⁽⁵⁾ Source: State of the World's Forests 2018, FAO

The Forestry Division in detail

We currently have total forest assets of 25,788 hectares, of which 19,671 hectares (76%) are located in South America. At year-end 2022, our forest assets were distributed as shown in the chart.

Distribution of forest assets (hectares/country)



Our Group works mainly with *Eucalyptus globulus ssp globulus Labill* or *white eucalyptus* from the Iberian Peninsula. The timber is purchased from producers on the Cantabrian Coast and in Portugal.

According to the latest Eucalyptus Forestry Report on Galicia and the Cantabrian Coast, eucalyptus plantations play an important role in sustainable development, generating environmental and socioeconomic impacts.

- **Environmental impact:** as stated in the above-mentioned report, the eucalyptus plantations on the Cantabrian Coast are genuine carbon sinks, absorbing more carbon than they expel, thus reducing the amount of carbon in the atmosphere and, ultimately, contributing to mitigating climate change.
- **Socioeconomic impact:** eucalyptus plantations contribute to rural development in the Iberian Peninsula, generating 5,074 direct jobs and 15,882 indirect jobs ⁽⁶⁾.

“Agriculture and forestry have been and still are crucial activities for the use and management of natural resources in rural areas, as the basis for the socioeconomic development of these areas, for environmental conservation and thus for the diversification and promotion of rural development.”⁽⁵⁾

⁽⁶⁾ Source: Forestry report on Eucalyptus in Galicia and on the Cantabrian Coast, 2021



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

Other strategies employed in the area include the creation of specific national forestry funds and the promotion of new partnerships through portfolio approaches to raise funds. Argentina and Uruguay, as countries in the Southern Cone, are very well positioned to leverage the advantages of being low-cost timber producers compared with traditional producers in the northern hemisphere. Forest areas in Uruguay and Argentina exceed two million hectares. In Argentina, they are concentrated mainly in the Misiones, Corrientes and Entre Ríos provinces. In Uruguay, they are distributed equally across the northern, west coast, central, north eastern and south eastern zones.

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

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

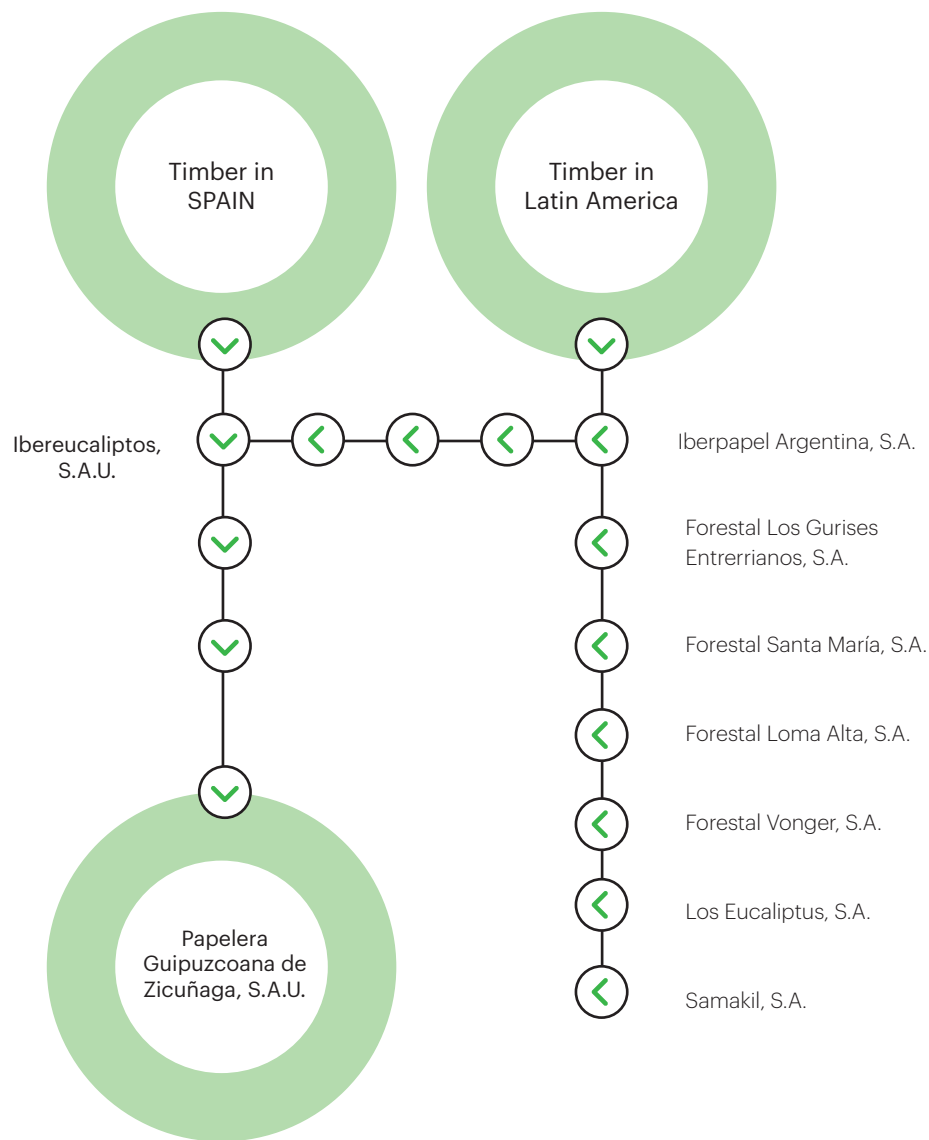
- Gradual incorporation of improved genetics at source.
- Preparation of land prioritising soil conservation using best available techniques.
- Implementation of silvopastoral systems, integrating prior land uses, traditionally livestock farming, into forestry projects.

- Integration of forestry systems into regional uses and customs such as hunting, livestock or cork activities.
- Recovery of soil productivity by creating meadows and improving them continuously through the planting of fodder species, weed control and stabilisation using rill to combat rainwater erosion.
- Commitment to reduce the use of agrochemicals.

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



Forestry Division's structure



Iberpapel Group's main investments in Spain

Spain

1975: The project to acquire assets in Huelva begins with the purchase of 264 ha in two properties, El Naranjal and Sierra del Águila.

1975-1980: In the first five years, 3,554 ha were acquired in 26 properties in the province of Huelva, in the Sierras de Aracena and Andévalo areas.

1982-1983: Three more properties were acquired in Sierra de Aracena totalling 599 ha.

1983-1984: Two important adjoining properties were purchased in the Campiña de Huelva area. Assets in Spain reached a stable 6,117 ha.

2004: APOM (local association of rural highland owners) was formed together with several owners, providing coverage for timber producers. This forestry association is now an association of highland owners covering all the other produce of the properties.

2013: Forestry management is certified under FSC® standards with registration code GFAFM/COC-002538-C for all the assets.

2020: Forest restoration on the burnt part of the "El Vinagre" property.

2022: Request for entry in the register of carbon dioxide absorption projects in the forest area restored following the "El Vinagre" fire.

Lationamérica

1988-1989: Acquisition of forest land in the Uruguayan departments of Colón and Concepción, Entre Ríos in Argentina and the department of Paysandú in eastern Uruguay.

2005: Start of strategic positioning in the south east of Uruguay.

2007: Los Eucaliptus, S.A. obtains general authorisation from the government to own forest land in Uruguay.

2008: Los Eucaliptus, S.A. obtains FSC® forestry management certification for its assets.

2010: Forest land in south east Uruguay reaches 10,000 hectares in the departments of Canelones, Lavalleja and Maldonado.

2011: Membership of the Rio Uruguay Forestry Consortium in Argentina.

2012: Validation of the carbon sequestration project in Uruguay.

2013: Planting of eucalyptus species for solid wood uses begins in Argentina.

2014: Marketing of timber from the south of Uruguay begins.

2015: Trials with new species in both countries. Membership of the SPF in Uruguay.

2016: A cooperation agreement was signed in Uruguay with the departmental government of Canelones.

2017: Entry as a member of the Uruguayan Forest Fire Protection Plan (PAIF Group).

Presentation of the Biodiversity Management Plan in Argentina for the creation of a Native Forest Private Nature Reserve.

2018: Los Eucaliptus, S.A. renews FSC® forestry management certification for its assets.

2019: Our forestry assets in Argentina are Uy20/81841041 certified by PEFC/CERFOAR.

2020: Los Eucaliptus, S.A. begins to trade in carbon bonds.

2021: A series of virtual talks is held with primary, secondary and university establishments to build awareness of forestry activities and Sustainable Forest Management processes in both countries.

2022: Sustainable forest management under PEFC is recertified in Argentina.

Our silviculture plan

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

In Argentina, the forestry business was diversified by adding new species of eucalyptus with other wood properties besides cellulose properties, such as *Eucalyptus Grandis Hill ex Maiden*, which has various solid wood uses, as the main species, and *Eucalyptus dunnii Maiden* as a secondary species.

In Uruguay, a reforestation project began in 2005, planting

Eucalyptus Globulus forests on very severely eroded soils, combined with silvopastoral activities. It was conducted in forest plantations in the departments of Canelones, Maldonado and Lavalleja, covering an area of 4,691 forest hectares.

This project also involves the absorption of CO² emissions through forest masses, which act as sinks for greenhouse gases. In order to calculate and monitor CO² removal as a result of this project, we previously developed a specific methodology approved by the United Nations

under the name AR-ACM0001 (Afforestation and Reforestation of Degraded Land), which is now applied to other forestry projects not only in Uruguay but also in Brazil, Chile, China, India and the Democratic Republic of the Congo. It is the first consolidated methodology to be approved for the forestry industry.

This project is a step towards achieving the SDGs.

Certification of CO² removal at our Uruguayan plantations under the international VCS

Economic benefit



4,691 forest hectares

Environmental benefit



652,311 t CO² emissions absorbed



Management systems FSC® certified

Social benefit



Knowledge sharing with local communities



Contribution to the local community by creating jobs

Biological assets

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

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

Basic features of batches

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

Main features:

- **Species:** the biological asset species identifies the different families of a group of biological assets (trees).
- **Quality:** a characteristic that identifies the differing qualities of each species (seed, clone).
- **Average annual increment (AAI):** the value that establishes the annual growth of biological assets for each batch, estimated based on measurements by technical personnel and statistical data.

- **Degree of maturity:** a code that identifies the degree of the asset's biological transformation:
 - › Immature: those that are not ready to be harvested.
 - › Mature: those that are ready for harvesting or picking, or are able to support regular production, harvesting or picking.
 - › Agricultural product: products obtained through processing or picking mature biological assets.



3.4.2 Industrial Division

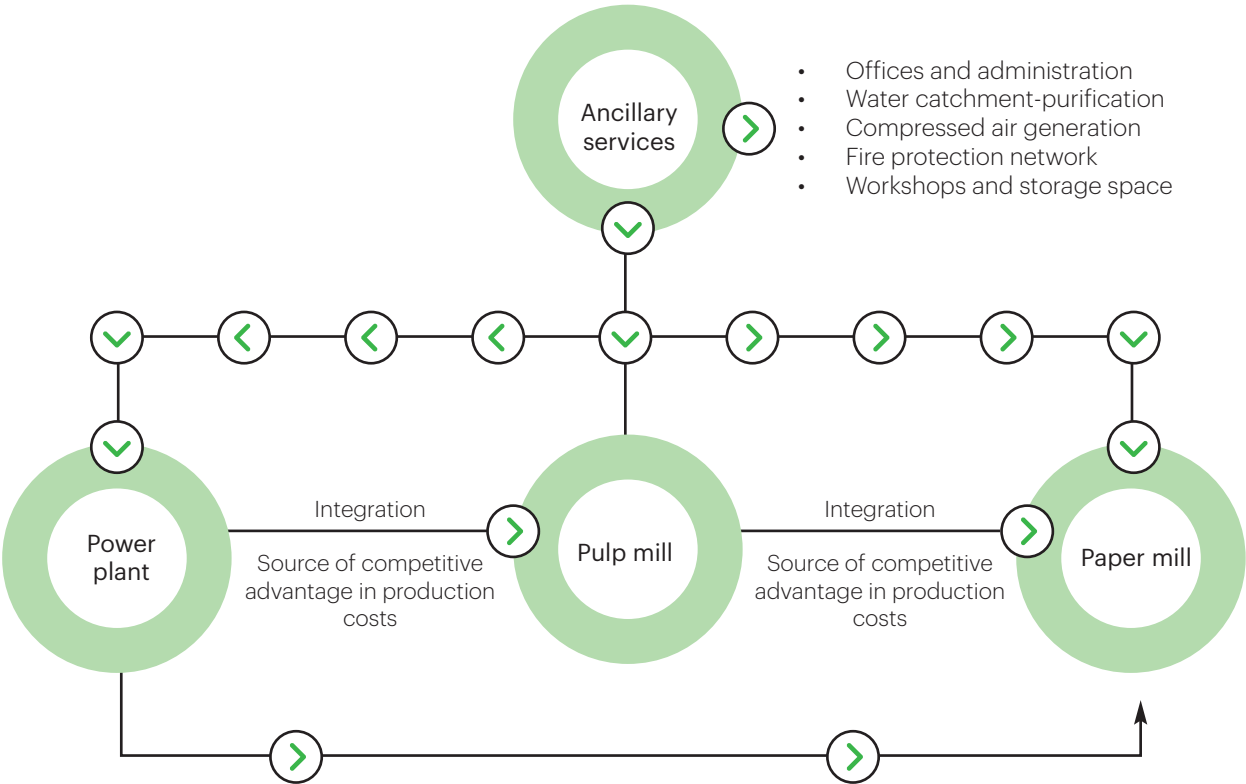
Iberpapel has become a benchmark in the printing and writing paper production sector thanks to our industrial and environmental technology, supported by ongoing investment.

The Industrial Division is responsible for transforming raw materials into finished products. The production unit where this activity is carried out comprises the plant in the town of Hernani, in Guipúzcoa province. This division accounts for most of our employees and our largest investment projects.

The Industrial Division at a glance

- The Hernani facility comprises two integrated plants, one making cellulose pulp and the other paper, so that our paper is made using pulp produced by the same plant, plus a power plant.
- In the pulp mill, eucalyptus timber is used to make the cellulose pulp needed in the paper mill. In the paper mill, the end products are obtained from the pulp: printing and writing paper and, to a lesser extent, specialty papers.
- The energy required to operate the pulp and paper mills is obtained from two renewable energy cogeneration plants, which use black liquor biomass, and a highly efficient combined gas cycle. Thermal energy is generated to power the plant and electricity is partly consumed but mostly fed into the grid.

Structure of PGZ (Papeleras Guipuzcoana de Zicuñaga)



Pulp mill

Before being brought to the mill in lorries, the bark is removed from the eucalyptus timber. Directly from the truck, or in some cases from storage, the timber is taken to the chipping station where it is transformed into small chips that are fed into a continuous wood cooking digester.

The chips enter the digester together with NaOH (caustic soda) and Na₂S (sodium sulphide or lye). Once inside, the wood and alkali mix is cooked at temperatures of up to 150° for a preset period of time. It is a continuous process as the chips enter the digester and the cooked timber leaves the digester without interruption.

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

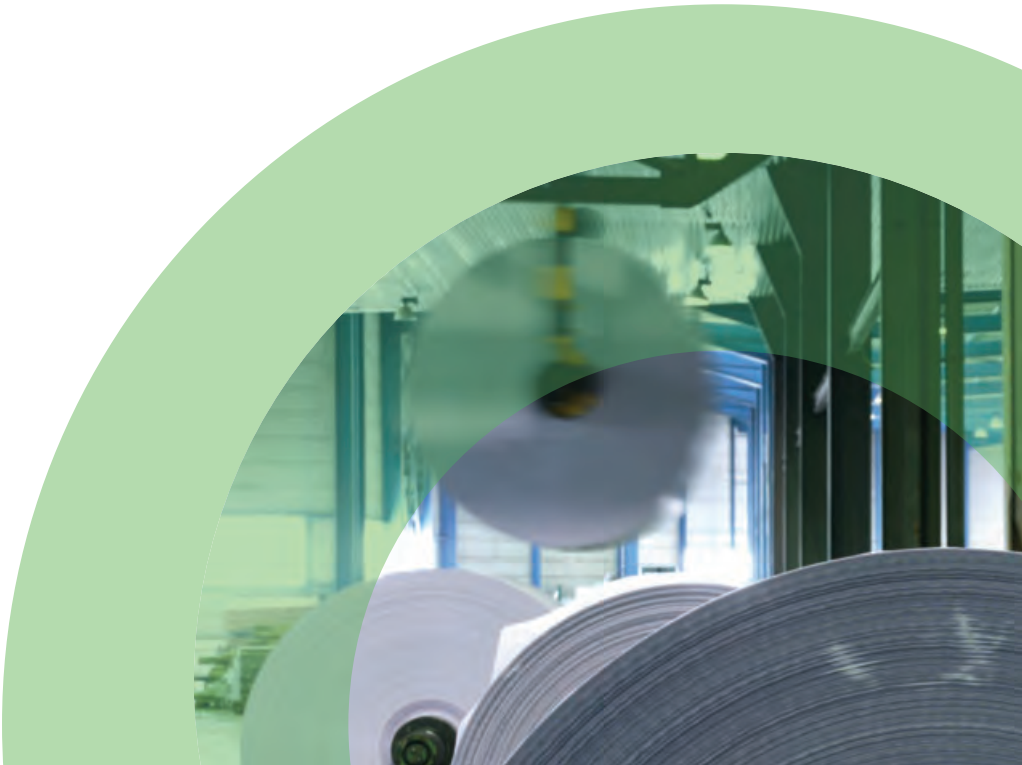
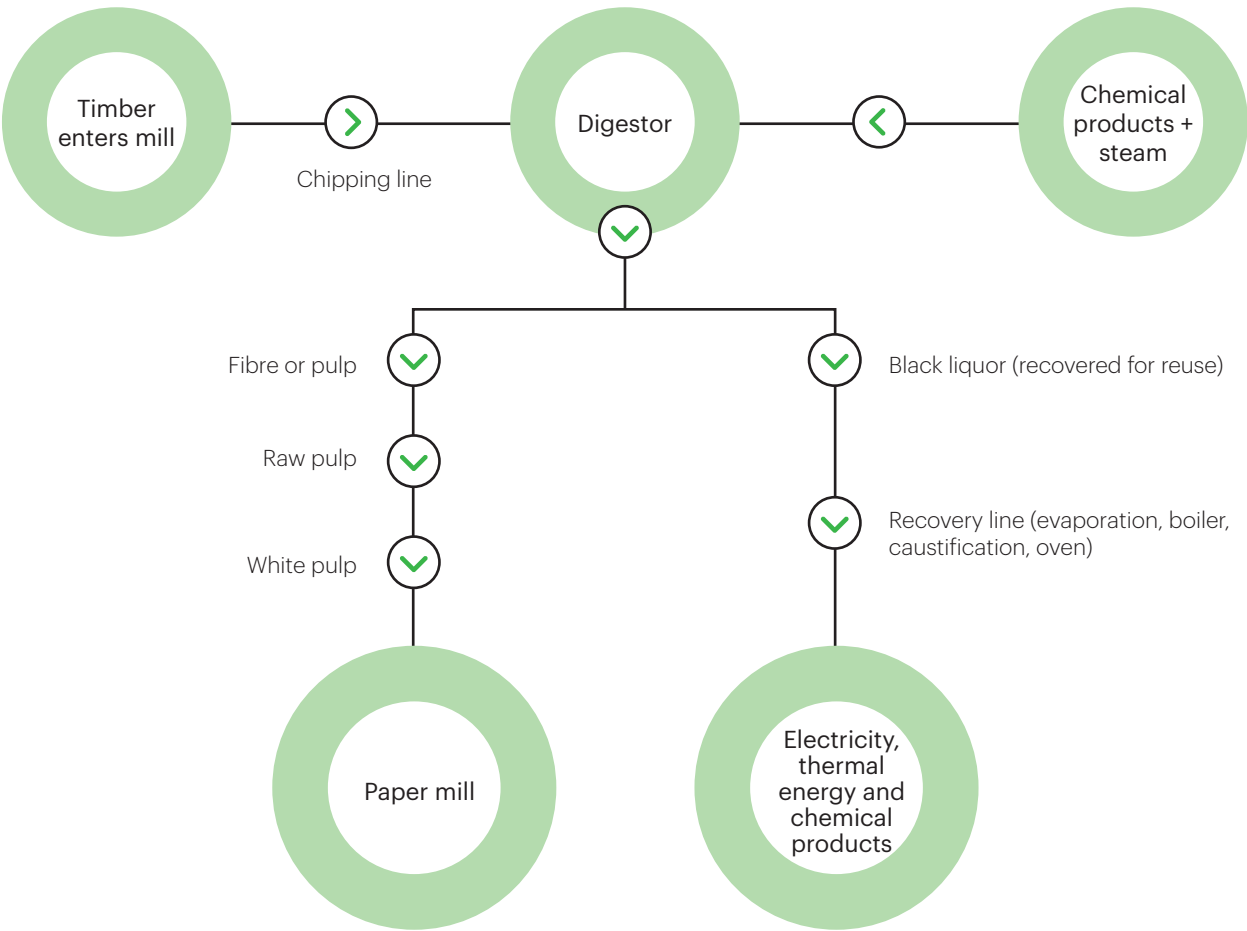
The cooked wood undergoes a coarse sieving process to separate the uncooked components, followed by a washing and delignification process. Finally, the material is purified and then washed to ensure that any remaining bleach is removed. The product resulting from these processes in the raw cellulose pulp production stage is called raw pulp and is stored in a silo. The raw pulp is further treated in the bleaching plant by means of an ECF (elemental chlorine free) process in which the lignin residues are removed from the pulp. Finally, after a final purification of any foreign elements that may remain in the material, white pulp suitable for paper production is obtained.

The black liquor obtained in the digester is concentrated in the evaporation plant. The organic content of the black liquor, mainly wood lignin, is combusted in the boiler to produce high-pressure steam, which is redirected to a turbine to generate electricity that is fed into the grid.

In addition, as part of this recovery line, the steam coming out of the turbine is used in the pulp mill to boil the wood and concentrate the black liquor, among other functions, and to heat the cylinders that dry the sheets in the paper machines.

The inorganic part of the black liquor that is not burned during combustion is recovered in the form of molten ore, consisting mainly of Na²CO³ (sodium carbonate) and Na²S (sodium sulphide). This continues along the recovery line to the caustification plant, where CaO (lime) is added to obtain the lye needed for wood cooking in the digester. The CaO in turn comes from the lime kiln, where it is made from CO³Ca, a by-product of the recovery process.

Pulp mill structure



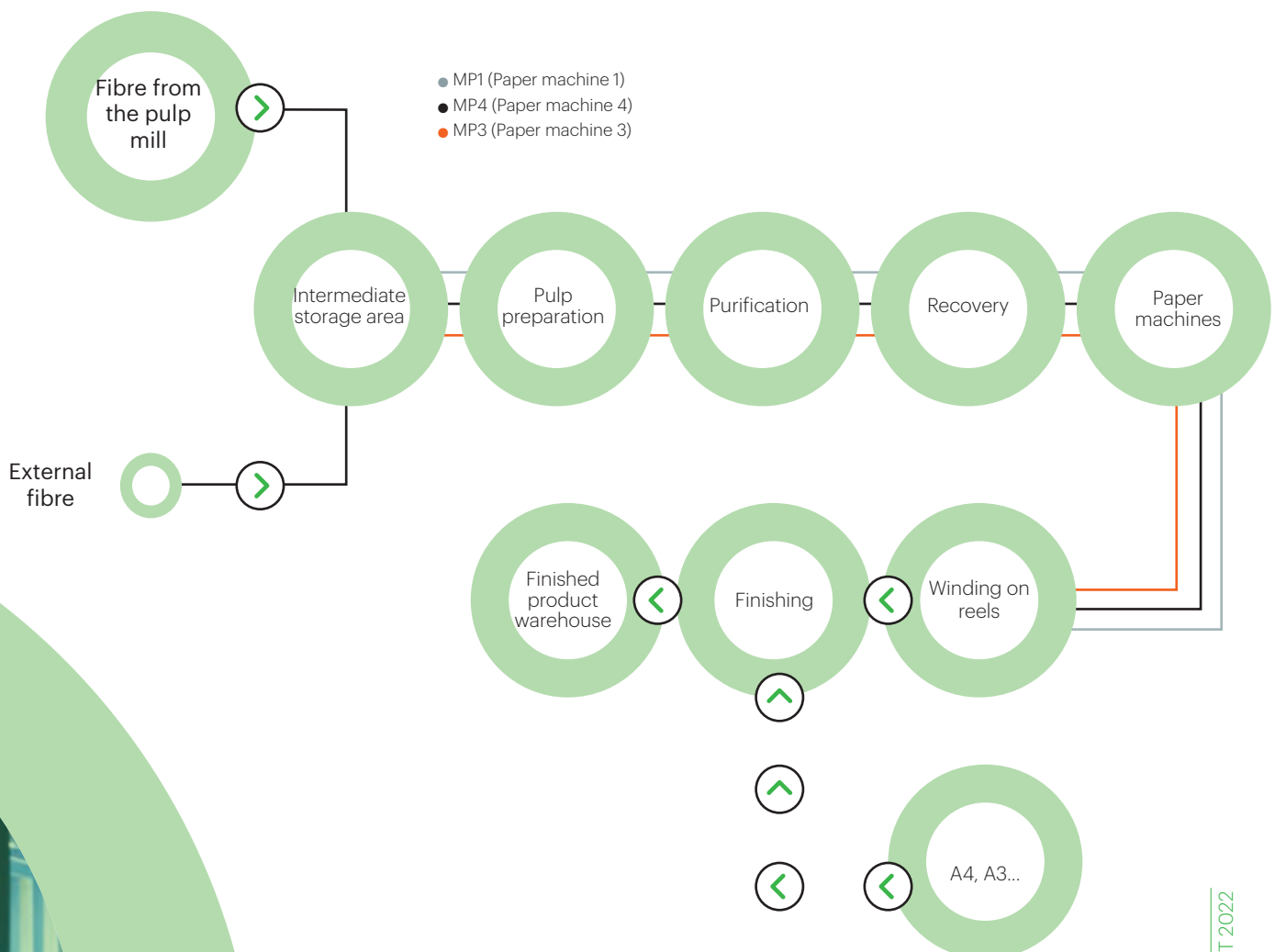
Paper mill

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

The three independent production lines and the double rewinding line in each of them give the mill the necessary flexibility for paper manufacturing, which is essential in order to produce "qualities" and "to-order".

This gives us a competitive advantage, setting us apart from other paper manufacturers with a similar or higher total output.

Paper mill structure



Power plant

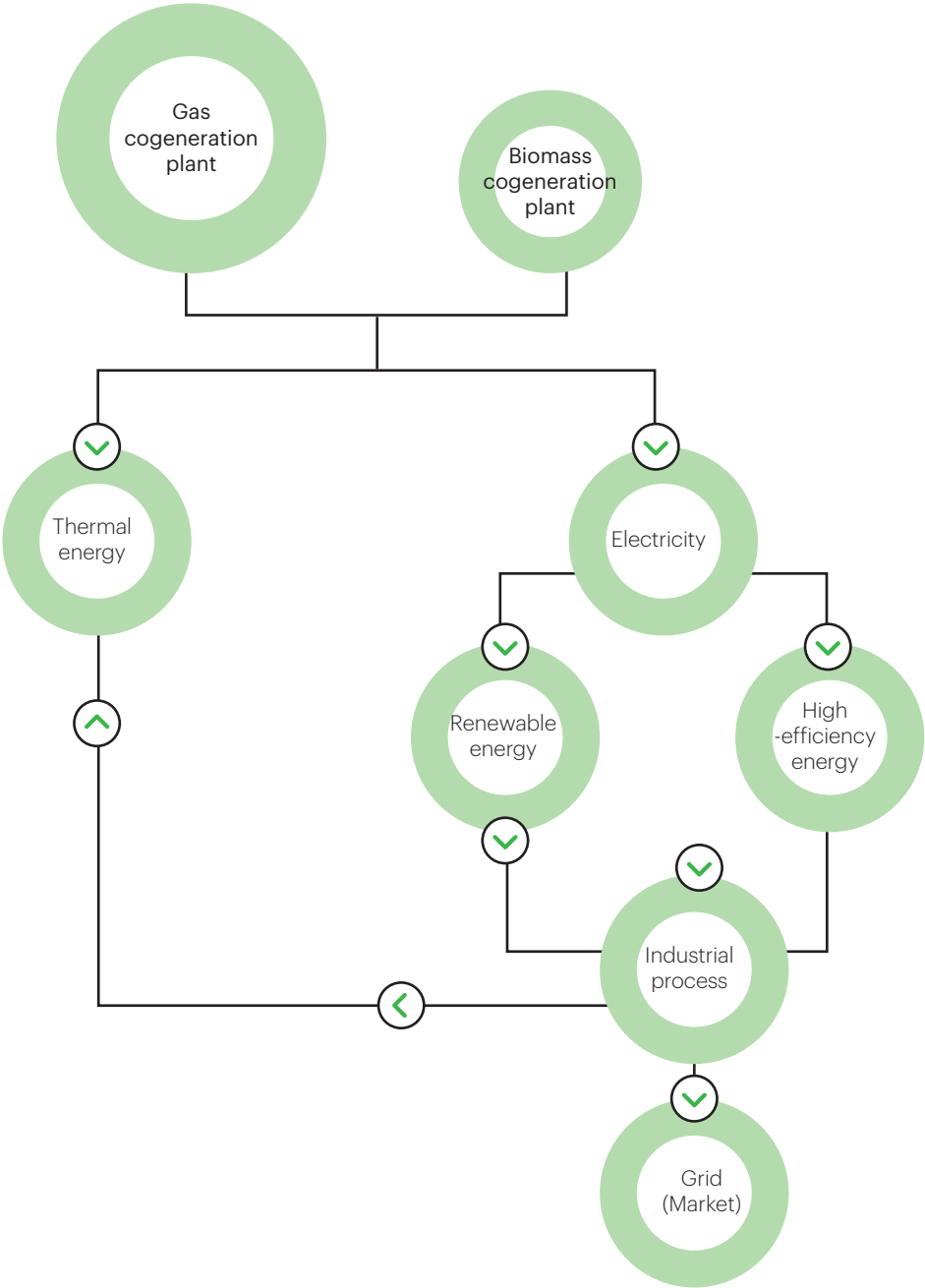
In the mill, we have a black liquor renewable energy cogeneration plant and a highly efficient gas combined cycle. This supplies the thermal energy (steam) required in the industrial process and we generate electricity that is fed into the grid or may also be consumed internally.

The power output is twice the amount consumed by the plant.

Power plant consumption:

- Auxiliary or power boilers.
- Biomass cogeneration (black liquor) using a 20 MW steam turbine.
- Gas cogeneration combined cycle generating 50 MW of electricity using a gas turbine, a gas-recovery boiler and a back-pressure steam turbine.

Power plant structure



3.5.3 Commercial Division

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

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

- Manufacturing to order so as to offer a top-quality product by creating an efficient production process.
- Diversified customer portfolio, thereby mitigating risks of concentration in one geographic area or group of customers.
- Competitive prices that meet customers' expectations.
- Speedy decisions thanks to our commercial management.
- Ongoing search for market opportunities, offering our customers new products and entering new markets.
- Personalised customer service.
- Comprehensive knowledge of the business and customers, assuring a quality service and long-standing commercial relationships.
- Flexible production process thanks to the integration of all phases.
- Leading Spanish producer of uncoated paper.

Commercial Division's main strategy: key aspects

Diversifying production into segments that show the most growth potential, particularly those related to packaging, labelling, food and healthcare sectors.

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

The Iberpapel Group has agents covering the following countries: Albania, Germany, Austria, Belgium, Bosnia, Croatia, Denmark, Egypt, Slovakia, Slovenia, France, Greece, Hungary, Ireland, Israel, Italy, Macedonia, Morocco, Netherlands, Poland, Portugal, United Kingdom, Czech Republic, Romania, San Marino, Serbia, South Africa, Tunisia and Turkey.

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

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

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

Our customers

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

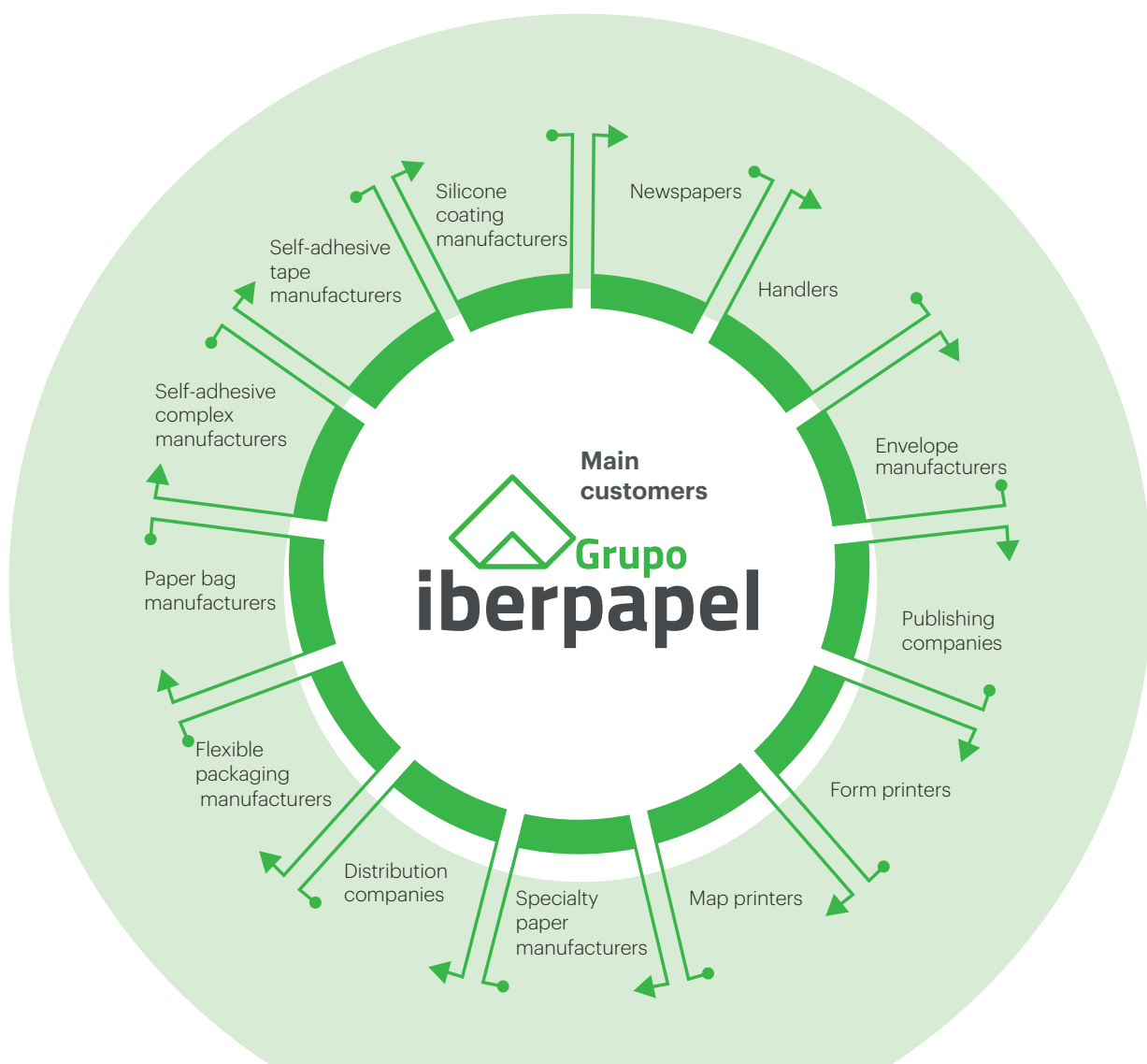
The loyalty of our customer portfolio and our flexible commercial policy allow us to maintain a diversified sales structure. These lasting commercial relationships reflect our customers' satisfaction with the service received and the high quality of the products we

make. Our products are ISO 9001:2015 and ISO 14001:2015 certified, PEFC and FSC® certified and have been granted the German ISEGA BfR XXXVI recommendation attesting to suitability for contact with food and we also have the EU ECOLABEL.

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

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

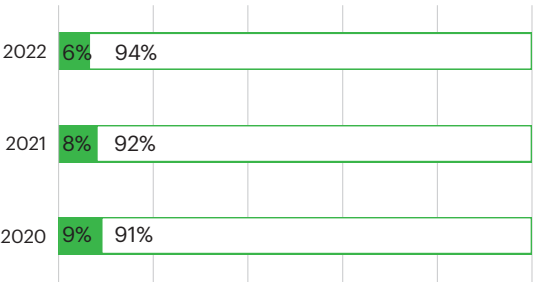
We remain focused on innovation and the continuous search for new products with high added value to extend, complement and diversify our market presence.



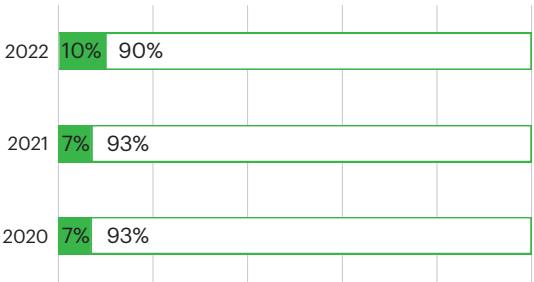
Iberpapel's customers at a glance

■ Less than 5 years
□ More than 5 years

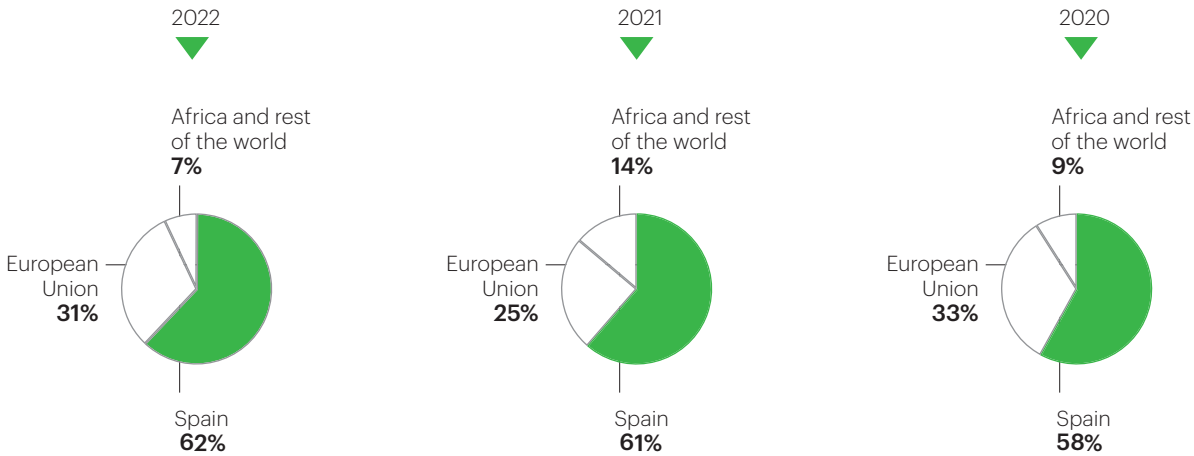
Age of domestic customers



Age of international customers



Geographic distribution of revenue



62% of sales are made in Spain, 31% in the European Union and 7% in Africa and the rest of the world.

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

In Spain, we have long-term relationships with 94% of customers.

Internationally, long-term customers account for 90% of the total.

Our products (product / paper type / grammage)

- > **CARTULINAS:** high whiteness or coloured paper for folders, dossiers, etc. **100-210 gr.**

- > **COPYSTAR:** high whiteness paper for multi-function reprographics. **80 gr.**

- > **COPYRIGHT:** high whiteness paper for multi-function reprographics. **80 gr.**

- > **ECO+:** PEFC certified paper for multi-function reprographics. **75-80 gr.**

- > **ZCOPY:** high whiteness paper for multi-function reprographics. **75-80 gr.**

- > **GO:** extra high whiteness paper for multi-function reprographics. **80 gr.**

- > **LASER PREPRINT:** specialty laser paper. **70-100 gr.**

- > **SILK PAPER:** very fine paper used as wrapping in the textile industry or for luxury products. **25-30 gr.**

- > **SUBLIMATION PAPER:** paper used as transfer paper or as protection in the textile industry. **30-50 gr.**

- > **KO OFFSET PAPER:** high volume paper for publishing, adding machine rolls and sundry applications. **60-120 gr.**

- > **VELLUM SC:** label face. **52-65 gr.**

- > **VELLUM TT:** self-adhesive label face for thermal transfer printing. **68-73 gr.**

- > **ZICUBAG:** paper for bags. **60-130 gr.**

- > **ZICUBAG GR:** greaseproof packaging paper. **35-60 gr.**

- > **ZICUBAG GR SLIP EASY:** greaseproof paper with slip easy treatment for cupcake or muffins cases, etc. **32 gr.**

- > **ZICUBARRIER:** water barrier and greaseproof paper. **50-70 gr.**

- > **ZICUFLEX:** paper for packaging. **35-60 gr.**

- > **ZICUKRAFT:** highly-resistant white kraft paper for construction, food complex, packaging, etc. **70-90 gr.**

- > **ZICULAX:** specialty laser paper. **70-90 gr.**

- > **ZICUMAIL:** offset paper for envelopes. Automatic and manual enveloping. **70-100 gr.**

- > **ZICUPHARMA:** paper for printing information leaflets for the pharmaceutical industry, standard finish. **40-60 gr.**

- > **ZICUPHARMA HO:** highly opaque paper for printing information leaflets for the pharmaceutical industry. **37-50 gr.**

- > **ZICUSET:** white offset paper for publishing and printing. **50-140 gr.**

- > **ZICUSIL:** support for low grammage silicone coating. **35-60 gr.**

- > **ZICUSIL SCK:** support for silicone coating treated to optimise label removal. **45-70 gr.**

Budgeting and planning

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

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

Distribution

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

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







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

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

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

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

Paper distribution by means of transport (finished products % of total)

| Year | Domestic Market | | | Export Market | | |
|------|---|---|---|---|---|---|
| |  |  |  |  |  |  |
| 2022 | 98.28% | - | 1.72% | 78.71% | 3.89% | 17.39% |
| 2021 | 93.94% | - | 6.06% | 81.03% | 2.89% | 16.08% |
| 2020 | 98.93% | - | 1.00% | 72.49% | 7.30% | 20.21% |

Our Social Responsibility #4

4.1 Management approach to Corporate Social Responsibility (CSR)

4.1.1 CSR commitment and integration in our corporate strategy

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

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



This is based on three key pillars:

- Environmental: Environmental responsibility
- Stakeholders: Responsibility to stakeholders (employees, suppliers, customers, etc.)
- Good Corporate Governance: Good Corporate Governance pledge

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

This integration of CSR and sustainability into strategy and management starts at the highest management level, since the definition of the corporate purpose has to address how the organisation creates value in the long term, and this cannot exclude ESG (Environmental, Social and Governance) aspects, including responsible behaviour, accountability and information transparency.

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

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

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

Formal confirmation of our Corporate Social Responsibility pledge

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

4.1.2 The Iberpapel Group: committed to the Sustainable Development Goals



The Group, through its activities, has various positive impacts on our local areas that contribute towards the Sustainable Development Goals (SDGs) set out in the United Nations 2030 Agenda. The SDGs are a call to action for all countries, including the public and private sectors, to foster prosperity and protect the planet. The integration of ESG practices into business can also support the SDGs by making the connection between profitability, productivity and both environmental and social sustainability a priority.



GOOD HEALTH AND WELL-BEING

Expenditure on occupational risk prevention activities and resources in 2022 totalled €1,242 thousand.

Guarantee a healthy life and promote well-being for all

Iberpapel actively promotes occupational health and safety, one of our main CSR commitments. So, the Group's priority in 2022 was the safety of our employees, customers, suppliers and all those with whom we come into contact in our daily activities, applying all the health protection measures recommended by experts and authorities. These measures to combat the pandemic were complemented by the market best practices implemented year after year under our Occupational Risk Prevention Management System (SIGPRL) in order to assure our employees' safety, health and well-being.

Main contributions:

- Implementation in PGZ of an Occupational Risk Prevention Management System (SIGPRL), certified by an independent external expert.
- Installation in PGZ of a comprehensive Occupational Risk Prevention Management Computer System (Prosafety).
- Development in PGZ of a facility inspection plan and an observation procedure to ensure safe behaviours by employees.
- Integration of all executives, middle managers and supervisors into PGZ's own prevention team.
- Mandatory examinations for the Group's workers.
- ISO 45001:2018 certification.





AFFORDABLE AND CLEAN ENERGY

60 mWh biomass and gas cogeneration

Guaranteeing access to affordable, safe, sustainable, modern energy for all.

The Iberpapel Group actively encourages the use of renewable energies and efficient facility management. This is reflected in our commitment to clean energy and clean technologies.

Main contributions:

- Supply from our own gas and biomass cogeneration plants, avoiding over 180,256 tonnes of CO².
- Development of the Energy and Climate Change Programme, which promotes energy efficiency and the use of biomass as an alternative to traditional fossil fuels.
- Implementation of an Energy Management System under ISO 50001:2018, certified externally by an independent expert (DNV).



DECENT WORK AND ECONOMIC GROWTH

95.21% of contracts are permanent
+1.07% v. 2021

Promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

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

We also implement work-life balance measures, valuing the importance of our employees' personal life so they can perform their work to the best of their abilities. Our pledges include creating stable, quality jobs in the local community. Iberpapel did not implement temporary lay-off measures (ERTE) in 2021 or 2022.

Main contributions:

- A stable workforce of 292 employees, 95.21% on indefinite contracts, at the year-end.
- Promotion of training for employees, totalling 12,772 hours in 2022.
- 250 work-life balance actions amounting to over 6,032 hours.
- Workloads in line with working hours, assuring employees' right to disconnect.

SUSTAINABLE GOALS
DEVELOPMENT

SUSTAINABLE GOALS DEVELOPMENT



INDUSTRY, INNOVATION AND INFRASTRUCTURE

An investment of around €80 million in the pulp mill renovation came to an end in 2020.

Building resilient infrastructures, promoting inclusive, sustainable industrialisation and fostering innovation.

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

Main contributions:

- Completion of the modernisation and extension of the cellulose pulp production plant, which was commissioned in the third quarter of 2020, bringing in new BATs (Best Available Techniques) and more efficient, environmentally sustainable processes.
- New products: Vellum SC, Zicubag, Zicubag GR, Zicuflex, Ziculax, Zicumail, Zicupharma, Zicuset and Zicusil SCK (see further information on page 36).
- All our forest assets are certified.



RESPONSIBLE CONSUMPTION AND PRODUCTION

53% of waste is reused.

Guaranteeing sustainable approaches to consumption and production.

We promote the rational, respectful use of natural resources. Iberpapel promotes the circular economy and bioeconomy by fostering the recycling and reuse of biochemical products, the reuse of waste and energy efficiency in our plants.

Main contributions:

- Harnessing of the potential of the bioeconomy and the circular economy in the paper industry, based on practices that reduce production inputs by reusing waste and biological resources.
- Responsible and sustainable forest management, guaranteeing absolute traceability for customers under the FSC® and PEFC systems.



CLIMATE ACTION

180,256 tonnes of CO² emissions saved thanks to cogeneration and biomass.

Adopting urgent measures to combat climate change and its effects.

Besides sustainable forest management certified by internationally recognised organisations, Iberpapel helps to mitigate climate change by producing power using gas and biomass cogeneration. Iberpapel is also active in atmospheric CO² removal by issuing VCUs (Verified Carbon Units) at our plantations in Uruguay. Iberpapel drew up a new climate change policy in 2022.

Main contributions:

- Environmental Management System under the ISO 14001:2015 standard, certified by an independent third party (DNV).
- Certification of the removal of over 652,311 tonnes of CO² through the issuance of VCUs at our plantations in Uruguay.
- Environmental awareness-building in all our workers.
- General training of all employees in environmental management.



LIFE ON LAND

96% custody chain certified timber suppliers.
100% of forest assets FSC® or PEFC™ certified.

Promoting the sustainable use of terrestrial ecosystems, combating desertification, halting and reversing land degradation and halting biodiversity loss.

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

Main contributions:

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

SUSTAINABLE GOALS DEVELOPMENT



Sustainable Development Goals

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

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

| CHAPTERS | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS |
|---|------------------------------|---------------------|-------------------|-------------------------------|-----------------------------------|---|-------------------------|---|-------------------|-----------------|---|-------------------------------|
| 1. Chairman's Letter | | | | | | | | | | | | |
| 2. Iberpapel at a Glance | | | | | | | | | | | | |
| 3. Our Group | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| 4. Our Corporate Social Responsibility | ● | | | ● | ● | ● | | ● | ● | ● | | |
| 4.2 Stakeholder dialogue commitment | | | | | | | | | | | | ● |
| 4.3 Responsibility to our people | ● | ● | | | ● | | ● | | | | | |
| 4.4 Responsibility to our customers | | | | | | | | ● | | | | |
| 4.4 Responsibility to our suppliers | | | | | | | | | | | | |
| 4.4 Responsibility to our local community | | ● | | | ● | | | ● | | | | ● |
| 5. Our Environmental Responsibility | | | | ● | | | | ● | ● | ● | | |
| 6. Our Corporate Governance | | | ● | | ● | | | | | | ● | |
| 7. Our Results | | | | | ● | | | | | | | |

4.2 Stakeholder dialogue commitment

4.2.1 Management approach to stakeholder dialogue

GRI: 2-29

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

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

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

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

To effectively apply our approach, all stakeholders that may affect or be affected by our business were first identified on the basis of economic, social and environmental impacts.

Secondly, we prioritise stakeholder groups by studying to what extent they are capable of influencing our business, the type of pre-existing relationship with the stakeholders and how they are aligned with the Company's strategic objectives, while also analysing our impacts on them.

Following identification and prioritisation, channels are opened to communicate and understand their perspectives

and expectations. So, the design of these channels takes into account both the profile of each group and the aspects that are relevant in relation to our business, pursuing a dual purpose: facilitate and improve the amount and quality of two-way communication with stakeholders.

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

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

Main channels open with our stakeholders:

Customers

Contact and dialogue

- Personal visits to customers and by customers to our premises.
- Telephone, videoconference and email contacts.
- Industry magazines, publications and websites.
- Quality control system (ISO 9001:2015).
- Online shopping portal:
www.iberpapelonline.es

Relevant expectations and aspects

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

Suppliers

Contact and dialogue

- Visits by suppliers to our premises and by Iberpapel to their premises.
- Industry presentations, meetings and conventions.
- Industry magazines and publications.
- Continuous telephone and e-mail contact.
- Quality control system (ISO 9001:2015).
- Raw material traceability.
- Corporate website: www.iberpapel.es
- Technical contacts with suppliers to develop new products, new uses, new raw materials, etc.

Relevant expectations and aspects

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

Employees

Contact and dialogue

- Periodic meetings with the Works Committee and dialogue with unions represented.
- Health and Safety Committee.
- Equality Committee.
- Vertical communication channels.
- Communication channels under the SIGPRL (Internal Occupational Risk Prevention Management System).
- Training process.
- Workplace and sexual harassment integrated into the criminal risk prevention system.
- Employee induction process.
- Whistleblower hotline integrated with the Criminal Risk Prevention System.
- Mutual insurance company for occupational accidents and illnesses.
- Accident insurance company.

Relevant expectations and aspects

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



Environment

Contact and dialogue

- Regular participation in environmental forums:
 - › Environmental Committee of ASPAPEL (Spanish association of pulp, paper and board manufacturers).
 - › Environmental Committee of the Basque Paper Industry Cluster Association.
 - › Water Planning Committee.
- Citizen Participation in the Water Board of the Eastern Cantabrian Water Zone.
- Committees and work groups of the Confederation of European Paper Industries (CEPI).
- Supply of technical-environmental information to customers.
- Chains of custody that guarantee the sustainable sources of our raw materials obtained from forests.
- Greenhouse gas emissions neutralisation programme and public statement of carbon neutrality under the PAS 2060:2014 standard.

Relevant expectations and aspects

- Transparency and dialogue with related organisations.
- Environmental conservation plans.
- Reduction of the environment impacts of the Group's activities.
- Presence in decision-making forums on upcoming European environmental regulations.
- Raw materials from sustainable sources.
- Collaboration with customers in offsetting their carbon footprint.

Shareholders, investors and the financial community

Contact and dialogue

- Annual report, quarterly and half-yearly reports.
- Conference call to announce results, open to all market professionals.
- General Shareholders' Meeting.
- Corporate website: www.iberpapel.es
- Shareholders and investors:
 - › Corporate presentation.
 - › Press releases.
 - › Dedicated e-mail address: atencion.al.accionista@iberpapel.es
 - › Investor Relations Department.

Relevant expectations and aspects

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

Regulators and associations

Contact and dialogue

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

Relevant expectations and aspects

Service, quality and efficiency.

- Transparency in activities.
- Innovative and effective solutions to new challenges.
- Productive and responsible partnerships.
- Compliance with legislation and regular reporting obligations.
- Awareness of upcoming legislative developments from the drafting stage onwards.

Society

Contact and dialogue

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

Relevant expectations and aspects

- Transparency regarding the company's activities.
- Economic and social impacts on the community.
- Community engagement.
- Ethical business actions.
- Plant safety and community protection.
- Contribution to the United Nations Sustainable Development Goals.

4.2.2 Accessibility of Iberpapel's information

GRI: 2-29

Transparency is a key aspect of management. So we make information available to all our stakeholders as required by law and voluntarily to foster a full understanding of the Group's operations and other aspects

that are relevant to potential users, such as economic and environmental, social and governance (ESG) matters.

We post all financial (annual reports, annual accounts, etc.) and non-financial information on our website. The "Social Responsibility" tab contains disclosures on our stakeholder commitments as regards ESG,

which may also be consulted in the Company's annual reports.

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



4.3 Responsibility to our people

4.3.1 Responsibility to our people at a glance

Main metrics for 2022 and trends

2022 Milestones

- Continued ISO 45001:2018 certification.
- Reduction of absenteeism caused by accidents thanks to the ongoing integration of prevention into all lines of command.
- Computerisation of the Human Resources Department for people management.
- Process systemization to implement and develop measures included in the Equality Plan.
- Reinforcement of the Occupational Risk Prevention Management Computer System (Prosafety) at all levels.
- Programme of inspections to assure safety conditions.
- 4-year industry collective bargaining agreement (2022 to 2025).
- Trade union elections in which PGZ's workers were broadly represented.

Future challenges

- Promote the hiring of young professionals to have the best talent.
- Foster the hiring of professionals with proven experience.
- Retain talent.
- Adapt attendance control at the plant.
- Maintain a stable working climate and improve industrial relations.
- Update the 2020-2025 Equality Plan to reflect new legislation.
- Form the new Equality Plan review committee following the union elections.
- Consolidate the existing Health and Safety Management System under the ISO 45001:2018 standard.
- Boost the activities of the Health and Safety Committee set up after the last union elections.
- Diversify the annual training plan to include team management and leadership courses.

NO. OF EMPLOYEES

292

-0.34% v. 2021

NO. OF INDEFINITE CONTRACTS

95.21%

+1.01% v. 2021

EMPLOYEE TRAINING HOURS

12,772

+59% v. 2021

NO. OF DISABLED EMPLOYEES

9

= v. 2021

Our main contribution to the SDGs



GOAL 3.4 | Reducing non-communicable diseases and mental health.

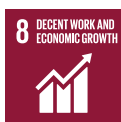
Aware of the importance of our employees to the organisation, one of our ethical principles addresses health and safety. In 2022, we applied all the measures needed to protect our employees from Covid-19. These initiatives are in addition to those already implemented in recent years, such as the Occupational Risk Prevention Management System in the industrial subsidiary PGZ, which meets ISO 45001:2018 standard requirements, as certified externally by the independent entity Det Norske Veritas (DNV).



GOAL 4.3 | Ensure equal access to higher education.

GOAL 4.4 | Increase employability skills.

In the changing society in which we live, being prepared is increasingly an essential requirement. Aware of the challenge that this entails, we strive to adapt to the new changes through a broad offering of training alternatives and various methodologies. In 2022, 580 training actions were undertaken for a total of 12,772 hours, which is well below pre-pandemic years due to the application of the Covid-19 Protocol, limiting the possibility of face-to-face meetings and courses.



GOAL 8.5 | Achieve full employment and decent work.

GOAL 8.6 | Reduce the proportion of youth not in employment or education.

GOAL 8.8 | Protect labour rights and promote safe working environments.

We are committed to promoting a good work climate and improving industrial relations. We provide our employees with stable, quality work, as reflected in the high ratio of indefinite contracts and work-life balance measures.



GOAL 10.2 | Promote social, economic and political inclusion.

The principles applied in recruitment and selection processes are founded on respect for equal opportunities and non-discrimination by reason of age, gender, disability, race, origin, religion or economic situation, or any other condition. The Group fosters social inclusion. In 2022, employees with a disability rating accounted for 3% of the workforce.

4.3.2 Our people management

GRI: 2-7, 3-3, 405-1

Profile of the Iberpapel Group's employees

Recognising that human resources management is a key aspect of our strategy, since only excellent people management will make us stand out from other companies, stable, lasting employment relationships are encouraged, as reflected in our stable average workforce in recent years. At present, 35% of our employees have been with us for over 20 years and 95.21% have indefinite contracts.

Women

- Account for 8% of the workforce.
- Are aged between 40 and 49 (43%).
- Have indefinite contracts (100%).

Men

- Account for 92% of the workforce.
- Are aged between 40 and 49 (29%).
- Have indefinite contracts (95%).

Human capital is a key, distinctive factor in our Group. Their professionalism, coupled with their commitment and values, make Iberpapel the leader in our industry today and will be a key aspect of this leadership going forward.

Iberpapel's team is currently formed by 292 employees in three countries (Spain, Argentina and Uruguay). They are divided into four professional categories encompassing a highly varied spectrum, given the diversity of the Group's 17 companies operating in the forestry, industrial and commercial sectors.

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

Workforce highlights

At the year-end (31 December 2022), the Group has 292 employees, 0.34% below 2021. The average age is 48 and the majority are aged between 50 and 59. Virtually all our employees are located in Spain.

Mutual respect and trust have assured a relatively stable average workforce in recent years, which reflects our employees' commitment to and satisfaction with our work philosophy. 95.21% percent of Iberpapel's employees have indefinite contracts thanks to our policy designed to instil the maximum trust and promote a pleasant working climate.

Employees by gender and country (no.)

Year-end data

| Country | Men | | Women | | Total | |
|--------------|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Spain | 255 | 252 | 20 | 21 | 275 | 273 |
| Uruguay | 10 | 10 | - | 2 | 10 | 12 |
| Argentina | 4 | 4 | 3 | 4 | 7 | 8 |
| Total | 269 | 266 | 23 | 27 | 292 | 293 |

Employees by gender and professional category (no.)

Year-end data

| Professional category | Men | | Women | | Total | |
|--|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Board directors | 2 | 2 | - | - | 2 | 2 |
| Executives | 18 | 17 | 1 | 1 | 19 | 18 |
| Technical specialists and administrative staff | 73 | 75 | 20 | 22 | 93 | 97 |
| Operators and specialists | 176 | 172 | 2 | 4 | 178 | 176 |
| Total | 269 | 266 | 23 | 27 | 292 | 293 |

Employees by gender and age (no.)

Year-end data

| Age groups | Men | | Women | | Total | |
|---------------|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| From 19 to 29 | 17 | 16 | 1 | 1 | 18 | 17 |
| From 30 to 39 | 45 | 39 | 1 | 2 | 46 | 41 |
| From 40 to 49 | 79 | 94 | 10 | 13 | 89 | 107 |
| From 50 to 59 | 104 | 90 | 8 | 9 | 112 | 99 |
| Over 60 | 24 | 27 | 3 | 2 | 27 | 29 |
| Total | 269 | 266 | 23 | 27 | 292 | 293 |

Types of employment contract by gender, age and professional category (no.)

Year-end data

| | Men | | Women | | Total | |
|--|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Indefinite contracts | | | | | | |
| Board directors | 2 | 2 | - | - | 2 | 2 |
| Executives | 18 | 17 | 1 | 1 | 19 | 18 |
| Technical specialists and administrative staff | 68 | 70 | 20 | 20 | 88 | 90 |
| Operators and specialists | 167 | 162 | 2 | 4 | 169 | 166 |
| Total | 255 | 251 | 23 | 25 | 278 | 276 |

| | Men | | Women | | Total | |
|----------------------|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Indefinite contracts | | | | | | |
| From 19 to 29 | 11 | 10 | 1 | - | 12 | 10 |
| From 30 to 39 | 40 | 33 | 1 | 1 | 41 | 34 |
| From 40 to 49 | 76 | 91 | 10 | 13 | 86 | 104 |
| From 50 to 59 | 104 | 90 | 8 | 9 | 112 | 99 |
| Over 60 | 24 | 27 | 3 | 2 | 27 | 29 |
| Total | 255 | 251 | 23 | 25 | 278 | 276 |

| | Men | | Women | | Total | |
|--|-----------|-----------|----------|----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Temporary contracts | | | | | | |
| Board directors | - | - | - | - | - | - |
| Executives | - | - | - | - | - | - |
| Technical specialists and administrative staff | 5 | 5 | - | 2 | 5 | 7 |
| Operators and specialists | 9 | 10 | - | - | 9 | 10 |
| Total | 14 | 15 | - | 2 | 14 | 17 |

| | Men | | Women | | Total | |
|---------------------|-----------|-----------|----------|----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Temporary contracts | | | | | | |
| From 19 to 29 | 6 | 6 | - | 1 | 6 | 7 |
| From 30 to 39 | 5 | 6 | - | 1 | 5 | 7 |
| From 40 to 49 | 3 | 3 | - | - | 3 | 3 |
| From 50 to 59 | - | - | - | - | - | - |
| Over 60 | - | - | - | - | - | - |
| Total | 14 | 15 | - | 2 | 14 | 17 |

>> Types of employment contract by gender, age and professional category (no.) / Year-end data

| | Men | | Women | | Total | |
|--|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Full time | | | | | | |
| Board directors | 2 | 2 | - | - | 2 | 2 |
| Executives | 18 | 17 | 1 | 1 | 19 | 18 |
| Technical specialists and administrative staff | 67 | 74 | 18 | 20 | 85 | 94 |
| Operators and specialists | 167 | 162 | 1 | 1 | 168 | 163 |
| Total | 254 | 255 | 20 | 22 | 274 | 277 |

| | Men | | Women | | Total | |
|------------------|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Full time | | | | | | |
| From 19 to 29 | 17 | 16 | 1 | 1 | 18 | 17 |
| From 30 to 39 | 45 | 39 | 1 | 2 | 46 | 41 |
| From 40 to 49 | 78 | 93 | 8 | 11 | 86 | 104 |
| From 50 to 59 | 103 | 90 | 8 | 7 | 111 | 97 |
| Over 60 | 11 | 17 | 2 | 1 | 13 | 18 |
| Total | 254 | 255 | 20 | 22 | 274 | 277 |

| | Men | | Women | | Total | |
|--|-----------|-----------|----------|----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Part time | | | | | | |
| Board directors | - | - | - | - | - | - |
| Executives | - | - | - | - | - | - |
| Technical specialists and administrative staff | 6 | 1 | 2 | 2 | 8 | 3 |
| Operators and specialists | 9 | 10 | 1 | 3 | 10 | 13 |
| | 15 | 11 | 3 | 5 | 18 | 16 |
| Total | | | | | | |

| | Men | | Women | | Total | |
|------------------|-----------|-----------|----------|----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Part time | | | | | | |
| From 19 to 29 | - | - | - | - | - | - |
| From 30 to 39 | - | - | - | - | - | - |
| From 40 to 49 | 1 | 1 | 2 | 2 | 3 | 3 |
| From 50 to 59 | 1 | - | - | 2 | 1 | 2 |
| Over 60 | 13 | 10 | 1 | 1 | 14 | 11 |
| Total | 15 | 11 | 3 | 5 | 18 | 16 |

Annual average employment contracts by gender, age and professional category

Year-end data

| | Men | | Women | | Total | |
|--|---------------|---------------|--------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Indefinite contracts | | | | | | |
| Board directors | 2.00 | 1.99 | - | - | 2.00 | 1.99 |
| Executives | 18.16 | 17.20 | 1.00 | 1.00 | 19.16 | 18.19 |
| Technical specialists and administrative staff | 167.65 | 71.83 | 2.38 | 20.48 | 170.03 | 92.31 |
| Operators and specialists | 67.55 | 163.82 | 20.00 | 4.22 | 87.55 | 168.04 |
| Total | 255.36 | 254.85 | 23.38 | 25.69 | 278.75 | 280.54 |

| | Men | | Women | | Total | |
|----------------------|---------------|---------------|--------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Indefinite contracts | | | | | | |
| From 19 to 29 | 29.38 | 1.03 | 1.00 | - | 40.38 | 11.03 |
| From 30 to 39 | 76.42 | 4.16 | 10.38 | 1.12 | 86.81 | 35.28 |
| From 40 to 49 | 104.00 | 1.46 | 8.00 | 12.96 | 112.00 | 104.42 |
| From 50 to 59 | 9.53 | 0.62 | 1.00 | 8.98 | 10.53 | 99.59 |
| Over 60 | 26.03 | 7.58 | 3.00 | 2.64 | 29.03 | 30.22 |
| Total | 255.36 | 254.85 | 23.38 | 25.69 | 278.75 | 280.54 |

| | Men | | Women | | Total | |
|--|--------------|--------------|----------|-------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Temporary contractss | | | | | | |
| Board directors | - | - | - | - | - | - |
| Executives | - | - | - | - | - | - |
| Technical specialists and administrative staff | 7.01 | 4.99 | - | 1.99 | 7.01 | 6.98 |
| Operators and specialists | 4.29 | 9.97 | - | - | 4.29 | 9.97 |
| Total | 11.30 | 14.96 | - | 1.99 | 11.30 | 16.95 |

| | Men | | Women | | Total | |
|---------------------|--------------|--------------|----------|-------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Temporary contracts | | | | | | |
| From 19 to 29 | 5.73 | 5.98 | - | 1.00 | 5.73 | 6.98 |
| From 30 to 39 | 2.19 | 5.98 | - | 1.00 | 2.19 | 6.98 |
| From 40 to 49 | 3.38 | 2.99 | - | - | 3.38 | 2.99 |
| From 50 to 59 | - | - | - | - | - | - |
| Over 60 | - | - | - | - | - | - |
| Total | 11.30 | 14.96 | - | 1.99 | 11.30 | 16.95 |

>> Annual average employment contracts by gender, age and professional category / Year-end data

| | Men | | Women | | Total | |
|--|---------------|---------------|--------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Full time | | | | | | |
| Board directors | 2.00 | 1.99 | - | - | 2.00 | 1.99 |
| Executives | 18.16 | 17.20 | 1.00 | 1.00 | 19.16 | 18.19 |
| Technical specialists and administrative staff | 165.66 | 75.82 | 1.38 | 20.07 | 167.04 | 95.89 |
| Operators and specialists | 65.84 | 163.82 | 18.00 | 1.23 | 83.84 | 165.05 |
| Total | 251.67 | 258.84 | 20.38 | 22.29 | 272.05 | 281.13 |

| | Men | | Women | | Total | |
|------------------|---------------|---------------|--------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Full time | | | | | | |
| From 19 to 29 | 12.91 | 17.01 | 1.00 | 1.00 | 46.11 | 18.01 |
| From 30 to 39 | 45.11 | 40.15 | 1.00 | 2.12 | 86.00 | 42.26 |
| From 40 to 49 | 77.62 | 93.45 | 8.38 | 10.97 | 111.00 | 104.42 |
| From 50 to 59 | 103.00 | 90.62 | 8.00 | 6.98 | 13.91 | 97.60 |
| Over 60 | 13.03 | 17.61 | 2.0 | 1.23 | 15.03 | 18.84 |
| Total | 251.67 | 258.84 | 20.38 | 22.29 | 272.05 | 281.13 |

| | Men | | Women | | Total | |
|--|--------------|--------------|-------------|-------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Part time | | | | | | |
| Board directors | - | - | - | - | - | - |
| Executives | - | - | - | - | - | - |
| Technical specialists and administrative staff | 6.00 | 1.00 | 2.00 | 2.41 | 8.00 | 3.40 |
| Operators and specialists | 9.00 | 9.97 | 1.00 | 2.99 | 10.00 | 12.96 |
| Total | 15.00 | 10.97 | 3.00 | 5.40 | 18.00 | 16.37 |

| | Men | | Women | | Total | |
|------------------|--------------|--------------|-------------|-------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Part time | | | | | | |
| From 19 to 29 | - | - | - | - | - | - |
| From 30 to 39 | - | - | - | - | - | - |
| From 40 to 49 | 1.00 | 1.00 | 2.00 | 1.99 | 3.00 | 2.99 |
| From 50 to 59 | 1.00 | - | - | 1.99 | 1.00 | 1.99 |
| Over 60 | 13.00 | 9.97 | 1.00 | 1.41 | 14.00 | 11.38 |
| Total | 15.00 | 10.97 | 3.00 | 5.40 | 18.00 | 16.37 |

Industrial relations: percentage of employees covered by collective bargaining agreements

GRI: 2-30

The Iberpapel Group defends its employees' right of representation. This is reflected in the fact that 100% of the Group's workforce comes under the collective agreement applicable at each of the companies' work centres. In 2022, the 4-year provincial collective bargaining agreement applicable to Papelera Guipuzcoana de Zicuñaga was negotiated and closed, assuring a climate of considerable social peace for 2022, 2023, 2024 and 2025.

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

The trade union elections were held at the end of 2022 and we now have representatives from the various organisations operating in the area (CCOO, UGT, ELA and LAB) and independent employee representatives for the next four years.

There are a total of nine members, three of whom are risk prevention officers on the Occupational Health and Safety Committee. We also have three Trade Union Area Delegates, representing each of the trade unions present in the Company.

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

PGZ has an Equality Committee formed by six members (three men and three women), including a member of the Works Committee. This body promotes measures that favour effective equality between men and women in the Company, specifically in relation to selection, training and promotion.



4.3.3 Safety, health and occupational risk prevention

GRI: 403-1, 403-2, 403-3, 403-6, 403-9, 403-10

Iberpapel considers that prevention and continuous improvement of aspects related to our employees' safety are among the main concerns both internally and externally for our stakeholders. Proof of this commitment can be found in our Occupational Risk Prevention Management System (SIGPRL) in place in the Industrial Division, which meets the specifications of the ISO 45001:2018 standard and is intended to guarantee health and safety for all workers.

Our SIGPRL has been certified externally by the independent expert DNV. The results of the latest system audit in 2022 were satisfactory.

The following actions were carried out:

- Our own prevention service continued to operate, supplemented by a number of external prevention services.
- Regular assessments of occupational health and safety risk factors and preventive measures in place.
- Scheduled annual prevention activities.
- Implementation of an occupational risk prevention computer system (Prosafety).
- Coordination of business activities with our contractors.

- Observation and control of applicable prevention legislation by the employees themselves as they witness safe conduct.
- A periodic, highly ambitious inspection plan encompassing all the facilities.

External prevention services

- **Preving: coordinates business activities, given the significant presence of contractors in the Company's facilities, for the specialities ergonomics, psychosociology and occupational medicine.**
- **CEI: oversees the observance of prevention rules by the employees themselves, thereby reinforcing the oversight activities that are the Company's responsibility.**
- **Preving and Quirón Prevención: prevention services received by the Group's subsidiaries.**

The importance of employee health and safety

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

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

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

Health and safety committees (PGZ)

- **Total number of health and safety committees: 1**
- **Covers over 80% of the Group's employees.**

We also have a joint Health and Safety Committee formed by representatives of management and the workers that holds regular meetings to promote corrective and/or preventive safety-related initiatives, entailing a considerable investment by the Company (€200 thousand) and an important benefit for the workers.

The investment in internal and external human resources engaged in health and safety amounted to around €1,242 thousand in 2022.

Similarly, specific actions entailed investments of close to €86 thousand, including EPIS, Covid-19, improvement of firefighting facilities, collective and individual protection, barriers and machine protection. An additional investment of approximately €157 thousand was incurred for risk prevention training.

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

Besides all these measures taken to protect our workers, all the collective agreements applicable to the Group address

occupational health, safety and risk prevention, such as oversight of public health and medical examinations, both on a regular basis and following a prolonged absence.

Cost of occupational risk prevention activities and resources 2022-2020

| Thousand euro | 2022 | 2021 | 2020 |
|--|--------------|--------------|--------------|
| In-house resources | 1,013 | 827 | 821 |
| External resources (Asepeyo, Preving, Unipresalud) | 229 | 229 | 269 |
| Specific risk prevention actions | 86 | 120 | 267 |
| Risk prevention training | 157 | 80 | 100 |
| Total | 1,485 | 1,256 | 1,457 |



Occupational medicine

The Iberpapel Group outsources these tasks through Preving's prevention service. In 2022, a total of 218 compulsory medical examinations were carried out at PGZ, 198 workers having been declared fit to work and some kind of restriction having been imposed in 20 cases.

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

The occupational medicine service detected no cases of occupational disease and recognised no incapacity deriving from common illnesses or accidents during the year.

There are also complementary services to which great importance is afforded. A medical service is available to PGZ's workers for minor care and consultation, as well as a first-aid

service in the event of accidents, which is provided by Quirón Prevención.

Employee health and safety highlights

In 2022, the total number of accidents at PGZ fell 9% against the previous year (from 91 in 2021 to 83 in 2022).

Lost-time accidents declined by 13% (from 23 in 2021 to 20 in 2022) and non-lost-time accidents by 7% (from 68 in 2021 to 63 in 2022). Days lost due to accidents fell by 53% on the previous year. So the charts show a reduction in frequency and a sharp fall in average duration and severity.

All employee accident rate metrics refer only to PGZ, the industrial company employing most of Iberpapel's employees.

There were no occupational accidents in the other Group companies in 2022.



Rate trends ¹

| | Men | | Women | | Total | |
|-------------------------------|------|-------------------|-------|-------------------|-------|-------------------|
| | 2022 | 2021 ⁵ | 2022 | 2021 ⁵ | 2022 | 2021 ⁵ |
| Frequency rate ² | 198 | 221 | - | - | 182 | 200 |
| Average duration ³ | 13 | 24 | - | - | 13 | 24 |
| Severity rate ⁴ | 0.65 | 1.39 | - | - | 0.60 | 1.26 |

¹The rate trends may be observed in the chart.

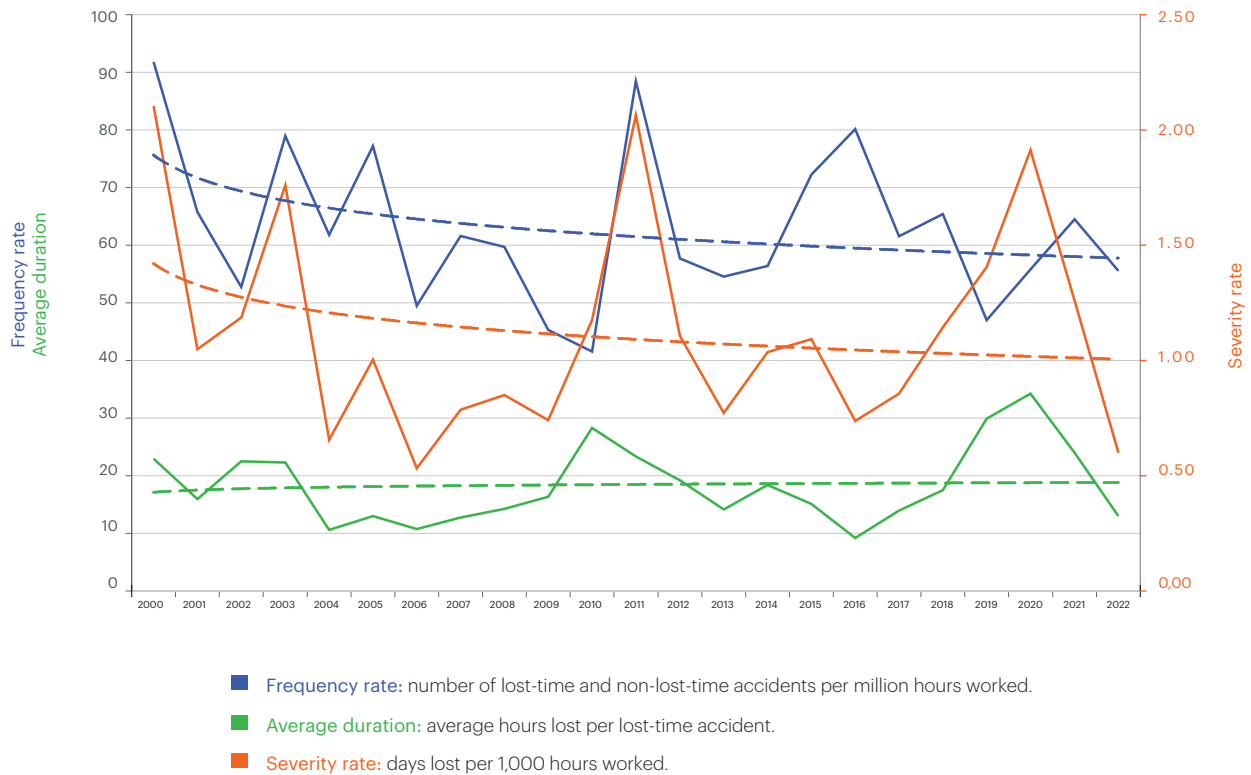
²Number of lost-time and non-lost-time accidents per million hours worked.

³Average hours lost per lost-time accident divided by total hours worked.

⁴Hours lost per thousand hours worked divided by total hours worked.

⁵The frequency, severity and average duration data for 2021 were recalculated once the registration system had been improved.

Accident rate trend (2000-2022)



The most common type of lost-time accident was stepping on an object (50% of lost time) causing a strain (69% of lost time) in the leg or ankle (70% of lost time).

Hours of absenteeism by gender

| | Men | | Women | | Total | |
|----------------------|-----------|-------------------|--------|-------------------|-----------|-------------------|
| | 2022 | 2021 ⁶ | 2022 | 2021 ⁶ | 2022 | 2021 ⁶ |
| Hours of absenteeism | 30,253.20 | 31,476.76 | 277.89 | 2,759.26 | 30,531.09 | 34,236.02 |

⁶ Hours of absenteeism in 2021 were recalculated due to an improvement in the registration system.

4.3.4 Talent attraction and retention

GRI: 3-3, 401-1, 401-2, 404-1, 404-2, 405-2

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

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

Professional training and development

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

In 2022, 580 training actions were completed at PGZ, entailing a total of 12,772 training hours, which was 59% up on 2021 due to the number of new hires and the removal of the pandemic restrictions.

The investment in training and career development amounted to approximately €559 thousand in internal and external costs (+48% on 2021). This training effort translates into an average of 61 hours and €2,670 of training expenditure per employee, which is well above the industry average according to a comparative study carried out annually by the Basque Paper Industry Cluster Association.

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

The goal in offering these programmes is to improve the quality and reduce the cost of our production process by keeping technical knowledge up to date and to enhance productivity by reinforcing employees' range of skills and autonomy.

Attention was also focused on improving safety in the workplace through training.

Fully aware of our decisive influence on the working environment and given the high degree of automation at the plant and our heavy investment in technology, we carefully select the most qualified employees for each of our three divisions. The Company also has a variety of

profiles, favouring diversity and competitiveness in the organisation.

In 2022, we trained our employees in the Corporate Social Responsibility matters most relevant to them. This included health and safety training, such as courses on occupational safety and first aid, or on the safe operation of facilities. In response to the interests expressed by employees through the appropriate channels, we arranged courses addressing other CSR areas such as the improvement of communication with customers and suppliers and quality enhancement.

2022

580 training actions >> 12,772 training hours

Training hours

| | 2022 | 2021 |
|--------------------------------------|---------------|--------------|
| Board directors | - | 2 |
| Executives | 118 | 8 |
| Technicians and administrative staff | - | 614.8 |
| Operators and specialists | 12,654 | 7,432 |
| Total | 12,772 | 8,056 |

Note: Training hours were recalculated due to an improvement in the registration system.

Communication with our employees

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

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

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

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

Organisation of work time

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

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

Work-life balance measures

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

In 2022, 250 actions were implemented (67% more than in 2021) totalling over 6,032 hours (+45% on 2021).

Right to disconnect

Besides work-life balance measures, we make sure that employees do not exceed their assigned working hours. We therefore guarantee that workloads are in line with working hours. Iberpapel currently has no formal policy.

Work-life balance measures

- Serious family illness: **39**
- Death of family members: **19**
- Moving house: **4**
- Social security specialists: **39**
- Accompaniment: **26**
- General practitioner and private specialists: **43**
- Maternity/paternity: **12**
- Previn: **58**
- Wedding: **2**
- Court: **2**

Fringe benefits for our employees

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

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

- A medical service including a doctor and a qualified nurse on site in the plant, contracted with the company Quirón Prevención.
- A group life and accident insurance policy, the premium being paid 60% by the Company and 40% by the employee. If there are no claims, a large part of the premium is reimbursed as a share of profits.

- A retirement supplement paid to a voluntary contribution pension fund (GEROA) in monthly instalments by the Company, equivalent to 0.70% of the contribution base for general contingencies, as compared with 0.60% in the previous year. Our employees also contribute 0.70% of the contribution base monthly.

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

Remuneration for personnel

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



Average remuneration and trends by gender, age and professional category ^(*)

Currency: Euro
Country: Spain

| Category | Men | | Women | |
|--------------------------|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Executives | 142,113 | 124,809 | 124,538 | 107,249 |
| Technical specialists | 64,628 | 64,337 | 49,733 | 41,614 |
| Administrative personnel | 46,597 | 44,799 | 41,725 | 42,230 |
| Operational personnel | 50,340 | 47,394 | - | - |

Currency: Euro
Country: Spain

| Edad | Men | | Women | |
|---------------|--------|--------|--------|--------|
| | 2022 | 2021 | 2022 | 2020 |
| From 19 to 29 | 44,609 | 41,949 | 34,296 | 33,735 |
| From 30 to 39 | 50,705 | 47,279 | 32,741 | 33,735 |
| From 40 to 49 | 58,315 | 56,465 | 42,647 | 46,375 |
| From 50 to 59 | 69,932 | 63,535 | 61,584 | 46,042 |
| Over 60 | 75,389 | 75,289 | 47,634 | 54,265 |

Currency: Argentine peso
Country: Argentina

| Category | Men | | Women | |
|--------------------------|-----------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Executives | - | - | - | - |
| Technical specialists | 2,039,141 | 1,337,231 | - | - |
| Administrative personnel | - | - | 2,402,832 | 1,457,393 |
| Operational personnel | - | - | 1,479,620 | 683,261 |

Currency: Argentine peso
Country: Argentina

| Age | Men | | Women | |
|---------------|-----------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| From 19 to 29 | - | - | - | - |
| From 30 to 39 | - | - | - | - |
| From 40 to 49 | 1,568,232 | 1,083,566 | 2,514,306 | 1,196,103 |
| From 50 to 59 | 2,196,111 | 1,421,786 | 1,885,489 | 693,000 |
| Over 60 | - | - | - | - |

^(*) Remuneration in Spain increased in relation to 2021 due to the specific terms of contracts and the applicable collective bargaining agreement. The Group's Argentinian companies are governed by two collective agreements: The remuneration of rural employees under the Agrarian Collective Agreement rose 70% during the year and the Commercial Collective Agreement stipulated an increase of 59.50% for the relevant employees in 2022. In Uruguay, salaries at the company Los Eucaliptus, S.A. were increased twice in 2022 under the Forestry Collective Agreement: 3.7% to reflect the food inflation rate and 7.96% to reflect inflation in housing in January 2022. Salaries were later increased a second time by 5.9% in July.

Currency: Uruguayan peso
Country: Uruguay

| Category | Men | | Women | |
|---------------------------------------|-----------|-----------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Technical specialists | 1,543,823 | 1,405,650 | - | - |
| Operational personnel (specialised) | 643,162 | 648,363 | 560,511 | 579,122 |
| Operational personnel (unspecialised) | 465,901 | 513,456 | - | - |

Currency: Uruguayan peso
Country: Uruguay

| Age | Men | | Women | |
|---------------|-----------|-----------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| From 19 to 29 | 561,676 | 598,391 | - | - |
| From 30 to 39 | 600,130 | 644,134 | 560,510 | 579,122 |
| From 40 to 49 | 1,274,342 | 1,063,166 | - | - |
| From 50 to 59 | 705,420 | 684,801 | - | - |
| Over 60 | - | - | - | - |

Wage gap in equal positions ^(*)

Currency: Euro
Country: Spain

| Category | 2022 | 2021 |
|-----------------------------|---------|---------|
| Executives | -12.37% | -14.07% |
| Technical specialists (**) | -23.05% | -35.32% |
| Administrative personnel | -10.45% | -5.73% |
| Operational personnel (***) | N/A | N/A |

Currency: Uruguayan peso
Country: Uruguay

| Category | 2022 | 2021 |
|-------------------------------------|---------|---------|
| Operational personnel (specialised) | -12.85% | -10.68% |

(*) The wage gap has been calculated by taking the average wage of men less the average wage of women, divided by the average wage of men.

(**) The wage gap between men and women for the technical professional category in 2022 is explained by the fact that, as can be seen in the workforce breakdown tables, the number of male technical specialists in our Group is much higher than the number of women in this category (there is no basis for gender discrimination in new hires) and that the seniority of the Group's male technical specialists exceeds that of the women in this category. Our personnel's remuneration evolves on the basis of length of service and performance evaluation over the years. Bearing in mind the recent hiring of female technical specialists, their salary is comparatively lower than that of their male counterparts, who have an average length of service of 14 years. So, if our female technical specialists remain in the workforce in the long term, the pay gap will shrink.

(***) As there are no women working in this occupational category, the wage gap cannot be calculated.

Talent attraction and retention highlights

Total number and rate of new employee hires. By age group and gender

| Age | Men | | Women | |
|-------------------|-----------|-----------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| From 19 to 29 | 8 | 4 | - | 1 |
| From 30 to 39 | 6 | 2 | - | - |
| From 40 to 49 | 4 | 2 | - | - |
| From 50 to 59 | - | 6 | - | 1 |
| Over 60 | - | - | - | - |
| Totals | 18 | 14 | - | 2 |
| Total employees | 269 | 266 | 23 | 27 |
| Rate of new hires | 6.69% | 5.26% | - | 7.41% |

Total employee number and turnover. By age group and gender

| Age | Men | | Women | |
|-------------------|-----------|-----------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| From 19 to 29 | 3 | 5 | - | - |
| From 30 to 39 | 6 | 4 | - | 1 |
| From 40 to 49 | 3 | 2 | - | - |
| From 50 to 59 | 0 | 2 | - | - |
| Over 60 | 5 | 3 | - | 2 |
| Totals | 17 | 16 | - | 3 |
| Total employees | 269 | 266 | 23 | 27 |
| Rate of new hires | 6.32% | 6.02% | - | 11.11% |

Number of lay-offs

There were no lay-offs in 2022 or 2021.

4.3.5 Commitment to diversity, inclusion, integration and equal opportunities

GRI: 3-3

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

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

Equality Plan 2020-2025

In line with Organic Law 3/2007 of 22 March on the Effective Equality of Women and Men, as well as Iberpapel's commitment to equality under the applicable collective bargaining agreement. PGZ, the subsidiary that employs over 80% of the Group's workforce, has had a five-year Equality Plan in place (2020-2025), since the first quarter of 2020, which was agreed by the Equality Plan Negotiating Committee formed by workers and their legal representatives.

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

Disability management

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

We had nine disabled employees at year-end 2022.

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

In this context, 3% of the Group's workforce are disabled persons, which is above the legal minimum.

Equality Plan 2020-2025

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

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

Disabled employees by gender, professional category and age

Year-end data

| Professional category | Men | | Women | | Total | |
|--|----------|----------|----------|----------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Board directors | - | - | - | - | - | - |
| Executives | - | - | - | - | - | - |
| Technical specialists and administrative staff | 1 | 1 | 1 | 1 | 2 | 2 |
| Operators and specialists | 7 | 7 | - | - | 7 | 7 |
| Total | 8 | 8 | 1 | 1 | 9 | 9 |

| Age | Men | | Women | | Total | |
|---------------|----------|----------|----------|----------|----------|----------|
| | 2022 | 2021 | 2021 | 2021 | 2021 | 2021 |
| From 19 to 29 | - | - | - | - | - | - |
| From 30 to 39 | - | - | - | - | - | - |
| From 40 to 49 | 4 | 2 | 1 | 1 | 5 | 3 |
| From 50 to 59 | 2 | 2 | - | - | 2 | 2 |
| Over 60 | 2 | 4 | - | - | 2 | 4 |
| Total | 8 | 8 | 1 | 1 | 9 | 9 |



4.4 Responsibility to our customers

4.4.1 Responsibility to our customers at a glance

GRI: 3-3

2022 Milestones

- Retention of customers in the long term, thanks to our ability to adapt to changing needs.
- Fitting of new machine equipment to improve paper quality for several products and allow new products to be developed.
- Significant percentage of specialty products maintained (24%), despite the difficulties caused by rising costs.
- In a complicated year due to galloping inflation in energy and other raw materials, we managed to defend the Company's profitability through market segmentation, focusing on products with higher margins.

Future challenges

- Win more customers and increase the volume of sales.
- Increase sales of specialty papers and of the products developed in 2022.
- Progress further in aspects related to environmental compliance and certification, such as the certificate of biodegradability and compostability, the extension of the ECOLABEL product range and other initiatives.

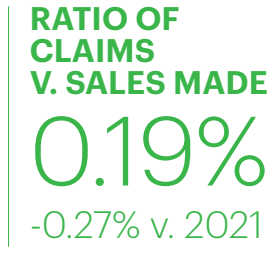
Our main contribution to the SDGs

GOAL 12.8 | Ensure education for sustainable development.

We offer our customers high-quality products that fulfil their requirements. This guarantees satisfaction, as shown by the fact that 94% and 90% of our domestic and international customers have been with us for more than 5 years. We have a Marketing and Sales Strategy that ensures our awareness of changing needs and direct dialogue with customers, allowing continuous improvement.



Main metrics for 2022 and trends



4.4.2 Responsibility to our customers

GRI: 416-1

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

A) Customer satisfaction and trust

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

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

Quality Policy

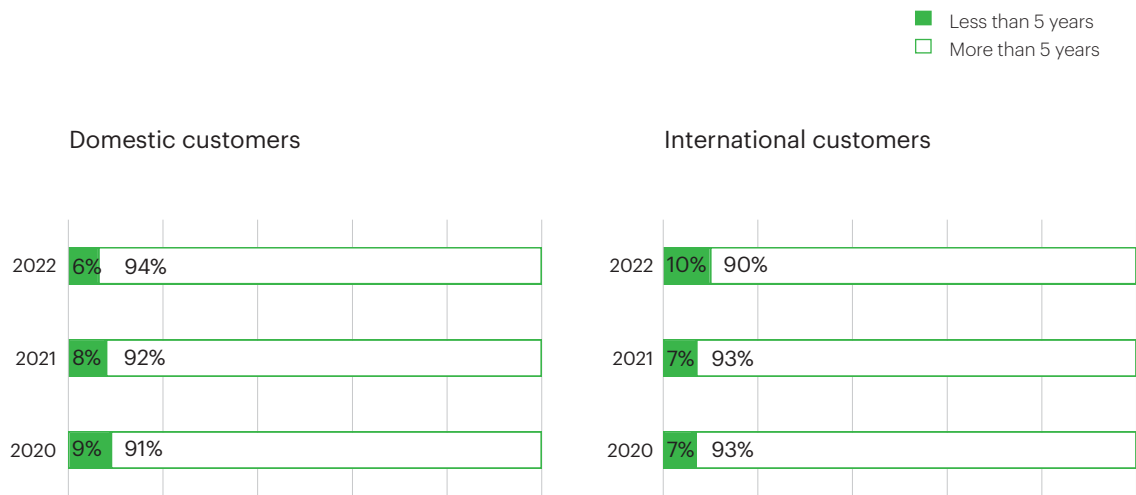
- Review, improve and optimise existing processes and controls so as to guarantee the quality and traceability of our products.
- Respond to claims through a procedure that assures examination, logging and response.
- Assure deliveries meet requirements.
- Build a smooth dialogue with customers to enhance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

Customer satisfaction and loyalty is high, as demonstrated by the fact that 94% of our domestic customers have worked with us for over five years, 90% at the international level.

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

Iberpapel, in its commitment to business quality and excellence, renewed ISO 9001:2015 Quality Management System certification and ISO 14001:2015 Environmental Management System certification in 2020. Our pledge to implement benchmark standards in areas such as quality and the environment is reflected in products that comply fully with environmental and other legislation while also meeting customers’ needs.

Age of our customers



Both our customers and the international certification systems endorse our high-quality products and our customers place their trust in us as a present and future supplier.

B) Marketing strategy

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

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

2023 OBJECTIVE

Maintain a share of around 30% in speciality papers.

Marketing strategy

- 1 Obtaining and holding key information to be at the cutting edge in new product development.
- 2 Improving our current product portfolio with the aim of offering higher quality standards tailored to our customers' needs.
- 3 Producing to order, combining the required high quality with optimal production efficiency.
- 4 Continuously reviewing pricing policies to adapt to the market context.
- 5 Planning and promoting products in the domestic and international markets.



Key components of our commercial strategy

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

Our permanent commercial goals include innovation, ongoing product

development and improvement, and the constant pursuit of high quality standards and consolidation of our market position. As a result, we have launched new products that account for an increasing proportion of sales: Vellum SC, Zicubag, Zicubag GR, Zicuflex, Ziculax, Zicumail, Zicupharma, Zicuset and Zicusil SCK (further information on page 36), consolidating our position as a leading supplier in the packaging sector.

Our closeness to customers gives us first-hand

knowledge of the market situation and we are among the leading companies in the search for new, higher-value-added, benchmark products. The combination of all these factors has allowed us to achieve a good positioning in the industry and to successfully overcome complicated market scenarios.

C) Customer channels and communication

GRI: 2-29, 417-1

The Group regularly conducts customer satisfaction surveys and has an ISO 9001:2015-certified claims system to log possible incidents and prepare improvement plans based on the opinions of consumers.

In order to establish a constant, proactive dialogue in relation to complaints and claims, Iberpapel has developed an after-sale service to manage and record any incidents. Using this tool, we are able to classify customer complaints and suggestions in three areas (commercial, logistics and quality), which are in turn divided into different claim reasons. In this way, they can be

parameterised and studied over time to implement corrective measures for each one and verify their effectiveness, such as damages in transit, delivery errors, commercial management discrepancies or the physical characteristics of paper and related machinability, or cutting or surface issues.

The relevant department studies each individual claim to arrive at a solution that is satisfactory to both parties, including the recovery and replacement of the products. Any improvement opportunities are identified, as well as the aspects with which the customer is currently most satisfied, so as to make plans for the future.

A total of 249 claims were received through the relevant channels in 2022 (314 in 2021), reflecting 0.19% of sales (2021: 0.46%), which is 59% less than the previous year.

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

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

D) Responding to our customers' needs

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

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

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

This know-how and the major investments made will enable the Group to compete successfully in the promising flexible packaging paper market, in which the Group already markets various product qualities.

E) Customer safety

GRI: 416-1

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

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

Besides ISO 9001:2015 quality certification, the Group has ISEGA certification, guaranteeing that our paper meets the German BfR XXXVI standard on paper or board products that come into contact with food. The Group also obtained the EU Ecolabel for several of our products this year.

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

The Group has a Privacy Management Policy in place in all our companies to make sure that we process data in a lawful, faithful and transparent way.

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

To contact an Iberpapel Group company in relation to this matter and/or to exercise, where appropriate, the rights of access, rectification, erasure, objection, restriction of processing, data portability and not to be subject to automated decisions, you may do so at the e-mail address protecciondatos@iberpapel.es. You may also file a complaint with the Spanish Data Protection Agency should you consider that the Iberpapel Group has infringed your rights under applicable data protection legislation.

4.5 Responsibility to our suppliers

4.5.1 Responsibility to our suppliers at a glance

GRI: 2-6,3-3, 204-1, 308-1

2022 Milestones

- Development of sustainable management procedures.
- Good performance of the two chains of custody that guarantee the sustainable sources of our forest raw materials.
- Prioritisation of local procurement.

Future challenges

- Maintain a high percentage of custody chain certified timber suppliers.
- Carry on buying raw materials from domestic suppliers.
- Continue extending our commitment to sustainability throughout our value chain.
- Incentivise loyalty and regularity in strategic suppliers while promoting lasting relationships.
- Approve the Responsible Procurement Policy now prepared.

Main metrics for 2022 and trends

CERTIFIED TIMBER

51%

-6% v. 2021

% OF CUSTODY CHAIN CERTIFIED TIMBER SUPPLIERS

96%

+6% v. 2021

RAW MATERIAL SOURCED NATIONALLY

93.56%

+1.72% v. 2021

Our main contribution to the SDGs

GOAL 12.2 | Efficient use of natural resources.

GOAL 12.6 | Adoption of sustainable practices in companies.

Our commitment to sustainability in value chain management is a key to assuring a responsible supply and production model. To achieve this, we have designed management procedures that are not only efficient but also sustainable, allowing us to undertake the procurement process rationally and confirm that our principles of integrity, transparency and respect for our environment are applied throughout the chain of custody for forest-sourced timber and products, comprising 29 suppliers.



4.5.2 Responsibility to our suppliers

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

A) Management approach to sustainable procurement

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

The first chain of custody has been operational since 2005, was prepared in line with the PEFC standard and is audited externally and independently by AENOR. The second came into use in 2009 under the FSC® standard and is audited externally and independently by SGS. The purpose of both chains is to put in place a system certified by a third party to guarantee traceability between certified raw materials and certified final products (pulp and paper). Through their responsible purchases of certified paper, our customers thus promote sustainable forest management. PEFC and FSC® certified forestry products (timber, pulp, paper, cork, mushrooms, resins, essences...) provide consumers with a guarantee that they are buying products from sustainably managed forests. So shoppers can help to combat illegal felling and promote the primary functions performed by forestry

resources, such as helping to conserve numerous ecosystems and biological diversity, supporting the economy of many rural populations and the source of a huge transformation industry, and playing a social and cultural role that is increasingly appreciated.

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

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

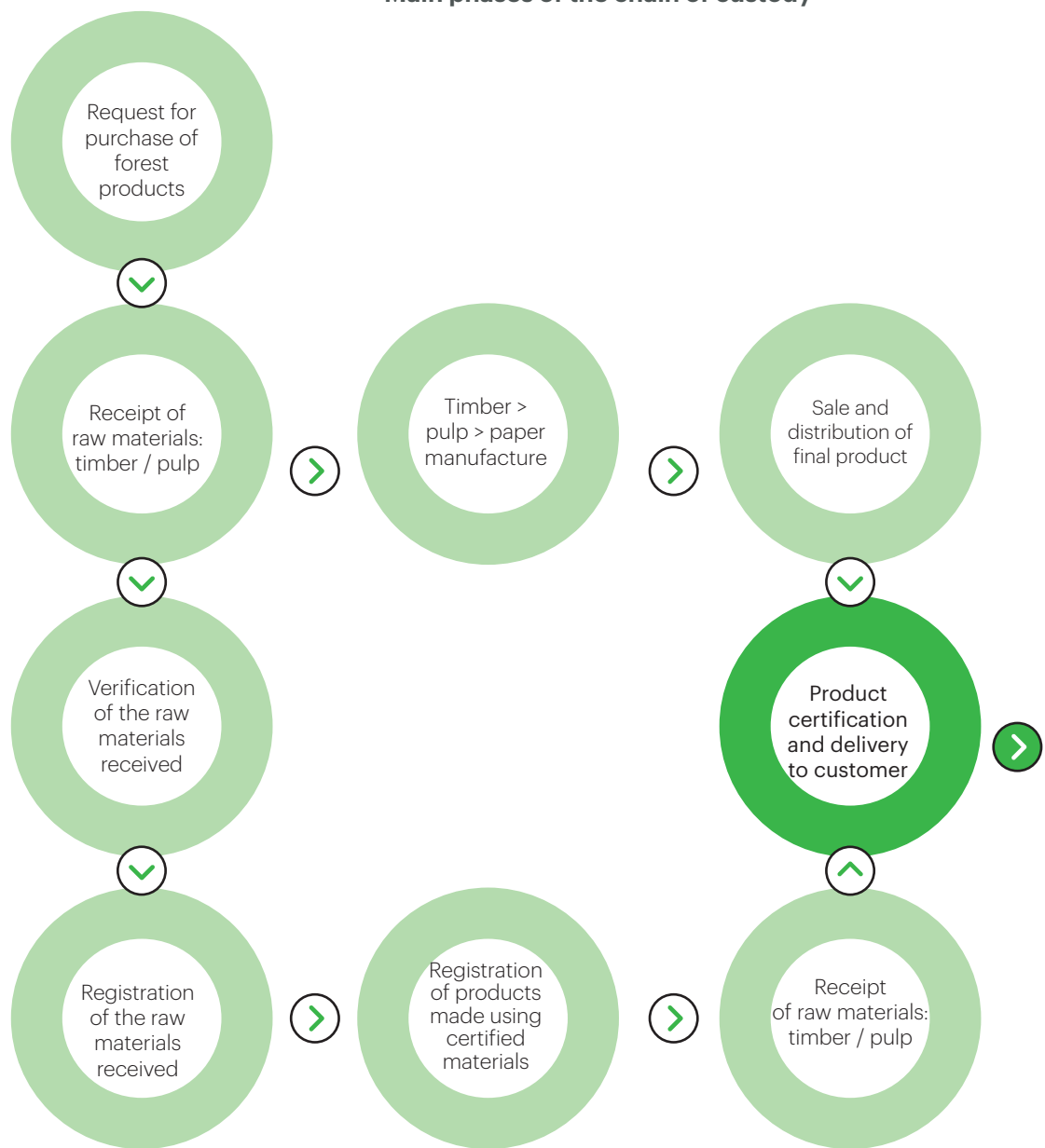
| Companies | ISO 14001:2015 | PEFC | FSC® Multi-site | FSC® |
|---|----------------|------|-----------------|------|
| Papelera Guipuzcoana de Zicuñaga S.A.U | ● | ● | ● | |
| Copaimex S.A.U | | | ● | |
| Zicupap S.A.U. | | | ● | |
| Distribuidora Papelera S.A.U. | | | ● | |
| Moliner, Domínguez y Cía S.A.U. | | | ● | |
| Central de Suministros de Artes Gráficas Papel S.A.U. | | | ● | |
| Iberbarna Papel S.A.U. | | | ● | |
| Iberpapel on line S.L.U. | | | ● | |
| Ibereucaliptos S.A.U. | | | ● | ● |
| Los Eucaliptus S.A. | | | ● | ● |
| 5 Argentinian companies | | ● | ● | |

B) Chain of custody system performance

In 2022, we reached 51% certified timber with respect to total inputs. In turn, custody chain certification affords us a number of advantages that put us at the cutting edge of the market:

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

Main phases of the chain of custody



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

GRI: 3-3, 308-1, 414-1

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

Sustainability is integrated with our strategy, involving the entire value chain including suppliers, who share our environmental policy. As evidence of the Company's commitment, 96% of the timber used by the Iberpapel Group was bought from custody chain certified suppliers in 2022. The timber delivered is controlled by means of the EUTR (European Union Timber Regulation) Due Diligence System and two custody chain systems.

Each supplier undergoes continuous evaluation, focusing on two aspects:

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

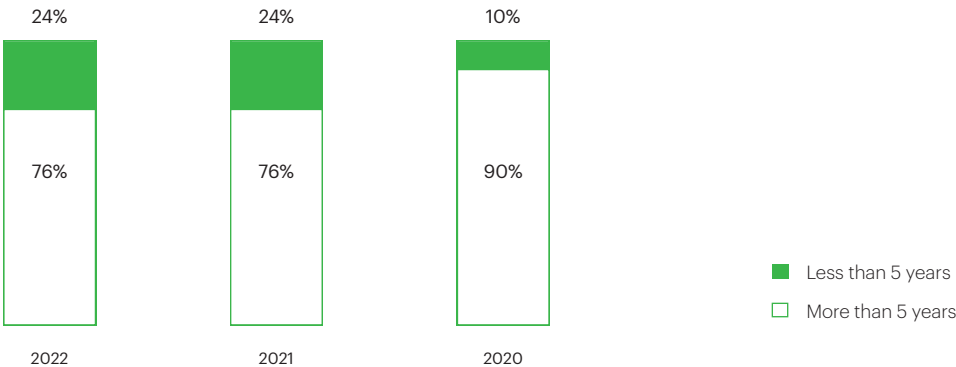
On the basis of the assessment results, three levels are established:

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

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

The Iberpapel Group has stable, lasting commercial relationships with its suppliers.

Age of timber suppliers (no.)



D) Source of our raw material and local suppliers

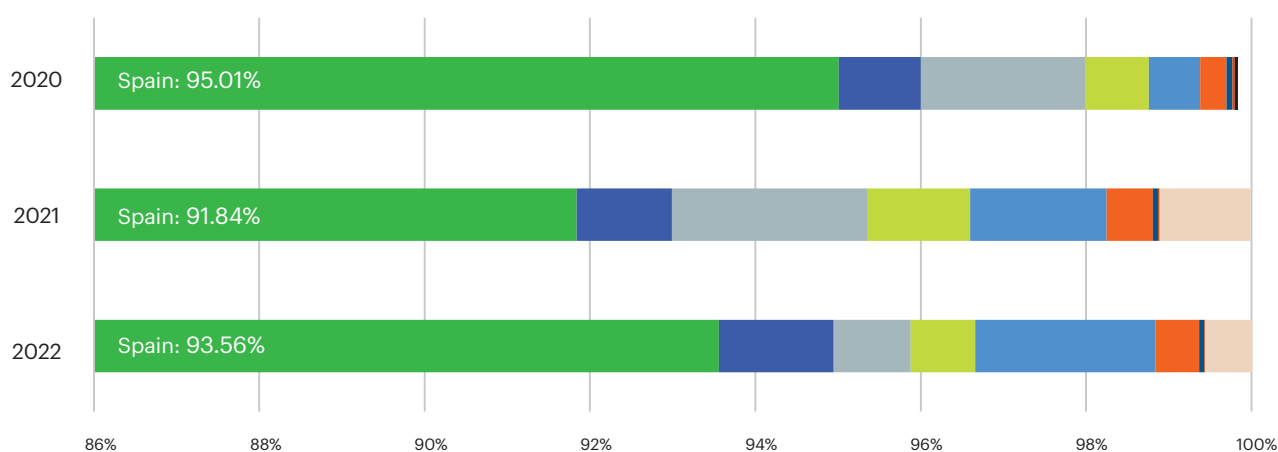
In 2022, over 93% of the Iberpapel Group's raw material was obtained in Spain.

Iberpapel prioritises domestic suppliers, provided that they make a competitive offer and

meet required quality standards, valuing aspects such as a quality system or certified products, among others. In this way, we have a very positive impact on the communities in which we operate, generating stable, quality employment. 93% of our raw materials are sourced in Spain.

Supplies are also sourced in European countries, primarily Netherlands (2.18%), Portugal (1.39%) and Germany (0.93%).

Source of raw materials



| Country | 2022 | 2021 | 2020 |
|--|--------|--------|--------|
| ■ Spain | 93.56% | 91.84% | 95.01% |
| ■ Portugal | 1.39% | 1.15% | 0.99% |
| ■ Germany | 0.93% | 2.37% | 1.99% |
| ■ Sweden | 0.78% | 1.24% | 0.77% |
| ■ Netherlands | 2.18% | 1.65% | 0.62% |
| ■ France | 0.53% | 0.56% | 0.32% |
| ■ Italy | 0.06% | 0.06% | 0.07% |
| ■ United Kingdom | 0.01% | 0.02% | 0.03% |
| ■ Denmark | 0.57% | 1.10% | - |
| ■ Other | - | - | 0.03% |

4.6 Responsibility to our local community

GRI: 3-3, 203-2

4.6.1 Responsibility to our local community at a glance

2022 Milestones

- Participation in five sponsorships.
- Donation of material to key community institutions.
- Donation to Cáritas Ukraine.

Future challenges

- Continue and encourage new collaboration initiatives with local communities in Argentina and Uruguay.
- Keep fostering local job creation and positive economic impacts while favouring domestic suppliers.
- Increase sponsorship of local community projects.

Our main contribution to the SDGs

GOAL 12.2 | Efficient use of natural resources

GOAL 12.6 | Adoption of sustainable practices in companies

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

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

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



Main metrics for 2022 and trends

DOMESTIC SUPPLIERS

93.56%

+1.72% v. 2021

COMMUNITY SPONSORSHIPS

5

+150% v. 2021

INVOLVEMENT IN FORUMS AND ASSOCIATIONS

12

= v. 2021

4.6.2 Our relationship with local communities

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

In the Group's local areas, we assure a trusting relationship with communities to maximise the positive impacts on society while mitigating negative effects and identifying new development opportunities.

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

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

4.6.3 Socioeconomic contribution to local development

GRI: 203-2

Our presence in the area generally stimulates economic growth by generating stable, quality jobs and local development in the communities.

- **Job creation in the local community:** Iberpapel provides direct employment, frequently hiring people from local communities.
- **Economic impacts:** Besides direct jobs, we generate indirect work linked to the creation of secondary activities.

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

Further information on our relationship with suppliers can be consulted in Chapter 2.5 Responsibility to our suppliers.

4.6.4 Social action initiatives

GRI: 3-3, 413-1

To achieve the harmonious insertion of the Company into local communities, ensuring that they adapt to and benefit from the changes brought by our forestry activities, while at the same time becoming allies in risk prevention and forest care. This whole process is referred to as social management, which includes all the actions carried out by the Company in the framework of its relationship with the local society. It may possibly encompass local or national initiatives.

Social management activities are planned on the basis of knowledge of the sociocultural reality in the Company's areas of influence following research, field evaluations (surveys and monitoring) and direct contact with members of the local communities.

The Company's social management activities include coordinating with other forestry companies so as to optimise resources and enhance the perception of the industry as a whole.

We organize lectures in local communities on first aid, food and nutrition, forestry production and fire management.

Iberpapel's activities have other impacts on local populations and the territory, besides employment and local development.

We promote and develop projects and initiatives that improve local conditions to encourage the development of the rural zones, which is an increasingly complex issue due to the rapid growth of cities.

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

At the beginning of 2012, Iberpapel launched a social monitoring programme to examine the status of local communities in the areas of influence of our Argentinian y Uruguayan properties. Monitoring is performed to identify the positive and negative impacts of an activity on the social environment and is carried out by establishing direct and sustained links between business representatives and members of local communities. With the help of professionals and through face-to-face interviews and talks, the Company's work is publicised and information on the community's concerns is gathered.

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

Other contributions to the local community: we help by donating material and equipment to local institutions, specifically in Argentina and Uruguay.

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

Guided tours

In both Argentina and Uruguay, visits are made to educational institutions to raise awareness of forestry activities. In September 2022 in Argentina, our property was visited by year-5 and year-6 students from the Colón Agrotechnical School and from the UNER's agronomy degree course. In Uruguay, a visit was received in October 2021 from students in year five of the agronomy engineering degree course at the National Agronomy Faculty. In November 2021, we were visited by students from the Forestry Supervisor Course held by the INNOVA training company.

Sports activities

For the second year, a rural trail event was held on a route running across the Sophie Point property in Uruguay to reach the Cerro Betete High Conservation Value Forest. Bicycle trail events were also organised on the La Cantera property for local community groups.

4.6.5 Community sponsorships

Papelera Guipuzcoana de Zicuñaga, S.A.U. sponsors a number of sports clubs and various associations. We also get involved in other programmes to promote social cohesion in our local communities, such as the sponsorship of local festivals.

Sponsorships in 2022

- C.D. Hernani Fútbol.
- C.D. Hernani de Pelota. III Zicuñaga Trophy.
- Hernani Women's Rowing Club.
- Hernani Neighbours Association.
- Galarreta Pelota Club.



We help by donating material and equipment to local institutions.

| DATE | INSTITUTION | CONTRIBUTION | AMOUNT* * |
|------------|---------------------------------------|---------------------------|---------------|
| 22/01/2021 | Basural Liebig | Wooden posts | - |
| 27/03/2021 | Leibig police | Fuel | \$ 3,827,13 |
| 27/04/2021 | Leibig police | Fuel | \$ 5,168,64 |
| 27/05/2021 | Leibig police | Fuel | \$ 5,586,00 |
| 24/06/2021 | Leibig police | Fuel | \$ 6,438,00 |
| 27/06/2021 | Leibig police | Fuel | \$ 4,505,00 |
| 20/07/2021 | Leibig police | Fuel | \$ 6,612,00 |
| 02/08/2021 | Centro de Salud La Delfina | Reams of paper | \$ 2,000,00 |
| 24/08/2021 | C. Elia police | Fuel | \$ 5,280,00 |
| 19/08/2021 | Leibig police | Fuel | \$ 6,019,19 |
| 21/09/2021 | Leibig police | Fuel | \$ 6,840,00 |
| 27/10/2021 | Leibig police | Fuel | \$ 5,700,00 |
| 28/10/2021 | C. Elia police | Fuel | \$ 5,580,00 |
| 24/11/2021 | Leibig police | Fuel | \$ 5,427,54 |
| 21/12/2021 | Leibig police | Fuel | \$ 5,211,18 |
| 31/12/2021 | San José Fire Brigade | Fuel | \$ 9,120,00 |
| 04/09/2021 | Club Pescadores Fabrica Colón | Wooden posts | - |
| 06/09/2021 | Colonia Elia Fire Brigade | Funds to repair pump | \$ 30,000,00 |
| 06/09/2021 | Colonia Elia Fire Brigade | Repair in tyre store | \$ 3,100,00 |
| 28/10/2021 | Colón Agrotechnical School | Transport | \$ 20,000,00 |
| 21/01/2022 | Leibig police | Fuel | \$ 5,824,26 |
| 16/01/2022 | C. Elia Abigeato | Fuel | \$ 8,400,00 |
| 10/02/2022 | Leibig police | Fuel | \$ 5,550,86 |
| 24/02/2022 | Colón Abigeato | Fuel | \$ 7,700,00 |
| 28/03/2022 | Leibig police | Fuel | \$ 5,868,00 |
| 07/04/2022 | Colonia Elia Police Department | Fuel | \$ 7,095,70 |
| 30/03/2022 | Conejín nursery school – Colonia Elia | Beef | \$ 10,500,00 |
| 23/04/2022 | Leibig police | Fuel | \$ 5,672,00 |
| 27/04/2022 | C. Elia Abigeato | Fuel | \$ 9,000,00 |
| 28/05/2022 | C. Elia Abigeato | Fuel | \$ 12,247,99 |
| 12/05/2022 | Leibig police | Fuel | \$ 6,400,00 |
| 13/06/2022 | Leibig police | Fuel | \$ 8,500,00 |
| 22/07/2022 | Leibig police | Fuel | \$ 6,800,00 |
| 06/08/2022 | Centro de salud La Delfina | Reams of sheets and masks | \$ 6,000,00 |
| 16/08/2022 | Leibig police | Fuel | \$ 8,000,00 |
| 30/08/2022 | C. Elia Abigeato | Fuel | \$ 11,880,00 |
| 02/09/2022 | Colón Agrotechnical School | Transport | \$ 30,000,00 |
| 02/09/2022 | Colón Agrotechnical School | 20 trays of baby trees | - |
| 12/09/2022 | Leibig police | Fuel | \$ 8,692,00 |
| 07/10/2022 | Leibig police | Fuel | \$ 9,396,00 |
| 07/11/2022 | Leibig police | Wooden posts | - |
| 07/11/2022 | Leibig police | Fuel | \$ 7,600,00 |
| 15/12/2022 | San José Fire Brigade | Donation | \$ 100,000,00 |
| 20/12/2022 | Leibig police | Fuel | \$ 10,000,00 |

*AMOUNT: Argentine pesos

| DATE | INSTITUTION | CONTRIBUTION | AMOUNT * |
|-------------|--|---------------------------------------|-----------|
| MAY 2021 | Rural School no. 26 – Los Tocayos | Transport of firewood for heating (1) | \$ 1,500 |
| JUNE 2021 | Rural School no. 19 – Arequita | Transport of firewood for heating (1) | \$ 1,500 |
| JULY 2021 | Rural School no. 126 – La Carreta (Soca) | Transport of firewood for heating (1) | \$ 1,500 |
| AUGUST 2021 | Rural School no. 19 – Arequita | Transport of firewood for heating (1) | \$ 1,500 |
| JULY 2022 | Rural School no. 19 – Arequita | Transport of firewood for heating (1) | \$ 2,500 |
| JUNE 2022 | Rural School no. 126 – La Carreta (Soca) | Transport of firewood for heating (1) | \$ 2,500 |
| AUGUST 2022 | Rural School no. 30 – Pueblo Edén | Transport of firewood for heating (1) | \$ 2,500 |
| AUGUST 2022 | Rural School no. 144 – Estación Pedrera | Transport of firewood for heating (1) | \$ 2,500 |
| JULY 2022 | Police station no. 8, Soca, Canelones | Transport of firewood for heating (1) | \$ 2,500 |
| AUGUST 2022 | School no. 31 – Nueva Carrara | Bundles of firewood | \$ 10,000 |
| JUNE 2022 | Vecino Piedras de Afilar - Canelones | Lumber to build sheep shed | |

*AMOUNT: Uruguayan pesos

| DATE | INSTITUTION | CONTRIBUTION | AMOUNT |
|---------------|--|---|--------|
| December 2021 | Hdad. Nª Sª del Rocío de la Palma del Condado | Branches of eucalyptus and other authorized species | 300€ |
| December 2021 | Convento de las Hnas. de la Cruz de la Palma del Condado | Branches of eucalyptus and other authorized species | 320€ |
| December 2021 | Hdad. del Santo Entierro de la Palma del Condado | Branches of eucalyptus and other authorized species | 320€ |
| October 2022 | Guardia Civil de la Palma del Condado | Game meat | 2,500€ |
| December 2022 | Hdad. Nª Sª del Rocío de la Palma del Condado | Branches of eucalyptus and other authorized species | 390€ |
| December 2022 | Hdad. del Santo Entierro de la Palma del Condado | Branches of eucalyptus and other authorized species | 390€ |
| December 2022 | Convento de las Hnas. de la Cruz de la Palma del Condado | Branches of eucalyptus and other authorized species | 390€ |

4.6.6 Involvement in forums and associations

GRI: 2-28

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

In particular, we take part in:

- CEPI (Confederation of European Paper Industries), a non-profit organisation comprising four standing committees responsible for long-term strategies on matters affecting the industry www.cepi.org
- ASPAPEL (Spanish association of pulp, paper and board manufacturers), a national body that groups together Spain's cellulose and paper companies www.aspapel.es
- Basque Paper Industry Cluster Association, a non-profit organisation focused on generating competitive advantages for companies in the Basque regional paper industry value chain www.clusterpapel.com
- EURO-GRAPH (European Association of Graphic Paper Producers), which represents the industrial sectors producing paper for newspapers, magazines and fine paper in Europe www.euro-graph.org
- BASKEGUR (Basque timber association), a professional organisation representing the Basque forestry and timber sector as a voluntary meeting and consultation body for our industry and associated sectors www.baskegur.eus.
- Bolsa de Papel, a platform for manufacturers of paper bags, paper for bags, paper handles for bags, inks and paper bag machines which promotes sustainable consumption, conducts market research, disseminates information on environmental benefits, supports trade through constant innovation and responds to consumer demands www.labolsadepapel.com



- "Thank you paper" campaign, an initiative launched by the Paper Forum to share current, verified information on paper with the general public www.graciaspapel.es
- Buenarbol, a forestry information project developed by the Edufores foundation to publicise the social, economic and environmental uses of the eucalyptus tree in Spain. The project also highlights its importance in the bioeconomy and circular economy, through the essential use of natural resources and sustainable growth www.buenarbol.com

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

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

Argentina

- COFRU (Uruguay river forestry consortium): a consortium of forestry companies and producers whose main objective is to share experiences, information and knowledge to improve forestry technology and management.
- AFOA (Argentinian forestry association): a national entity representing the forestry sector in Argentina, which is made up of companies, forestry producers, students and independent professionals linked to the forestry industry and associated sectors and services.
- CEC (Spanish Chamber of Commerce): a public law corporation whose purpose is to represent, promote and defend the general interests of Spanish companies in Argentina.
- ACE (association of business partners): a group of companies and forestry producers whose purposes is to minimise the incidence of rural fires by working on prevention and early detection.
- MCFN (National Forest Carbon Board): working group engaged in developing forest carbon markets in Argentina and in promoting trees as a nature-based tool for climate change mitigation and carbon footprint reduction.
- Rural Fire Management Network: an entity formed by nine rural fire management associations that protect more than one million hectares in the Buenos Aires Mesopotamia and Delta areas.

Uruguay

- SPF (society of forestry producers): a civil association that represents the various players in Uruguay's forestry chain so as to promote sustainable development in economic, social and environmental terms.
- PAIF (forest fire protection association): forestry companies working together to administer and manage fire prevention and firefighting resources.

Huelva

- APOM (local association of rural highland owners): for rural highland owners and forestry certification.
- ASAJA (young farmers' agricultural association).
- ADF (forest defence group covering all the municipalities where the properties are located).
- ATECA (business association of breeders and owners of hunting preserves).

Our environmental responsibility #5

5.1 Our environmental responsibility

GRI: 3-3

2022 Milestones

- Calculation of product carbon footprints as per the ISO 14064:2018 standard as a basis for defining a corporate decarbonisation policy.
- Statement of product neutrality as per the PAS 2060 standard.
- Update of the Iberpapel Group's Climate Change Policy for the period 2023-2027.
- Certification of biomass sustainability.
- Use of VCUs from our CO₂ capture project.

Future challenges

- Promote the circular economy through the internal reuse of waste to replace raw materials.
- Assess the organisation's carbon footprint under ISO 14064:2018.
- Establish a corporate decarbonisation policy.
- Reduce our environmental impact by improving environmental parameters.
- Promote energy efficiency as a means of reducing the effects of global warming.

Main metrics for 2022 and trends

WASTE REUSED

53%

-18% v. 2021

CO₂ EMISSIONS AVOIDED

180,256 t CO₂

+8.72% v. 2021

POWER CONSUMPTION

0.55 MWh/t

-5.18% v. 2021



Our main contribution to the SDGs



GOAL 7.2 | Increase renewable energy.

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



GOAL 12.2 | Efficient use of natural resources.

GOAL 12.4 | Management of waste and chemicals.

GOAL 12.5 | Waste prevention, reduction, recycling and reuse.

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



GOAL 13.1 | Strengthen resilience and adaptive capacity.

Our commitment to combating climate change is formally reflected in the new Climate Change Policy, which contains related pledges and lines of action, prioritising three strategic aspects: energy efficiency, use of biomass to obtain energy and CO₂ removal by our forest sinks.



GOAL 15.2 | Sustainable forest management.

GOAL 15.4 | Assure the conservation of ecosystems.

GOAL 15.5 | Measures to reverse land degradation and halt biodiversity loss.

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



5.2 Environmental responsibility

5.2.1 Global environmental context

Growing global concern about the environment and climate change is giving rise to stricter environmental policies and more stringent targets to achieve increasingly ambitious goals. Continuously rising temperatures and daily climatic catastrophes are triggering tighter environmental policies and goals to limit the adverse effects of climate change. The Stockholm+50 event held in June 2022 on the anniversary of the United Nations Conference on the Human Environment, which made environmental action an urgent matter, is an example of this. During the event, several environmental principles were agreed, some of which are included in the Stockholm Declaration and the Action Plan for the Human Environment, and the United Nations Environment Programme was launched.

We must work urgently to transform our economies and societies, but our branches will spread only if our roots run deep. As we recall Stockholm on its 50th anniversary, we also remember how the world came together to heal the ozone layer in 1987, phase out leaded fuel this year and avoid the extinction of endangered species. By gathering in Stockholm, we also recommit ourselves to human and planetary health, responsibility, prosperity, equality and peace, as was clearly seen during Covid-19 ⁽¹⁾.

One of the main goals is to significantly reduce emissions by 2030 and then to achieve net zero emissions by 2050. Environmental commitments from countries are being demanded to meet this goal.

What happened at the latest UN Climate Change Conference?

The UN Climate Change Conference (Conference of the Parties or COP27) is an international meeting point and an annual checkpoint for the monitoring and review of the global environmental transition, addressing the issue from three core perspectives: mitigation, adaptation and funding. The increase in global average temperature and rapid global warming are having alarming consequences for humans and

all other forms of life on earth. This is why COP27, held in Egypt from 6 to 17 November 2022, underlined the need to shift swiftly towards comprehensive, timely, inclusive and large-scale action on the ground to reverse the effects of climate change.

Some of the previous goals were reformulated in the first few days to accelerate the decarbonisation process. The event kicked off with the proposal of a new Adaptation Agenda by the COP27 President, which includes some 30 measures necessary to achieve the 2030 goals. For the first time at a COP, the matter of loss and damage caused by climate catastrophes was on the agenda and a deadline was set for 2024 to establish a funding mechanism.

As regards emissions, during COP27 the "Net Zero Guidance" tool was presented as a global basis for harmonising, understanding and planning net zero so as to lay the decarbonisation groundwork and objectives, which could previously be confusing. These guidelines will include basic aspects such as distinguishing between direct and indirect emissions, the basic principles of decarbonisation and steps to reach the 2050 goals as soon as possible.

The purpose of the document is to provide recommendations for achieving the 2015 Paris Agreement goals taking into account the differing capabilities around the world and based on equity.



⁽¹⁾ Inger Andersen, executive director of PNUMA, during the Stockholm+50 event.

Towards the end of the event, during the ACE (“Action for Climate Empowerment”) Civil Society and Energy Day, an investment of 705 billion dollars in energy transition investments during 2021, 25% more than in 2020, was reported. The EU also increased the 2030 emissions reduction target from 55% to 57%.

Following the event, the preliminary version of the COP27 conclusions was published. They included maintaining the urgent need to reduce emissions to achieve the 55% reduction by 2030 and Net Zero by 2050, accelerating the phase-out of coal and a request for a roadmap to double adaptation funding by 2025 to 40 billion dollars, among conclusions.

A new European strategy to address the climate crisis: towards a resilient Europe

The European Environment Agency (EEA) is working in line with the COP27 goals to achieve climate neutrality. It is leading the energy transition and is one of the main drivers of the global climate response, underpinned by rigorous regulations. The European Green Deal prioritises the transition, from all angles, including climate change mitigation as a crucial aspect of efforts to achieve sustainability.

During the event, the UN Expert Group set up during COP26 published its first report containing ten recommendations to achieve the net zero goal, including the ramp-up of renewable energies, phase-out of investments in businesses or enterprises that do not contribute to net zero, and reporting and preparation of data and inconsistencies that hinder climate action through public platforms in a standardised format.

On 18 May 2022, the REPowerEU Plan was published, the EU committing to reduce dependence on fossil fuels based on the “Target 55” package of proposals, which includes saving energy, diversifying supplies, accelerating the deployment of renewable energies and cutting fossil fuel consumption in industry and transport.

INTEGRITY MATTERS:
NET ZERO COMMITMENTS
BY BUSINESSES,
FINANCIAL INSTITUTIONS,
CITIES AND REGIONS

REPORT FROM THE UNITED NATIONS
HIGH-LEVEL EXPERT GROUP ON
CLIMATE EMISSIONS

How has the war in Ukraine affected the environment?

The world economy is currently influenced by the ongoing conflict between Russia and Ukraine, which is slowing global economic growth. This situation is having a serious impact on inflation and on the prices of supplies, including energy.

The countries affected are being forced to replace Russian energy sources with others that may be harmful to the environment, pushing aside the objectives and policies implemented to reduce the use of fossil fuels. It might complicate fulfilment of the Paris Agreement climate change goals. Current energy targets should not be designed to return to the pre-war situation, based essentially on fossil fuels, but rather all countries should make an effort to readjust their economy and economic development in line with the proposed environmental objectives, creating energy-efficient societies to counteract the harm caused by the war.

Europe believes in a sustainable economic recovery

The situation described implies a risk, since the 2030 goals will be affected and the need for recovery in each country may lead to a return to previous, less sustainable practices, further complicating the objectives. Contributions and collaboration are required so that the recovery can take place in the most sustainable manner with the least possible environmental impact, as Europe's progress in climate and energy terms will depend on it.

The European Union's recovery plan, "NextGenerationEU" has a budget of over €800 billion to ensure a greener, more digital and resilient Europe. The budget approved for 2022, within the EU's 2021-2027 multi-year financial framework, earmarked more than €56 billion for natural resources and the environment. A large part of the support measures included in the EU's recovery plan promote modernisation, such as contributions to a just climate and digital transition through the Just Transition Fund and the Digital Europe Programme. During the Russia-Ukraine war, the EU has mobilised around €50 billion to help Ukraine overcome the current crisis. ⁽²⁾

Latest environmental updates in Spain

In April 2022, the Environmental Advisory Council (CAMA) met to review the measures and work implemented in various areas related to the environment. The matters addressed include a document establishing the minimum requirements to be met by low-emission areas and the regulations to be adopted by 2023.

The national desertification action programme set up in 2008 was also updated in mid-2022. The established strategy was developed by MITECO (Ministry for the Ecological Transition and the Demographic Challenge) in association with other ministries and focuses primarily on identifying affected parties and publicising and implementing national action programmes that include sustainable management and uses of land resources, and the development of sectoral policies, among others.



⁽²⁾ EU's official website. Solidarity in the European Union

5.2.2 Our environmental performance in 2022

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

PGZ (Papelera Guipuzcoana de Zicuñaga S.A.U.) also has an Environmental Policy and an Environmental Management System (based on ISO 14001:2015 and certified by an external entity), strengthening the Company's commitment to protecting the environment.

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

2022 highlights

180,256 t CO₂ avoided

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

53%

53% of all the plant's waste is reused externally.

96%

96% of our timber suppliers are custody chain certified.

100%

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

ISO 50001:2018 STANDARD

We have an Energy Management System under the ISO 50001:2018 standard.

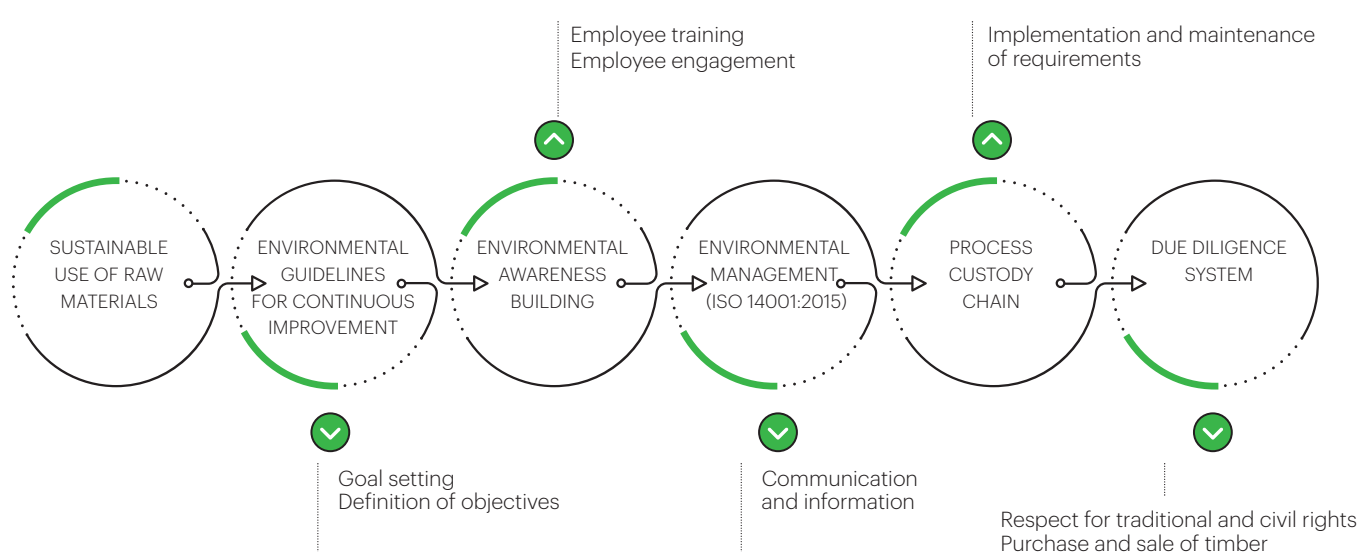


Environmental highlights

| | 2022 | 2021 |
|--|---------|---------|
| Atmospheric emissions of sulphur (kg/t of pulp produced) | 0.0039 | 0.0070 |
| Nitrogen oxide emissions (kg/t of pulp and paper produced) | 0.65 | 0.83 |
| Atmospheric emissions of particulates (kg/t of pulp produced) | 0.05 | 0.04 |
| Electricity produced in our cogeneration plants as a % of power consumed | 106% | 187% |
| External reuse of plant waste (%) | 53% | 71% |
| "Hazardous" waste as a % of total plant waste | 0.15% | 0.30% |
| Water used per unit of pulp + paper produced (m³/t) | 16.2 | 16.6 |
| CO ₂ saving due to use of biomass and cogeneration (t) | 180,256 | 165,802 |
| Power consumed (MWh/t) | 0.55 | 0.58 |
| Heat consumed (MWh/t) | 1.83 | 2.65 |
| GHG emissions * | 129,268 | 213,011 |

(*) CO₂ emissions calculated and audited in accordance with Decision 2007/589/EC and the specific follow-up plan approved by the environmental authority.

Environmental policy



5.2.3 Our commitment to environmental improvement

GRI: 3-3

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

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

In the Integrated Environmental Authorisation obtained by PGZ, the Basque Regional Government required fulfilment by the Company of the stringent environmental values set out in the latest BREF in force, which lays down all the conditioning factors for industrial operations and the application of Best Available Techniques.

WE PROMOTE CLEAN FUELS >> 180,256 t CO₂ avoided in 2022

- Heavy fuels having a high impact on CO₂ emissions are eliminated.
- The carbon footprint is reduced using biomass in our industrial activity.

WE USE A NATURAL RAW MATERIAL THAT IS SUSTAINABLE AND TOTALLY RENEWABLE >> 25,788 ha of forest

- We promote timber plantations and sustainable forest management.
- We do not consume trees from natural forests.
- Our activity conserves forests.
- Certification of CO₂ removal at our forests in Uruguay.

WE ENHANCE THE COMPANY'S ENERGY EFFICIENCY

- By means of cogeneration, we generate heat and power as efficiently as possible, optimising the fuel employed.

WE FOMENT BIOINDUSTRY AS A CORE ASPECT

- From timber, paper plants can make cellulose, paper, bioenergy, biofuels, biocomposites and a large variety of products that require forest fibre.

WE OPT FOR A NEW INDUSTRIAL MODEL OF SUSTAINABLE CONSUMPTION AND PRODUCTION >> 53% of waste reused

- We promote a circular economy by reusing and transforming industrial waste into resources.

WE MINIMISE ENVIRONMENTAL IMPACTS

- We reduce greenhouse gas emissions.
- We seek to cut the pollution load in our discharges.

Our Environmental Management System

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

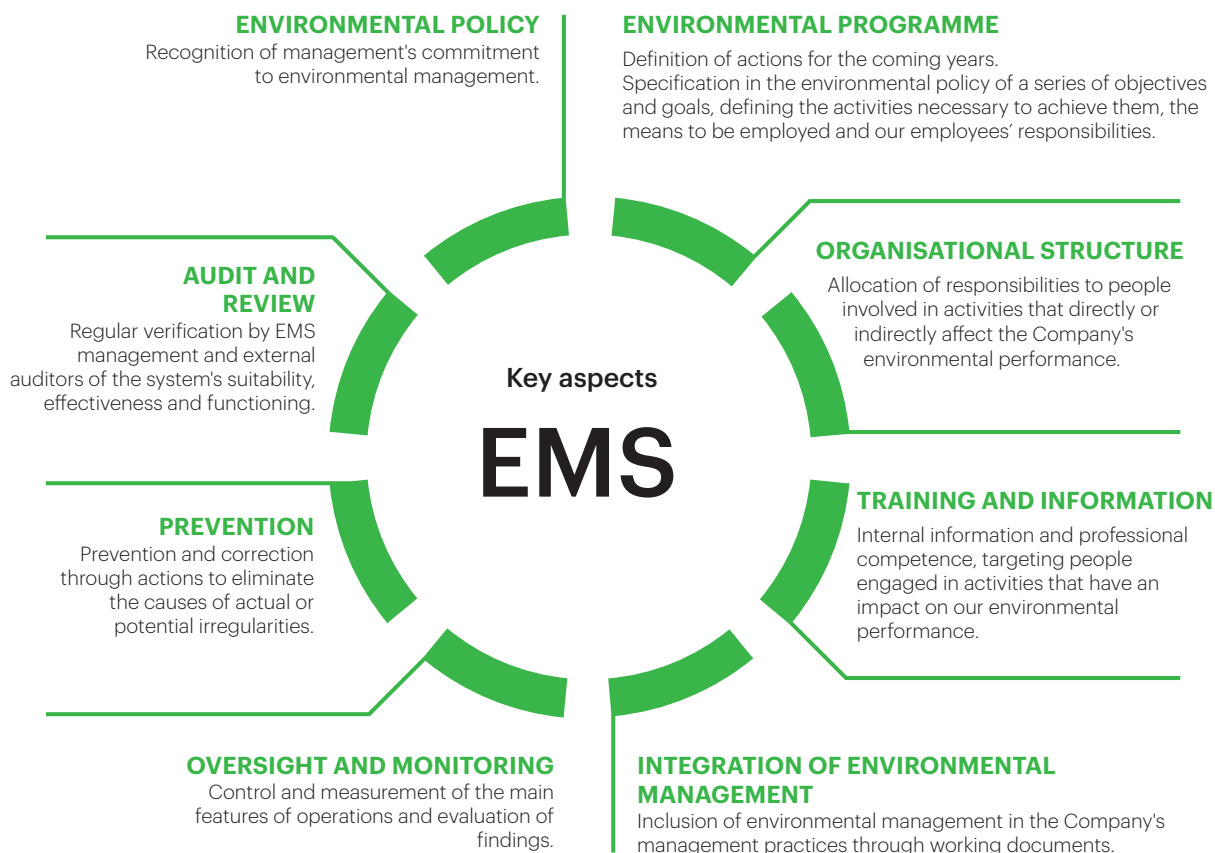
Our approach to environmental management is grounded in the Environmental Policy applicable

throughout the Iberpapel Group. This policy sets out the main commitments and is endorsed by the highest level of company management. It is the basis of the Environmental Management System (EMS) and allows us to control and minimise the main environmental risks associated with our business (see chapter 4.5 on our main risks). All the employees are aware of the policy.

Our EMS goes beyond regulatory compliance and spans the entire value chain. This system, certified externally by an independent organisation under the ISO

14001:2015 standard, allows us to reach high levels of efficiency in aspects such as energy, water and material consumption, waste generation and greenhouse gas emissions.

At year-end 2022, there is no significant environmental provision or guarantee reflected in the Group's Consolidated Annual Accounts that must be included in this chapter. No fines or penalties have been imposed due to the infringement of environmental legislation.



Main features of the EMS

Environmental Management System certified under the ISO 14001:2015 standard by Det Norske Veritas (DNV), which carries out annual inspections and audits.

- The EMS includes a procedure for monitoring greenhouse gas (GHG) emissions, which identifies emission sources and defines the approach to be adopted to take the necessary measurements so as to verify the allocation of GHG emission allowances under the national allocation plan. Annually, prior to the surrender of emission allowances, GHG emissions are audited by an independent entity.
- The procedure for managing the two custody chains for certified raw materials (timber and pulp) is integrated in the same EMS, guaranteeing traceability from the raw materials to the certified final product requested and received by our customers.
- PGZ has implemented an Energy Management System under ISO 50001:2018. This certification helps to improve energy efficiency and the use and consumption of energy, thereby reducing GHG emissions. The Energy Management System is certified by Det Norske Veritas.

Environmental training and awareness-building

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

We provide training to instill environmental principles and values in our employees.

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

Main content of training actions

- Environmental awareness-building in all our workers.
- General training of all PGZ's workers in environmental management.
- Professional competence in the functions performed.

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



5.2.4 Consumption of raw materials and by-products

GRI: 3-3, 301-1

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

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

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

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

standards. The FSC® and PEFC certifications guarantee, through traceability, that our products originate in forests managed to conserve biodiversity and to benefit local people and workers while ensuring the economic viability of the forest.

In 2022 we drew up a Responsible Procurement Policy that includes, among other aspects, the disclosure of transparent information on procurement processes, respect for human and labour rights throughout our supply chain, and promotion of demand for socially and environmentally responsible products and services, thereby strengthening the inclusion of ESG (Environmental, Social and Corporate Governance) aspects in our supplier and subcontractor relations.

The Group also has various internal purchasing procedures relating to the procurement of timber, raw materials and other warehouse supplies needed in our production plant, which regulate our supplier selection and management procedures, as well as the quality standards required by the Group, so as to guarantee continuity in the supply of raw materials.

According to the European forestry industry, forests managed sustainably in the EU reduce carbon emissions in a volume equivalent to 20%⁽³⁾ of overall emissions. This is based on the sequestration of CO₂ through the sustainable growth of trees, efficient carbon storage in forestry products and replacement of materials from carbon-intensive industries by sustainable forestry products. The global perception of paper-making as an antiquated, traditional industry is shifting to that of a modern, innovative and sustainable sector which supplies new and renewable materials.

⁽³⁾ EU Forest-Based Industries 2050: CO₂ effect calculations supporting sector's vision of sustainable choices for a climate-friendly future (Cepi, 2020)



Due diligence system

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

Plantations managed for continuous regeneration

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

Our raw material: eucalyptus timber

- The main raw material is eucalyptus timber, a fast-growing species that contributes to CO₂ fixation more efficiently than other tree species. Our timber is obtained from plantations, not from forests.
- We foster the use of environmentally sustainable chemical substances and products.
- Other important raw materials used in paper making are calcium carbonate and starch, which are products that occur normally in nature. Polymers are also used as sizing or retention agents, as aids in production.

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

- The European Union's forests are estimated to absorb 20%⁽⁴⁾ of total greenhouse gas emissions.
- Between 2005 and 2015, European forests grew by 44,000 km².
- Cellulose plants and paper mills can obtain greater added value from timber components and secondary production processes, thereby minimising waste.

The Iberpapel Group's supply chain responsibility, including the management approach to sustainable procurement, Custody Chain System performance and raw material supplier assessment and control, is explained in more detail in Chapter 2.5. Responsibility to our suppliers.

Monitoring of suppliers and products

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

A. Efficient management of raw material and by-product consumption

GRI: 301-1

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

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

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



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

By-products

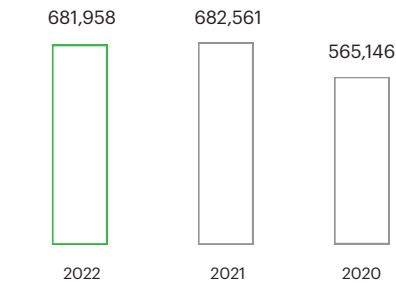
The European Union has developed the Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). All the chemical substances we import and use in our processes are duly registered at the European Chemicals Agency in Helsinki.

B. Sustainable forest management in the Iberpapel Group

Our forest management is based on the following principles:

- Certification of CO₂ emission reductions in voluntary carbon markets (VCS).
- Sustained upkeep of the natural resource.
- Preservation and promotion of environmental values such as biodiversity, soil quality, air and water.
- Local community development through job creation.
- Upkeep of social values.
- Support for training or availability of areas freely accessible to the general public.

Total materials consumed (tonnes)*



(*) Includes: timber, carbonate, long fibre, short fibre, caustic soda, chlorate, starch, sulphur and sulphate, lime, oxygen, chlorate, sulphuric acid, methanol, hydrogen peroxide, other dyes, cationic starch and glues.

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

One of the mainstays of our forestry management is the introduction of the silvopastoral system in South America.

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

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

Benefits of silvopastoral systems

- **Spain:** Forestry activities in Spain are integrated into the natural rural highland systems and forestry is complemented by hunting activities.
- **South America:** The *Eucalyptus Globulus* forests planted in South America are managed under a silvopastoral system, a forestry model that combines animal and forestry production on the same land.

Economic benefit

- Increase in yields from forestry activities.
- Improvement of soil productivity.
- Generation of revenue in addition to forest products.

Environmental benefit

- The contribution from ruminants to the greenhouse effect is offset by carbon sequestration by trees.
- The energy balance between the calories necessary for the entire production cycle is exceeded by the calories accumulated in the biomass.
- Favourable for biological activity.
- Rise in soil fertility and improvement in soil structure.
- Soil protection.
- Control over water erosion.

Social benefit

- Society is better able to enjoy the advantages offered by forests.
- Incentive for people to contribute to the upkeep of forest resources.
- Increased demand for labour and personnel training as more intensive management is needed.

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

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

The Uruguayan Government's commitment to the silvopastoral projects being carried out by Los Eucaliptus, S.A. is reflected in the Directorate for Afforestation's approval and classification of the plantations as "Artificial Protective

Forests" under the silvopastoral and soil conservation system, through the afforestation of *Eucalyptus Globulus*.

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

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

Soils

Soil is among the United Nations' sustainable development goals in its 2030 Agenda, while the European Commission includes soil in its Roadmap to a Resource Efficient Europe.

Spain also has specific environmental regulations on soil protection and degradation at both the national and regional levels.

FSC® and PEFC forestry management certification

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

The Programme for the Endorsement of Forest Certification (PEFC) is another important global forest

certification system. The PEFC's mission is to ensure that the world's forests are managed responsibly to protect present and future generations.

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

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

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



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

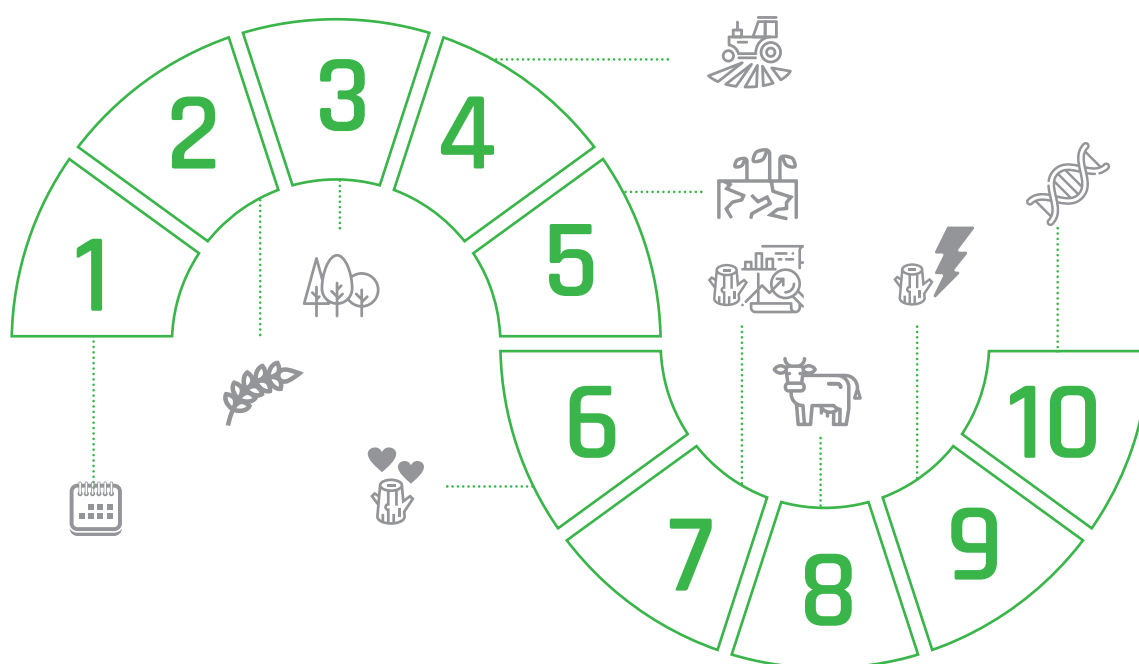
[1] Plant forests on forest land during **Spring**: in the southern hemisphere summer (January, February, March) the land is prepared for afforestation in Spring (September, October, November and December). We use seeds selected from Australia (Jeerelang) and the best clones.

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

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

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

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



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

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

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

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

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

5.2.5 Energy and climate change

GRI: 3-3, 302-1, 302-3, 305-1, 305-2 305-4, 305-7

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

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

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

A large part of this strategy is reflected in our Climate Change Policy first approved in 2018 and updated in 2022.

Iberpapel Gestión's climate change policy

1- Introduction:

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

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

By means of the Paris Agreement, the international community has agreed to limit the average temperature rise to 1.5°C above the temperature during the pre-industrial era. The Intergovernmental Panel on Climate Change (IPCC) has stated that human influence has caused rapid and widespread temperature changes in the atmosphere, oceans, cryosphere and biosphere. This can already be observed today in the form of longer heat waves and warm seasons, and shorter cold seasons, combined with increased flooding in coastal and river areas and more extreme weather events.

European and national regulations include ambitious targets and regulatory frameworks to achieve climate neutrality by 2050. The European Union has announced the "Fit for 55" package to cut greenhouse gas emissions by at least 55% by 2030 (compared to 1990 levels). Spain's Climate Change and Energy Transition Law commits to zero net emissions, i.e. Spain must achieve climate neutrality by 2050, when its electricity system must be based solely on renewable energy sources.

We are now working together to build a low-carbon economy that uses resources efficiently while being socially respectful in terms of both consumption patterns and related benefits. It must be based on the use and circularity of renewable energy and raw material sources, on cooperation in the efficient use of resources and on solidarity.

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

2- Action areas:

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

Iberpapel pledges to calculate our carbon footprint annually and ensure that greenhouse gas (GHG) emissions are accurately, consistently and transparently monitored.

The Group pledges to gradually bring down GHG emissions so as to contribute towards the 2050 global climate neutrality goal. This will be achieved by setting future reduction targets.

We also commit to the voluntary offsetting of GHG emissions as a transitional tool for climate neutrality.

We will continue to develop CO₂ sinks in our forest plantations. These emission reduction mechanisms will be audited independently.

We will support the use of timber, a renewable raw material having less of an impact on climate change, as compared with other less sustainable raw materials.

We will promote sustainable management of our forest resources and the third-party resources that we access in the market.

We will promote the preservation of biodiversity and the responsible use of natural heritage. Iberpapel is aware that biodiversity is in itself an essential business resource and we believe that biodiversity valorisation, protection and repair are necessary conditions to do business.

We will promote renewable energies in the production process, or fossil fuels having less of an impact on climate change, such as natural gas. Bioenergy will be prioritised.

We will apply highly efficient cogeneration as the most effective means to generate heat and electricity. We will also work steadfastly to drive energy saving and improve energy consumption and efficiency by means of R&D&i projects.

We will stimulate research and development for innovation in products related to the bioeconomy. These products will in the future replace others currently made using fossil fuels.

We will foster the circular economy as the most efficient way to use resources. We will promote the use of process waste as a substitute for raw materials in our production process or in other industries.

Iberpapel recognises that water is a limited resource and manages consumption taking account of future availability, resource protection, potential pollution and the balance of ecosystems from which it is extracted and into which it is discharged.

We will actively encourage a culture that promotes the efficient and responsible use of energy and behaviours that favour this approach, involving the Company's stakeholders in the process.

Iberpapel pledges to assess how climate change risks will impact our business by analysing physical and transition risks, as well as risk mitigation opportunities.

The Group will cooperate with other private sector companies, public entities, community organisations and other stakeholders to combat climate change.

We will raise awareness and educate our employees and other stakeholders by encouraging cooperation to mitigate climate change.

Iberpapel will comply with prevailing climate change legislation in all the territories where we have operations.

Climate change might influence Iberpapel's business model and is therefore an important item on the Board of Directors' agenda.

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

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

A programme has been designed to prioritise energy efficiency, the use of biomass to obtain energy and CO₂ removal by our forest sinks, as explained in more detail later in this chapter.

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

THE IBERPAPEL GROUP, AN ENVIRONMENTAL PIONEER

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

We are the first Spanish paper industry company to obtain carbon credits certified by an independent body for the removal of CO₂ from the atmosphere.

Energy consumption

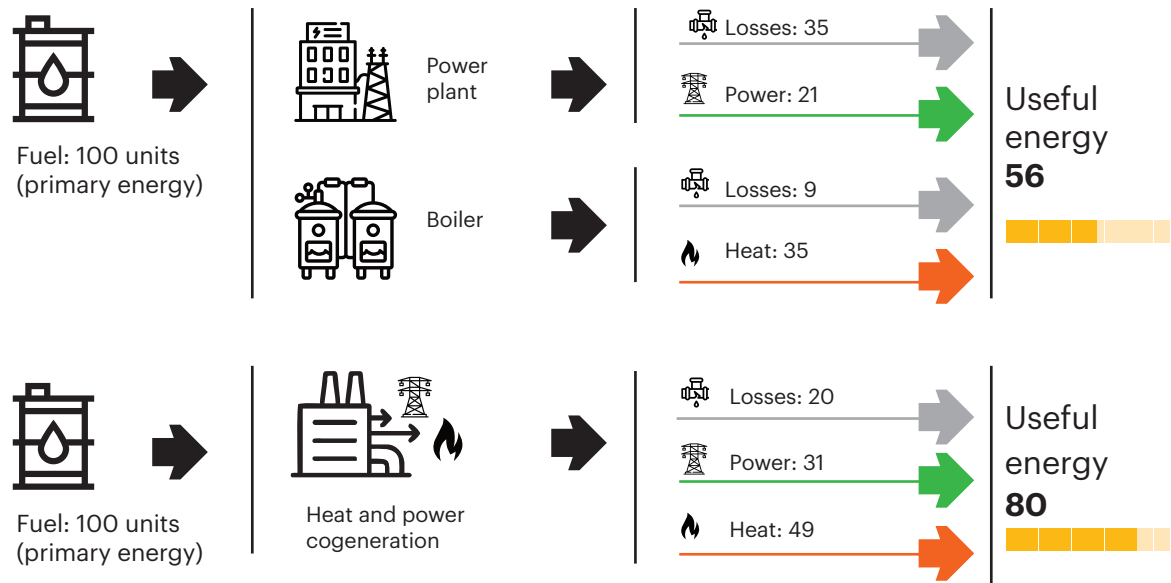
The Group fosters a culture of efficient energy management. This commitment is fulfilled by supplementing our ISO 14001:2015-certified EMS with an Energy Management System certified externally by an

independent entity under the ISO 50001:2018 standard.

Certification was possible thanks to numerous actions taken to promote energy efficiency and help to combat climate change. We have carried out energy audits to identify potential

improvements in lighting, air conditioning and system and process efficiency. We have also eliminated heavy fossil fuels in favour of clean alternatives through cogeneration as the best available technique and heat and electricity generation using biomass.

Saving through cogeneration as compared to conventional techniques



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

Benefits of using cogeneration

CO₂ emissions that we managed to avoid through the use of biomass and gas totalled 180,256 tonnes. These emissions have contributed towards the country's overall greenhouse gas reduction objective.

Efficient energy management

In 2022, electricity equivalent to 106% of the power consumed in the industrial plant itself and 100% of the thermal energy needed was produced by cogeneration, all from biomass and using a high-performance gas combined cycle.

It is important to mention that the Group does not use heavy fossil fuels.

The Iberpapel Group's natural gas consumption in 2022 totalled 2,300,322 GJ, most of which was used to generate thermal energy and power through high-efficiency cogeneration.

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

In 2022, electricity purchased from the grid and consumed at our facilities totalled 742,733 GJ (821,533.13 GJ in 2021).

Energy consumption in our cogeneration plants

| GJ | 2022 | 2021 | 2020 |
|--------------|-----------|-----------|-----------|
| Natural gas† | 2,300,322 | 3,786,000 | 3,494,955 |
| Biomass | 2,685,900 | 2,602,000 | 2,237,997 |

Natural gas consumption declined because the cogeneration plant was shut down for several months due to the global energy crisis.

Energy generation in our cogeneration plants

| GJ | 2022 | 2021 | 2020 |
|---------|-----------|-----------|-----------|
| Power* | 887,700 | 1,657,000 | 1,435,637 |
| Steam** | 2,738,600 | 4,043,000 | 2,973,794 |

* The power generated in our cogeneration plants is fed into the grid under an all-inclusive scheme.

** The steam generated is consumed by our facilities (self-consumed steam).

BIOMASS: A KEY PILLAR OF OUR CIRCULAR ECONOMY

One of the pillars of our circular economy system is the use of biomass to obtain energy.

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

In 2022, certification of biomass sustainability was arranged by PGZ under the SURE independent verification system. SURE is a voluntary biomass sustainability certification system developed by REDcert and Bioenergy Europe (European Bioenergy Association). Through SURE certification, PGZ has shown that the requirements of the new European Renewable Energy Directive (EU 2018/2021 RED II) are met.



Combating climate change

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

The policy is the basis of our Energy and Climate Change Programme which, as commented at the start of this chapter, prioritises three strategic areas for the Group in

the fight against climate change. We promote the reduction of greenhouse gases (GHG) through solutions that draw on energy efficiency, the use of biomass for energy and carbon dioxide removal by our forest sinks.

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

The Group avoided emissions amounting to 180,256 tonnes of CO₂ that would have been released in 2022 had the power been generated using conventional methods. Additional power would have been lost during transmission from the generation point to the point of use, which is also avoided through in situ cogeneration.

Atmospheric emissions of CO₂ avoided (tonnes)

| 2022 | 2021 | 2020 |
|---------|---------|---------|
| 180,256 | 165,802 | 161,951 |



Carbon footprint

The Iberpapel Group calculates its carbon footprint in three emission scopes: direct (Scope 1), which include those derived from the consumption of fossil fuels in production facilities, and indirect (Scope 2) related to power consumption. We also calculate Scope 3 emissions. Scope 3 emissions derive from the Company's value chain and are not under its direct control. They include aspects such as the transport of raw materials to the plant, manufacturing using the materials, extraction of fuel or impact of waste and shipping.

Direct emissions include those arising from the consumption of natural gas in the cogeneration plant and the lime kiln; no other fossil fuels are consumed. There were no emissions due to refrigeration gas leaks in 2022 or 2021. Most of Iberpapel's refrigeration equipment uses ammonia, a refrigeration gas that does not contribute to climate change.

Emissions per scope

| CO ₂ -equivalent tonnes | 2022 | 2021 |
|------------------------------------|---------|---------|
| Scope 1 GHG emissions | 129,268 | 213,011 |
| Scope 2 GHG emissions | 33,010 | 31,493 |
| Total GHG emissions | 162,278 | 244,007 |

The reduction in Scope 1 emissions is explained by the decline in natural gas consumed when the cogeneration plant was shut down for several months due to the global energy situation, while the change in Scope 2 emissions is the result of the modification of the emission factor.

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

Biomass combustion is regarded as carbon neutral because the CO₂ liberated during combustion equals the CO₂ absorbed by the plants during growth, which is the natural carbon cycle.

The use of cogeneration and biomass brings environmental benefits, particularly the reduction of emissions during the generation of power and thermal energy, given the high efficiency of this generation

system. The emissions saved by Iberpapel thanks to the self-supply of energy, the use of biomass and the export of any surplus into the grid are quantified as follows:

We are currently working on quantifying and establishing CO₂ emission reduction targets in the medium and long term so as to align with the decarbonisation strategy identified as one of our challenges going forward.

CO₂ saving due to use of biomass and gas cogeneration

(CO₂-equivalent tonnes)

| 2022 | 2021 | 2020 |
|---------|---------|---------|
| 180,256 | 165,802 | 161,951 |



Reduction of GHG emissions in the distribution phase

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

Kyoto Protocol mechanisms

PGZ, as Iberpapel's only facility subject to the emissions trading system, must comply with the relevant regulations and is therefore required to obtain GHG emission authorisation, to continuously monitor atmospheric emissions and to surrender one allowance per tonne of CO₂ emitted.

All operations holding emission allowances are reflected in the plant's credit account in the European electronic register. In the first quarter of 2023, the Company, fulfilling its legal obligations, will surrender the quantity of allowances covering its 2022 CO₂ emissions, amounting to 129,268 tonnes.

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

CO₂: The EU's emissions trading system is operational in all 28 Member States plus Iceland, Liechtenstein and Norway. It applies to approximately 11,000 power plants and industrial facilities in different sectors. This system covers around 45% of greenhouse gas emissions generated.

In 2021, phase four of the Emissions Trading Directive, which runs from 2021 to 2030, was launched. In Spain, around 1,000 facilities are affected in energy intensive sectors such as power generation, refineries, steel, cement and paper, among others.

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

We requested the allocation of allowances for phase IV in 2020. Since the start of phase III, as recognised by the European Commission, emission allowance allocation takes place through an auction system, which is seen as the most efficient method. In the new phase, the auction system will remain the general rule, free allocation being an exception associated essentially with sectors exposed to the risk of

carbon leakage. The revised directive states that, as before, no emission allowances will be allocated free of charge in relation to power generation.

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

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

Other atmospheric emissions

In Europe, the most problematic pollutants in terms of human health are particulate matter in suspension, ozone and nitrogen dioxide. SO₂, NO_x and NH₃ can also cause acidification and eutrophication in ecosystems, as well as harm to buildings and vegetation.

According to the European Energy Agency report on air quality in Europe, the most important pollutants associated with air quality are particulates, ozone, nitrogen oxides, sulphur dioxide, carbon monoxide, benzene and metals. As regards particulates smaller than 2.5 micras, values above the stipulated limits were recorded at 7% of measuring stations and in seven of the 28 European Union countries. Values above the limit were also observed for nitrogen oxides in 10% of measuring stations, although 86% of these cases were directly related to traffic. Episodes of pollution associated with sulphur

dioxide fell to 2% of all measuring stations, while exposure to the pollutant carbon monoxide above recommended limits is very infrequent. Finally, emissions of arsenic, cadmium, nickel, lead and mercury fell considerably during the period 2000-2022 due to the improvements in industry and power generation.

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

PGZ's atmospheric emissions are mainly associated with the processes employed to generate the power required for its industrial activity and fundamentally consist of carbon dioxide (CO₂), sulphur dioxide (SO₂) and nitrous oxides (NO_x). Additionally, the use of biomass generates particulates and total reduced sulphur compounds.

One specific feature of our emissions is the lower concentration of sulphur dioxide due basically to the use of clean fuels such as biomass and natural gas. In 2022, emissions amounted to 0.0039 kg/product tonne.

Nitrogen oxide emissions are generated at the biomass plant and the cogeneration facility due to the presence of nitrogen in the fuel's composition or in the atmospheric air used in the combustion process.

Emissions of this compound amounted to 0.65 kg/product tonne in 2022.

The main points at which particulates are emitted into the atmosphere are the lime kiln chimney and the recovery boiler chimney, both of which have electrostatic precipitators to reduce emissions. Emissions of the smallest particulates, referred to as PM₁₀, totalled 0.0546 kg per tonne of pulp produced in 2022. Both the



boiler source and the furnace source are permanently connected to the Basque Government's atmospheric surveillance network, supplying the authorities with real time emission values.

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

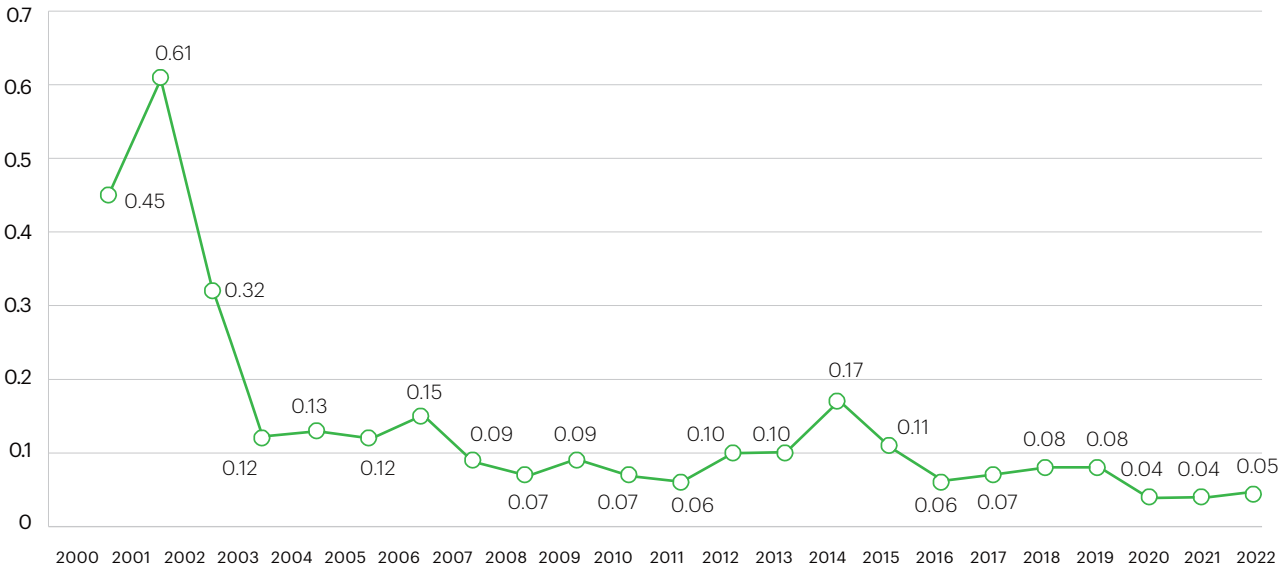
Techniques) in the European BREF document on the manufacture of pulp and paper.

The facility's main emission points and atmospheric emissions are monitored in real time and connected to the Basque Government's atmospheric surveillance network. Findings are reported periodically to the administration. Our measuring equipment is calibrated by an external entity and maintenance contracts ensure that it operates reliably throughout the year.

The data show that air quality in Europe is improving slowly, thanks to past and present policies, and technological advances, but the high concentrations of air pollutants are still having a considerable impact on the health of Europeans, the most harmful pollutants being particulate matter in suspension (PM), nitrogen dioxide (NO₂) and ground-level ozone (O₃).



PM10 atmospheric emissions (2000-2022) (kilos of particulates per tonne of paper and pulp produced)



SOx emissions (2000-2022) (kilos of particulates per tonne of paper and pulp produced)



Clean energy

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

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

The proposed legislative measures are intended to:

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

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

The Emissions Trading Directive (EU-ETS) imposes penalties of €100 for every tonne of CO₂ emitted that is not offset by 1 EUA (European Union Allowance) within the stipulated annual period. Additional penalties may be established by the Member States.



5.2.6 Waste management and circular economy

GRI: 3-3, 306-2

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

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

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

Process waste is mostly classed as non-hazardous waste and only a small part is deemed to be hazardous (specifically, 0.15% during the year). This basically relates to oils, batteries, fluorescents or laboratory reagents associated with all industrial activities, which are managed by authorised companies.

All wastes are separated at source in each production plant and are individually managed. The main wastes generated in 2022 during the production of cellulose and paper were carbonate slurry, caustic sludge, and water and bark treatment sludge. Others, such as plastic, paper and cardboard, metal waste and other waste that is similar to ordinary municipal waste were also generated. They are all considered to be non-hazardous.

The most frequent waste valorisation approach is the manufacture of compost and fertilizers. Calcium carbonate is used as a raw material to make limestone amendments for application in acidic soils by fertilizer producers, instead of employing a mineral that has to be extracted from quarries and milled, which is a clear example of the circular economy.

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

In 2022, 47% of waste generated was deposited in landfills when reuse or recovery was not an option.

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

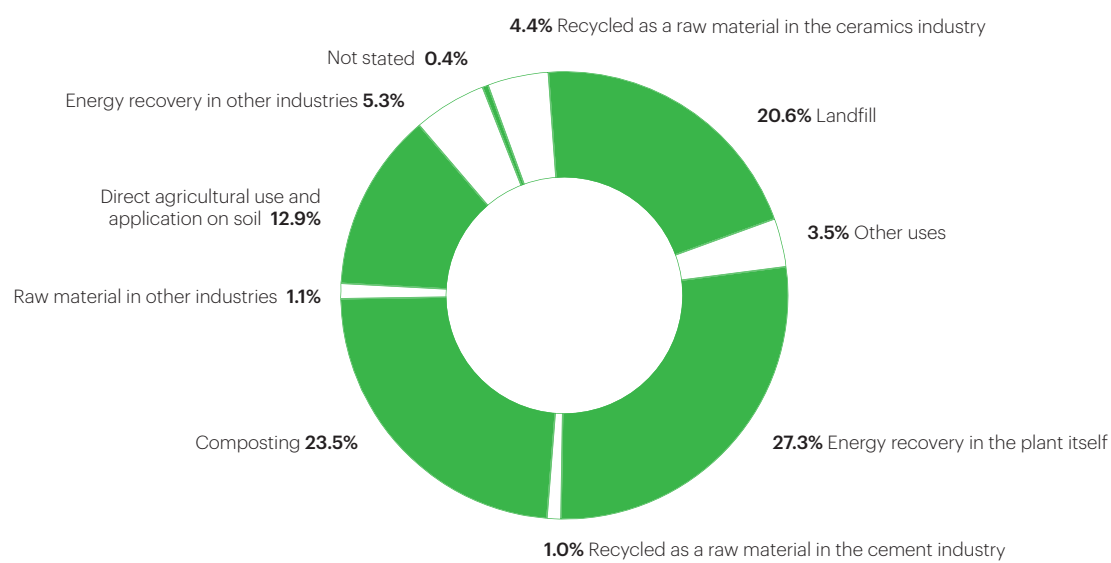


At the industry level, according to the data furnished by ASPAPEL in its 2022

Sustainability Report (2021 data), the management of waste from the paper process may be

summarised as follows:

Waste management in the paper industry



Waste generation at PGZ

| | 2022 | 2021 | 2020 |
|-----------------------------|--------|--------|-------|
| Hazardous waste (t) | 53 | 84 | 18 |
| Non-hazardous waste (t) | 34,292 | 27,656 | 9,880 |
| Total waste (t) | 34,345 | 27,740 | 9,898 |
| % hazardous | 0.15% | 0.30% | 0.18% |
| % waste recovered or reused | 53% | 71% | 66% |
| % taken to landfills | 47% | 29% | 34% |

The change in waste generated is explained mainly by the reduced availability of the lime kiln, increasing the output of non-valorised waste.

5.2.7 Liquid effluents and water use

GRI: 3-3, 303-1, 303-3, 303-5, 306-1

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

Unlike other major water users, the pulp and paper industry returns the majority of the water to

the natural environment. The water is returned to surface waters once it has been properly purified.

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

PGZ prepares water consumption reduction plans as a basic

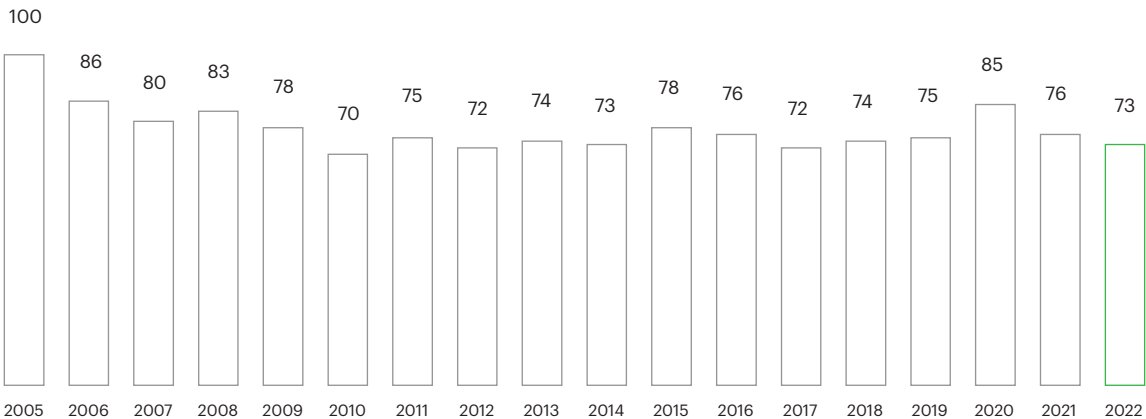
tool to control water use. These plans allow us to maintain the low levels of water consumption stated in the BREF document issued by the European Commission on BAT in the pulp and paper industry.

Specifically, in 2022, 16.2 m³ of water was used per tonne produced (16.6 m³ in 2021), representing a fall of 3% against 2021. These values are much lower than the ranges described in the BREF for BAT application.

Percentage water capture by source (%)

| % | 2021 | 2020 | 2020 |
|-------------|--------|--------|--------|
| River water | 76.70% | 75.30% | 70.00% |
| Groundwater | 23.30% | 24.70% | 30.00% |

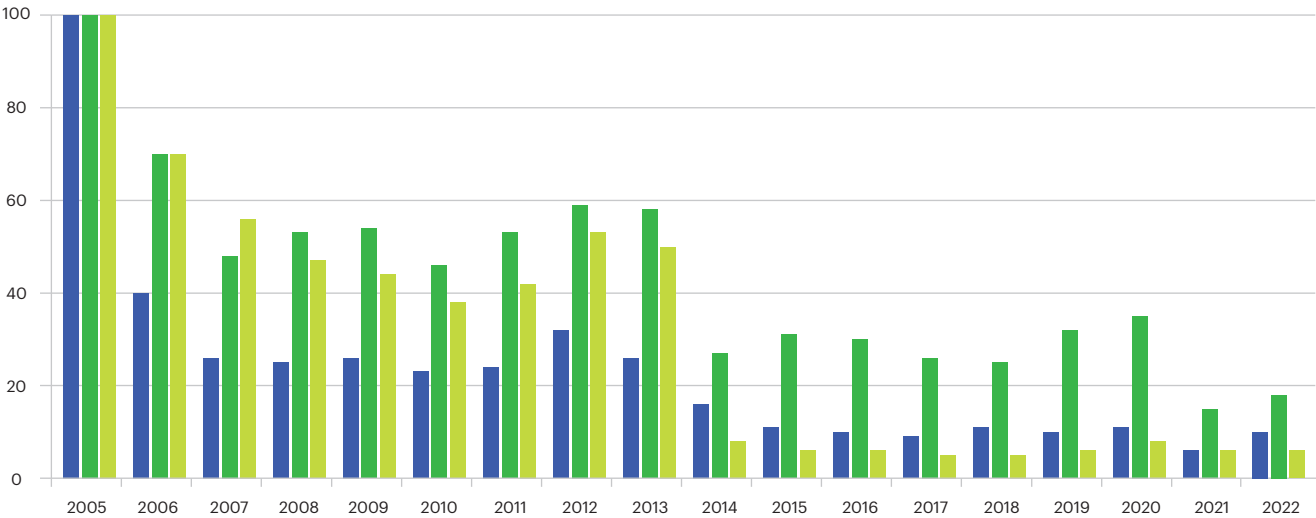
Percentage use of fresh water (Base 100, 2005)





Percentage effluent load (Base 100, 2005)

- SS: Solids in suspension
- COD: Chemical oxygen demand
- DBO5: Biochemical oxygen demand 2022



In recent years (2005-2022), PGZ's effluents have improved considerably and now contain only 6% of their initial suspended solids, 15% of their

initial chemical oxygen demand and 6% of their initial biochemical oxygen demand.

5.2.8 Biodiversity protection

GRI: 3-3, 304-1, 304-2, 304-3

We observe and monitor biodiversity during our activities, leading to the identification and declaration of high conservation value areas in Uruguay, Argentina and Huelva. Periodic biodiversity (fauna and flora) monitoring is conducted by independent professionals in our properties, based on indicators (species that are in danger of extinction, vulnerable or exotic; new species, unique habitats, etc.), thereby obtaining insight into the biological diversity in each ecosystem.

This monitoring serves to identify the areas which show the most biodiversity and declare them to be areas of high conservation value. A zone of approximately 80 hectares in the east of Uruguay, named "Cerro del Betete", and another zone of around 700 hectares of protected rural highland in Argentina, have been declared high conservation value areas.

In Huelva, all our forest assets are certified under the international FSC® standard no. GFA-FM/COC-002538-C for the sustainable forest management and marketing of roundwood, firewood, cork and game. A large part of these forest assets form part of protected EU and European environmental protection areas, such as the Sierra de Aracena y Picos de Aroche Natural Park, the protected landscape of the Tinto River or the Andévalo Site of Community Interest (SCI).

In the properties in Argentina there are natural areas that must be conserved and protected due to the wealth of native flora and fauna in the habitats, which are classed as conservation priorities. The regulation and management of these areas is regarded as a priority. So, in 2009 Iberpapel initiated a biodiversity monitoring programme to study the natural areas inside the properties and the seasonal evolution of species and communities.

In 2017, an Environmental Management Plan for the "La Pellegrini" Protected Natural Area was drawn up and implemented. This plan is the core instrument for spatial planning and organisation, defining and contributing to the management and conservation of resources in the protected area, as well as providing the guidelines and policies for the administration of the area, management approach, uses and permitted activities, as a result of the diagnosis and analysis of all relevant factors. The main purpose of the plan is to protect natural ecosystems that have a high conservation value such as native woodland, wetlands and water reserves. The ecosystem targeted as a "Protected Landscape" has gallery forests and a variety of forest strata in which abundant shelter, food and habitats for local animal populations may be found. It is vitally important to include the ecosystem in the Provincial System for Protected Natural Areas, guaranteeing social and governmental engagement following the guidelines laid down by Provincial Law 8967/95.

In Argentina we have a Sustainable Forest Management Policy based on the sustainable management of resources that respects the environment and has a positive economic and social impact. Since 2018, the Iberpapel Group has been certified for the Sustainable Forest Management of its Argentinian assets under the international PEFC/CERFOAR standard, certificate number UY20/8184041.

As part of this policy, a study was conducted on the possible effects of the Iberpapel Group's activities on our local environment. This study, which consisted of a cartographic analysis and field research, identified the partial loss of productive land and soil due to the effects of harvesting practices and the movement of the machinery used as one of the main adverse impacts. Aware of the importance of this potential effect of our activities, Iberpapel Argentina helps to conserve soil by using equipment and practices suited to the soil and topography, besides controlling erosive processes in certain areas through the growth of forest plantations, which also favours carbon fixation.

Agrochemicals such as herbicides and pesticides could also impair the quality of grid water. Therefore, besides observing manufacturers' recommendations, the Iberpapel Group complies with Law 6599 on the use of pesticides, which establishes the minimum distance from native forests and bodies of water to be conserved when using agrochemicals. Harvesting near watercourse protection areas could also pose a risk to water resources, so the Iberpapel Group respects the protection areas while planning and preparing access routes and the areas to be harvested, thus minimising not only the possible impacts on water resources but also preserving the habitats of the flora and fauna to be protected.

The study identified a significant positive socioeconomic impact through the generation of local employment, prioritising labour for tillage and harvesting activities, as well as for the distribution and marketing of the Iberpapel Group's products, bringing added value to the region.

As a result of the analysis of the main impacts and with the aim of minimising adverse impacts while enhancing positive outcomes, a number of prevention and mitigation measures have been developed, ranging from land preparation and harvesting to waste treatment and management of the forest plantation. In this way, the Iberpapel Group applies a sustainable and environmentally friendly methodology throughout our value chain, helping to protect biodiversity.

In Uruguay, a Management Plan has been implemented for the High Conservation Value Forest (HCVF) named "Cerro Betete", covering an area of 80 hectares in the department of Maldonado, in the east of the country. The main purpose of this plan is to protect the natural areas with the most value in terms of ecosystem functions at the Sophie Point property. This area has an exceptionally significant biological, ecological, social and cultural value for the region and the country as a whole. Besides the ecosystem's main biodiversity features, information has been gathered in various conversations with the community, emphasising that sociocultural value is the attribute that makes it stand out as a HCVF. The company has defined it as an area of sociocultural interest with a focus on the conservation of this landscape and cultural ecosystem. Conservation plans are also under way in the areas of native forest in our other properties. Since 2007, the Iberpapel Group has had all its Uruguayan forestry assets certified under the international FSC® standard, certificate number GFA-FM/COC002528.

To ensure responsible and sustainable management of the areas in which the Iberpapel Group operates in Uruguay, an environmental impact assessment plan was implemented in 2021, applying the Code of Good Forestry Practices as a technical reference document. Though not significant, the following minor impacts have been identified during the installation and harvesting

phases and have been addressed by means of mitigation and/or prevention measures:

- Impact on surface water: possible decrease in water quality due to the entrainment of eroded soil following the installation phase. The Iberpapel Group has brought in contour ploughing to minimise erosion.
- Impact on soil: soil erosion was identified during the installation and harvesting phases.

To prevent and mitigate this possible impact, contour strips were implemented and actions were taken to preserve covered or grazed areas. Measures were also taken to prevent the dragging of harvesting materials and mark out traffic paths for the movement of machinery.



Biodiversity impact: during the installation phase, a part of the vegetation cover is removed, but the disturbed area is minimised by tilling in strips and planting fodder species.

The Group's activities in turn generate significant positive environmental impacts. This includes the restoration of degraded land, which considerably recovers its productive capacity thanks to eucalyptus plantations, which significantly reduce erosive processes and increase water infiltration and soil fertility. The Group's activities also contribute to the conservation and sustainable management of native forests by using exotic species for afforestation, thus supporting the conservation of local biodiversity.

In Spain, as a result of the environmental impact studies carried out to modernise the Hernani plant, local biodiversity was recently analysed. The potential natural vegetation consists of riverside species, specifically Cantabrian alder trees (*Hyperico androsaemi*), typically found on waterlogged river banks, as the dominant and sometimes the only species, black alder trees

(*Alnus glutinosa*) and ash trees (*Fraxinus excelsior*), plane trees (*Acer pseudoplatanus*) and willow trees (*Salix sp.*), with an understory rich in shrub-like species such as hazels, blackthorns and roses, and a rich and varied herbaceous layer. Atlantic oaks (*Quercus robur*) can be seen further away from the river.

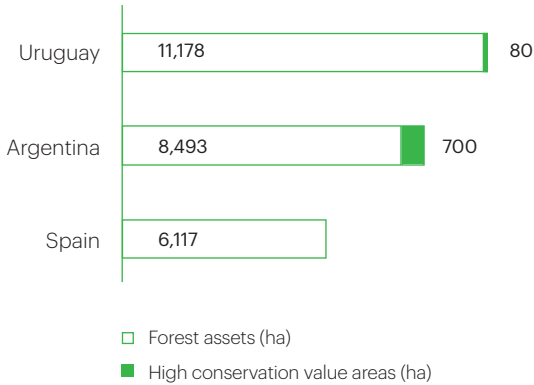
The fauna is conditioned by the urban environment. In the surrounding areas, there may be examples of the common toad (*Bufo bufo*), the Iberian green frog (*Rana perezi*) or the palmate newt (*Lissotriton helveticus*). From the bird world, there are song thrushes (*Turdus philomelos*), European robins (*Erithacus rubecula*) and white wagtails (*Motacilla alba*). Common kingfishers may also be spotted (*Alcedo atthis*). Representing mammals, there are hedgehogs (*Erinaceus europaeus*), moles (*Talpa europea*), Pyrenean desmans (*Galemys pyrenaicus*) and European minks (*Mustela lutreola*). River fauna would include common minnows (*Phoxinus phoxinus*), stone loaches (*Barbatula barbatula*) and salmon (*Salmo salar*).

In line with our values focusing on biodiversity protection and preservation, the Iberpapel Group plays an active role in voluntary initiatives through APOM (local association of rural highland owners).

Since January 2019, the Group has voluntarily participated in the Forum for the Defence and Conservation of the Dehesa (ENCINAL) to ensure the preservation and conservation of agroforestry ecosystems. Since 2020, the Group has been an active member of the Spanish Forestry Technology Platform (PTFOR), which has the mission of promoting the forestry industry in Spain, as well as the industries in its value chain, in relation to competitiveness and sustainability in economic, social and environmental matters. Industrial development is pursued through technology, innovation, training and internationalisation.



Forest assets and high conservation value areas (ha)



Characterisation of habitats and monitoring of fauna

During the second half of 2022, eight habitat characterisation and fauna monitoring studies were conducted at the San Luis, Bella Vista II, Don Alcides, Sophie Point, Los Molles, La Cantera, Costas del Mosquito, El Gordo and El Flaco properties in Uruguay. This entailed drawing up and categorising lists of species based on international conservation lists (UICN, CITES) and Uruguay's InBUy database of Invasive and Alien Species.

The studies found that the values showing the wealth and abundance of birds remain at medium-high levels compared with other regions of the country and that the number and proportion of species of fauna that are threatened to some extent or are

conservation priorities remain stable in relation to the previous study.

Forest fires

- Since 2018, the Company has been a member of Uruguay's PAIF (Forest Fire Protection Plan), which is coordinated by the Uruguayan Forestry Producers Association. This national system involves the majority of forestry industry companies and protects an area of nearly 850,000 hectares.
- In Argentina, since the year 2000, all the properties have been members of ACE Colón Norte (association of business partners), taking part in forest fire surveillance activities in the summer months.

- As part of the prevention of and fight against forest fires, the Iberpapel Group's socioenvironmental policy includes voluntary participation in Forest Defence Groups (ADF). At present, 100% of the forest area in Huelva collaborates with this social engagement initiative.
- In March 2021, Iberpapel led a pilot forest restoration trial using native species, using a new system called Waterboxx, which improves yields in areas with low rainfall. This pilot was conducted under an agreement between APOM and FSC® Spain on a 2-hectare area in Iberpapel's El Vinagre property in Huelva affected by fire in 2019.

5.2.9 Importance of the bioeconomy

In 2012, the European Commission approved the strategy “Innovating for Sustainable Growth: A Bioeconomy for Europe”, which defines the bioeconomy as an economic model based on the production of renewable biological resources and the conversion of these resources into value-added products such as bioproducts, bioenergy and services. It has emerged in response to current environmental and social challenges to ensure a fair food supply and distribution, mitigate the effects of climate change and reduce the use of fossil fuels. It also creates opportunities for economic development and employment.

This is a boost for the bioeconomy, a low-emissions economy that promotes sustainable management in agriculture, fishing and food security, using resources sustainably.

According to the European Commission, the core sectors involved are agriculture, forestry, fishing and pulp and paper manufacturing, plus, to a lesser extent, chemicals, biotechnology and energy.

The European cellulose and paper sectors are at the forefront of the bioeconomy, in which renewable raw materials are replacing fossil resources, thereby helping to improve the environment and the quality of life as part of the reduction in the impacts of climate change.

The Confederation of European Paper Industries (CEPI) has launched its CEPI 2050 roadmap, designed to:

- Cut the industry’s fossil CO₂ emissions by 80%.
- Increase the added value of products manufactured by 50% by 2050.
- Support the European Commission’s initiative to plant an additional three billion trees by 2030 ⁽⁴⁾.

The European pulp and paper industry produces bioproducts using renewable materials such as timber and recovered paper, 92% of which are sourced in Europe and certified as sustainable. In addition, 91% of the water used by member companies is returned to the environment in good condition. It is also the leading industrial sector in terms of bioenergy generation capacity and bioenergy consumption. The paper industry, with its traditional and new products, plays a key role in society, supplying products that are efficiently manufactured, fully recyclable and produced using renewable raw materials



⁽⁴⁾ CEPI, (2021): Contribution to 3 billion trees objective.



The term biorefinery is now used in the industry to refer to cellulose pulp production plants. The biorefinery concept is analogous to that of a petrochemical refinery, which produces a broad range of products and fuels using fossil resources. Biorefineries can produce numerous bioproducts and biofuels using renewable carbon sources and bioprocesses. There is a chemical derived from bioproducts that is equivalent to the chemical derived from oil.

A biorefinery's economic competitiveness is based on the co-production of small volumes of high-value-added products together with the cellulose or biofuels. Biorefineries can process different types of biomass to generate energy and a wide variety of products and synthesis intermediates. There are two types of biorefinery facilities based on energy generation, including biofuel plants, and on the production of chemicals, which can also generate electricity or heat simultaneously.

A biorefinery can be a single unit, such as a plant that produces cellulose and paper and generates electricity and heat using by-products in the process, or a group of facilities processing by-products or waste from neighbouring facilities.

Different biorefinery concepts are currently being developed, some of which are highly complex. Biorefineries can produce numerous bioproducts and biofuels using renewable carbon sources and bioprocesses.



The European cellulose and paper industry has been among the most active in the bioeconomy, making fully renewable, recyclable

products and generating bioenergy to replace fossil fuels. The development of biorefinery projects to obtain products in alternatives ways

to the petroleum-based chemical approach is also under way. The industry is thus clearly committed to decarbonisation.

Certification of CO₂ removal at our Uruguayan plantations under the international VCS

Economic benefit



4,691
forest
hectares

Environmental benefit



652,311 t CO₂
emissions absorbed



FSC® certified
management
systems

Social benefit



Knowledge sharing with
local communities



Contribution to the local
community by creating
jobs.



Our Corporate Governance #6

6.1 Our corporate governance at a glance

2022 Milestones

- Updating the Climate Change Policy.
- Preparing a Responsible Procurement Policy.

Future challenges

- Approve the Responsible Procurement Policy.
- Include in the Bylaws a Sustainability Committee, replacing the current Corporate Social Responsibility Committee, and an Investment Committee.
- Increase the involvement of the least represented gender.
- Adapt the whistleblower channels.

Main metrics for 2022 and trends

NO. OF BOARD OF DIRECTORS MEETINGS

12

+20% v. 2021

NEW OR UPDATED POLICIES

1

-67% v. 2021

% CODE OF GOOD GOVERNANCE RECOMMENDATIONS FOLLOWED

93.75%

-0,75% v. 2021

REPORTS RECEIVED THROUGH THE WHISTLEBLOWER CHANNEL

0

= v. 2021

% ATTENDANCE AT THE ANNUAL GENERAL MEETING

85.03%

+0.05% v. 2021

% WOMEN ON THE BOARD OF DIRECTORS

30%

+8% v. 2021

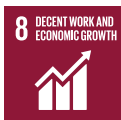
Our main contribution to the SDGs



GOAL 5.1 | End all forms of discrimination.

GOAL 5.5 | Ensure women's full participation and equal opportunities.

Equality is a basic action principle. So all professionals are given the same opportunities to access employment and promotion, assuring the complete absence of any kind of discrimination during their activities, as laid down in the Group's Code of Conduct. Iberpapel also has a Director Selection and Board Diversity Policy addressing the diversity of knowledge, experience and gender.



GOAL 8.5 | Achieve full employment and decent work.

Iberpapel's pledge to provide decent, quality work is set out in our Code of Conduct, applicable in all the Group companies. The code includes commitments such as guaranteeing occupational health and safety and a pleasant work climate, promoting job stability through respect for collective rights and a work-life balance, among other aspects.



GOAL 13.1 | Strengthen resilience and adaptive capacity.

The Iberpapel Group's Code of Conduct implements a number of conduct standards that include ethical, respectful relationships with customers, suppliers and authorities, in line with prevailing anti-corruption and anti-bribery legislation. There is also an Anti-Corruption Policy to prevent the risk of corruption, bribery and conflicts of interest.



6.2 Our commitment to transparency

The most complete details are available in the Group's Corporate Governance Report, which is on Iberpapel's website in the section Shareholders and Investors.

We feel that good governance requires all our stakeholders to have access to regular information that is accurate, detailed, clear and useful.

In the interests of full transparency, all relevant information and communications are posted on the corporate website www.iberpapel.es, together with corporate governance reports.

As a reflection of our belief in transparency, most of our policies can be consulted in the corporate governance section of the website in the section Shareholders and Investors/Corporate Governance.

This chapter contains a brief summary of the aspects of corporate governance most relevant to both the Group and its stakeholders.

6.3 Share capital structure and market capitalisation

The Iberpapel Group's share capital consists of 11,039,829 fully-subscribed and paid-up ordinary shares with a par value of 60 euro cents each, all in the same class and series, carrying the same voting and dividend rights, and represented by book entries.

The Group has a solid shareholder structure, there being no shareholding of 10% or more of share capital. Carmen Ybarra Careaga is Iberpapel's principal shareholder, followed by Miquel y Costas and Magallanes Value Investors.

Share capital includes a free float of 74.85%. All the parent company's shares are listed on the Madrid and Bilbao stock exchanges. At 31 December 2022, the Group's market capitalisation stood at €144.07 million.

Treasury shares

In 2022, the Company acquired 248,634 treasury shares on the stock exchange. A total of €3,463 thousand was paid for the shares. In 2022, 87,647 treasury shares were sold for €1,339 thousand at a loss of €407 thousand.

At 31 December 2022, the Company held a total of 316,539 treasury shares at an original cost of €5,115 thousand. These shares represent 2.867% of the Company's share capital. They are held as a treasury share portfolio, observing the limits stipulated in Article 509 of the Spanish Companies Act.

Shareholdings above 3% of capital (at 31 December 2022)

| Shareholder's name or business name | % voting rights (direct) | % voting rights (indirect) | % total voting rights |
|--|--------------------------|----------------------------|-----------------------|
| Carmen Ybarra Careaga | - | 7.84% | 7.84% |
| Miquel y Costas, S.A. | - | 5.05% | 5.05% |
| Magallanes Value Investors, S.A., SGIC | - | 5.36% | 5.36% |

6.4 Principles for socially responsible governance

GRI: 2-12, 2-15, 205-2

Our activity is guided by policies, principles and frameworks that instil a culture of business responsibility in everything we do. In 2022, we updated and extended our governance in various areas related to our non-financial performance to help us to handle the matters that most concern our stakeholders.

In 2022, the implementation of our comprehensive corporate governance improvement plan continued. We drew up new policies and developed existing approaches to align them with global and industry best practices, as well as with the Code of Good Governance in Listed Companies.

The Climate Change Policy was updated during the year and approved by the Board of Directors on 20 December 2022. A Responsible Procurement Policy was also prepared and is pending approval.

Policies that inspire us and are integrated with our business strategy

- **General Code of Conduct:** This brings together the ethical values that must underlie our conduct as Iberpapel professionals and the guidelines and general lines of action for decision-making. It is a formal reflection of the Iberpapel Group's model of ethical management and regulatory compliance.
- **Corporate Social Responsibility Policy:** This lays down the fundamental, specific principles of Corporate Social Responsibility and of the Group's relationship with the local community. It also defines the commitments acquired voluntarily to build value for all stakeholders.
- **Criminal Compliance Manual:** This policy addresses the tools at the Group's disposal to prevent criminal risks relating to actions and conduct by our employees and people working in the Company.
- **Anti-Corruption Policy:** It reflects the instruments available to mitigate and prevent the risk of corruption, bribery and conflicts of interest. With these aims, it defines the set of guidelines, behaviours and best practices for employees in connection

with the prevention of potential corrupt practices. Among other matters, this policy regulates conflict of interest management, behaviour guidelines relating to public officials and authorities, and private third parties, and the internal policy on personnel expenses and hospitality: gifts, commercial invitations and entertainment, among other aspects.

- **Climate Change Policy:** This policy presents and disseminates the Iberpapel Group's pledge to reduce the effects of climate change for both society and the Group itself.
- **Quality Policy:** This is the formal reflection of management's promise to implement a quality management system oriented towards customer service and continuous improvement.
- **Directors' Remuneration Policy:** This provides principles and criteria to bring the Remuneration Policy into line with market best practices and trends.

- **Communication Policy:** It encourages permanent contact and dialogue with all stakeholders, particularly shareholders, institutional investors and proxy advisors, transparent and accurate information being the Group's maxims in this area.
- **General Corporate Governance Policy:** It addresses all the governance actions and policies deployed by the Company (i.e. corporate governance system) and develops the principles applicable to the activities of the Company and the Group. This policy assures a transparent approach to good corporate governance by explaining how the measures are employed.
- **Risk Control and Management Policy:** This policy facilitates transparent communication of risks, determining the principles underlying the risk management system and establishing the roles and responsibilities of those involved in managing risks.
- **Economic-Financial and Corporate Information Communication Policy:** This policy helps to maximise the dissemination and quality of information made available to the market, investors and other stakeholders and must in turn be aligned with the policy on stakeholder relations.
- **Stakeholder Relations Policy:** It forms part of the Company's good corporate governance approach and complements the policies on communication and on corporate social responsibility. It guides and builds Iberpapel's relationships with our main stakeholders in all our activities and operations, by identifying expectations, assessing their main concerns and offering solutions that help to create shared value, thereby continuing to meet needs as they arise, instil trust and protect our corporate reputation.
- **General Meeting Attendance Premium Policy:** It is designed to maximise representation at General Meetings.
- **Internal Corporate Governance Rules:** Besides the policies that inspire our organisation, the Iberpapel Group has Corporate Governance regulations including:
 - › Bylaws.
 - › General Shareholders' Meeting Regulations.
 - › Board of Directors and Board Committee Regulations.
 - › Internal conduct rules for matters relating to securities markets.
 - › Electronic Shareholder Forum Rules.
 - › General Meeting distance-voting and delegation rules.
- **Director Selection Policy:** This policy has been adapted to the amended Article 529 (ii) of the Spanish Companies Act and to Recommendation 15 of the Code of Good Governance in Listed Companies. It stipulates that women directors must account for at least 40% of total Board members.

Policies updated and prepared in 2022

- Update of the Climate Change Policy.
- Preparation of a Responsible Procurement Policy.

6.5 The Iberpapel Group's Corporate Governance System

GRI: 2-9, 2-12, 2-9, 2-10, 2-11, 2-12, 2-14, 2-18, 2-19, 2-20

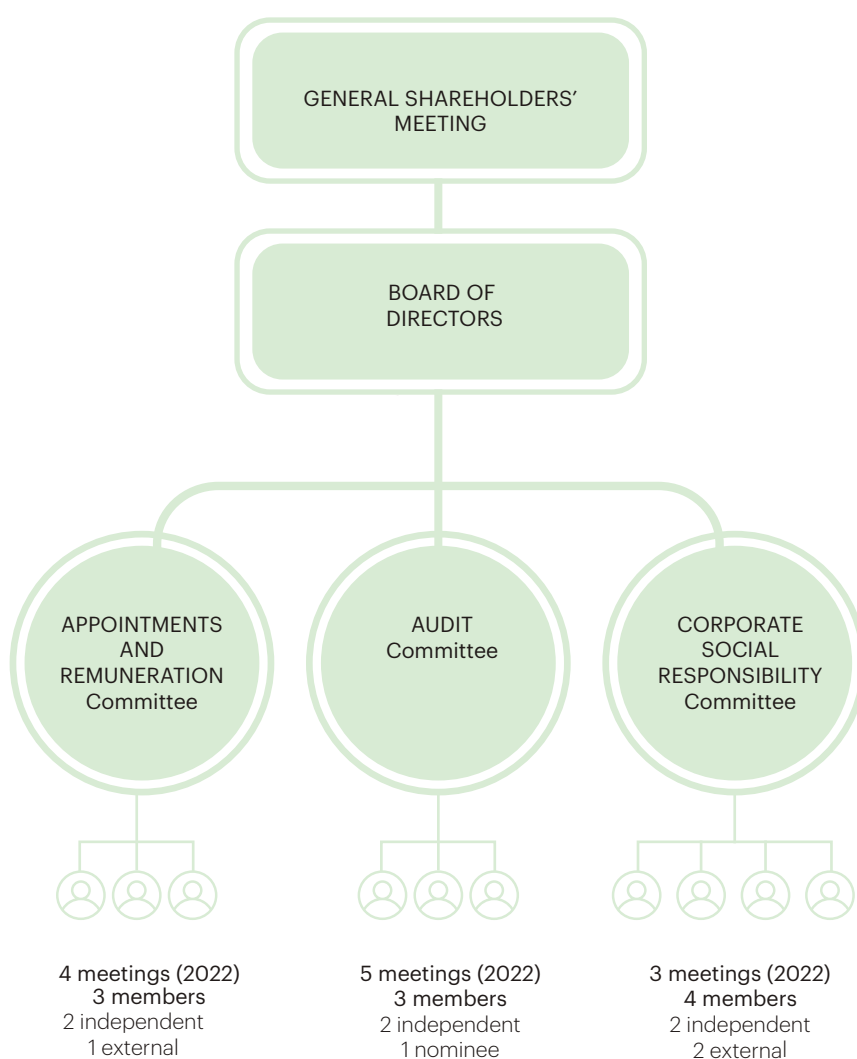
Iberpapel has put in place a Corporate Governance System comprising the Group's principles and values, the Bylaws, the corporate policies referred to previously and the internal rules of Corporate Governance, as well as all our internal codes and procedures.

Its content is inspired by and grounded in our belief in best practices in Good Governance, Corporate Social Responsibility and business ethics. The Group's reference framework is the Spanish National Security Market Commission (CNMV)'s "Unified Code of Good Governance in Listed Companies".

The Iberpapel Group's Corporate Governance System has two main governing bodies: the General Shareholders' Meeting and the Board of Directors, which have in turn set up three governing committees: the Appointments and Remuneration Committee, the Audit Committee and the Corporate Social Responsibility Committee.

The functions of these bodies reflect the provisions of Spanish legislation and the CNMV's rules and recommendations.

The Iberpapel Group's Corporate Governance System



6.5.1 Commitment to continuously improve governance

Iberpapel has made a commitment to apply the highest standards of business ethics and the best practices in corporate governance.

The Iberpapel Group oversees compliance with Good Corporate Governance recommendations and best practices, which entails the continuous review and update of related regulations and procedures.

In 2022, the only recommendations not followed by the Group were no. 7 “The Company should broadcast the General Shareholders’ Meeting live on its website” and a part of no. 15 “... women directors should account for at least 40% of the Board members by the end of 2022 and thereafter and, previously, not less than 30%”; no. 17 “...the number of independent directors should represent at least one half of all the directors”; no. 53 “...it should comprise solely non-executive directors, the majority of whom should be independent...”; and no. 64 “Payments for termination or expiry of the contract should not exceed an amount equivalent to two years of the total annual remuneration”.

As regards no. 7, the Company does not consider the live broadcast of the 2022 Annual General Meeting on its website to be suitable, for organisational reasons and in view of the high level of shareholder attendance at the meetings held, whether in person or through representatives (84.99% in 2021 and 85.03% in 2022).¹

As regards no. 15, although the maximum number of Board members was increased in 2022 to include a woman director, we hope to be able to take further steps in 2023 to continue increasing the percentage of women on the Board.

As regards no. 17, in 2022 the Company increased the maximum number of Board members and the vacancy was taken by an independent director. Independent directors account for 40% of the total at 31 December 2022.

With regard to no. 53, it should be noted that all the committees are made up exclusively of non-executive directors, with a majority of independent directors on the Appointments and Remuneration Committee and the Audit Committee, although only 50% of the Corporate Social Responsibility Committee members have been independent directors since December 2022.

In relation to no. 64, our executive directors’ senior management contracts state that in the event of termination they will receive compensation equivalent to the maximum levels established in the labour legislation in force on the contract signing date, which is therefore equivalent to a termination benefit due to unfair dismissal under an ordinary employment contract.

¹Further information on the CNMV’s Code of Good Governance is available through this link:
https://www.cnmv.es/DocPortal/Publicaciones/CodigoGov/Codigo_buen_gobierno.pdf

A. General Shareholders' Meeting

The General Meeting, duly assembled as stipulated in the Bylaws, the General Shareholders' Meeting Regulations and prevailing regulations, represents all the shareholders and is the Company's ultimate decision-making authority. Resolutions adopted are mandatory for all shareholders, including those who do not attend the meeting, abstain from voting or dissent, without affecting the rights and actions of all kinds to which they may be entitled by law.

A.1 General Meeting functions and remit

The General Meeting decides on matters within its remit in accordance with Spanish Law and the Company's Bylaws, as well as the General Meeting Regulations. In particular, it may adopt the following resolutions:

- Appointment and removal of the Board directors, liquidators and, if applicable, auditors, as well as actions for liability against any of them.
- Approval, if applicable, of the annual accounts, distribution of results and management of the Company's affairs.
- Issuance of debentures and capital increases and reductions, delegating to the Board of Directors, if appropriate and within the legally stipulated periods, the power to set the execution date(s); the Board may use all or part of such powers, or even refrain from execution based on market circumstances, the

Company's own situation or any fact or event of particular relevance that justifies such a decision, at the Board's discretion. In this case, the decision will be explained to the first General Meeting held following the end of the execution period. The power to increase share capital in the terms stipulated by Law may also be delegated to the Board of Directors.

- Approval of the final liquidation balance sheet.
- Amendment of the Company's Bylaws and confirmation or rectification of the interpretation afforded to the Bylaws by the Board of Directors.
- Dissolution, transformation, merger, spin-off and assignment of all the Company's assets and liabilities; transfer of the Company's registered office abroad.
- Approval of Specific General Meeting Regulations and subsequent amendments.
- Decisions on any matter submitted to it by the Board of Directors, in the event of relevant circumstances or events affecting the Company, its shareholders or its governing bodies and, in any case, in the event of a takeover bid on shares issued by the Company, where the Board of Directors' report is not favourable.
- Granting of powers to the Board of Directors for unforeseen cases, as deemed fit.

- Approval of the acquisition, disposal or contribution to another company of essential assets. An asset is presumed to be essential when the amount of the transaction exceeds twenty-five percent of the value of the assets reflected in the latest balance sheet approved.
- Approval of the transfer to subsidiaries of essential activities performed up to that time by the Company, even though the Company retains full ownership. Activities are presumed to be essential when the volume exceeds twenty-five percent of the total assets reflected in the balance sheet.
- Approval of transactions the effect of which is equivalent to the liquidation of the Company.
- Approval of the directors' remuneration policy as stipulated by Law.
- Any other matters that may be determined by Law or the Bylaws.

A.2 Resolutions adopted in 2022

The full text of the resolutions adopted by the 2022 Annual General Meeting and the outcome of the relevant votes are available in Iberpapel's corporate website.

The resolutions adopted refer specifically to:

- In the first agenda item, the approval of the Annual Accounts and Management Report of both Iberpapel Gestión, S.A. and its Consolidated Group for the financial year ended 31 December 2021;
- In the second item, the reappointment of the Auditor of the Company and its Consolidated Group for 2022;
- In item three, the approval of the amendment to Article 21 of the Bylaws, which now reads as follows:
 - "ARTICLE 21.- The Board of Directors shall have a minimum of three and a maximum of ten members designated by the General Shareholders' Meeting.
 - The Board directors shall hold office for a maximum period of four years and may be re-appointed one or more times for the same maximum term of office.

- The Board of Directors shall have the power to provisionally fill vacancies that may arise on the Board, designating in the legally prescribed manner the persons that will fill the vacancies and submitting their appointment to the first General Meeting that is held following their designation. Moreover, should a vacancy arise once the General Meeting has been announced and before it is held, the Board of Directors may designate a director until the following General Meeting is held.

- A Board director need not necessarily be a shareholder.
- Persons subject to legal grounds for disqualification or incompatibility may not be Board directors."

- In item four, the adoption of the following resolutions on the re-appointment and appointment of members of the Board of Directors:
 - 4.1 Re-appointment of Iñaki Martínez Peñalba to the office of independent director.
 - In this agenda item, as proposed to the Board of Directors by the Appointments and Remuneration Committee, the re-appointment of Iñaki Martínez Peñalba, of full age, of Spanish nationality, whose address for the present purposes is Avda.

Sancho El Sabio, 2, 1º, de San Sebastián (Guipúzcoa), as Board director for a four-year period, in the category of Independent Director, is submitted to the General Meeting.

- 4.2 Appointment of María José García Beato to the office of independent director.
- In this agenda item, as proposed to the Board of Directors by the Appointments and Remuneration Committee, the appointment of María José García Beato, of full age, of Spanish nationality, whose address for the present purposes is Avda. Sancho El Sabio, 2, 1º, de San Sebastián (Guipúzcoa), as Board director for a four-year period, in the category of Independent Director, is submitted to the General Meeting.
- In item five: Consultative vote on the Annual Report on Directors' Remuneration, regulated by Article 541.4 of the Spanish Companies Act.
- In item six: Delegation of powers to formalise, interpret, correct and execute the resolutions adopted by the General Shareholders' Meeting.
- In the seventh and final item, scrutineers were appointed to approve the Minutes of the Meeting.

A.3 Our investor relations, transparency and engagement

Our investor relations are defined in the Communication Policy, the aim being to foster permanent contacts and dialogue with shareholders, institutional investors and proxy advisors while fully observing all market abuse regulations and assuring the similar treatment of shareholders in the same position, in a framework of transparency and trust, as well as in the Stakeholder Relations Policy, which promotes transparent activities that create value for stakeholders while assuring a smooth, ongoing dialogue.

This all forms part of one of the Group's main pledges to guarantee shareholders' right to information and to encourage maximum engagement. Some of the key mechanisms to achieve this, besides the policies, are as follows:

- Implementation of the electronic voting system in the General Meeting;
- Posting on the corporate website of all the General Meeting information;
- Development and roll-out of the electronic forum;
- Disclosure of facts and information relevant to shareholders and investors;
- Creation of the "investor agenda" containing the most significant events;
- Email contact point through atencion.al.accionista@iberpapel.es

B. Board of Directors

The Board of Directors is the body responsible for governance, general oversight and representation of the Group in relations with third parties, and is ultimately in charge of maximising business value in a sustainable way, in the interests of the Company and its shareholders, taking into account and observing the ethical duties instilled in Iberpapel's culture.

Its functions are carried out in unity of purpose and independence, responsibility, transparency and effectiveness, affording the same treatment to all shareholdings and acting in the Company's interests so as to maximise the value of the business.

In 2022, the Board of Directors held twelve meetings, all attended by the Chairman. All 11 meetings were attended by all the directors, in person or through representatives following specific instructions. 98.89% of votes were cast by directors attending in person or through representatives following specific instructions.

B.1 Director selection and re-appointment system and Board composition

The system for selecting and reappointing members of Iberpapel's Board of Directors is a formal, transparent procedure regulated by the Bylaws and the Board of Directors Regulations.

The Group also has a Director Selection Policy, which assures that proposed appointments or reappointments of directors are based on a prior analysis of the Board of Directors' needs and that they favour diversity of knowledge, experience and gender.

All of the directors are appointed by the General Meeting, following a proposal by the Appointments and Remuneration Committee, in the case of independent directors, a committee report in the case of all other directors, and a Board report in both cases. The Regulations state that the Board must include a reasonable number of independent directors and should have a majority of non-executive directors.

As regards composition, in accordance with the Bylaws and the Board's own regulations, so as to facilitate decision-making, guarantee gender diversity and meet business needs, this body has a minimum of three and a maximum of 10 members designated by the General Meeting for a maximum of four years followed by possible reappointment for one or more four-year periods.

Composition of the Board of Directors (31.12.2022)

Iñigo Echevarría Canales

Board director category: Executive director

Position in the Company: Board Chair and CEO

Date first appointed: 21.07.1997 | Date last appointed: 25.04.2019

Néstor Basterra Larroude

Board director category: Other external directors

Position in the Company: Vice-Chair

Date first appointed: 21.10.1997 | Date last appointed: 25.04.2019

Committee membership: Corporate Social Responsibility Committee

Iñaki Martínez Peñalba

Board director category: Other independent external directors

Position in the Company: Independent coordinator

Date first appointed: 21.06.2012 | Date last appointed: 28.04.2022

Committee membership: Audit Committee / Appointments and Remuneration Committee

Martín González del Valle Chavarri

Board director category: Other external directors

Position in the Company: Board director

Date first appointed: 28.06.2005 | Date last appointed: 25.04.2019

Committee membership: Appointments and Remuneration Committee

María Luisa Guibert Ucin

Board director category: External director

Position in the Company: Board director

Date first appointed: 24.06.2010 | Date last appointed: 23.06.2020

Committee membership: Corporate Social Responsibility Committee

Rosa María Sanz García

Board director category: Independent external director

Position in the Company: Board director

Date first appointed: 23.06.2020 | Date last appointed: 23.06.2020

Committee membership: Appointments and Remuneration Committee / Audit Committee

Jesús Alberdi Areizaga

Board director category: Independent external director

Position in the Company: Board director

Date first appointed: 22.05.2014 | Date last appointed: 23.06.2020

Committee membership: Corporate Social Responsibility Committee

Iñaki Usandizaga AranzadiBoard director category: External nominee director^(*)

Position in the Company: Board director

Date first appointed: 21.10.1997 | Date last appointed: 25.04.2019

Committee membership: Audit Committee

Fermín Urtasun Erro

Board director category: Executive director

Position in the Company: Board director

Date first appointed: 25.02.2021 | Date last appointed: 25.02.2021

Committee membership: -

María José García Beato

Board director category: Director

Position in the Company: Independent external director

Date first appointed: 28.04.2022 | Date last appointed: 28.04.2022

Committee membership: Corporate Social Responsibility Committee

Note: Full details of the directors' profiles may be found in the following link to Iberpapel's website:

<http://www.iberpapel.es/consejo-de-administracion>

(*) The Board evaluated both his personal interest and his family group interest in the share capital, as well as his legal knowledge.

B.2 Board of Directors functions and remit

The approval in a plenary meeting of the Group's general policies and strategies is reserved for the Board, in particular:

- Supervision of the effective functioning of the committees created and the activities of any designated delegate bodies and executives.
- Determination of the Company's general policies and strategies.
- Its own organisation and functioning.
- Issuance and submission to the General Meeting of the annual accounts.
- Appointment and removal of CEOs and stipulation of their contractual terms.
- Decisions relating to directors' remuneration, within the framework stipulated in the Bylaws and, if applicable, the remuneration policy approved by the General Meeting.
- Calling of the General Shareholders' Meeting and preparation of the agenda and resolution proposals.
- Treasury share policy.
- Approval of the strategic or business plan, management objectives and annual budgets, the Investment and Funding Policy, the Corporate Social Responsibility Policy and the Dividend Policy, the treasury share portfolio and, in particular, applicable limits.
- Determination of the Risk Control and Management Policy, including tax matters, and supervision of the internal information and control systems.
- Determination of the Corporate Governance Policy of the Company and the Group parented by the Company, its organisation and functioning and, in particular, the approval of its own regulations.
- Definition of the Company's tax strategy.

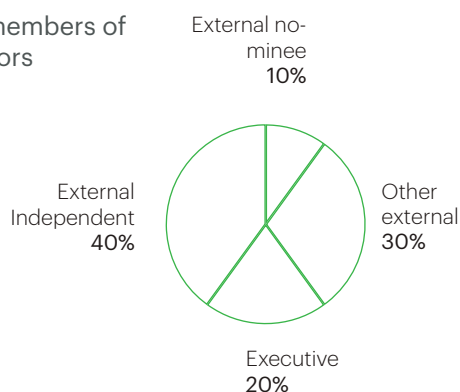
B.3 Gender diversity on the Board of Directors

Iberpapel believes in being a diverse, inclusive organisation. This commitment is reflected in our workforce and also extends to our governing bodies.

With this aim, the Group has a Director Selection and Board Diversity Policy that was approved by the Board on 20 December 2017 and amended on 30 November 2021. The policy is designed to assure that director appointment or reappointment proposals favour the diversity of gender, experience, knowledge and competencies and, in general, include no implicit bias that could entail discrimination of any kind and, in particular, facilitate the selection of women Board directors.

In the latter case, care will be taken to ensure that director selection procedures promote gender diversity, prohibiting any implicit bias that could cause discrimination in the appointment of women directors, the aim being to promote the inclusion of the less represented gender.

Composition and members of the Board of Directors
(figures at 31/12/2022)



10 >> 30% >> 100%
MEMBERS WOMEN LOCAL NATIONALITY

C. Appointments and Remuneration Committee

The Appointments and Remuneration Committee is the body that assists the Board in matters related to directors' remuneration, appointments and appraisals. It is formed by a minimum of three and a maximum of five non-executive directors and a majority must be independent directors. The committee chairperson must be an independent director designated by the committee members. The secretary to the Board of Directors is the committee secretary, entitled to speak but not to vote.

This committee met four times in 2022 to carry out its main functions, i.e. supervision of the reappointment of Board directors and definition and oversight of their remuneration. All the meetings were called by the committee chair.

The committee's regulations are set out in the Group's Bylaws (Article 24) and in the Board of Directors' Regulations (Article 10). Both documents are available for consultation in Iberpapel's corporate website.

C.1 Composition of the Appointments and Remuneration Committee

Iñaki Martínez Peñalba
Office: Chair
Category: Independent

Rosa María Sanz García
Office: Director
Category: Independent

Iñaki Usandizaga Aranzadi
Office: Director
Category: Nominee

C.2 Appointments and Remuneration Committee functions and remit

The main functions of the Appointments and Remuneration Committee are as follows:

- Evaluate and propose to the Board of Directors the evaluation of the necessary competencies, knowledge, diversity and experience of the members of the Board of Directors and key Company personnel.
- Propose to the Board of Directors the appointment of independent directors for designation by co-optation or for submission to the General Shareholders' Meeting, as well as proposals for the reappointment or removal of such directors by the General Meeting.
- Report the proposed appointments of other directors to be appointed by co-optation or by submission to the General Meeting, as well as proposals for the reappointment or removal of such directors by the General Meeting.
- Report to the Board on gender diversity matters, ensuring that member selection procedures favour the diversity of experience and knowledge and facilitate the selection of female members; establish a representation target for the gender that is less represented on the Board of Directors and prepare guidelines to achieve that target.
- Oversee and control the proper functioning of the Company's corporate governance system applicable to the matters within the committee's remit, making improvement proposals as deemed necessary.
- Oversee the independent directors' independence.
- Report, prior to approval, on the Company's Annual Corporate Governance Report, in relation to the report sections within its remit.
- Prepare decisions relating to remuneration; in particular, report, regularly review and propose to the Board of Directors on the remuneration policy, the system and amount of annual remuneration for Board directors and senior managers, and the individual remuneration of the executive directors and senior managers, as well as other terms and conditions of their contracts, particularly economic terms. For the purpose of the Board Regulations, senior managers are understood to be the general managers or those that carry out senior management functions reporting directly to the Board, Executive Committees or the CEO and,

in any event, the Company's internal auditor.

- The Committee must perform its functions independently and, besides the functions attributed by the Law, it must ensure that the independence of the external advice provided to the committee is not undermined by conflicts of interest.

C.3 Activities of the Appointments and Remuneration Committee

In 2022, the Appointments and Remuneration Committee was responsible, among other matters, for assessing its own functioning, the chairperson's performance, the achievement of objectives and the effectiveness of the meetings held. The committee analysed the Board's structure, size and composition and defined the process for assessing the Board Chairman's performance. The committee also reported favourably on proposals to appoint and reappoint directors and submitted reports and proposals to the Board on the system and amount of annual remuneration for Board directors and senior managers, and the individual remuneration of the executive directors and senior managers, as well as other terms and conditions of their contracts.

A new director selection process began in 2022 leading to the appointment of M^a José García Beato. The Committee has proposed to the Board of Directors the appointment of María José García Beato as an independent director for a four-year period, so that the Board may in turn submit the proposal to the Annual General Meeting.

The Appointments and Remuneration Committee prepares an annual activity report that is made available to all Iberpapel's stakeholders in the corporate website.

D. Audit Committee

The Audit Committee is formed by a minimum of two and a maximum of four directors, at least two of whom must be independent directors and the members, particularly the Chair, must be appointed on the basis of his/her knowledge and experience in accounting and auditing, or both.

The Audit Committee held five meetings during the 2022 financial year that were attended, when required, by the Chairman of the Company's Board and by the Finance Director, in the case of meetings with the external and internal auditors. Attendance by members of the senior management team ensures that the committee is well informed on the matters falling within its scope.

The committee's regulations are set out in the Company's Bylaws (Article 24) and in the Board of Directors' Regulations (Article 10). Both documents are available for consultation in Iberpapel's corporate website.

D.1 Composition of the Audit Committee

Iñaki Martínez Peñalba
Office: Chair
Category: Independent

Rosa María Sanz García
Office: Director
Category: Independent

Martín M^a González del Valle Chavarri
Office: Director
Category: Other external director

D.2 Audit Committee functions and remit

Without affecting the other functions attributed to it by the Law or the Bylaws, or any others that may be assigned by the Board of Directors, the Audit Committee has the following minimum basic duties:

- Report matters raised by committee members, within its remit, to the General Meeting.
- Submit to the Board proposals for the selection, appointment, re-appointment and replacement of the external auditor, pursuant to applicable legislation; define the auditor's terms of engagement and obtain regular information from the auditor on the audit plan and execution, while assuring independence in the performance of the committee's functions.

- Oversee and assess the preparation and completeness of financial and non-financial information, as well as the financial and non-financial risk control and management systems pertaining to the Company and, if applicable, the Group, including operating, technological, legal, social, environmental, political, reputational or corruption-related risks (it being possible for the technological, legal, social, environmental, political and reputational risks to be overseen on an alternative or complementary basis by the Corporate Social Responsibility Committee), reviewing regulatory compliance, the proper definition of the consolidation scope, the correct application of accounting policies and the internal audit unit, as well as discussing with the auditors any significant weaknesses identified in the internal control system during the audit and, in particular:
 - 1 Propose the selection, appointment, re-appointment and removal of the head of internal audit;
 - 2 Approve the annual internal audit work plan for the ICFR assessment and receive regular reports on the work carried out (including incidents and scope limitations), findings, follow-up of recommendations (including an activity report) and the action plan to correct the weaknesses observed;
- 3 Oversee the independence and effectiveness of the internal audit function;
- 4 Propose the budget for that service;
- 5 As part of the annual internal audit work plan, assure that the activity is focused mainly on the relevant risks (including reputational risks);
- 6 Receive periodic information on the activities carried out;
- 7 Receive information on operations related to structural and corporate changes the Company plans to undertake; and
- 8 Check that senior management takes into account reported findings and recommendations.
- Become familiar with the internal control systems. In particular, the Audit Committee must oversee:
 - 1 The suitability and practical application of control policies and procedures in place;
 - 2 The preparation and integrity of financial information on the Company and the Group, ensuring the proper design of the ICFR system, fulfilment of regulatory requirements, adequate definition of the consolidation scope, taking into consideration, among other aspects, the possible existence of complex corporate structures or special-purpose entities, the correct application of accounting policies, etc.;
- 3 Review, analyse and comment on the financial statements and other relevant financial information with senior management and internal and external auditors, so as to confirm that the information is reliable, understandable and relevant, and that accounting policies applied are consistent with prior-year policies;
- 4 Review internal control and risk management systems so that the main risks are adequately identified, managed and reported;
- 5 Act as a communication channel between the Board and the auditor, oversee the findings of each audit and the management team's response to recommendations, and mediate in the event of discrepancies between the auditor and the management team in connection with the principles and policies applied during the preparation of the financial statements. Specifically, the committee must ensure that the accounts finally issued by the Board are presented to the General Meeting without reservations or qualifications in the audit report;
- 6 Supervise compliance with the auditor's contract, seeking to ensure that the opinion on the annual accounts

- and the main content of the audit report are drawn up clearly and accurately;
7. Oversee auditor independence, paying attention to circumstances or matters that could threaten independence and any other matters related to the auditing process; receive information and communicate with the auditor as stipulated in audit legislation and technical auditing standards.
- Oversee auditor independence, paying attention to circumstances or matters that could threaten independence and any other matters related to the auditing process; receive information and communicate with the auditor as stipulated in audit legislation and technical auditing standards. Specifically, verify the amount of fees paid for all items as a percentage of the audit firm's total revenue, and the period during which the partner responsible for the audit team has been providing the Company with services.
 - Establish the relevant relationships with the external auditor in order to receive information on any issues that may jeopardise their independence, for review by the Audit Committee, and any other issues related to the audit, as well as any notifications provided under auditing legislation and technical auditing standards.
 - In any event, the committee must obtain an annual declaration of independence from the external auditor with respect to the Company or entities related directly or indirectly to it, as well as information on additional services of any kind provided and the relevant fees received from such entities by the external auditor, or by persons or entities related to the auditor, pursuant to audit legislation.
 - Issue annually, prior to the issuance of the audit report on the accounts, a report expressing an opinion on the independence of the auditors. This report will contain, in any event, an assessment of the provision of the additional services referred to in the previous point, addressed individually and as a whole, other than the statutory audit and in connection with the independence regime or with audit regulations.
 - Report, previously, to the Board of Directors on all the matters envisaged in the Law, the Bylaws and the Board Regulations, particularly on:
 - 1 The financial information that the Company must publish periodically;
 - 2 The creation or acquisition of interests in special-purpose entities or entities domiciled in countries or territories classed as tax havens; and
 - 3 Transactions with related parties.

D.3 Activities of the Audit Committee

In 2022, the Audit Committee was responsible for reporting favourably on the 2022 Annual Accounts and for supervising the effectiveness of the Company's internal control and audit and risk management systems.

D.3.1 Financial accounting information

In the meeting of 23 February 2023, the committee reported favourably on the financial statements at 31 December 2022, prior to approval by the Board, the market announcement and reporting to supervisory bodies.

As regards the annual accounts (balance sheet, income statement, statement of recognised income and expense, statement of changes in equity, cash flow statement and notes to the accounts) and management report of both Iberpapel Gestión S.A. and its consolidated group for the financial year ended 31 December 2022, which are to be submitted for the approval of the forthcoming Annual General Meeting, both documents were favourably reviewed by the Audit Committee on 23 February 2023 prior to issuance by the Board on the same date.

D.3.2 External auditor

In the meeting held on 23 February 2022, the committee proposed the reappointment of the auditor PricewaterhouseCoopers Auditores, S.L. to audit the individual and consolidated annual accounts for the financial year ended 31 December 2022.

The Board of Directors agreed to submit the proposal to the Annual General Meeting held in 2022, when it was approved.

The committee is in constant contact with the external auditor through its attendance at committee meetings. During the meetings held in 2022, the committee analysed and approved the external audit plan for 2022, relating to both Iberpapel Gestión and the companies of the Consolidated Group. Status and trends were analysed regularly and the committee also approved the 2022 external audit budget for the Company and the Group.

D.3.3 Internal audit

On 20 December 2007, the Board of Directors agreed to entrust Deloitte with the review of the Iberpapel Group's internal control system.

In 2022, the head of the Internal Audit Unit, together with the external advisor Deloitte, carried out work on the following processes:

- Processes relating to raw materials and consumables, payables, cutting and handling, production and inventories in South America, and prior-year recommendations, were reviewed.

The controls applicable to those processes were broken down into (i) general controls common to all processes, including the process manual (existence of defined control policies and procedures), segregation of system functions and theoretical segregation of functions; and (ii) specific control activities for each process.

Internal audit also analysed the follow-up of prior-year recommendations.

- As part of criminal risk prevention, Deloitte carried out the following work in 2022 in collaboration with the ICFR Control Body and the Control and Monitoring Unit:

A record of control design, implementation and operational effectiveness reviews is kept under a plan whereby any criminal risks identified are analysed at least every three years.

Crimes involving public corruption, illegal financing of political parties, corruption in business, natural resources and environment, risk caused by explosives and other agents, risks of ionising radiation and workers' rights were reviewed in 2022.

No incidents were detected during the review of operational effectiveness, so all controls are understood to be correctly implemented.

D.3.4 Tax risk control manual

According to Article 529.14 of the Spanish Companies Act, the Audit Committee must "oversee the effectiveness of the Company's internal control, internal audit and risk management systems, including tax aspects, and discuss with the auditor any significant weaknesses identified in the internal control system during the audit".

During the meeting on 19 December 2016, the Tax Risk Management and Control Policy was submitted to the committee for approval and Iberpapel's management, assisted by external advisor PwC, designed the Group's Tax Risk Management System.

The purpose of this procedure is to lay down principles and guidelines to ensure that the Group's tax risks that could affect the tax strategy and objectives are identified, assessed and managed systematically, in order to comply with the new requirements of the Spanish Companies Act and of stakeholders.



All the events identified and addressed in the committee meetings of 19 December 2022 and 23 February 2023 are assessed from a triple perspective: probability of occurrence, impact and level of preparation.

Once probability of occurrence and impact have been evaluated to arrive at an overall tax risk assessment, the values obtained are input into the probability/impact matrix and the risk will be classed as limited, moderate, significant or high depending on the position in the matrix. The necessary controls are therefore in place and were applied during the year to assure the fulfilment of the Group's tax strategy.

D.3.5 Annual Corporate Governance Report

In the meeting of 23 February 2023, the Audit Committee examined Iberpapel Gestión's "Annual Corporate Governance Report" for 2022, for subsequent approval by the Board of Directors, with the following aims:

- Guarantee fulfilment of legal requirements as regards information transparency.
- Analyse the consistency of the information contained in this report with the Company's internal regulations, the CNMV's records and Iberpapel Gestión's prior-year corporate governance reports.

D.3.6 European Single Electronic Format

In accordance with European Union Regulation 2019/815 of 17 December 2018, the Company has drawn up the financial statements using the European Single Electronic Format (ESEF), which entails labelling the financial statements (balance sheet, income statement, cash flow statement and statement of changes in equity).

D.3.7 Related-party transactions

In 2022 and to the publication date of this report, the Audit Committee, performing its supervisory function, took the view that none of the members of the Board of Directors, nobody represented by a Board director, no company in which such persons are directors, senior managers or significant shareholders, or persons with whom arrangements have been made or that act through nominees, has completed related-party transactions forming part of the Company's ordinary business but not on normal market terms or material to the Company and its Group, save for the transaction described in the Annual Corporate Governance Report relating to the director María Luisa Guibert Ucin, the chair of the company Algeposa Gestión Portuaria, S.L., which provided port services to Iberpapel's subsidiary Papelera Guipuzcoana de Zicuñaga, S.A.U., the Audit Committee having already reported the transaction to be fair and reasonable from Iberpapel's perspective.



The Audit Committee prepares an annual activity report that is made available to all Iberpapel's stakeholders in the corporate website.

E. Corporate Social Responsibility Committee

This committee was formed in 2017, mainly to manage non-financial aspects related to the Group's activities. The committee is formed by a minimum of three and a maximum of five Board directors designated by the Board of Directors, who may include external directors. The Board of Directors must designate a chairperson from among its members.

The committee met on three occasions in 2022 to promote the Company's corporate governance strategy, among other functions. All the meetings were called by the committee chair.

The committee's regulations are set out in the Group's Bylaws (Article 24) and in the Board of Directors' Regulations (Article 10). Both documents are available on Iberpapel's corporate website.

E.1 Composition of the Corporate Social Responsibility Committee

Jesús Alberdi Areizaga
Office: Chair
Category: Independent

Néstor Basterra Larroude
Office: Director
Category: Other external director

María José García Beato
Office: Director
Category: Independent

María Luisa Guibert Ucin
Office: Director
Category: Other external director

E.2 Corporate Social Responsibility Committee's functions and remit

Pursuant to Article 10.3 of the Board Regulations, the Committee's functions include:

- Periodically review social responsibility policies and propose changes or updates to the Board of Directors.
- Promote the Company's corporate governance strategy.
- Oversee compliance with legal requirements and corporate governance system standards.
- Examine, promote and guide the Company's corporate social responsibility actions and report them to the Board of Directors.
- Evaluate and review the Company's plans for the implementation of social responsibility policies, monitoring the degree of fulfilment.
- Assess the Group's corporate social responsibility status.
- Issue reports and carry out corporate social responsibility and sustainability activities also within the Committee's remit, under the corporate governance framework or requested by the Board of Directors or its Chairman.
- Analyse voluntary initiatives and documents containing recommendations relating to corporate social responsibility as they arise in the market.
- Prepare an annual activity report, which shall serve as a basis for the Board of Directors' evaluation, among other uses.

- Oversee compliance with the Group's Code of Conduct in Capital Markets and, in general, with its corporate governance rules.
- The Committee may review, in coordination with the Audit Committee (which shall be ultimately responsible for the supervision of risk control and management functions), the systems in place for the internal control and management of non-financial technological, legal, social, environmental, political and reputational risks.

E.3 Activities of the Corporate Social Responsibility Committee

In 2022, according to the self-assessment process, the committee effectively carried out its Board advisory, reporting and proposal functions, within its remit, holding a suitable number of meetings for which sufficient, accurate documentation was furnished on the matters addressed and was suitably presented, boosting the quality of member deliberations and sound decision-making.

Finally, the Corporate Social Responsibility Committee was reorganised to bring in a new member, María José García Beato.

In the meeting of 19 December 2022, the committee also approved the changes made to the Group's Climate Change Policy to bring it into line with current European and domestic legislation.

The Corporate Social Responsibility Committee prepares an annual activity report that is made available to all Iberpapel's stakeholders in the corporate website.

6.6 Other relevant corporate governance matters

A. Remuneration scheme

Iberpapel's Remuneration Policy is based on the following principles:

- Observe Good Corporate Governance practices, above all the Code of Good Governance in Listed Companies.
- Guarantee that the remuneration received by the Board directors is sufficient to attract and retain the profiles desired by the Company.
- Remunerate the dedication, qualification, responsibility and performance of the members of the Board of Directors appropriately, without undermining their independence and while protecting the Company's interests.
- Act in accordance with the current domestic and international circumstances, adapting to the actual remuneration situation of the undertakings that compete with the Company on a comparable basis.
- Encourage the Board members to hold shares in the Company so as to align their interests with those of our shareholders and so of the Company.
- Strike a suitable balance in the various aspects of the Remuneration Policy, reflecting market best practices.

In the General Meeting to be held in 2023, changes to the Company's Directors' Remuneration Policy for 2023, 2024 and 2025 will be proposed so as to include a new Sustainability Committee and Investment Committee.

A.1. Directors' remuneration

Iberpapel's Remuneration Policy is designed to reward the Board members for holding office in a manner that reflects their professional worth and experience, as well as their dedication and the responsibility taken on, avoiding the possibility that the remuneration might jeopardise their independence.

As stipulated in the Spanish Companies Act, the maximum remuneration they may receive for holding office is established, in this case, at €656 thousand.

Subject to this limit, the Board of Directors will determine each member's remuneration, taking into account functions and responsibilities, membership of committees, offices held and other objective circumstances deemed relevant.

According to this policy, directors' remuneration includes the following items (which are updated as stated in the Bylaws):

- A fixed annual allowance of €55,630 for each Board director.
- An additional fixed annual allowance of €16,021 for performing functions or activities as members of the Audit Committee, the Appointments and Remuneration Committee and the Corporate Social Responsibility Committee. The committee chair will receive a fixed annual allowance of €21,363.

- These amounts were increased by 6.5% in line with inflation, as stipulated in the policy.

A.2. Executive directors' remuneration

The Group's Remuneration Policy also addresses the remuneration to be received by the Board directors for carrying out executive duties, so as to assure fair treatment based on professional worth, dedication and responsibility; guarantee the transparency and objectivity of Executive Directors' remuneration, as a basic principle of the Company's Corporate Governance system; and implement remuneration that is appropriate and competitive in the Company's industry so as to attract, retain and motivate the most skilled and prestigious professionals.

This remuneration consists of a fixed part and a variable part established by applying the above-mentioned principles and criteria.

- Fixed remuneration: In addition to fixed remuneration as Board directors, the Executive Directors will receive fixed annual remuneration for the performance of executive functions.
- Variable remuneration: The Company's Executive Directors will be entitled to receive extraordinary variable remuneration when the Board, following a report from the Appointments and Remuneration Committee, considers it to be in the Company's best interests to incentivise and reward their performance in relation to the configuration, preparation, negotiation and execution of corporate operations that are critical to the Company's future. The objectives

to be met by the beneficiaries of this variable remuneration may be supplemented by other parameters that measure long-term business performance.

A.3. Remuneration received in 2022

In 2022, the amount accrued to the members of the Board of Directors totalled €1,490 thousand (€1,357 thousand in 2021).

Remuneration paid in 2022 to senior managers who are not Board directors amounted to €865 thousand.

The Board of Directors and the members classed as senior managers, as stated in the 2022 Annual Corporate Governance Report, received no shares, stock options, advances or loans in the current year or in the previous year.

Remuneration of Board directors and senior managers

| | Parent company directors' remuneration | Senior manager remuneration |
|------------------------------------|--|-----------------------------|
| Iñigo Echevarría Canales | 59 | 400 |
| Néstor Basterra Larroude | 76 | - |
| Jesús Alberdi Areizaga | 81 | - |
| Iñaki Usandizaga Aranzadi | 76 | - |
| Martín González del Valle Chávarri | 76 | - |
| María Luisa Guibert Ucín | 76 | - |
| Fermín Urtasun Erro | 59 | 321 |
| Iñaki Martínez Peñalba | 104 | - |
| Rosa M ^a Sáenz García | 92 | - |
| María José García Beato | 70 | - |

| | Men | | Women | |
|-------------------------|------|------|-------|------|
| Average remuneration | 2022 | 2021 | 2022 | 2021 |
| Executive directors | 420 | 422 | - | - |
| Non-executive directors | 83 | 72 | 79 | 77 |
| Senior managers | 173 | 140 | - | - |

B. Alignment with best practices

The Board of Directors' current structure and the remuneration system defined in the Group's Bylaws (which is described at the start of this section) conform to the content of Recommendations 13, 57, 58 and 59 of the 2015 Unified Code of Good Governance in Listed Companies, as amended in June 2020.

C. Related-party transactions

In 2022, the Iberpapel Group did not carry out transactions with its directors or other related parties, other than those described in the Annual Corporate Governance Report, relating to the director M^a Luisa Guibert Ucin and amounting to less than 0.5% of the Company's net annual revenue.

6.7 Ethical framework and regulatory compliance

GRI: 2-23, 2-26, 2-15, 3-3, 205-2

Iberpapel has fully integrated ethics, transparency and responsible management into its daily affairs, as reflected in behaviour policies and principles applicable to the Group and to all the entities that come into contact with the Company.

General Code of Conduct

With the aim of transmitting a firm commitment to good governance, social responsibility and respect for fundamental human and labour rights, the Group provides its employees and other stakeholders with the General Code of Conduct.

On 28 November 2019, the Board of Directors updated the General Code of Conduct to combine the two pre-existing codes.

The new code is intended to promote a professional, ethical and responsible commitment from the Iberpapel Group and all its professionals.

It lays down the values, principles and general guidelines for conduct that must be observed by all our employees in their daily professional activities, irrespective of their hierarchical level, geographic location or function.

Following the 2019 update, the General Code of Conduct also includes the bodies responsible for oversight, consultation and interpretation, as well as indicating the disclosure and communication channel.

Management mechanisms: oversight, dissemination of the General Code of Conduct, procedures and policies

Oversight of compliance with the Code is the responsibility of the Control and Monitoring Unit and the ICFR and Criminal Compliance Body, which report periodically to the administrative bodies on the level of fulfilment, weaknesses detected and proposed improvement actions.

The same unit is in charge of communicating and distributing the Code among the Group's employees through the following means:

- Delivery of a copy to each employee.
- Posting of the Code on the website, as well as any additional communication plan deemed fit.

Whistleblower Channel

Iberpapel has implemented a reporting process to serve as an effective mechanism so that, through everybody's involvement, irregularities may be detected that could jeopardise the Group and its employees. The overall purpose is to comply with the recommendations of the Unified Code of Good Governance in Listed Companies and those relating to the internal control over financial reporting (ICFR) system.

The employees and other persons subject to the Code are required to report the following irregularities to the control and oversight bodies through the relevant channels:

- 1 Breaches of the Code of Conduct;
- 2 Breaches of industry codes and guidelines;
- 3 Other allegedly criminal acts (such as the use of confidential information, falsification of agreements, reports, fraud, etc.).

This communication is facilitated by means of a channel available to all our employees and a reporting procedure so that any employee, manager or director may raise the alert regarding an irregularity or crime.

The aim is for our employees to be able to report in an entirely confidential way to the Control and Monitoring Unit and to the ICFR and Criminal Compliance Body any infringements of the General Code of Conduct, the internal control over financial reporting system recommendations or the Criminal Risk Prevention Principles, as well as any conduct related to occupational and/or sexual harassment set out in Articles 173 and 184 of the Spanish Criminal Code.

Should a report be received through this channel, the procedures laid down in the Policy on the Use of the Whistleblower Channel will be followed so as to observe all confidentiality requirements from the moment the report is received, taking any actions necessary to verify the information and obtaining advice from the Legal Advisory Department or any other persons deemed necessary.

In any case, the Iberpapel Group prohibits any kind of reprisal or disciplinary measure against those subject to the Code who report in good faith any type of infringement or irregularity.

Our overall Training Plans include specific measures relating to the Whistleblower Channel and Policy, so as to assure that it is correctly distributed and applied, allowing our employees to obtain all information that may affect their work.

The Audit Committee is responsible for overseeing the Whistleblower Channel.

Prevention of corruption and conflicts of interest

Both the General Code of Conduct and the Whistleblower Channel, which include aspects related to anti-corruption, are an effective tool for detecting and responding, if applicable, to potential corrupt practices.

Thanks to a firm pledge to combat all kinds of corruption, in 2019 Iberpapel has an Anti-Corruption Policy defining the set of guidelines, behaviour and best practices for employees in connection with the prevention of potential corrupt practices.

Besides the additional controls stipulated in the most stringent legislation, this policy contains guidelines to mitigate and prevent the risk of corruption and bribery throughout the Group, such as:

- General conduct guidelines for the directors, representatives, employees and all other people providing services in the Iberpapel Group.
- General conduct rules relating to gifts, hospitality and personnel expenses.

- General conduct guidelines on other special expenses, such as charitable donations, sponsorships, patronage and political contributions.
- General conduct rules in relation to public officials and authorities.
- Control measures in place in the Group.
- Penalty measures in case of infringements.

Iberpapel is firmly committed to the prevention of money laundering and terrorist financing through the principles of transparency, integrity, objectivity, impartiality and legality.

Human rights

Iberpapel, as a socially responsible group, is firmly committed to compliance with human rights. The aim is to run the business in a sustainable way, complying with all prevailing labour legislation and observing related international principles and standards.

Respect for human rights is important to our stakeholders, employees and supply chain. Our commitment in this area is reflected in the General Code of Conduct, which addresses the duty to act in accordance with current laws governing different matters such as human rights and internationally accepted ethical standards.

Our Corporate Social Responsibility Policy also promotes our belief in human rights, as stipulated in the International Bill of Human Rights, the United Nations Global Compact, the action principles, the business recommendations published by the United Nations, the Organisation for Economic Cooperation and Development and the International Labour Organisation (ILO).

Iberpapel intends to extend this commitment throughout the value chain. So these matters are managed actively by creating work environments in which diversity and tolerance are maxims. We endeavour to minimise the risk of human rights infringements in the supply chain by assuring that the supply of raw material, particularly timber, in view of its importance to the process and the volume of purchases, takes place under dignified working conditions in line with the ILO's conventions.

The Group absolutely rejects all discrimination in the workplace, child labour, forced labour and work carried out under extremely difficult, inhumane or degrading conditions. We have pledged to respect freedom of association and collective bargaining wherever we do business.

In 2022, as in previous years, the first step was to purchase 96% of timber from custody chain certified suppliers, as in previous years. We can be sure that the timber acquired in our value chain is controlled by means of the EUTR (European Union Timber Regulation) Due Diligence System.

In 2022, as in previous years, no claims were received for human rights infringements.

Situations that have occurred and corrective measures

During 2022, there were no infringements of the General Code of Conduct or of any other nature, including discrimination.

Should they arise, the necessary measures will be implemented to effectively apply the Code, as well as the other internal rules and policies. The failure to observe the principles and values contained in the Code may lead to penalty measures, all in accordance with the disciplinary rules laid down in the Spanish Labour Statute and applicable collective bargaining agreements, without affecting any administrative or criminal penalties that may be imposed.



Iberpapel Group's general ethical principles

In all their activities, our employees must be guided by ethical values defined in international commitments such as the International Bill of Human

Rights, the core conventions of the International Labour Organisation (ILO) and the United Nations Global Compact, which the Group endorses, as well as compliance with applicable legislation.

The Iberpapel Group is fully committed to the following basic action principles so as to contribute to the United Nations Sustainable Development Goals:

Equal opportunities and non-discrimination



Respect for employees



Life-work balance, as far as possible



Collective rights



Health and safety



Environmental protection



6.8 Integrated risk management

GRI: 2-12, 2-22

The Iberpapel Group has a global risk management and control system, integrated with the ordinary management systems, in order to assure the fulfilment of our strategy and objectives by controlling, identifying, assessing and managing to an optimal degree any risks that may affect the business in the short, medium and long term.

The Group has put in place the mechanisms necessary to control and manage risks in line with the universal assessment approach.

The Board of Directors lays down the general principles and guidelines of the risk management and control system, the acceptable risk level and the specific action guidelines to address and mitigate each risk category, including tax risks and the oversight of the internal information and control systems.

Risk control and management

The Risk Control and Management Procedure describes the process for identifying, assessing and controlling the risks that are considered to be relevant in order to be able to fulfil the corporate strategy and objectives. Iberpapel is therefore able to guarantee that the Group's different levels of responsibility are aware of and assess the risks that threaten the organisation and that they are managed within pre-established acceptable risk levels.

As indicated in the Multi-Year Internal Audit Plan, processes relating to raw materials and consumables, payables, production and inventories, cutting and handling in South America, and prior-year recommendations, were reviewed. This ensures that all the control activities in place in the organisation's main business cycles are formalised, documented and updated, and that the specific procedures required are implemented and up to date.

In addition to financial risks, Iberpapel includes non-financial risks in the scope of monitoring, control and management, due both to the Company's commitment and to the potential impact they could have, while also anticipating possible future legislation.

Oversight of integrated risk management

The Board Regulations state that the Audit Committee is responsible for overseeing the internal audit functions, designating those responsible, checking the internal control and risk management systems, and approving tasks to be undertaken, as well as implementing plans and improvements proposed. The Board of Directors controls and manages risks based on an assessment of the risks overseen by the Audit Committee, in coordination with the Corporate Social Responsibility Committee, where applicable.

Control environment and risk management

Iberpapel prioritises the organisation's control environment through various policies that contribute to risk management. The Board of Directors takes direct charge of the most important tasks related to control in the organisation, such as:

- Design and review of the organisational structure.
- Definition of lines of responsibility and authority, including the suitable distribution of tasks and functions.
- Assurance that there are sufficient procedures to disseminate control processes across the Company.

The Board also has the necessary tools and procedures to define risk levels and types. So control activities that must be carried out at each level of the organisation to reduce risks are designed and implemented. Depending on the risks, control actions designed can span different procedures. All controls are designed to prevent, detect, mitigate, offset and correct the potential impact of risks arising from the activity sufficiently in advance, assuring business sustainability and performance for stakeholders.

The Company considers an oversight system to be essential to ascertain the level of functioning and operability, in due time and form, of our internal control system, such that it is possible to apply the necessary measures in the event that the various controls designed are not working correctly. As many reviews as are deemed necessary are carried out to update the system. Depending on the type of activity, guidelines are designed for:

- Preventive controls that help to mitigate risk.
- Detective controls to locate risks that arise.
- Manual and/or automatic controls.

These activities and procedures are communicated by senior management to ensure that they are understood by the relevant employees and applied correctly.

Internal supervision procedure

Iberpapel has developed an internal oversight procedure within an integrated methodological framework for managing key risks in order to update the risk map, calculate the impact of each risk and implement follow-up and management actions in each of the areas mentioned.

Specifically, a process has been created to identify risks in internal control over financial reporting (ICFR) systems to allow a systematic process for the identification of risks and irregularities affecting financial information. The assessment of these risks enables the impact of potential events to be analysed, encompassing operations that are complex due to the high volume of transactions or the

difficulty of the calculations, or are material from a quantitative or qualitative viewpoint. The assessment entails the classification of impact, frequency and theoretical risk parameters based on value.

An annual review is performed on the control objectives identified and the risks involved to achieve those goals.

The Iberpapel Group's risk map

In 2022, in line with prior years, we put in place the mechanisms required to control and manage risks through our risk catalogue and the subsequent assessment of probability and impact. This system allows the continuous management of the risks affecting the Group so that it can adapt to changes, review objectives and strategies, and update its monitoring and oversight process.

Risk Control and Management Policy

In 2020, Iberpapel implemented a Risk Control and Management Policy following recommendation no. 45 of the CNMV's Good Governance Code, identifying the different types of financial and non-financial risks, and establishing a risk control and management model defining the risk level deemed acceptable, measures to mitigate the impact of risks identified, should they arise, and the information and internal control systems that will be used to control and manage them.

Changes to the prior-year risk map

The main changes made to the 2021 risk map are increases in the probability of cyber attack risks, as indicated in the new NIS 2.0 Directive, in the impact and probability of talent risk, in the impact and probability of markets and policy risk, in the impact of electricity sector regulation risk and in the impact of market information risk, as well as the merging of selling price pressure and strategic planning risks (increase in probability), which are now defined as selling price and market trend risk.

Since its beginnings, Iberpapel has been faithfully committed to the environment and the communities in which we operate, aware of the fundamental role we play in the local and social fabric, and fostering respect for the environment by setting targets to reduce the environmental impact associated with the entire business value chain.

The nature of the business means that Iberpapel must assess and, where appropriate, mitigate both the risks inherent in the transition to a low-emission economy and those related to the physical impacts of climate change.

Firstly, the risks of transition to a low-emission economy are related to the possible political, legal, technological and market changes that may occur in the medium to long term during the transition to a less fossil-fuel-dependent and lower greenhouse-gas-emitting economy.

Of these transition risks, those with the greatest impact on the organisation have been identified, such as the following:

- Political and regulatory risks, i.e. risks arising from possible actions by political and regulatory bodies that seek either to limit the factors causing climate change or to promote measures to adapt to climate change, and which affect the company's business, such as requirements to switch to clean energy sources and requirements to cut greenhouse gas emissions resulting directly or indirectly from the company's activity. Closely related to these regulatory aspects, changes in general energy regulation could affect industrial power-generating companies, and there is also likely to be an increase in legal or litigation risks due to climate-related matters.
- Reputational risk, in a society that is increasingly aware of aspects such as the environment, sustainability and good business practices, as well as how the market will reward undertakings perceived as leaders in the transformation and modernisation of the paper industry and will foreseeably punish companies that contribute in a less visible way to this transformation or are seen to be obsolete in ESG terms.

- Market risk, relating to changes in demand associated with digitalisation and to imbalances between supply and demand that may exert pressure on selling prices.
- Technology risk, which concerns the technological innovations and machinery that emerge or are favoured in the transition process, and the consequent replacement of the old with the new.

Secondly, risks related to the physical effects of climate change, including:

- Acute physical risks related to events caused by climate change, such as natural disasters. In view of the raw materials employed in the production process and Iberpapel's Forestry Division, fires are identified as a key acute risk.
- Chronic physical risks arising from long-term changes triggered by climate change, such as variations in weather patterns. In this regard, forest masses act as carbon sinks, absorbing CO₂, so Iberpapel's sustainable management reduces chronic risks.

Efforts made to mitigate these risks could create opportunities for Iberpapel, which have been identified and are listed below:

- Improving our market positioning thanks to a better, more sustainable product design and an enhanced reputational image, aligned with the demands of a society that is increasingly aware of sustainability.
- Obtaining better financing conditions to implement sustainable projects, including significant interest rate cuts.

- Diversifying and broadening the spectrum of Company investors towards funds and investors that integrate sustainability and responsible business-related indicators in their investment criteria or through inclusion in sustainability-focused indices and portfolios.
- Global trend towards clean energy sources, entailing increased energy efficiency and lower costs.
- Seeking greater efficiency in the management of the Company's resources and waste so as to bring down operating costs.

With the aim of setting tangible objectives in the short and medium term to mitigate the risks and address the opportunities identified, the following areas have been defined:

| GENERAL AREAS | SPECIFIC RISKS - DESCRIPTION | MAIN RISK MANAGEMENT ACTIONS |
|--------------------------|--|---|
| Governance | 1. Impact on stakeholder perceptions of the Company, mainly related to environmental, labour, ethics and integrity issues. | Iberpapel has technology, policies and procedures in place that mitigate the probability and gravity of events that could damage its reputation, and the executive team is aware of the importance of managing reputational risk. |
| Strategy and planning | 2. "Price war" strategy risk and pricing dependence on market trends. | Iberpapel mitigates these risks by maintaining a highly competitive cost structure that enables the impact of market crises to be absorbed comparatively better than its competitors. In view of the volatility of electricity, gas and CO ₂ emission allowance prices, the Group continuously monitors market trends and applicable regulations so as to take any actions deemed appropriate. |
| | 3. Long-term decline in demand due to digitalisation. | |
| | 4. Tensions in raw material markets. | |
| | 5. Strategic decisions relating to growth and investment. | Iberpapel has a programme for the development, analysis and monitoring of investments that enables business growth processes to be suitably addressed. Market developments are also continuously monitored on a daily basis so as to make the necessary adjustments immediately. As regards innovation, the Commercial Division has diversified from our traditional products in recent years, the main new offerings being: Vellum SC, Zicubag, Zicubag GR, Zicuflex, Ziculax, Zicumail, Zicupharma, Zicuset and Zicusil SCK (see further information on page 36), consolidating our position as a flexible packaging supplier. |
| | 6. Climate change | Iberpapel respects the environment, makes rational use of resources and counteracts pollution caused by our industrial processes. We have an environmental policy setting out specific management commitments and defining the main principles to be followed, as well as a healthy financial situation allowing us to overcome financial tensions. We also continuously monitor energy market trends, as well as applicable regulations, so as to take action as deemed fit. |
| | 7. Energy (and CO ₂) price and supply tension. | |
| | | |
| Operational / structural | 8. Forestry risk. | The Group reduces these risks by controlling the distribution of forestry assets in three distant forestry areas (Argentina, Uruguay and Huelva) and a reasonable distribution of properties in each area. Forest cleaning and firebreak work, etc. is carried out on a regular basis, thereby considerably reducing the impact of any fire damage. This is all complemented by silvopastoral systems to control pastures and the forest understory. Los Eucaliptus, S.A. is a member of Uruguay's PAIF (Forest Fire Protection Plan), which is coordinated by the Uruguayan Forestry Producers Association. This national system involves the majority of forestry industry companies and protects an area of nearly 800,000 hectares. In Argentina, since the year 2000 all the properties have been members of ACE Colón Norte, taking part in forest fire surveillance activities in the summer months. |
| | 9. Risks of material damage. | Iberpapel has policy of taking out insurance policies and the necessary coverage to mitigate, as far as possible, risks related to loss of profit, damage to property, collection of trade receivables, etc. The main policies in force include fully-comprehensive coverage for loss or damage to property, including loss of profit; coverage for trade receivables (the Group insures both domestic and export sales); third-party liability (including the party at fault and damage); third-party liability of directors and executives; environmental protection and coverage for environmental damage to third parties; and cyber risk insurance. |
| | 10. Cyber attacks. | This type of risk is defined as threats to the Group's assets, operations and information related to IT security and the risk of fraud. The Iberpapel Group has made administrative improvements to technology so as to mitigate security risks and reduce service interruption. Iberpapel has also had cyber risk insurance coverage since 2018. |
| | | |

| GENERAL AREAS | SPECIFIC RISKS - DESCRIPTION | MAIN RISK MANAGEMENT ACTIONS |
|--------------------------|--|--|
| Operational / structural | 11. Talent attraction and retention. | Among other measures, Iberpapel oversees each professional's work, stimulates motivation and professional development, and pays competitive salaries, mobility among our employees being very low. |
| | 12. Short-term business trend. | We will carry on analysing new business opportunities and new investments in the coming years, as in the past. Iberpapel faces new market challenges from a privileged position, since the Company has been capable of adapting to market needs thanks to its strategy and the competitive advantages of its business model. As an example, 25% of paper sales relate to specialities developed in recent years. |
| Financial | 13. Reliability of financial and non-financial information. | In order to assure financial information for decision-making and third parties, the Iberpapel Group has implemented an internal oversight procedure and a related "Internal Control over Financial Reporting (ICFR) and Criminal Compliance System Control and Monitoring Body", which reports to the Audit Committee. |
| | 14. Customers' financial solvency. | The Iberpapel Group has a number of credit lines covering all paper sales. Our financial position is healthy, allowing us to confront financial tensions. |
| | 15. Foreign exchange fluctuations causing changes to paper industry supply and demand that may be significant. | |
| | 16. Global financial and political situation. | |
| Compliance | 17. General energy regulations. | The subsidiary PGZ has two operational power cogeneration plants, one using biomass (black liquor), which is included in the pulp manufacturing segment, and the other being a gas combined cycle plant. PGZ therefore monitors the vast volume of regulations that have been published since 2013. |
| | 18. Compliance with environmental legislation | The Iberpapel Group has an environmental management system based on the international ISO 14001:2015 standard and certified by independent auditors, guaranteeing compliance with applicable, European, state and regional legislation. In order to comply with Law 26/2007 on Environmental Liability and Royal Decree 2090/2008 containing the implementing legislation, the Iberpapel Group carried out a timely analysis of environmental risks and monetised them by applying the Environmental Damage Index (IDM) and the Environmental Responsibility Offer Model (MORA). Finally, the Iberpapel Group is also proceeding with its reforestation policy, in which the voluntary carbon markets are an important tool. |
| | 19. Compliance with health and safety legislation. | The industrial subsidiary PGZ has an Occupational Risk Prevention management system that complies with the ISO 45001:2018 standard certified by Det Norske Veritas (DNV). One of the basic pillars of this system is to keep our workers permanently up to date with work post risks and mandatory preventive measures, which is achieved by means of the Prosafety management software, accessible to all our workers. This is supplemented by a programme of continuous inspections of the facilities and safe behaviours, including meetings with workers with different levels of responsibility and quarterly meetings of the Health and Safety Committee, a joint committee that addresses all matters related to our workers' health and safety. The Company also has an In-House Prevention Service covering the specialities Industrial Safety and Hygiene, and uses two External Prevention Services for the specialities Ergonomics, Psychosociology and Occupational Medicine. The Group's other subsidiaries have contracted an External Prevention Service for all specialities. |
| | 20. Regulatory changes impacting the payback on investments. | As indicated, Iberpapel mitigates these risks by maintaining a highly competitive cost structure that enables the impact of market crises to be absorbed comparatively better than its competitors. |

Iberpapel also considers other aspects such as crime and tax risks.

- **Crime risks:** In 2022, in order to comply with the regulatory requirements of section 31 (ii) of the Spanish Criminal Code, the Iberpapel Group's control bodies, that is the Control and Monitoring Unit specifically designated by the Board of Directors of PGZ and the ICFR System and Criminal Compliance Control Body specifically designated by the other Group subsidiaries, carried out the necessary oversight and monitoring tasks specified in the Group's criminal compliance model.

In 2022, these activities included:

- Review of the identification of the criminal risks to which the Group could potentially be exposed in view of its corporate objects and operations. Specifically, the design, implementation and operational effectiveness of controls over the following crime risks were reviewed: public corruption, corruption in business, natural resources and environment and workers' rights.

- Reassessment of the Group's criminal risk map so as to include the relevant adaptations and adjustments to reflect both criminal legislation and Iberpapel's operational and functional reality.
- **Tax risks:** The Company's Board of Directors, in response to a proposal by the Finance Department and to comply with Article 529 (iii) of the Spanish Companies Act, has a tax strategy defining the governing principles for the tax function of Iberpapel Gestión, S.A. and all the Group companies.
- Since then, the Finance Department has maintained the Tax Risk Management System (SGRF), the purpose being to lay down principles and guidelines to ensure that tax risks that could affect the tax strategy and objectives are identified, assessed and managed systematically, in order to comply with the new requirements of the Spanish Companies Act.

- The scope of the system encompasses all tax risks affecting activities and processes applicable to all taxes paid in Spain and by the subsidiaries abroad.



Our results 2022 #7

7.1 Our results at a glance

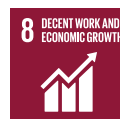
2022 Milestones

- Specialty papers accounted for around 30% of our product mix.
- Our solid financial position was further strengthened.

Future challenges

- Consolidate diversification into specialty papers at around 30%.
- Keep up our efforts to bolster the Group's financial position.

Our main contribution to the SDGs



GOAL 8.1 | Sustainable economic growth.

GOAL 8.1 | Increasing productivity through diversification, technology and innovation.

Iberpapel's pledge to provide decent, quality work is set out in our Code of Conduct, applicable in all the Group companies. The code includes commitments such as guaranteeing occupational health and safety and a pleasant work climate, promoting job stability through respect for collective rights and a work-life balance, among other aspects.

Main metrics for 2022 and trends

REVENUE (MILLION €)

307.26 M€

+26.32% v. 2021

NET PROFIT (MILLION €)

15.84 M€

+70.51% v. 2021

EBITDA (MILLION €)

30.18 M€

+43.28% v. 2021

RETURN ON EQUITY

10.50%

+2.69% v. 2021

Section "7.3.5 Main financial and management ratios" includes Iberpapel's most significant financial ratios and three-year trends.

7.2 Summary of Iberpapel's business context

The significant rise in the price of energy due to increasing natural gas and oil prices, combined with strong cost inflation in other raw materials used in the production process, seriously impacted Spanish industry and therefore our paper subsidiary.

7.3 Management results

GRI: 3-3, 201-1

Iberpapel posted EBITDA of €30.18 million, 43.28% up on 2021. The Group's net profit for 2022 rose 70.51% against 2021 up to €15.84 million.

There follows a breakdown of financial highlights for the past three years:

Financial highlights

| Million euro | 2022 | 2021 | 2020 | Change 21-22 | Change 20-21 | Comentarios |
|--------------|--------|--------|--------|--------------|--------------|---|
| Revenue | 307.26 | 243.24 | 163.66 | 26.32% | 48.63% | The Group's revenue rose 26.32% in 2022 compared to 2021. |
| Cost | 277.08 | 222.17 | 144.53 | 24.72% | 53.72% | Costs increased by 24.72% against the previous year. |
| EBITDA | 30.18 | 21.07 | 19.13 | 43.28% | 10.13% | The Iberpapel Group's EBITDA rose 43.28%. |
| Net profit | 15.84 | 9.29 | 4.24 | 70.46% | 119.10% | Net profit reached €15.84 million. |



Income statement

Besides the financial highlights, we provide below our other financial figures so that our

stakeholders can gain a better understanding of our performance over the years:

Income statement

| Million euro | 2022 | 2021 | 2020 | Change 22-21 | Change 20-21 |
|---|--------------|--------------|--------------|----------------|----------------|
| Revenue | 295.02 | 237.23 | 152.88 | 24.36% | 55.17% |
| Other income | 12.24 | 6.01 | 10.78 | - | (44.24)% |
| Revenue | 307.26 | 243.24 | 163.66 | 26.32% | 48.62% |
| Changes in inventories of finished goods and work in progress | 18.96 | (6.66) | 2.65 | - | - |
| Raw materials and consumables | (104.37) | (82.62) | (65.55) | 26.33% | 26.75% |
| Staff costs | (21.19) | (19.70) | (20.17) | 7.56% | (2.34)% |
| Other expenses | (170.48) | (113.20) | (61.45) | 50.60% | 84.21% |
| EBITDA | 30.18 | 21.07 | 19.13 | 43.28% | 10.13% |
| Depreciation/amortisation | (12.47) | (13.30) | (10.81) | (6.24)% | 23.05% |
| Impairment and profit/(loss) on fixed asset disposals | (0.09) | 0.03 | (1.65) | - | (101.88)% |
| EBIT | 17.62 | 7.80 | 6.67 | 125.90% | 16.87% |
| Net financial income/(expense) | (0.14) | 0.92 | (1.57) | - | (158.46)% |
| Profit before tax | 17.48 | 8.72 | 5.10 | 100.46% | 70.91% |
| Taxes | (1.64) | 0.57 | (0.86) | - | (166.43)% |
| NET PROFIT | 15.84 | 9.29 | 4.24 | 70.51% | 119.10% |

Note: Data at 31 December each year.

7.3.1 Revenue

Cumulative revenue at 31 December 2022 totalled €295.02 million, representing an increase of 24.36% above the previous year.

Paper sales grew by 38.48%, while electricity and timber sales fell 18.48% and 69.41%, respectively.

The increase in paper sales is due to the rise in the selling price.

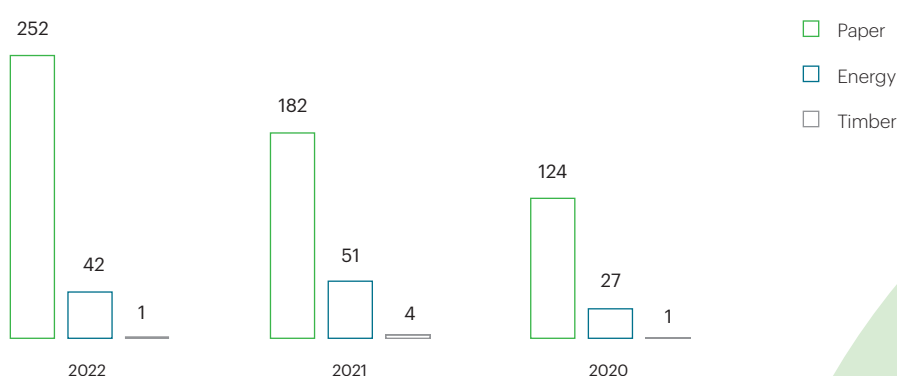
Electricity sales fell 18.48% because our cogeneration plant was shut down.

The Iberpapel Group's most significant revenue items are broken down below:

Revenue

| Million euro | 2022 | 2021 | 2020 | Change 22-21 | Change 20-21 |
|------------------------------------|--------|--------|--------|--------------|--------------|
| Paper sales | 251.90 | 181.90 | 124.36 | 38.48% | 46.27% |
| Electricity sales | 41.93 | 51.44 | 27.08 | (18.48)% | 89.96% |
| Timber sales | 1.19 | 3.89 | 1.44 | (69.41)% | 170.14% |
| Other income | 12.24 | 6.01 | 10.78 | | (44.24)% |
| Revenue (Net sales + Other income) | 307.26 | 243.24 | 163.66 | 26.32% | 48.63% |

Sales of the main products (million euro)



7.3.2 Expenses

In 2022, the cost of raw materials and consumables plus gas and electricity supplies rose significantly in relation to 2021. This increase is explained by cost inflation in both raw materials and energy (gas and electricity).

Operating expenses

- Raw materials and consumables:** In 2022, raw materials and consumables rose by 26.33% against the previous year up to €104.37 million as a result of the complicated inflationary situation during the year.
- Staff costs:** The headcount at 31 December 2022 was 292, including senior management, one less than in 2021. Staff costs were up 7.56% against 2021 at €21.19 million.

RAW MATERIALS AND CONSUMABLES (MILLION €)

104.37 M€
+26.33% v. 2021

STAFF COSTS (MILLION €)

21.19 M€
+7.56 v. 2021

Other expenses

The main items under this heading are gas and power supplies, which increased considerably to reach €127.78 million in 2022 (as compared to €69.11 million in 2021).

Finally, CO₂ allowances consumed during the year totalled €10.30 million (as compared to €10.80 million in 2021).

SUPPLIES (GAS AND POWER)

127.78 M€
+84.89% v. 2021

CO₂ ALLOWANCES CONSUMED (MILLION €)

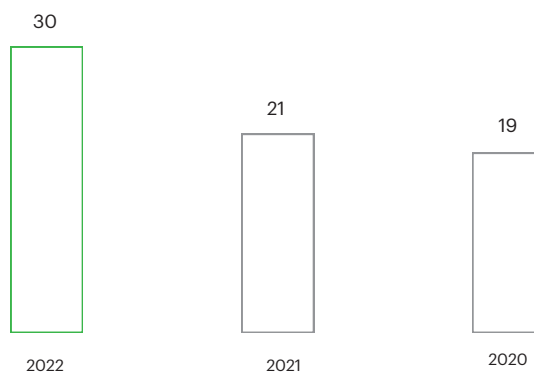
10.30 M€
-4.63% v. 2021

7.3.3 EBITDA and Net profit

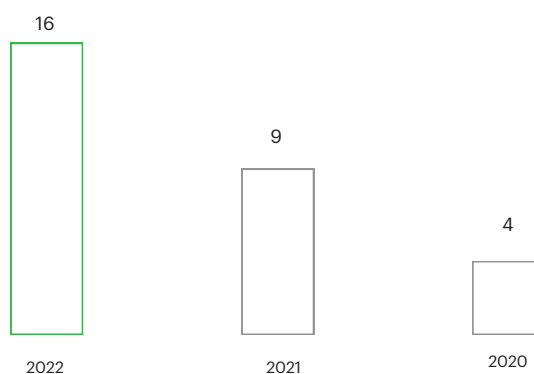
Despite sharp increases in raw material, gas and power prices, Iberpapel posted a net profit of €15.84 million, representing an increase of 70.51% on 2021.

In these extraordinary cost inflation circumstances, Iberpapel reported EBITDA of €30.18 million, 43.28% more than in 2021.

EBITDA trend (million euro)



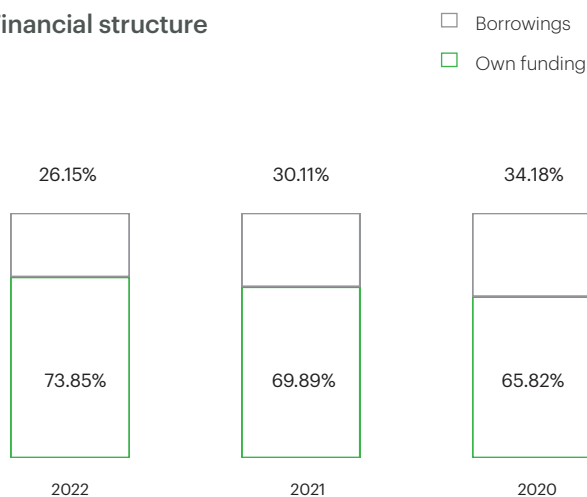
Net profit trend (million euro)



7.3.4 Iberpapel's financial trends

At year-end 2022, Iberpapel's shareholders' funds account for 73.85% of total liabilities (2021: 69.89%).

Financial structure



Balance sheet

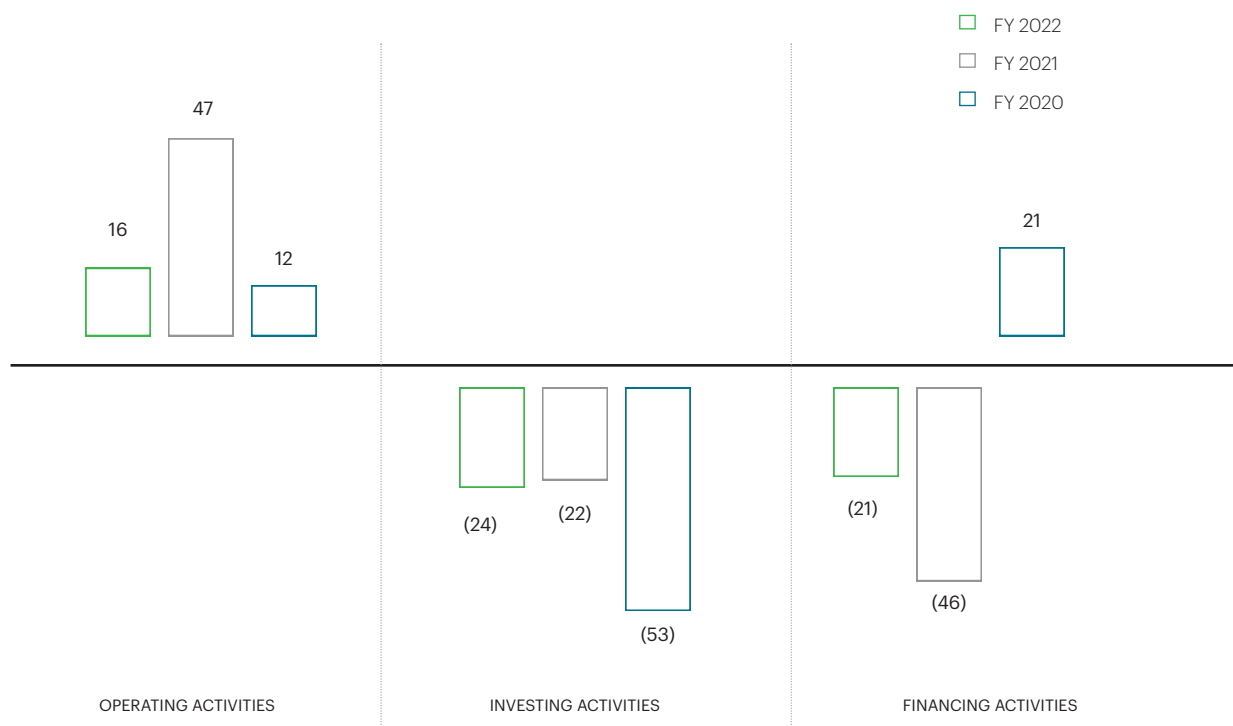
| Million euro | 2022 | 2021 | 2020 |
|---------------------------------|---------------|---------------|---------------|
| Non-current assets | 226.69 | 216.94 | 215.01 |
| Current assets | 162.41 | 168.90 | 182.94 |
| Total assets | 389.10 | 385.84 | 397.94 |
| Capital and reserves | 287.36 | 269.65 | 260.89 |
| Non-current liabilities | 27.00 | 39.87 | 86.72 |
| Current liabilities | 74.74 | 76.32 | 50.34 |
| Total equity/liabilities | 389.10 | 385.84 | 397.94 |

Note: Data at 31 December each year.

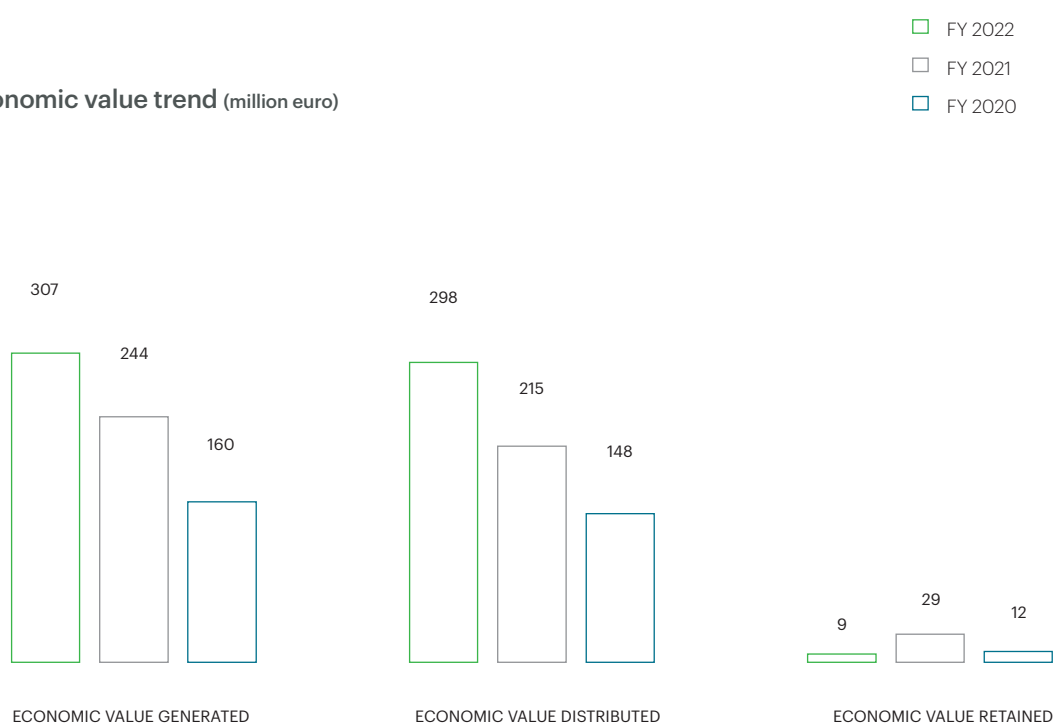
Net debt

| Million euro | 2022 | 2021 | 2020 |
|--------------------------------------|-----------------|-----------------|-----------------|
| Short- and long-term bank borrowings | 37.78 | 52.12 | 93.38 |
| (Less: Cash and cash equivalents) | (79.97) | (105.24) | (126.32) |
| Net debt | (42.19) | (53.12) | (32.95) |
| Equity | 287.35 | 269.65 | 260.89 |
| Leverage ratio | (14.68)% | (19.70)% | (12.63)% |

Cash flow trend by activity (million €)



Economic value trend (million euro)



Economic Value Generated (EVG)

Revenue (net sales plus income from financial investments and sales of assets).

Trend in Economic Value Generated (EVG) 2022-2020

| Million euro | 2022 | 2021 | 2020 |
|---|--------|--------|--------|
| Net sales | 295.02 | 237.23 | 152.88 |
| Other income | 12.24 | 6.01 | 10.78 |
| Financial income / (expenses) | (0.14) | 0.92 | (1.57) |
| Profit/(loss) on disposal of non-current assets | (0.09) | 0.03 | (1.65) |
| Economic Value Generated | 307.03 | 244.19 | 160.44 |

Trend in Economic Value Distributed (EVD) 2022-2020

| Million euro | 2022 | 2021 | 2020 |
|-------------------------------|--------|--------|--------|
| Raw materials and consumables | 104.37 | 82.62 | 65.55 |
| Other expenses | 170.48 | 113.20 | 61.45 |
| Wages and salaries | 21.19 | 19.70 | 20.17 |
| Income tax | 1.64 | (0.57) | 0.86 |
| Economic Value Distributed | 297.68 | 214.95 | 148.03 |

Economic Value Retained. Reserves, amortisation and depreciation, etc.

| Million euro | 2022 | 2021 | 2020 |
|-------------------------|------|-------|-------|
| Economic Value Retained | 9.35 | 29.24 | 12.41 |

7.3.5 Main financial and management ratios

As a transparency measure and to facilitate the understanding and clarity of the financial information reported through an analysis of our results, financial situation and trends, Iberpapel's most relevant ratios are summarised as follows:

| | 2022 | 2021 | 2020 |
|---|----------|----------|----------|
| Return on Equity (%) ¹ | 10.50% | 7.81% | 7.33% |
| EBITDA return on equity (%) ² | 5.51% | 3.44% | 1.63% |
| Working capital (million euro) ³ | 87.67 | 92.58 | 132.59 |
| General liquidity (x) ⁴ | 2.17 | 2.21 | 3.63 |
| Net debt/Equity (%) | (14.68)% | (19.70)% | (12.63)% |
| Net debt/EBITDA | (1.40)% | (2.59)% | (1.72)% |

¹ Calculated as the result of dividing EBITDA by shareholders' funds.

² Calculated as the quotient formed by net profit and equity, representing the relationship between economic profit and the equity capital necessary to obtain it.

³ Calculated as the excess of current assets over current liabilities, representing the company's capacity to continue to do business as normal in the short term.

⁴ Calculated as the product of dividing current assets by current liabilities, representing the proportion of short-term debts covered by assets that will be cashed at approximately the same time as the debts will fall due.



7.4 Fiscal contribution and responsibility

GRI: 201-4, 207-1, 207-2, 207-3, 207-4

Iberpapel makes an appropriate fiscal contribution in the countries where we operate. During 2016, the Company's Board of Directors, in response to a proposal by the Finance Department and to comply with Article 529.iii) of the Spanish Companies Act, designed the Iberpapel Group's tax strategy, defining the principles governing the tax function. The Finance Department also prepared, in 2016, and continued to apply in 2022, the Tax Risk Management System (SGRF), the purpose being to lay down principles and

guidelines to ensure that tax risks which could affect the tax strategy and objectives are identified, assessed and managed systematically, in order to comply with the new requirements of the Spanish Companies Act and of stakeholders.

Principles guiding the tax function at Iberpapel:

- 1 Fulfilment of tax obligations.
- 2 Interaction with tax authorities.
- 3 Preparation of fiscal financial information.
- 4 Use of non-opaque structures.
- 5 Application of tax legislation.
- 6 Mandatory analysis of transactions that show special complexity or tax relevance.
- 7 Valuation of controlled transactions.
- 8 Composition of the Finance Department.
- 9 External tax advisors.
- 10 Criminal risk prevention system.
- 11 Training and upskilling programmes.

Profit before tax on a country-by-country basis

| Million euro | 2022 | 2021 | 2020 |
|--------------|--------|------|---------|
| Spain | 17.02 | 6.43 | 5.07 |
| Argentina | (0.06) | 0.19 | 0.005 |
| Uruguay | 0.52 | 2.10 | (0.001) |

Income tax paid

| Million euro | 2022 | 2021 | 2020 |
|-----------------|--------|--------|--------|
| Income tax paid | (1.46) | (0.50) | (5.66) |

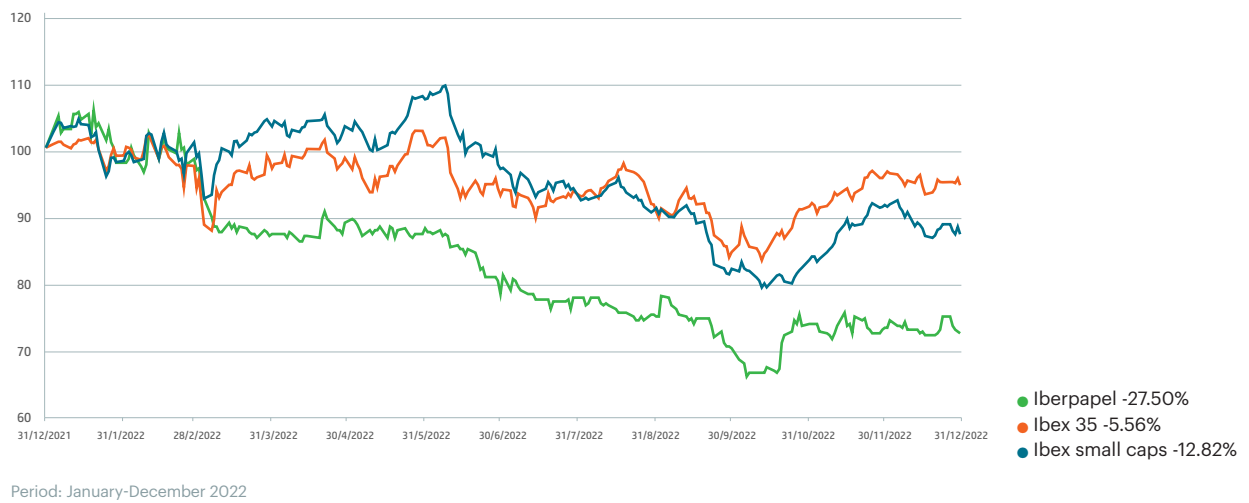
Administraciones Públicas

| Million euro | 2022 | 2021 | 2020 |
|----------------------------|------|------|------|
| Government grants received | 3.37 | 1.88 | 0.85 |

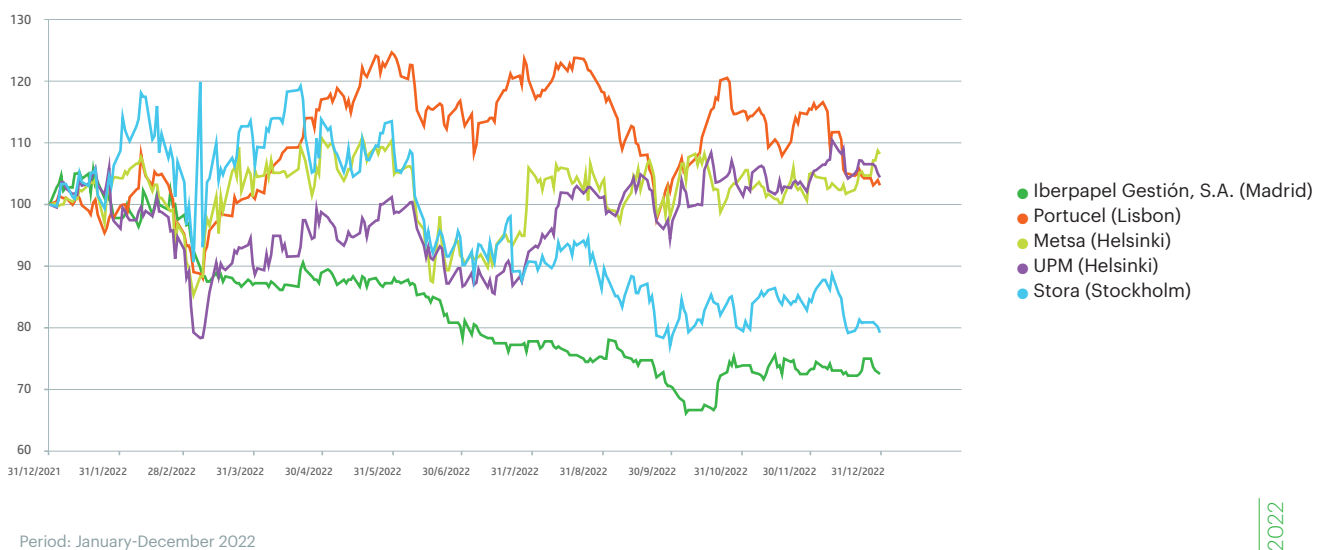
7.5 Stock price performance

The Iberpapel Group's share price was €13.05 at the 31 December 2022 close (2021: €18.00), entailing a fall of 27.50% on the previous year-end. The stock reached a high of €19.25 in January and a low of €11.65 in November.

Share price trends in 2022 compared to the Ibex 35 and the Ibex Small Caps (base 100 at 31/12/2021)



Share price trend in 2022 compared to other industry companies (base 100 at 31/12/2021)



Main stock data trends (2022-2020)

There follows a description of these three-year trends so our stakeholders can better understand our stock data:

Main stock data trends (2022-2020)

| Million euro | 2022 | 2021 | 2020 |
|-------------------------------------|----------------|----------------|----------------|
| Shares admitted to trading (€M) | 6.62 | 6.62 | 6.62 |
| No. of shares (x1000) | 11,040 | 11,040 | 11,040 |
| Capitalisation (€M) | 144.07 | 198.72 | 189.89 |
| Volume traded (thousands of shares) | 1,984 | 1,394 | 1,235 |
| Cash value traded (€M) | 29.93 | 25.70 | 24.48 |
| Closing price (€) | 13.05 | 18.00 | 17.20 |
| Maximum price (€) | 19.25 (12-Ene) | 20.80 (07-Sep) | 26.30 (02-Feb) |
| Minimum price (€) | 11.65 (11-Nov) | 16.50 (12-Feb) | 15.50 (05-Nov) |

Shareholder and investor relations

Accessibility and transparency are key to all the Iberpapel Group's stakeholders, particularly our shareholders and investors.

Iberpapel has a relationship with its shareholders and investors based on transparency and adequate information channels to assure a permanent flow of information accessible to all.

This is reflected in our corporate website www.iberpapel.es, which is continuously updated to include all the information necessary on the organisation, as well as quarterly and half-yearly results, price-sensitive information and any other information of interest.

Our Customer Relations Department is open to queries through the following communication channels:

- Website: www.iberpapel.es
- E-mail: atencion.al.accionista@iberpapel.es
- Tel.: +34 91 564 07 20

Appendices

#8

Appendix I: Regarding this report

GRI: 2-3, 2-6, 2-29, 3-3

A. Methodology

Reporting scope

This Annual Report provides clear, concise and relevant information on our performance in sustainability matters identified as the most relevant both to Iberpapel and to our stakeholders. We report our management results and our Corporate Social Responsibility and Corporate Governance initiatives each year.

This report addresses the activities of our three divisions (forestry, industrial and commercial) in all the countries in which we operated (Spain, Argentina and Uruguay) and where we conducted commercial activities (Europe, Africa and South America) in 2022. The latest report published was the 2021 Annual Report. All the documents refer to the Group as a whole, unless otherwise stated, in which case the activities or divisions in question are indicated.

Any scope limitations on the information reported are disclosed in the pertinent section.

Prior-year data are furnished for clarity.

Preparation of the Annual Report

Since 2011, Iberpapel has prepared its Annual Report observing the requirements of the Global Reporting Initiative (GRI) on the preparation of Sustainability Reports. This year, it has been drawn up applying the GRI Standards "Essential Criteria" option and Recommendation 55 of the Spanish National Security Market Commission (CNMV)'s Code of Good Governance in Listed Companies.

The contents are supplemented by the following public information for 2022:

- Consolidated Annual Accounts of the Iberpapel Group, including the Consolidated Management Report.
- Annual Corporate Governance Report, Annual Report on Directors' Remuneration and Committee Annual Reports.
- Other contents of interest that may be found in our corporate website:
www.iberpapel.es

The materiality analysis carried out in the previous year has been reviewed and updated this year. The main information sources consulted are listed below:

External agents

- Investor analysis.
- Analysis of CSR standards.
- Press analysis.
- Matters considered by industry companies.
- Topics highlighted by industry and CSR thought leaders.
- Stakeholder consultation.
- Analysis of global and industry trends.

Internal agents

- Interviews with the Iberpapel Group's area directors.
- Policies and commitments.
- Iberpapel Group's corporate reports.
- Prior-year materiality analysis.
- Press releases published by the Company.

Stakeholders

GRI: 102-43

We also reviewed the identity of our main stakeholders during the year. Our principal stakeholders are those with which we have a direct or indirect relationship; they influence our success and are most affected by the organisation. There follows a list of the principal stakeholders identified:

- Customers.
- Suppliers.
- Employees.
- Shareholders, investors and the financial community.
- Regulators and associations.
- Society.
- Environment.

Basic principles considered when preparing this report

This document has been conceived and drawn up following the recommendations and principles of the Global Reporting Initiative (GRI) for the compilation of content, as explained below:

Principles of the GRI Standards on the preparation of sustainability reports

Content principles

Stakeholder engagement

The Iberpapel Group identifies and has an ongoing dialogue with all stakeholders (see Chapter 4.2). So we are able to identify their main interests and concerns and we strive to listen and respond in a personalised way. This dialogue also allows us to discover matters that our stakeholders consider to be relevant for inclusion in this report.

Sustainability context

We are committed to sustainable development, as reflected in our strategy and activities, managing natural resources sustainably and responsibly, and continuously seeking to generate value (economic, employment, development, etc.) for all our stakeholders.

Materiality

We have analysed materiality to identify the most relevant social, environmental, economic, ethical and good governance issues for both the Company and its main stakeholders.

Completeness

Throughout the report, the main stakeholders related to each material topic are indicated, stating where the main impact occurs (outside or inside the organisation, or both).

Quality principles

Accuracy

The information contained in this report is accurate in qualitative and quantitative terms so the main stakeholders have the capacity to assess the organisation's performance.

Balance

This report includes positive and negative aspects of Iberpapel's performance so as to provide a full view of the Company.

Clarity

The information is presented clearly so the main stakeholders can obtain a reasonable understanding of the Company and its activities.

Comparability

We have presented the information in such a way that the main stakeholders can analyse the evolution of the organisation's results and compare it with the performance of other organisations.

Reliability

The Company has prepared an annual report for a number of years and has solid information collection and review processes which we seek to improve and optimise each year.

Timeliness

The Group presents its Annual Report each year so the main stakeholders can obtain more insight into the Company's performance and milestones.

This Annual Report also follows the three precepts of Standard AA1000APS (2008).

- **Engagement:** Iberpapel has a stakeholder engagement process that allows their involvement in the development of a responsible approach to sustainability management.
- **Materiality:** The Group has a process in place to determine materiality, which requires an understanding of the topics that are material or relevant to the Company and its stakeholders.
- **Responsiveness:** Iberpapel responds through specific actions and commitments to the material topics identified by the Company in its materiality analysis.

B. Materiality analysis

GRI: 2-6, 3-3

Relevant matters

The 2022 Annual Report has been prepared observing the materiality principle so as to report on the economic, social and environmental matters that are relevant to the organisation and affect its stakeholders' assessments and decisions.

With this in mind, we have revised our materiality analysis in association with an independent external firm specialised in this field so as to accurately identify

and update the most relevant issues relating to our Group's activities.

A number of internal and external consultation processes have been undertaken with our main stakeholders, as well as with other influential bodies such as industry associations and the media.

During the process, we have analysed the matters of most relevance to external and internal agents from an environmental, social and governance (ESG) perspective. This consisted of scoring the relevance of each matter (on a scale of 1-100), based

on comments received from the agents analysed and the relative significance of the measures taken and observed (externally and internally). It is all reflected in a two-axis matrix in which the matters with the highest scores are seen to be the "most relevant".

In this report, we have also revised the prioritisation of the matters identified based on their importance for each stakeholder group and for our Company's strategic approach.



These topics are listed below:

Economic dimension

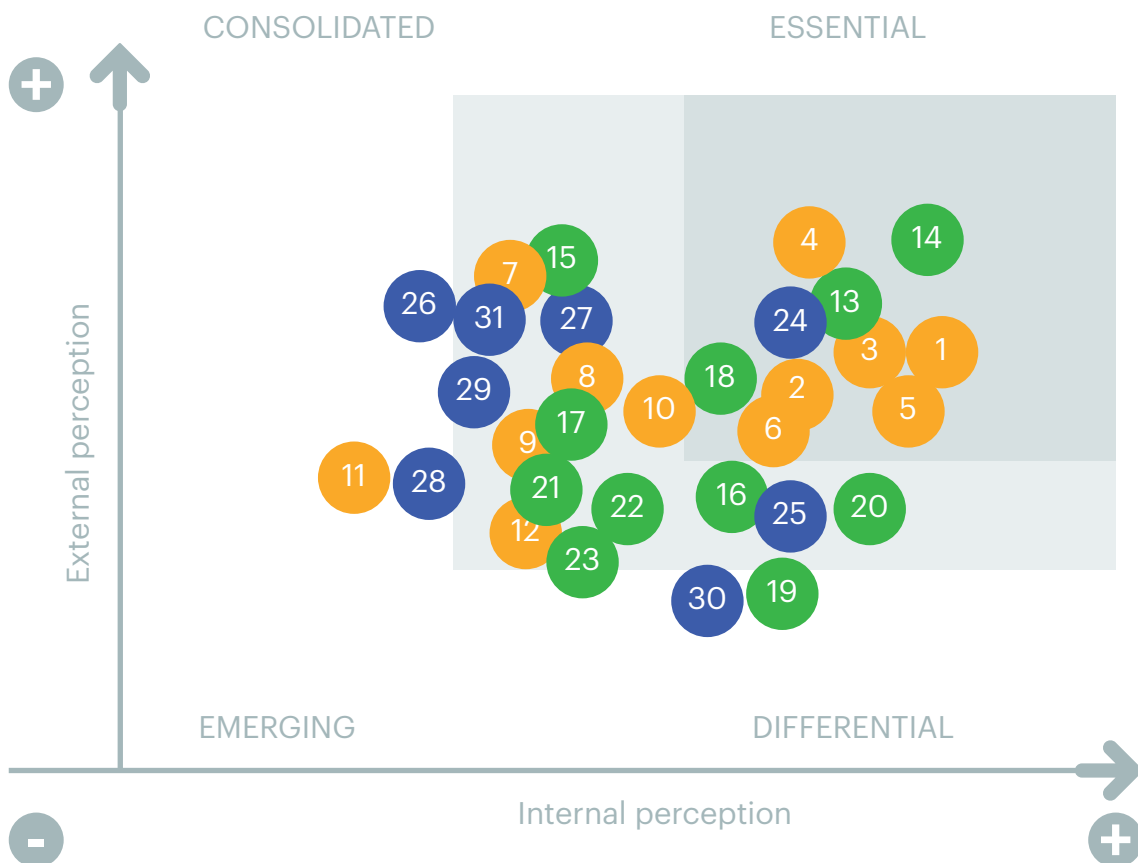
1. Economic performance
2. Business strategy
3. Information transparency
4. Sustainable R&D (products and services)
5. Business risks and opportunities
6. Technological innovation (facilities and equipment)
7. Regulatory compliance
8. Service/product quality
9. Codes of conduct
10. Customer trust and satisfaction
11. Digitalisation and information security
12. Organisational structure

Environmental dimension

13. Sustainable forest management
14. Climate change, carbon footprint and other atmospheric emissions
15. Environmental Management Systems
16. Rational use of natural resources
17. Water use and conservation
18. Energy transition (use of renewables, cogeneration, clean fuels and energy saving)
19. Supplier selection criteria
20. Environmental awareness-building
21. Biodiversity
22. Circular economy, waste and effluent management
23. Sustainable logistics and transport

Social dimension

24. Safety and Occupational Risk Prevention
25. Active dialogue and collaborative relationships with stakeholders
26. Professional training and development
27. Diversity, inclusion, integration and equal conditions
28. Talent attraction and retention
29. Local community development (direct, indirect and induced local job creation; value creation, etc.)
30. Life/work balance and other fringe benefits
31. Working conditions and human rights



- Economic and operational dimension
- Environmental dimension
- Social dimension

There follows a description of the material aspects identified and their relationship with the associated GRI standards:

| Stakeholders ▼ | Material aspects ▼ | GRI topic ▼ | GRI content ▼ |
|---|---|---|--|
| Customers and Investors | Information transparency: transparency commitment with stakeholders in the short and long term. | General content: Stakeholder engagement | 2-29; 2-30 |
| Investors | Business strategy and organisational structure / Business risks and opportunities: communication of the Company's strategy, risks and opportunities. | General content: Strategy. | 2-22 |
| Investors | Economic performance: solvency, robustness and sound economic performance. | Thematic content: Economic performance. | 3-3; 201-1; 201-4 |
| Customers, Investors, Society, Environment | Technological improvement and sustainable R&D: projects and initiatives, improvement of facilities, improvement of production processes and search for new products. | Thematic content: Indirect economic impacts. | 3-3; 203-1 |
| Regulators, Society, Investors | Regulatory compliance: ongoing legislation supervision and monitoring mechanisms and compliance with applicable laws. | Thematic content: Environmental compliance and socioeconomic compliance. | 3-3; 203-1 |
| Employees, Customers, Suppliers | Codes of Conduct: Code of Conduct and Whistleblower Channel. | General content: Ethics and integrity. | 2-23; 2-26 |
| Customers, Environment, Society | Sustainable forest management, environmental management systems, rational use of natural resources and environmental awareness: sustainability of raw materials (e.g. sustainable forest management, reforestation policies, chains of custody). | Thematic content: Materials. | 3-3; 301-1 |
| Suppliers, Customers | Supplier selection criteria: timber supplies from certified, innovative and distinctive suppliers. | Thematic content: Environmental assessment of suppliers. | 3-3; 204-1; 308-1; 414-1 |
| Environment, Regulators, Customers, Society | Climate change and carbon footprint: reduction in carbon emissions, Clean Development Mechanism (CDM) derived from the Kyoto Protocol and implementation of Best Available Technologies (BAT). | Thematic content: Emissions. | 3-3; 305-1; 305-2; 305-4 305-7 |
| Environment, Regulators, Customers, Society | Energy transition / Climate change / Clean fuels: energy efficiency and climate change, cogeneration and biomass energy recovery. | Thematic content: Electricity. | 3-3; 302-1; 302-3 |
| Environment, Customers, Society | Water use and conservation: water management. | Thematic content: Water. | 3-3; 303-1; 303-3; 303-4; 305-4, 303-5 |
| Environment, Customers, Society | Circular economy, waste and effluent management: odour treatment and elimination systems, waste management and water treatment and purification. | Thematic content: Effluents and waste. | 3-3; 306-1; 306-2 |
| Environment, Society | Biodiversity and sustainable forest management: initiatives to protect biodiversity. | Thematic content: Biodiversity. | 3-3; 304-1; 304-2; 304-3 |

| Stakeholders ▼ | Material aspects ▼ | GRI topic ▼ | GRI content ▼ |
|---|---|--|---|
| Customers and Investors | Service/product quality and Customer trust and satisfaction: product certification. | Thematic content: Marketing and labelling. | 3-3; 417-1; 417-2; 417-3 |
| Customers, Employees | Safety and Occupational Risk Prevention (ORP): safety and ORP in production, storage processes, etc. | Thematic content: Occupational health and safety; Customer health and safety. | 3-3; 403-1; 403-2; 403-3; 403-6; 403-9; 403-10; 416-1 |
| Society | Local community development: local development and support for business fabric. | Thematic content: Local communities. | 3-3; 203-2; 413-1 |
| Customers, Investors, Suppliers, Society, Environment, Regulators | Active dialogue and collaborative relationships with stakeholders: ongoing dialogue with internal and external stakeholders. | Thematic content: Stakeholder engagement. | 2-29; 2-30 |
| Employees | Talent attraction and retention, Professional training and development, Life-work balance and other fringe benefits: workforce. | Thematic content: Employment. | 2-7; 3-3; 401-1; 401-2; 404-1; 404-2 |
| Employees, Society | Diversity, inclusion, integration and equal conditions: equal opportunities for employees and non-discrimination. | Thematic content: Non-discrimination. Thematic content: Diversity and equal opportunities. | 3-3; 406-1; 405-1; 405-2 |
| Employees, Society | Working conditions and human rights: collective agreement. | Thematic content: Freedom of association and collective bargaining. | 3-3; 407-1 |

Significant changes in relation to the previous year

During the current reporting period, there were no significant changes to size, structure and ownership, or to the scope, coverage and valuation methods applied in the report.

In the event of significant changes to any of the above-mentioned matters or the need to include information on joint ventures, subsidiaries, leased facilities, subcontracted activities and other entities that could affect the comparability of reporting periods, this will be indicated in the relevant section.

C. Contact details

Any queries relating to the Iberpapel Group's Annual Report may be addressed to:

Investor Relations Department:

+34 91 564 07 20

atención.al.accionista@iberpapel.es

Appendix II: GRI content list

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|------------------------|-----------------------|---|-------|--|--------------|
| GENERAL CONTENT | | | | | |
| Organisational profile | | | | | |
| | 2-1 | Iberpapel Gestión, S.A. | Group | Name of the organisation | |
| | 2-6 | Pillars of the Iberpapel Group's strategy for 2023 p. 23 3.5 The Iberpapel Group's business p. 25 | Group | Activities, brands, products and services | |
| | 2-1 | Av. Sancho El Sabio, 2 - 1º 20010 San Sebastián. (Spain) | Group | Location of headquarters | |
| | 2-1 | Pillars of the Iberpapel Group's strategy for 2023 p. 23 3.5 The Iberpapel Group's business p. 25 | Group | Location of operations | |
| | 2-1 | Appendix III p. 197 | Group | Ownership and legal form | |
| | 2-6 | Pillars of the Iberpapel Group's strategy for 2023 p. 23 3.5 The Iberpapel Group's business p. 25 | Group | Markets served | |
| | 2-6 | Iberpapel's highlights p. 6 | Group | Scale of the organisation | |
| | 2-7 | 4.3 Responsibility to our people Our people management p. 57-82 | Group | Information on employees and other workers | SDG 8 |
| | 2-6 | 4.5 Responsibility to our suppliers p. 83-87 | Group | Supply chain | |
| | 2-6 | Significant changes. Appendix I p. 178 | Group | Significant changes to the organisation and its supply chain | |
| | 3-3 | The Iberpapel Group applies the precautionary principle in all its activities, continuously striving to minimise environmental impacts p. 115 | Group | Precautionary Principle or approach | |
| | 2-28 | 4.6 Responsibility to our local community: Involvement in forums and associations p. 92 | Group | External initiatives | SDG 17 |
| | | | Group | Membership of associations | SDG 17 |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|----------------------|-----------------------|---|-------|--|--------------|
| Strategy | | | | | |
| | 2-22 | Chairman's Letter p. 2-3 | Grupo | Statement from the Chairman | |
| | 2-22 | 6.8 Integrated risk management p. 158-163 | Grupo | Key impacts, risks, and opportunities | |
| Ethics and integrity | | | | | |
| | 2-23 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | Values, principles, standards, and norms of behaviour | SDG 16 |
| | 2-26 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | Mechanisms for advice and concerns about ethics | SDG 16 |
| Governance | | | | | |
| | 2-9 | 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Governance structure | |
| | 2-13 | 3.3 Our strategic vision and outlook p. 20 | Group | Delegating authority | |
| | 2-13 | 3.3 Our strategic vision and outlook p. 20 6.4 Principles for socially responsible governance p. 135-136 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Executive-level responsibility for economic, environmental, and social topics | |
| | 2-12 | 6.4 Principles for socially responsible governance p. 135-136 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Consulting stakeholders on economic, environmental and social topics | SDG 16 |
| | 2-9 | 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Composition of the highest governance body and its committees | SDG 5 |
| | 2-11 | 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Information on whether the chair of the highest governance body also holds an executive post | |
| | 2-10 | 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Nominating and selecting the highest governance body | SDG 5 |
| | 2-15 | 6.4 Principles for socially responsible governance p. 135-136 6.7 Ethical framework and regulatory compliance p. 175-178 | Group | Conflicts of interest | SDG 16 |
| | 2-12 | 3.3 Our strategic vision and outlook p. 20 6.4 Principles for socially responsible governance p. 135-136 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Role of highest governance body in setting purpose, values, and strategy | |
| | 2-17 | Annual Corporate Governance Report http://www.iberpapel.es/archivos/accionista_e_inversores/gobierno_corporativo/Informe-Anual-2022.pdf | | Collective knowledge of highest governance body | |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|------------------------|-----------------------|--|-------|--|--------------|
| Governance | | | | | |
| | 2-18 | 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Evaluating the highest governance body's performance | |
| | 2-12 | 6.8. Integrated risk management p. 158-163 | Group | Identifying and managing economic, environmental, and social impacts | SDG 16 |
| | 2-12 | 6.8. Integrated risk management p. 158-163 | Group | Effectiveness of risk management processes | |
| | 2-12 | 6.8. Integrated risk management p. 158-163 | Group | Highest governance body's role in sustainability reporting | |
| | 2-14 | 3.3 Our strategic vision and outlook p. 20-24 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Highest governance body's role in sustainability reporting | |
| | 2-19 | 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Remuneration policies | |
| | 2-20 | 6.5 The Iberpapel Group's Corporate Governance System p. 137-151 | Group | Process for determining remuneration | |
| Stakeholder engagement | | | | | |
| | 2-29 | 4.2. Stakeholder dialogue commitment p. 53-56 | Group | List of stakeholders | |
| | 2-30 | Our people management. 4.3 Responsibility to our people p. 57 | Group | Collective bargaining agreements | SDG 8 |
| | 2-29 | Stakeholders. Appendix I p. 178 | Group | Identifying and selecting stakeholders | |
| | 2-29 | Stakeholders. Appendix I p. 178 | Group | Approach to stakeholder engagement | SDG 16 |
| Reporting practice | | | | | |
| | 2-2 | 2022 Consolidated Annual Accounts. Appendix I. Subsidiaries included in the consolidation scope https://www.iberpapel.es/informacion-economica-y-financiera/ | Group | Entities included in the consolidated financial statements | |
| | 3-3 | Appendix I. B Relevance and materiality in the 2022 Annual Report p. 178 | Group | Defining report content and topic boundaries | |
| | 3-3 | Appendix I. B Relevance and materiality in the 2022 Annual Report p. 180 | Group | List of material topics | |
| | 2-4 | No information from prior-year reports has been restated this year. | Group | Restatements of information | |
| | 3-2 | There have been no changes to the scope or boundary of any content with respect to prior years. | Group | Changes in reporting | |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|--------------------|-----------------------|---|-------|--|--------------|
| Reporting practice | | | | | |
| | 2-3 | This Annual Report relates to the Iberpapel Group's 2022 activities. | Group | Reporting period | |
| | | Appendix I p. 178 | Group | Date of most recent report | |
| | 2-3 | Appendix I p. 178 | Group | Reporting cycle | |
| | 2-3 | Appendix II Contact data p. 184 | Group | Contact point for questions regarding the report | |
| | | This report has been drawn up in accordance with the GRI Standards "Essential Criteria" option. | Group | GRI Standards option | |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|---|-----------------------|---|-------|--|--------------|
| SPECIFIC CONTENT | | | | | |
| Economic performance | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 7.3 Management results p. 165 | Group | The management approach and its components | |
| | 3-3 | 7.3 Management results p. 165 | Group | Evaluation of the management approach | |
| GRI 201: Economic performance 2016 | 201-1 | 7.3 Management results p. 165 | Group | Direct economic value generated and distributed | |
| | 201-4 | 7.4 Fiscal contribution and responsibility p. 174 The Iberpapel Group's 2022 Consolidated Annual Accounts. Notes to the financial statements: Note 18. "Borrowings and government grants" https://www.iberpapel.es/informacion-economica-y-financiera/ | Group | Financial assistance received from government | |
| Indirect economic impacts | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.6 Responsibility to our local community: Socioeconomic contribution to local development p. 88 | Group | The management approach and its components | |
| | 3-3 | 4.6 Responsibility to our local community: Socioeconomic contribution to local development p. 88 | Group | Evaluation of the management approach | |
| GRI 203: Indirect economic impacts 2016 | 203-1 | 3.4 Investment and innovation in the Iberpapel Group p. 25 | Group | Infrastructure investments and services supported | SDG 9 |
| | 203-2 | 4.6 Responsibility to our local community: Socioeconomic contribution to local development p. 88 | Group | Significant indirect economic impacts | SDG 11 |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|--|-----------------------|---|-------|--|--------------|
| Procurement practices | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.5 Responsibility to our suppliers: Responsibility to our suppliers p. 83 | Group | The management approach and its components | |
| | 3-3 | 4.5 Responsibility to our suppliers: Responsibility to our suppliers p. 83 | Group | Evaluation of the management approach | |
| GRI 204: Procurement practices 2016 | 204-1 | 4.5 Responsibility to our suppliers: Main impacts on the community through our supply chain p. 83 | Group | Proportion of spending on local suppliers | |
| Anti-corruption | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | | Explanation of the material topic and its boundary | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | The management approach and its components | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | Evaluation of the management approach | |
| GRI 205: Anti-corruption 2016 | 205-2 | 6.4 Principles for socially responsible governance p. 135-136 | Group | Communication and training about anti-corruption policies and procedures | |
| | 205-3 | No incidents of corruption have been detected. | Group | Confirmed incidents of corruption and actions taken | |
| Anti-competitive behaviour | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | The management approach and its components | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | Evaluation of the management approach | |
| GRI 206: Anti-competitive behaviour 2016 | 206-1 | The Iberpapel has received no claims for anti-competitive behaviour. | | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|-----------------------------------|-----------------------|---|-------|--|--------------|
| Tax | | | | | |
| GRI 207: Tax 2019 | 207-1 | 7.4 Fiscal contribution and responsibility p. 174 | Group | Tax approach | |
| | 207-2 | 7.4 Fiscal contribution and responsibility p. 174 | Group | Tax governance, control and risk management | |
| | 207-3 | 7.4 Fiscal contribution and responsibility p. 174 | Group | Stakeholder engagement and management of concerns related to tax | |
| | 207-4 | 7.4 Fiscal contribution and responsibility p. 174 | Group | Country-by-country reporting | SDG 8 |
| Materials | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | | Explanation of the material topic and its boundary | |
| | 3-3 | 5.2 Environmental responsibility: Consumption of raw materials and by-products p. 104-109 | Group | The management approach and its components | |
| | 3-3 | 5.2 Environmental responsibility: Consumption of raw materials and by-products p. 104-109 | Group | Evaluation of the management approach | |
| GRI 301: Materials 2016 | 301-1 | 5.2 Environmental responsibility: Consumption of raw materials and by-products p. 104-109 | Group | Materials used by weight or volume | SDG 12 |
| Energy | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | Group | The management approach and its components | |
| | 3-3 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | Group | Evaluation of the management approach | |
| GRI 302: Energy 2016 | 302-1 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | | Energy consumption within the organisation | SDG 7 |
| | 302-3 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | | Energy intensity | SDG 7 |
| Water | | | | | |
| GRI 303: Water and effluents 2018 | 303-1 | 5.2 Environmental responsibility: Liquid effluents and water use p. 123-124 | Group | Interactions with water as a shared resource | SDG 6 |
| | 303-2 | 5.2 Environmental responsibility: Liquid effluents and water use p. 123-124 | Group | Management of water discharge-related impacts | SDG 6 |
| | 303-3 | 5.2 Environmental responsibility: Liquid effluents and water use p. 123-124 | Group | Water extraction | SDG 6 |
| | 303-5 | | | Water consumption | |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|-----------------------------------|-----------------------|---|-------|---|--------------|
| Biodiversity | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 5.2 Environmental responsibility: Biodiversity protection p. 125-128 | Group | The management approach and its components | |
| | 3-3 | 5.2 Environmental responsibility: Biodiversity protection p. 125-128 | Group | Evaluation of the management approach | |
| GRI 304: Biodiversity 2016 | 304-1 | 5.2 Environmental responsibility: Biodiversity protection p. 125-128 | Group | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | SDG 15 |
| | 304-2 | 5.2 Environmental responsibility: Biodiversity protection p. 125-128 | Group | Significant impacts of activities, products, and services on biodiversity | SDG 15 |
| | 304-3 | 5.2 Environmental responsibility: Biodiversity protection p. 125-128 | Group | Habitats protected or restored | SDG 15 |
| Emissions | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 5.2 Environmental responsibility: combating climate change p. 110-120 | Group | The management approach and its components | |
| | 3-3 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 5.2 Environmental responsibility: combating climate change p. 110-120 | Group | Evaluation of the management approach | |
| GRI 305: Emissions 2016 | 305-1 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | | Direct (Scope 1) GHG emissions | SDG 13 |
| | 305-2 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | | Energy indirect (Scope 2) GHG emissions | SDG 13 |
| | 305-4 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | | Greenhouse gas emissions intensity | SDG 13 |
| | 305-7 | 5.2 Environmental responsibility: Energy and climate change p. 110-120 | | Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions | SDG 13 |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|--|-----------------------|---|-------|---|--------------|
| Effluents and waste | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 5.2 Environmental responsibility: Waste management and circular economy p. 121-122 5.2 Environmental responsibility: liquid effluents and water use p. 123-124 | Group | The management approach and its components | |
| | 3-3 | 5.2 Environmental responsibility: Waste management and circular economy p. 121-122 5.2 Environmental responsibility: liquid effluents and water use p. 123-124 | Group | Evaluation of the management approach | |
| GRI 306: Effluents and waste 2016 | 306-1 | 5.2 Environmental responsibility: Liquid effluents and water use p. 123-124 | Group | Water discharge by quality and destination | SDG 6 |
| | 306-2 | 5.2 Environmental responsibility: Waste management and circular economy p. 121-122 | Group | Waste by type and disposal method | SDG 12 |
| Environmental compliance | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 5.1. Environmental responsibility p. 94 | Group | The management approach and its components | |
| | 3-3 | 5.1. Environmental responsibility p. 94 | Group | Evaluation of the management approach | |
| GRI 307: Environmental compliance 2016 | 307-1 | 5.2.3 No fine or penalty has been imposed on the Iberpapel Group. 5.2.3 Our commitment to environmental improvement p. 101 | | Non-compliance with environmental laws and regulations | SDG 16 |
| Environmental assessment of suppliers | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 83 | Group | The management approach and its components | |
| | 3-3 | 4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 83 | Group | Evaluation of the management approach | |
| GRI 308: Supplier environmental assessment 2016 | 308-1 | 4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 83 | Group | New suppliers that were screened using environmental criteria | |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|--|-----------------------|--|-------|--|----------------|
| Employment | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | The management approach and its components | |
| | 3-3 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | Evaluation of the management approach | |
| GRI 401: Employment 2016 | 401-1 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | New employee hires and employee turnover | SDG 8 |
| | 401-2 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | Benefits provided to full-time employees that are not provided to temporary or part-time employees | SDG 8 |
| Health and safety in the workplace | | | | | |
| GRI 403: Occupational health and safety 2018 | 403-1 | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | Group | Occupational health and safety management system | SDG 3 SDG 8 |
| | 403-2 | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | Group | Hazard identification, risk assessment and incident investigation | SDG 3 SDG 8 |
| | 403-3 | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | Group | Occupational health services | SDG 3 SDG 8 |
| | | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | Group | Worker participation, consultation, and communication on occupational health and safety | SDG 3 SDG 8 |
| | | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | Group | Worker training on occupational health and safety | SDG 3 SDG 8 |
| | 403-6 | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | Group | Promotion of worker health | SDG 3 SDG 8 |
| | | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | Group | Workers covered by an occupational health and safety management system | SDG 3 SDG 8 |
| | 403-9 | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | | Work-related injuries | SDG 3 SDG 8 |
| | 403-10 | 4.3 Responsibility to our people: Health, safety and occupational risk prevention p. 66-69 | | Work-related ill health | SDG 3 SDG 8 |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|---|-----------------------|--|-------|---|-----------------|
| Training and education | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | The management approach and its components | |
| | 3-3 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | Evaluation of the management approach | |
| GRI 405: Training and education 2016 | 404-1 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | Average hours of training per year per employee | SDG 4 |
| | 404-2 | 4.3 Responsibility to our people: Talent attraction and retention p. 70-75 | Group | Programs for upgrading employee skills and transition assistance programs | SDG 4 |
| Diversity and equal opportunities | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | | Explanation of the material topic and its boundary | |
| | 3-3 | 4.3 Responsibility to our people Commitment to diversity, inclusion, integration and equal opportunities p. 76-77 | Group | The management approach and its components | |
| | 3-3 | 4.3 Responsibility to our people Commitment to diversity, inclusion, integration and equal opportunities p. 76-77 | Group | Evaluation of the management approach | |
| GRI 405: Diversity and equal opportunities 2016 | 405-1 | 4.3 Responsibility to our people: our people management p. 59 | Group | Diversity of governance bodies and employees | SDG 5 SDG 10 |
| | 405-2 | 4.3 Responsibility to our people: Talent attraction and retention p. 70 | Group | Ratio of basic salary and remuneration of women to men | SDG 5 SDG 8 |
| Non-discrimination | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.3 Responsibility to our people: Commitment to diversity, inclusion, integration and equal opportunities p. 76-77 | Group | The management approach and its components | |
| | 3-3 | 4.3 Responsibility to our people: Commitment to diversity, inclusion, integration and equal opportunities p. 76-77 | Group | Evaluation of the management approach | |
| GRI 406: Non-discrimination 2016 | 406-1 | There were no cases of discrimination in the Iberpapel Group in 2022. | Group | Incidents of discrimination and corrective actions taken | SDG 5 SDG 10 |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|--|-----------------------|---|-------|--|--------------|
| Freedom of association and collective bargaining | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.3 Responsibility to our people Our people management p. 57 | Group | The management approach and its components | |
| | 3-3 | 4.3 Responsibility to our people Our people management p. 57 | Group | Evaluation of the management approach | |
| GRI 407: Freedom of association and collective bargaining 2016 | 407-1 | 4.3 Responsibility to our people Our people management p. 57 | Group | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | SDG 8 |
| Local communities | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.6 Responsibility to our local community: Social action initiatives p. 89 | Group | The management approach and its components | |
| | 3-3 | 4.6 Responsibility to our local community: Social action initiatives p. 89 | Group | Evaluation of the management approach | |
| GRI 413: Local communities 2016 | 413-1 | 4.6 Responsibility to our local community: Social action initiatives p. 89 | Group | Operations with local community engagement, impact assessments, and development programs | SDG 1 |
| Supplier social assessment | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Anexo I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 86 | Group | The management approach and its components | |
| | 3-3 | 4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 86 | Group | Evaluation of the management approach | |
| GRI 414: Supplier social assessment 2016 | 414-1 | 4.5 Responsibility to our suppliers: Summary of the raw material supplier assessment and control process p. 86 | Group | New suppliers that were screened using social criteria | |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|---|-----------------------|---|-------|---|--------------|
| Customer health and safety | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.4 Responsibility to our customers p. 78 | Group | The management approach and its components | |
| | 3-3 | 4.4 Responsibility to our customers p. 78 | Group | Evaluation of the management approach | |
| GRI 416: Customer health and safety 2016 | 416-1 | 4.4 Responsibility to our customers: Customer safety p. 82 | Group | Assessment of the health and safety impacts of product and service categories | SDG 3 |
| | 416-2 | No incident has been detected due to the infringement of health and safety regulations. | Group | Incidents of non-compliance concerning the health and safety impacts of products and services | SDG 3 |
| Marketing and labelling | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 4.4 Responsibility to our customers: Responsibility to our customers p. 78 | Group | The management approach and its components | |
| | 3-3 | 4.4 Responsibility to our customers: Responsibility to our customers p. 78 | Group | Evaluation of the management approach | |
| GRI 417: Marketing and labelling 2016 | | 4.4 Responsibility to our customers: Responsibility to our customers p. 78 | Group | Requirements for product and service information and labelling | SDG 12 |
| | 417-2 | There has been no infringement of regulations or of the voluntary codes related to product and service labelling. | Group | Incidents of non-compliance concerning product and service information and labelling | SDG 16 |
| | 417-3 | There has been no infringement related to marketing communications. | Group | Incidents of non-compliance concerning marketing communications | Group |

| GRI standard | General basic content | Direct reference or response | Scope | Description | Link to SDGs |
|--|-----------------------|---|-------|--|--------------|
| Customer privacy | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154 | Group | The management approach and its components | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154 | Group | Evaluation of the management approach | |
| GRI 418: Customer privacy 2016 | 418-1 | The Iberpapel Group has received no complaints for breaches of privacy or loss of customer data | Group | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Group |
| Socioeconomic compliance | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Appendix I. B p. 180-182 | Group | Explanation of the material topic and its boundary | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | The management approach and its components | |
| | 3-3 | 6.7 Ethical framework and regulatory compliance p. 154-157 | Group | Evaluation of the management approach | |
| GRI 419: Socioeconomic compliance 2016 | 2-27* | No file or penalty has been imposed on the Iberpapel Group. | | Non-compliance with laws and regulations in the social and economic area | Group |

* Significant and binding fines or penalties (in contentious proceedings) (above €50,000) derived from sanctions or infringements (excluding administrative and tax proceedings) in which there is no opportunity to appeal and which are directly attributable to conducts or acts by companies or employees of the Iberpapel Group prior to 31 December 2022.

Appendix III: Contact data of Iberpapel's divisions

FORESTRY DIVISION

IBEREUCALIPTOS, S.A.U.

Reforestation and forestry

C/ Real, 14
21700 La Palma del Condado
Huelva. SPAIN
Tel.: +34 959 40 22 85 | Fax: +34 959 40 26 33

IBERPAPEL ARGENTINA, S.A.

Reforestation and forestry

C/ General Urquiza, 137
3280 Colón - Entre Ríos. ARGENTINA
Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

FORESTAL SANTA MARÍA, S.A.

Reforestation and forestry

C/ General Urquiza, 137
3280 Colón - Entre Ríos. ARGENTINA
Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

FORESTAL LOMA ALTA, S.A.

Reforestation and forestry

C/ General Urquiza, 137
3280 Colón - Entre Ríos. ARGENTINA
Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

FORESTAL LOS GURISES ENTRERRIANOS, S. A.

Reforestation and forestry

C/ General Urquiza, 137
3280 Colón - Entre Ríos. ARGENTINA
Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

FORESTAL VONGER, S. A.

Reforestation and forestry

C/ General Urquiza, 137
3280 Colón - Entre Ríos. ARGENTINA
Tel.: 0054 344 742 1751 | Fax: 0054 344 742 1127

LOS EUCALIPTUS, S.A.

Reforestation and forestry

Otros Padron, 22
2982 9370 Constancia - Paysandu. URUGUAY
Tel.: 0059 829 030 138 | Fax: 0059 829 030 129

SAMAKIL, S.A.

Timber merchant

Camino Bajo de la Petiza
4675 Montevideo. URUGUAY
Tel.: 0059 829 030 138 | Fax: 0059 829 030 129

INDUSTRIAL DIVISION

PAPELERA GUIPUZCOANA DE ZICUÑAGA, S.A.U.

Manufacture, transformation and sale of paper

Bº Zicuñaga s/n
20120 Hernani, Guipúzcoa. SPAIN
Tel.: 943 55 11 00 | Fax: 943 55 77 28

COMMERCIAL DIVISION

DISTRIBUIDORA PAPELERA, S.A.U.

Paper wholesaler

C/ Velázquez, 105
28006, Madrid. SPAIN
Tel.: 91 564 87 16 | Fax: 91 564 97 16

MOLINER, DOMÍNGUEZ Y CÍA, S.A.U.

Paper wholesaler

C/ Francesc Layret, 52 portal 3 - planta 1º
08912 Badalona, Barcelona. SPAIN
Tel.: 93 462 04 47 | Fax: 93 462 04 36

CENTRAL DE SUMINISTROS DE ARTES

GRÁFICAS PAPEL, S.A.U.

Paper wholesaler

C/ Velázquez, 105 - 28006, Madrid. SPAIN
Tel.: 91 564 11 66 | Fax: 91 564 97 16

IBERBARNA PAPEL, S.A.U.

Paper wholesaler

C/ Francesc Layret, 52 portal 3 - planta 1º
08912 Badalona, Barcelona. SPAIN
Tel.: 93 462 04 47 | Fax: 93 462 04 36

ZICUPAP, S.A.U.

Export promotion

Avda. Sancho el Sabio, 2 -1º
20010 San Sebastián, Guipúzcoa. ESPAÑA
Tel.: 943 46 26 00 | Fax: 943 46 36 81

COPAIMEX, S.A.U.

Export promotion

Avda. Sancho el Sabio, 2 -1º
20010 San Sebastián, Guipúzcoa. SPAIN
Tel.: 943 46 26 00 | Fax: 943 46 36 81

IBERPAPEL ONLINE, S.L.U.

B2B paper marketing

Avda. Sancho el Sabio, 2 -1º
20010, San Sebastián, Guipúzcoa. SPAIN
Tel.: 943 46 26 00 | Fax: 943 46 36 81



[**Garcita Azulada**
(*Butorides striata*).

It is one of the smallest and most colourful herons in Argentina. Its plumage alternates grey and blue on the head, back, wings and tail; its chest is white striated with rufous, its bill is black and its legs are lemon yellow.

It is a very skilful fishing bird and feeds on fish, crustaceans and insects. It lives in rivers, lagoons and streams on the coast or in grasslands and reedbeds. It nests in small colonies and its nest is a flimsy platform of branches where it lays two to five greenish eggs.]

