



2020 Environmental Statement



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1 Introduction

1.1 Location

Erreterria is a town in the north of the Basque Country, very close to San Sebastián, the capital of the province of Gipuzkoa. It is near the French border and 1 km from the very busy Port of Pasaja. It is one of only three border crossings from Spain to France, and is thus surrounded by roads that are travelled daily by thousands of lorries.



1.2 2020 Environmental Statement

Papresa is a national leader in the manufacture of newsprint and packing paper from recovered paper, with a production capacity of 380,000 tonnes/year.

The production plant is located in the municipality of Erreterria, in the province of Gipuzkoa.

Papresa's environmental policy is a clear reflection of the company's commitment to long-term sustainability, respect for the environment and customer satisfaction, with continuous improvement as a more general guideline. The implementation of an Integrated Quality and Environmental Management System improves the company's dynamic and is a useful tool for continuous environmental improvement. This is what we hope to convey with this environmental statement.

1.3 Description of Papresa

Papresa, located in the municipality of Errenteria in Gipuzkoa, is a company that manufactures newsprint and other papers sourced from separate collection.

Date of incorporation of the company: 1 October 1993

Location: Avda. Navarra nº6, 20100 ERRETERIA

Start date of paper activity: 1868

Staff: 229 people

Surface area: 72,246 m².

Clients: From around the world, especially Europe and Asia, and all the national newspapers and leading international newspapers in Europe, Asia and Africa.

The following main and auxiliary plants or production units are available for the production process:

- 2 pulp preparation plants (DIP2 and DIP3)
- 3 paper machines (MP4, MP5 and MP6)
- 1 power production plant
- 1 water treatment plant

The plant's production capacity exceeds 1,000 tonnes/day of paper, with 281,547 tonnes of paper produced in 2020.

The company is within the urban area of the municipality of Errenteria, where the paper industry has been active for more than a century. Over time, the impact of this activity on the environment has been decreasing, since even though both the size and the production capacity of the facility have increased, the modern technologies used and the numerous efforts made by **Papresa** throughout the years (construction of a catch basin in the 1980s to avoid dumping water into the river, multiple measures aimed at reducing noise levels, the use of natural gas as the sole fuel, rerouting much of the road traffic from the town centre to the Errenteria turnoff (GI-636) and implementing the use of scrap paper as the main raw material instead of wood, etc.) have yielded great improvements in terms of environmental integration.

Since October 2020, Papresa has been owned by the Quantum Capital Partners Group.

History of the company...

1868	The company VASCO-BELGA begins manufacturing paper in Errenteria.
1901	LA PAPELERA ESPAÑOLA S.A. is set up in Bilbao with three factories, one of which is the VASCO-BELGA factory in Errenteria. At the time, it has two paper machines (MP1 and MP2), which use mechanical pulp from pine logs as the raw material, which is then transformed in the Mechanical Pulp plant and an external chemical pulp plant.
1912	A third paper machine (MP3) is put into operation in the Errenteria factory, replacing the previous machines.
1931	The Newsprint Manufacturers Association sets up a new paper manufacturing machine (MP4) in Errenteria, which belongs to PAPELERA DE OARSO.
1954	LA PAPELERA ESPAÑOLA absorbs PAPELERA DE OARSO, taking ownership of both machines (MP3 and MP4).
1964	A steam generator that uses fuel oil is installed. A thermal power plant is opened onsite
1965	A new paper making machine (MP5) is put into operation.
1988-1990	Work begins on the industrial conversion of the factory. Investments are made to improve the MP4 and MP5 paper machines, pulp manufacture and the power plant (a new fuel oil/bark or natural gas/bark boiler is installed).
1991	Deinking Plant DIP1, located at the former site of the MP1 and MP2 paper machines, goes into operation. Its purpose is to supply deinked pulp made from recycled or scrap paper exclusively to the MP5 paper machine.
1993	Creation of PAPERESA S.A., after it is spun off from LA PAPELERA ESPAÑOLA S.A. It begins its separate activity in October 1993. It has the Mechanical Pulp plant and deinking plant DIP1, the thermal power station and the MP3, MP4 and MP5 paper machines.

1998-1999	Investments are made to improve quality and efficiency, improve the discharge processing facility by building a waste regulating tank, and improve the machinery and energy efficiency.
2000	The UNE-EN ISO 9001 Quality Assurance Certificate is obtained. Investments are made to improve the Water Treatment facility by constructing a water clarifier, or DELTAPURGE, to treat ALL process waters and a sludge thickening line.
2002	MP4 is completely refurbished and a new DIP3 deinking plant is built.
2003	The mechanical pulp facility is stopped once the deinking plant is stabilised in order to supply the MP4 and MP5 paper machines at the same time, and be capable of treating all of its process waters.
2004	The most important investment in the history of PAPRESA is made, with the construction of a new paper machine (MP6), doubling the factory's production capacity.
2005	The steam turbine is modified to increase the production of electricity through cogeneration.
2006	Two investments are made to improve the Water Treatment Plant: one to divert the treated water from the catch basin in the DIP2 and DIP3 deinking plants to a decanter (acelator1) in order to ensure stable discharge conditions, and another to put into operation another sludge pressing facility to maximise the dryness and efficiency of the water treatment effluent sludge. In addition, the shaping and finishing area of MP5 is modified to improve product quality
2007	A new boiler is installed in order to fully renovate the existing boilers and thus improve their energy efficiency and reduce energy consumption. Furthermore, MP5 is upgraded to include cutting-edge quality and energy efficiency devices. ISO 14001 and EMAS certificates are obtained.
2007	The Alfonso Gallardo Group buys all the shares of PAPRESA.
2008	The replacement of the presses in MP5 is completed and the dryer is upgraded (to optimise the efficiency of the machine's steam, electricity and cooling water consumption)
2009	A new spooler is installed on MP4 to improve the quality of the finishes on this paper machine.
2011	DIP1 plant is decommissioned. Works on the Fanderia channel are completed.
2012	The steam turbine is upgraded by replacing 100% of the blades to improve its efficiency and performance.
2014	The KKR Investor Group buys out 100% of PAPRESA.
2015	Investments are made to reduce energy consumption. A new compax is installed to increase the dryness of plastic tailings from the deinking process.
2016	Investments are made to improve the thermal insulation of buildings and to replace lighting with LEDs to reduce energy consumption
2017	Improvements are made to reduce water and chemical consumption to minimise the environmental impact. A flaw detector is installed in MP6
2018	BOOSTEK devices are installed to recover fibres and reduce rejection rates.
2019	The manufacturing process in one of the paper cardboard manufacturing machines is modified.
2020	Since October 2020, Papresa has been part of the Quantum Capital Partners Group.

2 Description of the Manufacturing Process

Two main processes are required to manufacture paper in PAPRESA: conversion of scrap paper into pulp, and conversion of pulp into paper again.

PULP PREPARATION: There are two plants (DIP2 and DIP3) that process the paper in order to manufacture pulp, which will become the raw material for manufacturing paper.



Main stages: Manufacture of Pulp

Disintegration	This is done in a pulper that is constantly fed the bundles of scrap paper, together with water, soap and other chemicals to facilitate the subsequent treatment.
Filtration	Removal of impurities (plastics, staples, etc.) in the raw material, which leave the plant as tailings from the deinking process.
Flotation	The impurities in the raw material that comes from the plant are removed (deinking), after drying, as tailings from the deinking process.
Bleaching	Once the pulp is deinked and cleaned, it is bleached using hydrogen peroxide and, to a lesser extent, sodium hydrosulphite.

The machines and stages used vary depending on the type of paper to be manufactured, resulting in a flexible production process.

PAPER MANUFACTURE: There are three paper machines (MP4, MP5 and MP6) where newsprint and paper for use in cardboard are manufactured. The raw material in this phase is the pulp from the deinking process.

Main stages: Paper Manufacture

Preparation of the Pulp	Before the pulp and additives are fed into the paper machines, a vat is used to mix the pulp from the deinking process, deinked pulp purchased from outside, recovered fibres, water and the necessary chemicals.
Vacuum deaeration and filtration	The above mixture is deaerated and filtered to avoid unwanted elements.
Wet stage	The treated and deaerated pulp is fed into the machines (intake box and shaper), where the sheet of paper is formed. A series of aspiration and pressing processes are used to remove the water, which is the main objective.
Dry stage	The paper passes through multiple hot rollers that make up a battery of dryers to remove residual moisture from the previous process
Smoothing	As it goes through the calender, any roughness in the paper is removed, evening out the caliper all along its surface.
Rolling, winding and baling	The sheets of paper are rolled, cut into spools and bailed, if applicable, for storage before they are dispatched to the customer.

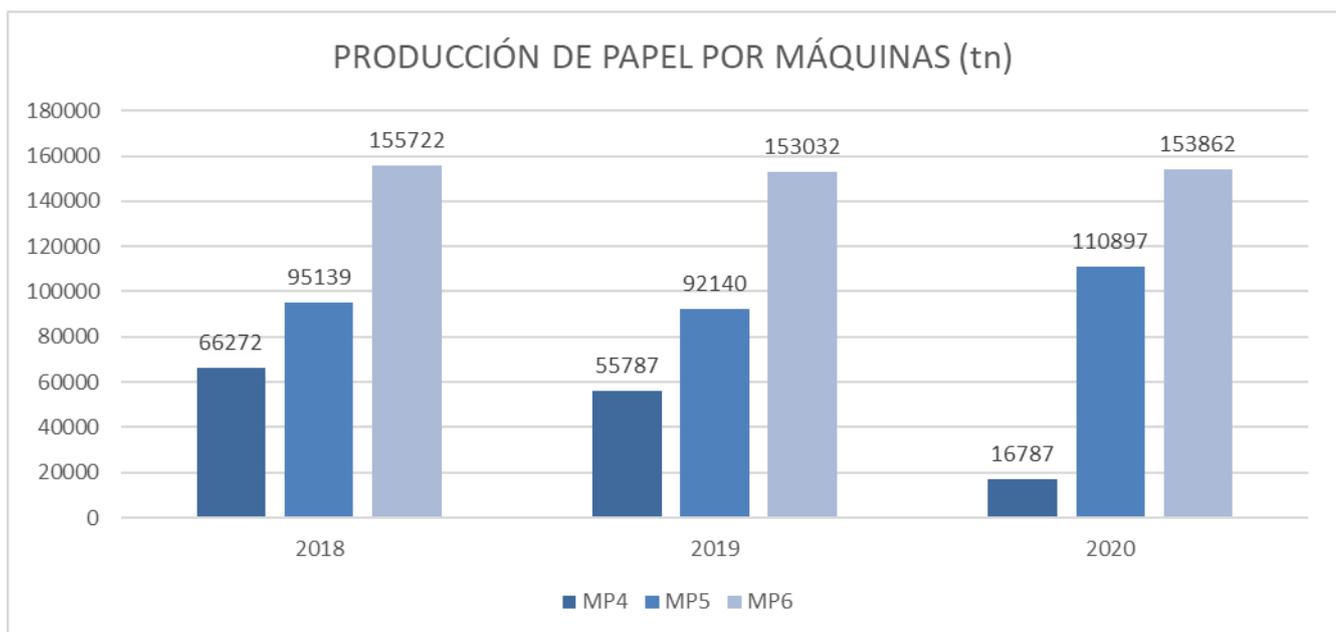
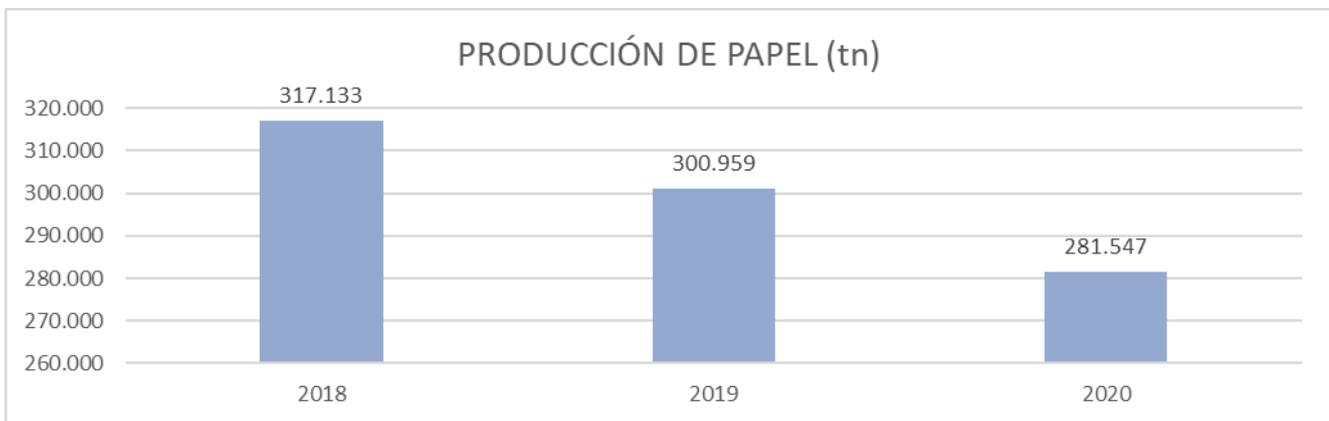
Steam is needed both to prepare the pulp and to manufacture and dry the paper. This steam is generated using two gas combustion boilers in the **PAPRESA** thermal power plant.

There is also a wastewater treatment plant where process water is treated before it is discharged to the catch basin.

The raw material for the production process is RECYCLED PAPER from the separate collection (scrap or cut), which is temporarily stored in the scrap paper pile that supplies the two main pulp preparation lines.

In 2020, 348,681 tonnes of this paper were consumed, turning a waste product that is produced both in our homes and in commercial and industrial activities, and separately collected by a society that wants to move towards a circular economy, **into a new, usable product that can itself be recycled**. In addition, as in previous years, no external mechanical pulp was consumed in 2020.

The following graphs show the paper production process in Papresa:



In 2020, the three paper machines were not used at full capacity. From April to October, inclusive, MP4 was offline.

In this case, 2020 was a hard year due to the pandemic, the global economic crisis and the devastating consequences of the decline in newsprint consumption in general. 2020 was a year of changing work methods, mainly due to the change of ownership in October and the arrival of an exciting project to supplement our activity. We managed to enter the European packaging paper market and start up the stopped machine in order to supply all the paper that this market requires: paperboard that is 100% recycled and, in turn, 100% recyclable.

It should be noted that since the closure of the mechanical pulp installation in 2003, **WOOD HAS NOT BEEN USED AS A RAW MATERIAL**. This has yielded numerous environmental advantages from many points of view: dust produced from unloading and processing logs (less of a nuisance to neighbours), less electrical consumption in the process, the use of existing waste (recycled paper) as a raw material, preventing it from becoming unrecovered waste, etc. But the most important aspect was the reduced acoustic impact, due to both the closing of the mechanical pulp process, which was the highest noise emitter, and to the fact that the building for the new paper machine acts as a noise barrier against train noise. Moreover, the odour from the paper mill has been reduced considerably due to the process of transforming raw materials during the manufacturing process.

In addition to scrap paper, the use of additives (chemicals) is needed to give the pulp the desired final characteristics and to facilitate the intermediate processes (deinking, bleaching, etc.). Chemicals are also important in auxiliary operations and processes, such as the treatment of supply and process water, steam generation, cleaning and maintenance of machinery and installations, etc.

In total, 11,882 tonnes of chemical products were consumed in 2020.

It should be noted at this point that **PAPRESA DOES NOT USE CHLORINE** to bleach the pulp, which avoids the subsequent presence of chloroorganic compounds in the discharge waters and other emissions from the process.

One of the most important resources in paper industry in general is water, which is needed for cooling, steam generation, pulp preparation, dilution, etc. In 2020, a total of 3,464,245 m³ of water from the Oiartzun River was consumed. The water used in PAPRESA comes from a dam located on the Oiartzun River that dates back to the fifteenth century. It is located 1 kilometre from the point where it comes into contact with sea water, and thus ceases to be usable; from there, it reaches the factory through a canal, around which the La Fandería neighbourhood has been built as an integrated ecosystem. An agreement is in place with the Errenteria City Council for the use of the "La Fandería" canal. In addition to this agreement, on 19 June 2009, the "Resolution granting La Fandería users a concession to use water" and the "Resolution granting an authorisation to modify water use" were received.

For environmental reasons, various steps are constantly being taken to reduce the amount of water used per tonne of paper manufactured, such as the installation of state-of-the-art heat exchangers, the optimisation of cooling loops, control of consumption by sections, etc.

3 Environmental performance with respect to legal provisions

3.1 Most relevant legal provisions

Papresa S.A. is a paper company that is subject to the IPPC (Integrated Pollution Prevention and Control) law (Act 16/2002), among others.

Furthermore, Papresa regularly complies with all the regulatory requirements that apply to it, as required by law.

In 2020, various requests were received from the competent body, which were answered properly and on time and satisfactorily closed out.

Papresa tracks industry reference documents (IRD), both published and in draft form, noting that no new documents related to our sector are currently published. When one is published, Papresa will compare its processes with the BEMP (best environmental management practices) and consider the sector-specific environmental performance indicators before selecting the most suitable ones to inform stakeholders through its environmental statement. And it will consider the content of the IRD as a source of information for the continuous improvement of its environmental performance.

3.2 Authorisations, Licences and Permits

On 28 September 2018, the Decision was received on the change to the Integrated Environmental Authorisation corresponding to the adaptation of the Authorisation prior to the new BREF of the pulp and paper sector (Commission Decision 2014/687/EU). This authorisation includes in the same document the authorisations as a producer of Non-Hazardous Waste, Hazardous Waste, Discharges, Emissions, etc.

The aforementioned Water Use Concession for the Oiartzun River is available.

The records for the start-up of the steam-generating boilers and chemical storage locations (APQ) are available.

In 2020, the OCA inspections of the APQ related to the water treatment plant were updated.

Authorisations

28/09/2018	RENEWED INTEGRATED ENVIRONMENTAL AUTHORISATION
08/06/2009 (CORRECTED ON 18/04/2011)	OIARTZUN RIVER WATER USE PERMIT
12/12/2012 (AMENDED ON 18/12/2013)	AUTHORISATION TO EMIT GREENHOUSE GASES 2013-2020

4 Integrated Management System

Since 2006, Papresa has had an Environmental Management System, as per the ISO 14001 standard and the EMAS Regulation. It has been certified since 31 August 2007. The system periodically identifies and evaluates Environmental Aspects based on their hazard and magnitude. The significant environmental aspects are used to define the environmental goals, targets and improvement programme that will be implemented over the next year. In February 2020, we also added the ISO 50001 Energy Management certification.

The factory staff is trained in environmental aspects through awareness courses, and especially the Orientation Courses that are given to new hires.

Operations that can cause significant environmental impact are tracked, and operating guidelines are in place to prevent potential impacts as a result of emergency situations. Factory management holds quarterly evaluation and follow-up meetings, and the department heads meet daily to address and resolve any unforeseen events as quickly as possible.

PAPRESA carries out internal and certification audits annually, in addition to the corresponding Management Reviews, which ensure the annual evaluation and constant improvement.

The Quality Management, Environmental Management and Energy Management systems at PAPRESA have been integrated, giving rise to the INTEGRATED MANAGEMENT SYSTEM, with the following documentation:

Documentation	
INTEGRATED MANUAL	Document that defines the general guidelines for managing Quality and the Environment at PAPRESA.
PROCEDURES MANUAL	A set of documents detailing PAPRESA's actions involving the general activities related to the Management System.
INSTRUCTION MANUAL	Documents detailing the processes used in more specific activities related to the Management System
RECORDS	Documents that chronicle the operation of the Management System.

The following is a historical description of Papresa's certifications:

QUALITY MANAGEMENT SYSTEM	
UNE-EN ISO 9001:2000	2000
UNE-EN-ISO 9001:2008	2009
UNE-EN ISO 9001:2015	2018
ENVIRONMENTAL MANAGEMENT SYSTEM	
EMAS REGULATION 761/2001	2007
UNE-EN ISO 14001:2004	2007
EMAS REGULATION III 1221/2009	2012
UNE-EN ISO 14001:2015	2018
EMAS REGULATION (EU) 2017/1505	2018
EMAS REGULATION (EU) 2018/2026	2019
ENERGY MANAGEMENT SYSTEM	
UNE-EN ISO 50001:2018	2020
FOREST CHAIN OF CUSTODY/SUSTAINABILITY MANAGEMENT SYSTEM	
FSC-STD-40-004 (version3.0) EN / FSC-STD-40-007 (Version 2.0) EN / FSC-STD-50-001 (Version 1.2) EN	2012
PEFC ST 2002:2010	2012
PEFC ST 2002:2013	2014
SUITABILITY OF PAPER IN CONTACT WITH FOOD	
Recommendation XXXVI of the German BfR regulation	Latest in 2019

5 Integrated Policy

PAPRESA, S.A., which designs and produces newsprint and standard, improved and coloured packaging paper from recovered materials, proposes applying a quality, environmental, energy and chain of custody policy that is suited to the purpose and context of the organisation and that supports its strategic direction, ensuring long-term sustainable development while also providing for customer satisfaction, by undertaking the following:

- **Ensure a competitive company by acquiring a commitment to environmental protection and customer satisfaction for all its staff, its working philosophy revolving around the quality of its PRODUCTS, the PREVENTION OF POLLUTION in our environment and CONSTANT IMPROVEMENT in every aspect, COMPLIANCE WITH the legal and REGULATORY REQUIREMENTS IN FORCE that are applicable to the activities and services carried out, as well as other voluntarily acquired requirements, such as chain of custody and the constant improvement of energy efficiency.**
- Make every effort to avoid trading in and purchasing wood or wood fibre that is:
 - Illegally extracted.
 - Extracted in violation of traditional and civil rights.
 - Sourced from forests whose high preservation values are threatened by management practices.
 - Sourced from forests that are being turned into plantations or non-forest uses.
 - From forests in which genetically modified trees are planted.
 - In violation of any of the ILO fundamental conventions relating to fundamental workplace principles and rights.
- To make every effort in order to ensure that:
 - Workers are not prevented from freely associating, electing their representatives, or collectively bargaining with the company.
 - Forced labour is not used.
 - Workers below the legal minimum age are not hired.
 - Equal opportunities and equal treatment of workers are not impeded.
 - Working conditions do not endanger the safety or health of workers.
- All the staff of PAPRESA, S.A. must be aware of their own responsibility in terms of quality, the environment, energy efficiency and the chain of custody. To this end, its employees will be given the knowledge needed to apply the appropriate management practices in an effort to avoid any non-compliance, accident and/or incident with regard to product quality, energy efficiency and water or air pollution.
- Support the acquisition of energy-efficient products and services that impact energy performance, and support design activities that consider improved energy efficiency.
- Adopt an open and constructive dialogue with stakeholders that promotes staff satisfaction and motivation and encourages their participation in ongoing improvement programmes.
- Establish programmes to achieve a dynamic and continuous improvement in the Integrated Management System by implementing the appropriate methodology and practices to define goals and targets, and to assess their degree of compliance.
- Carry out, in accordance with the principle of continuous improvement, the reviews and audits of the existing Integrated Management System, as often as is deemed necessary, to ensure compliance with said system.
- To make this business policy available to the public.

Erreterria, 1 March 2021
Miguel Sanchez García
CHAIRMAN and CEO

6 Environmental Aspects

In its Environmental Management System, Papresa considers **DIRECT ENVIRONMENTAL ASPECTS** (those over which it has full control), **INDIRECT ENVIRONMENTAL ASPECTS** (vendors, subcontractors and aspects related to the use of the product and its subsequent recycling) and **POTENTIAL ENVIRONMENTAL ASPECTS** (potential emergency situations).

These are all assessed annually using specific criteria (Hazard and Quantity; Probability and/or Severity) for each of the aspects in order to set environmental goals and targets for Papresa that reflect actual needs, and to track those significant aspects that are not associated with a goal for that year.

An evaluation of the direct environmental aspects in 2020 identified the following as significant and assigned them the highest score:

Significant Environmental Aspect	Associated Environmental Impact	Justification
Use of caustic soda	DEPLETION OF NATURAL RESOURCES	This indicator was hampered by the drop in production caused by the stoppage of machine 4 from April to October
Use of hydrogen peroxide	DEPLETION OF NATURAL RESOURCES	This indicator was hampered by the drop in production caused by the stoppage of machine 4 from April to October
Use of aluminium polychloride	DEPLETION OF NATURAL RESOURCES	This indicator was hampered by the drop in production caused by the stoppage of machine 4 from April to October
Use of tap water	DEPLETION OF NATURAL RESOURCES	This indicator was hampered by the drop in production caused by the stoppage of machine 4 from April to October
Use of oil	DEPLETION OF NATURAL RESOURCES	This indicator was hampered by the drop in production caused by the stoppage of machine 4 from April to October
Use of solvent	DEPLETION OF NATURAL RESOURCES	This indicator was hampered by the drop in production caused by the stoppage of machine 4 from April to October
Emissions of COD, BOD5 and sulphides.	ENVIRONMENTAL POLLUTION	Change of product in MP5
Generation of hazardous waste (used oil, WEEE, organic solvents)	ENVIRONMENTAL POLLUTION	The indicators for the generation of hazardous waste resulting from maintenance were hampered due to the stoppage of machine 4 from April to October
Generation of sewage sludge	ENVIRONMENTAL POLLUTION	Changes to how waste is handled in the CAPV required modifications to the internal production process.
Generation of plastic tailings	ENVIRONMENTAL POLLUTION	Poor cut quality
Generation of non-contaminated plastic packaging	ENVIRONMENTAL POLLUTION	A product change in MP5 involved the dosage of chemicals to improve product characteristics.

Other important aspects that are inherent to the activity include the consumption of raw materials, the use of chemicals, water and energy, as well as risks from potential accidents in the external area, causing contamination of the stormwater network. Papresa has undertaken to control and monitor them thoroughly, and any other aspect that it deems appropriate.

As for the results of the evaluation of the indirect environmental aspects, despite not finding any significant ones, work continues to improve the environmental commitment of vendors and contractors, as well as to minimise the aspects related to the product and its waste.

The evaluation is carried out using the following criteria:

For the direct environmental aspects: Hazard of the aspect and Quantity of the aspect.

For indirect aspects of vendors/subcontractors: Hazard of the aspect, service quantity incidents.

For indirect aspects of the product:

- Associated with transport: Hazard and Quantity.
- Associated with product waste: Hazard and Quantity.
- Associated with the product: Hazard and Quantity.

For potential environmental aspects: Severity of consequences and Probability of occurrence.

6.1 Direct Environmental Aspects

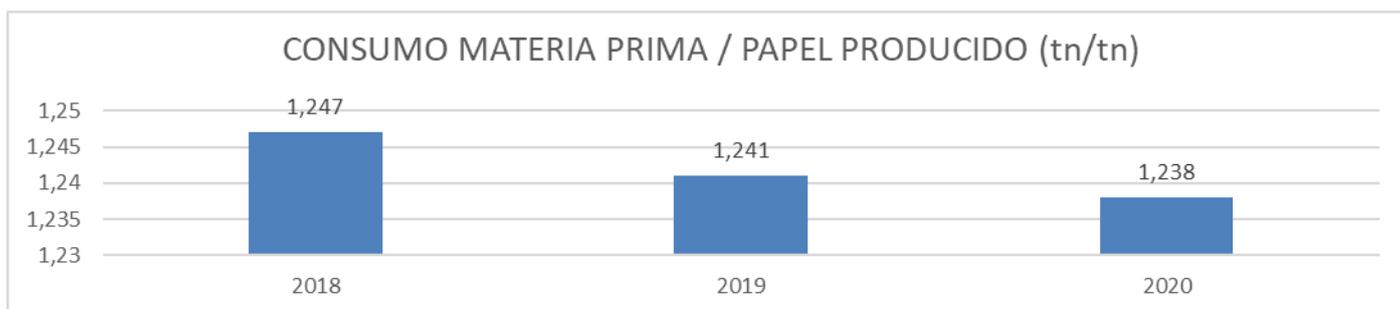
Papresa's direct **environmental aspects** basically involve consumption, discharges, atmospheric emissions, noise, soil and waste.

6.1.1 Consumption

Raw Materials

As explained above, **Papresa** mainly consumes recycled paper (cut or scrap paper) as a raw material to manufacture deinked pulp. In addition, external pulp is occasionally added, although in the last two years, no virgin pulp has been input to the process, which has relied on 100% recycled product.

	Raw Material Consumption [tn]	Paper Production [tn]	Ratio [tn/tn]
2018	395,549	317,133	1.247
2019	373,459	300,959	1.241
2020	348,681	281,547	1.238

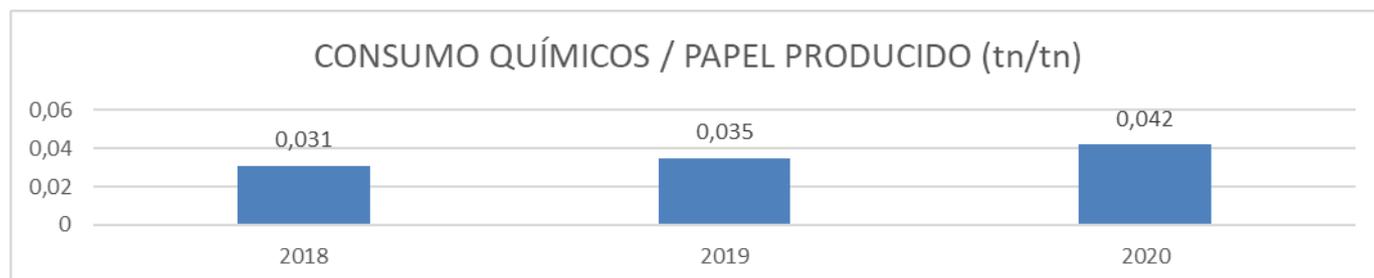


*Source: SAP.

Auxiliary Materials

Another important aspect is the use of chemicals.

	Chemical Consumption [tn]	Paper Production [tn]	Ratio [tn/tn]
2018	9,711	317,133	0.031
2019	10,465	300,959	0.035
2020	11,882	281,547	0.042



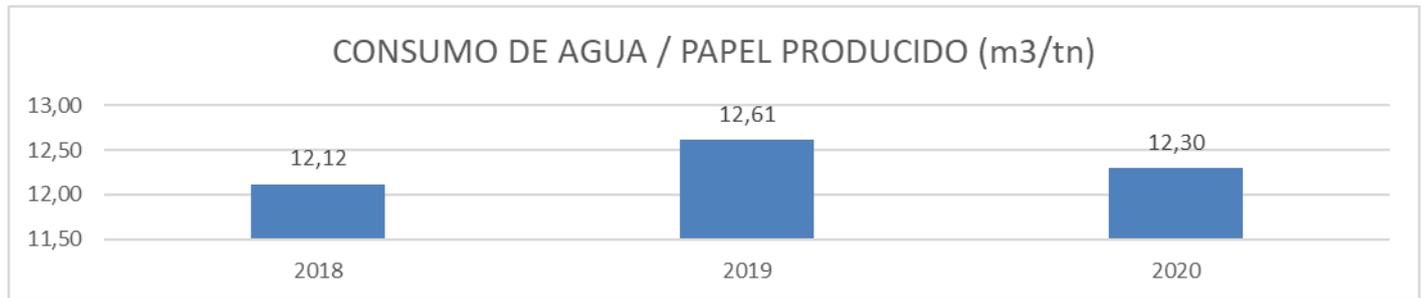
*Source: Annual EPRTTR statement.

Despite having minimised chemical use to all-time lows, in 2019 and 2020, this ratio worsened due to a lack of production and to the testing of new and different products.

Water

PAPRESA has made numerous investments to optimise the consumption of this increasingly scarce natural resource. Resource use has been adjusted and streamlined, thus optimising and maintaining the factory's unit consumption of cold water, which is currently at the lowest value in PAPRESA's history.

	Water consumption [tn]	Paper Production [tn]	Ratio [m3/tn]
2018	3,844,136	317,133	12.12
2019	3,794,899	300,959	12.61
2020	3,464,245	281,547	12.30

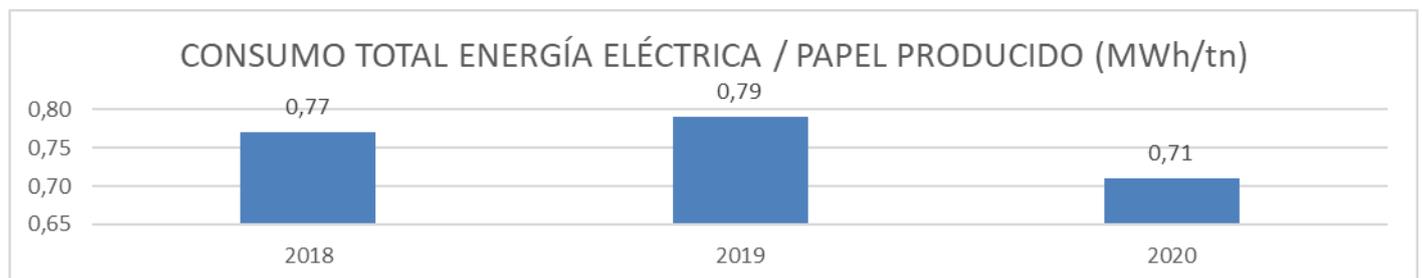


**Source: Annual Calculation.*

Electricity

PAPRESA consumes externally purchased electricity. The ratio in 2020 was better than in previous years due to the stoppage of machine 4, which is the oldest and least efficient machine.

	Total Electricity Consumption [MWh]	Paper Production [tn]	Ratio [MWh/tn]
2018	244,199	317,133	0.77
2019	236,394	300,959	0.79
2020	199,696	281,547	0.71



**Source: Supplier invoices.*

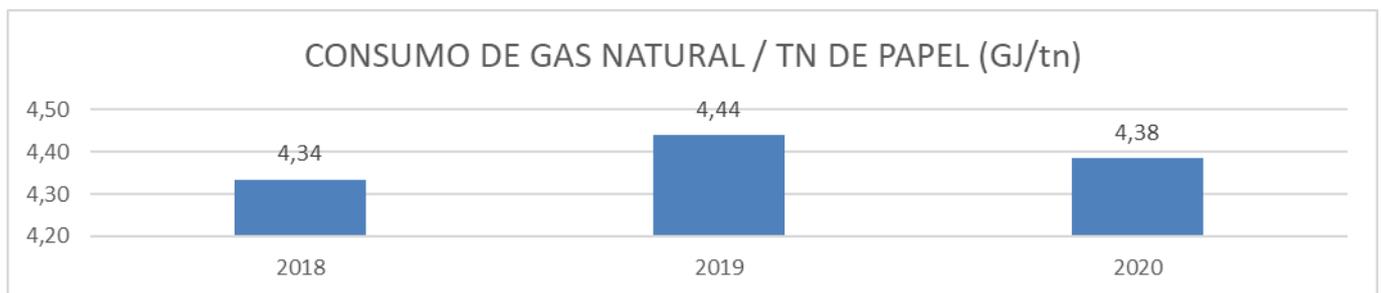
Fuels

Natural Gas

Papresa only uses natural gas in its steam-generating boilers.

The improvement in 2020 was due to the stoppage of MP4, the least efficient machine, from April to October.

	Natural Gas Consumption [GJ]	Paper Production [tn]	Ratio [GJ/tn]
2018	1,374,775	317,133	4.34
2019	1,336,198	300,959	4.44
2020	1,234,272	281,547	4.38



*Source: Greenhouse Gas Statement.

Diesel

The fuel used by Papresa for the outdoor forklifts is diesel.

	Diesel Consumption [L]	Diesel Consumption [m3]	Diesel Consumption [tn]	Diesel Consumption [GJ]	Paper Production [tn]	Ratio [GJ/tn]
2018	131,370	131.370	107.723	4,632	317,133	0.015
2019	89,609	89.609	73.479	3,160	300,959	0.010
2020	41,490	41.49	34.022	1,463	281,547	0.0052

*See table of data for conversions /*Source: Supplier invoices.

In 2019, some of the diesel forklifts were replaced by LPG forklifts. Both fuel types have been tracked ever since.

LPG

	LPG consumption [tn]	LPG consumption [GJ]	Paper Production [tn]	Ratio [GJ/tn]
2018				
2019	31.712	1,500	300,959	0.0050
2020	64.036	3,029	281,547	0.0108

*See table of data for conversions /*Source: Supplier invoices.

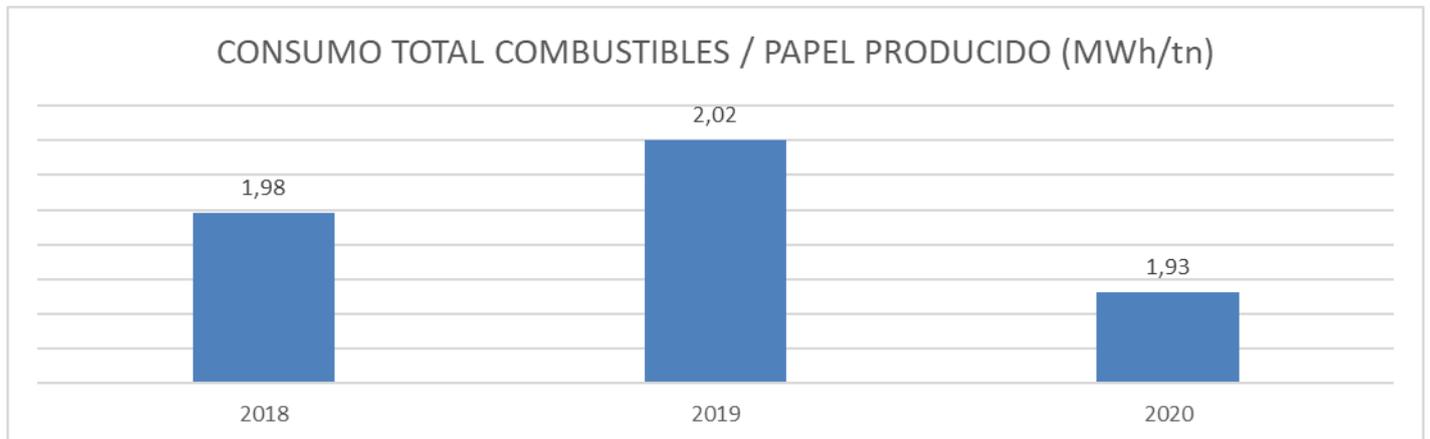
Sum of Energies

TOTAL ENERGY CONSUMPTION/TN PAPER, considering all the energy used from different sources in MWh: **Electricity (MWh/tn) + Natural Gas (MWh/tn) + Diesel (MWh/tn) + LPG (MWh/tn)**.

For natural gas, the LHV (invoice) is used to maintain consistency with the annual greenhouse gas statement (Kyoto).

The improvement in 2020 was due to the stoppage of MP4, the least efficient machine, from April to October.

	Electricity Consumption [MWh]	Natural Gas Consumption (MWh LHV/tn)	Diesel consumption (MWh/tn)	LPG consumption [tn]	Paper Production [tn]	Sum of Ratios [MWh/tn]
2018	0.77	1.204	0.00417	0	317,133	1.98
2019	0.79	1.233	0.00278	0.00138	300,959	2.02
2020	0.71	1.218	0.00144	0.00298	281,547	1.93



*Source: Supplier invoices.

DATA CONVERSION TABLE					
FUEL	DENSITY		SOURCE		
DIESEL	820	kg/m3	Safety Data Sheet		
LPG	0.555	kg/l	Average Invoice		
FUEL	CALORIFIC VALUE		EMISSION FACTOR		SOURCE
DIESEL	43	GJ/tn	74.1	kgCO2/GJPCI	GHG Inventory Report 1990-2018 (2020)
LPG	47.3	GJ/tn	63.1	KG CO2/GJPCI	GHG Inventory Report 1990-2018 (2020)

Energy (STEAM) – Other environmental performance indicators (requested in the AAI)

The steam comes from the heat obtained from the combustion of natural gas in steam boilers.

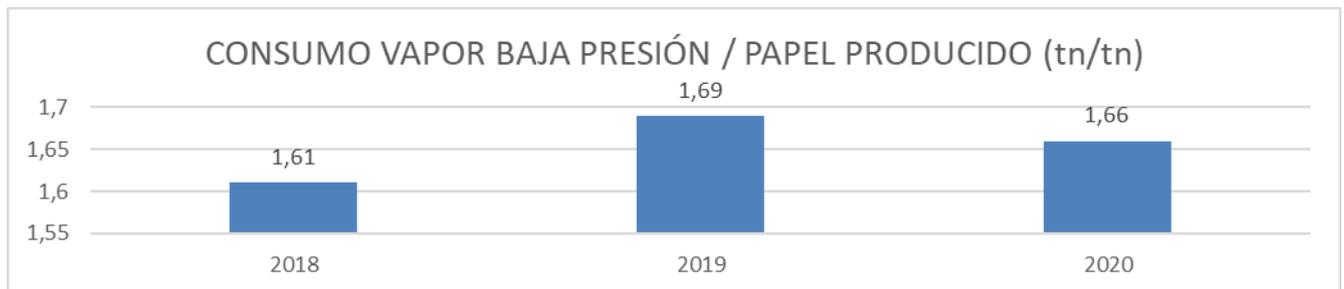
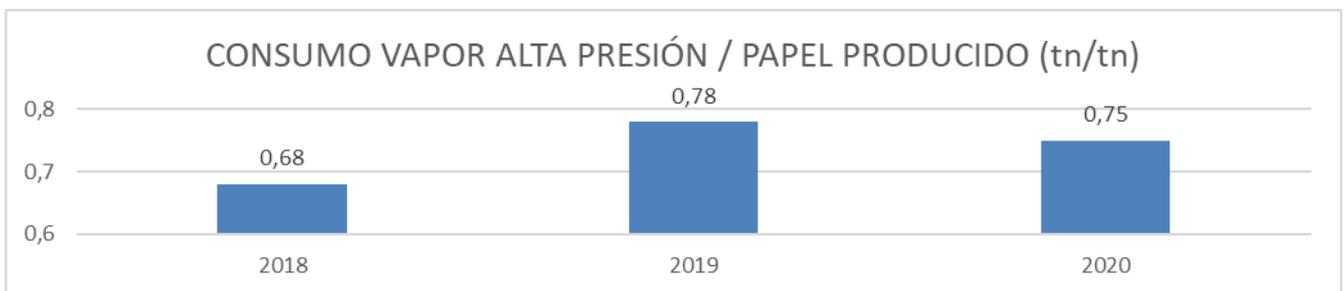
	HP Steam Consumption [tn]	Paper Production [tn]	Ratio [tn/tn]
2018	214,209	317,133	0.67
2019	234,792	300,959	0.78
2020	210,034	281,547	0.75

To analyse the steam consumption in the machines, we have to consider the consumption of low-pressure steam

	LP Steam Consumption [tn]	Paper Production [tn]	Ratio [tn/tn]
2018	511,919	317,133	1.61
2019	507,570	300,959	1.69
2020	466,508	281,547	1.66

The LP steam ratio represents the steam consumption in Papresa installations, since it is the steam that is consumed mainly in the drying area of the paper machines.

The improvement in 2020 was due to the stoppage of MP4, the least efficient machine, from April to October.



**Source: Boiler steam meter.*

6.1.2 Discharges

The **industrial DISCHARGES** generated in PAPRESA are processed in a primary process water treatment plant. The treated waters are directed to the Loyola WWTP to complete their treatment there.

The purpose of the treatment before the discharge to the Añarbe catch basin is mainly to eliminate the main contaminant, which is the suspended solids. These suspended solids are mostly due to cellulose fibres present in this water. These solids are removed after a settling process. The resulting sludge is dehydrated up to 50% dryness and sent to ceramic and composting companies for recovery.

To guarantee the quality of the water discharged into the collector, parameters such as pH and turbidity are constantly monitored, and internal and external analyses are carried out voluntarily by the collaborating entity of the Water Authority. The Añarbe Commonwealth also carries out periodic checks.

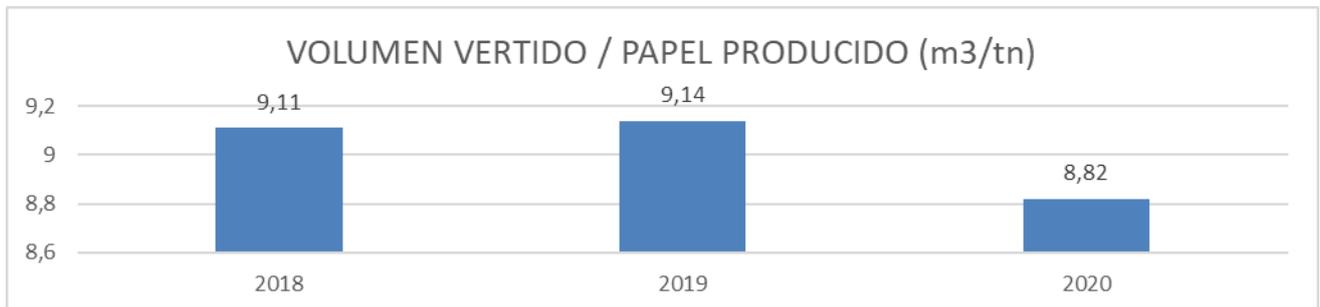
It is important to note that the discharge is to the catch basin, and not to a public body of water.

After the process water is cleaned, it is pumped to tanks for subsequent reuse in different phases, and any remaining water that is no longer usable is discharged into the catch basin.

In 2019, an agreement was signed with Añarbe to build a biological plant in Papresa to discharge directly through a submarine outlet pipe without going through the treatment plant. This agreement committed us to having the plant operational by 2022.

In 2020, when Papresa became the property of Quantum Capital Partners, the viability of this agreement and the best overall solution for Papresa were analysed. It was decided to undertake a project to build an anaerobic treatment plant in Papresa's current installation, including subsequent aeration of the discharge, and to send this discharge to the current catch basin in Añarbe.

	Volume Discharged [m3]	Paper Production [tn]	Ratio [tn/tn]
2018	2,890,055	317,133	9.11
2019	2,749,881	300,959	9.14
2020	2,482,399	281,547	8.82



*Source: Añarbe Invoice.

The discharge decreased due to the stoppage of MP4.

The results for the most significant discharge parameters of the integrated environmental authorisation are:

SOURCE 1: Discharge to Catch Basin

	Suspended Solids (mg/l)	COD (mg/l)
2018	220	1,660
2019	200	2,120
2020	130	2,270
LIMIT	600	1,800

The increase in COD from 2019 and 2020 was due to changing products in the factory. Since then, the following steps have been taken:

- Study and monitoring of the discharge and internal process water at Papresa (pilot plant)
- Commissioning of an existing vat transformed into an aerobic treatment before the discharge is sent to the catch basin.
- Planned investment in anaerobic treatment for all the water discharged to the catch basin. Planned start in January 2022.

Communications with the administration:

- Technical study of the feasibility of the agreement presented to all administrations (2020–2021) (URA, Añarbe, Basque Government and Provincial Council)
- Resolution for Non-Substantial Modification to the Integrated Environmental Authorisation to amend the current water treatment by adding an anaerobic treatment tower which will reduce the COD of the Papresa discharge by 80%, and continue discharging to the Añarbe catch basin. (2021)

Stormwater DISCHARGE generated in Papresa is discharged at 3 points to the Oiartzun River, and biannual analyses are done as per the requirements of the Integrated Environmental Authorisation. To assess compliance, we have to consider the pollutant load in the rainwater before it enters the factory environment:

	INCOMING STORMWATER		SOURCE 2: General		SOURCE 3: Offices		SOURCE 4: Warehouse	
	Suspended Solids (mg/l)	COD (mg/l)						
5/3/2020	94	42	68	26	6	18	93	142
2/10/2020	5.3	11	31	26	35	26	3	16
LIMIT	-	-	35	50	35	50	35	50

After the limits were exceeded in March due to the heavy rains and runoff on the day of the analysis, the sampling was repeated in October, whose results were within the limits.

The sewers and the exterior dirt runoff areas are regularly checked and cleaned.

6.1.3 Atmospheric Emissions

PAPRESA has 4 emission sources:

- SOURCE 1: Fives boiler ☒ Non-systematic Source ☒ No analyses done when offline.
- SOURCE 2: Thermal Oil Boiler ☒ Analysis required every 5 years
- SOURCE 3: Babcock & Wilcox Boiler ☒ Emissions analysed annually.
- SOURCE 4: UMISA Boiler ☒ Emissions analysed annually.

The only fuel used in these boilers is natural gas, considered to be one of the cleanest fuels. This combustion contributes to the atmospheric emission of CO₂, which has the associated impact of global warming. To emit this gas, the relevant Allocation of Emissions Rights is required. The tonnes of CO₂ emitted is verified annually and subsequently validated in the Single European Register of Emission Rights, as mentioned above in point 3 of this document, "Authorisations, Licences, Permits".

There are also several points in the three PAPRESA paper machines where water vapour is emitted into the atmosphere, the major impact of which is visual.

	Natural Gas CO ₂ Emissions [tn CO ₂]	Diesel CO ₂ Emissions [tn CO ₂]	LPG CO ₂ emissions [tn CO ₂]	Paper Production [tn]	Ratio [tn CO ₂ /tn]
	*Kyoto Report	*Emission Factors Calculation	*Emission Factors Calculation		
2018	77,538	343	0	317,133	0.246
2019	75,082	234	95	300,959	0.251
2020	69,095	108	191	281,547	0.246

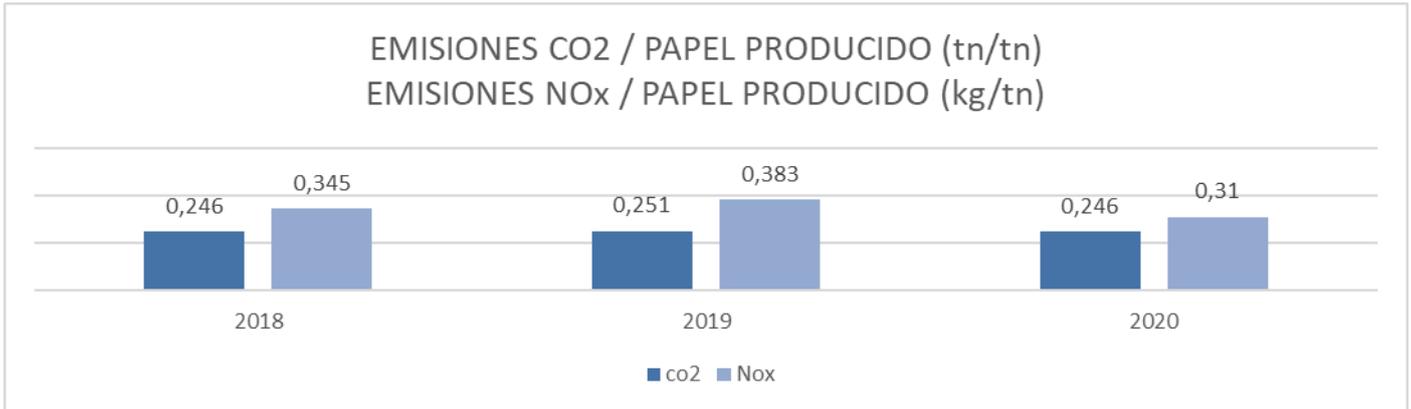
*See table of data for conversions Section 6.1.1 FUELS

	NOx [kg]	Ratio [kg/tn]	SO ₂ [kg]	Ratio [kg/tn]	Particles [kg]	Ratio [kg/tn]	Paper Production [tn]
2018	109,372	0.345	448	0.0014	693	0.0022	317,133
2019	115,325	0.383	1.1	0.000004	220	0.0007	300,959
2020	87,252	0.310	0.5	0.000002	102	0.0004	281,547

*Values calculated as per EPRTTR Methodology for the combustion of Natural Gas

	Diesel Consumption [tn]	Diesel CO ₂ Emissions [tn CO ₂]	Diesel SO ₂ Emissions [tn SO ₂]	Diesel NOx Emissions [kg NOx]	Diesel Particle Emissions [kg particles]
2018	107.723	343	1.6	1,606	322
2019	73.479	234	1.1	1,096	220
2020	34.022	108	0.5	507	102

*See table of data for conversions Section 6.1.1 FUELS (emission factors)



The relevant analyses were carried out by an Authorised Control Body in 2020. Both the external control analyses and the continuous NO_x meter complied with the established limits at all times. The summary table below shows that the parameters were in compliance with the emission limits of the Integrated Environmental Authorisation:

	SOURCE 1: FIVES boiler	SOURCE 2: Thermal oil boiler MP4		SOURCE 3: Babcock & Wilcox boiler	SOURCE 4: UMISA boiler
		NO _x [mg/m ³ N]	CO [mg/m ³ N]	NO _x [mg/m ³ N]	NO _x [mg/m ³ N]
2018	OFFLINE	6	126	175	33
2019	OFFLINE	3	19	126	105
2020	OFFLINE	OFFLINE	OFFLINE	108	115
LIMIT	300	615	625	300	300

**Values from OCA Inspection Reports*

6.1.4 Noise

With regard to the NOISES generated by PAPRESA, numerous actions were carried out in recent years to reduce the noise levels present in the vicinity of the facilities: acoustic insulation at the noise source, noise barriers at the sources closest to residential areas, etc.

In 2018, the analyses requested in the Integrated Environmental Authorisation were carried out, and the results were within the allowed range. The next readings will not be taken until 2021.

6.1.5 Biodiversity

With regard to soil pollution prevention, the Preliminary Soil Status Report was presented, together with the Integrated Environmental Authorisation project. The relevant containment measures are also in place in those facilities with the potential to cause soil contamination.

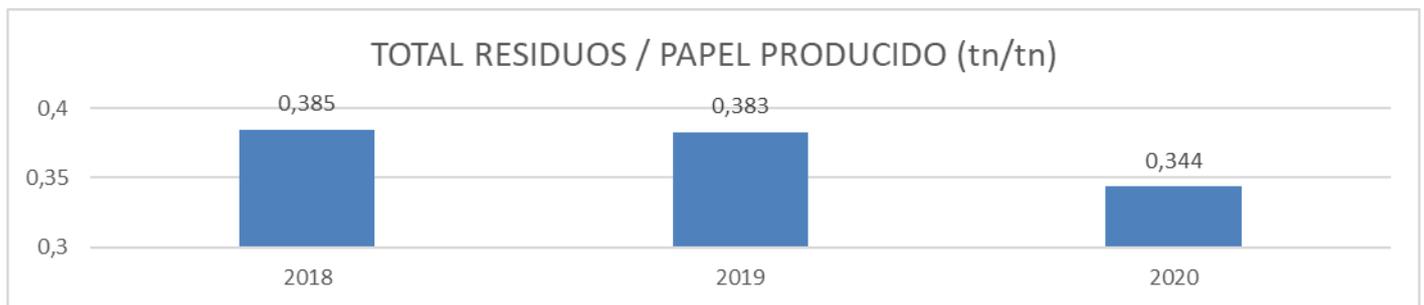
The basic biodiversity indicator is as follows: Total land use: 72,246 m², of which 53,800 m² is fully sealed. There are no areas dedicated to nature preservation or restoration.

	Total Land Use [m ²]	Total Sealed Area (m ²)	Paper Production [tn]	Total land use ratio [m ² /tn]	Sealed area ratio [m ² /tn]
2018	72,246	53,800	317,133	0.228	0.170
2019	72,246	53,800	300,959	0.240	0.179
2020	72,246	53,800	281,547	0.257	0.191

6.1.6 Waste Generation and Management

With regard to WASTE, PAPRESA's facilities generate both non-hazardous and hazardous waste, all of which is managed depending on its nature. Recycling and recovery are preferred over landfilling whenever possible.

	HW generated [tn]	NHW generated [tn]	TOTAL waste generated [tn]	Paper Production [tn]	Ratio [tn/tn]
2018	21.36	122,059	122,080	317,133	0.385
2019	35.74	115,191	115,227	300,959	0.383
2020	25.78	96,822	96,848	281,547	0.344



*Source: SAP Information

6.1.6.1 Hazardous Waste

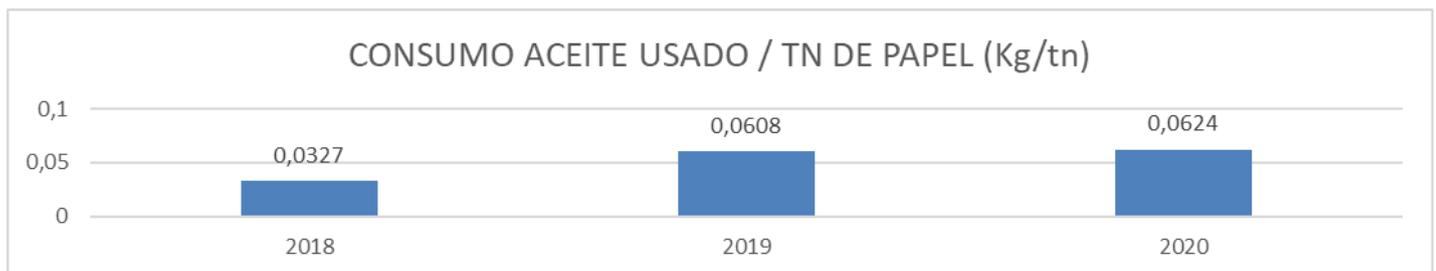
The hazardous waste per tonne of paper generated in the factory is detailed below.

	HW generated [tn]	Paper Production [tn]	Ratio [tn/tn]
2018	21.36	317,133	0.000067
2019	35.74	300,959	0.000119
2020	25.78	281,547	0.000092

*Source: IKS information

The most significant hazardous waste, accounting for 68% of all the hazardous waste, is used oil.

	Used Oil Generated [kg]	Paper Production [tn]	Ratio [kg/tn]
2018	10,373	317,133	0.0327
2019	18,317	300,959	0.0608
2020	17,575	281,547	0.0624



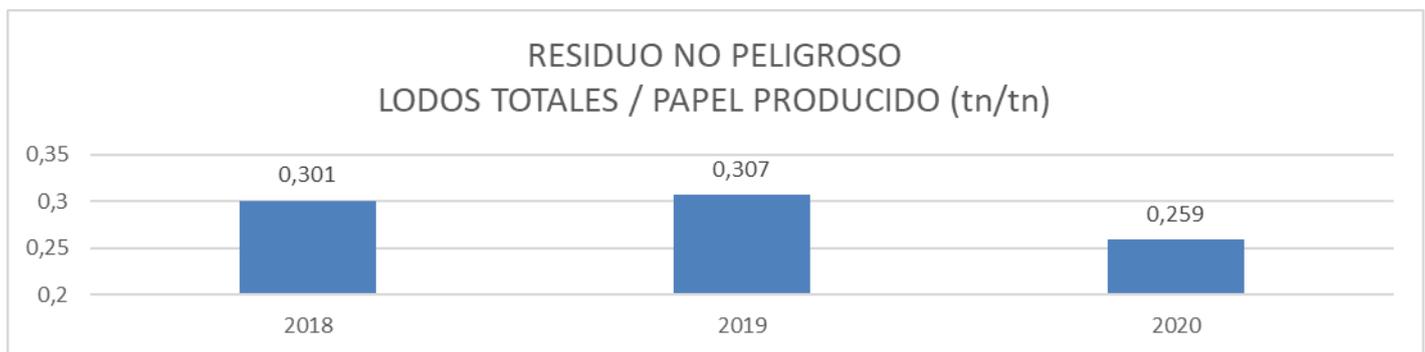
6.1.6.2 Non-Hazardous Waste

The main waste generated in Papresa due to contaminants in recycled paper are Sludge and Plastic tailings.

Total sludge (deinking + water) accounts for 75% of all the non-hazardous waste generated.

	Deinking sludge [tn]	Water sludge [tn]	Total sludge [tn]	Paper Production [tn]	Ratio deinking sludge/tn paper [tn/tn]	Ratio water sludge/tn paper [tn/tn]	Ratio total sludge/tn paper [tn/tn]
2018	65,062	30,363	95,425	317,133	0.205	0.096	0.301
2019	63,126	29,176	92,302	300,959	0.210	0.097	0.307
2020	13,878	58,911	72,790	281,547	0.049	0.209	0.259

*Source: SAP Information



Plastic tailings account for 24% of all the non-hazardous waste generated.

	Plastic Tailings [tn]	Paper Production [tn]	Ratio [tn/tn]
2018	25,318	317,133	0.080
2019	21,858	300,959	0.073
2020	23,002	281,547	0.082

*Source: SAP Information



In order to promote the recovery of this waste, an agreement was signed with an external company to open a waste recovery plant in 2022 that will be able to recover 100% of our scrap paper waste and our deinking and filtering sludge.

6.2 Indirect Environmental Aspects

Papresa's indirect environmental aspects are summarised in the vendor, subcontractor and product evaluations.

These are all assessed annually using specific criteria.

Vendors: Assessed according to the influence in terms of invoicing, based on the environmental impact they have and service incidents.

Subcontractors: Assessed according to the influence in terms of number of items and based on the environmental impact they have and service incidents.

Product transport: Assessed according to the influence of transport, differentiating between customers based on the invoice volume, according to the means of transport and the distance travelled.

Product aspects: Since Papresa manufactures rolls of newsprint with its associated packaging to sell to printing presses, which then print newspapers and sell them to end customers, we differentiated between how the packaging is handled at the presses (product disposal) and how the newspaper (product) is disposed of by end users. To do this, we will take into account the recycling rates of paper and cardboard in presses and the recycling rate of paper and cardboard in society.

No significant aspects were identified in 2020.

6.3 Potential Environmental Aspects

Papresa's potential environmental aspects are summarised in assessments of possible emergency situations resulting from the activity. The risks associated with this activity include fire, and uncontrolled discharges and emissions.

These are all assessed annually using specific criteria (Probability and Severity; etc.) for each aspect in order to schedule the actual needs and improve the definition of emergency plans.

No significant aspects were identified in 2020.

7 Goals, targets and programme

7.1 Summary of level of achievement of 2020 goals

Papresa S.A. is a paper company that is subject to the IPPC (Integrated Pollution Prevention and Control) law (Act 16/2002), as well as to other regulations.

With regard to the legal and other requirements that Papresa is subject to annually.

In 2020, various requests were received from the competent body, which were answered and closed out satisfactorily.

Papresa tracks leading industry documents

Achievement of 2020 Goals

Goal 1:	Decrease diesel use by 80% in 2020
	Not achieved. 68% reduction in 2020. Incidents with LPG forklifts required us to use some diesel-powered forklifts.
Goal 2:	Monitor energy consumption in real time. (reduce 3% from 2018 to 2020)
	A 7.8% reduction was achieved from 2018 to 2020, although continuous monitoring has not been installed.
Goal 3:	GOAL 3: Reduce consumption of caustic soda and sulphuric acid by 10%
	CAUSTIC SODA: From 10.8 kg/tonne paper to 9.72 kg/tonne paper
	ACID: From 3.1 kg/tonne paper to 2.79 kg/tonne paper
	Achieved.
Goal 4:	Reduce steam consumption in MP4 to 1.64 tn/tn
	NOT ACHIEVED because the stated targets were not implemented since the machine was offline from April to October.
Goal 5:	Reduce electricity consumption in MP4 to 750 KWh/tn
	NOT ACHIEVED because the stated targets were not implemented since the machine was offline from April to October.
Goal 6:	Reduce steam consumption in MP5 by 5% (from 1.74 to 1.65)
	ACHIEVED. 2020 ratio 1.59.

Other improvement actions in 2020

IMPLEMENT A BIOLOGICAL TREATMENT SYSTEM

After the sale of Papresa, it was decided to argue, from a technical basis, that the best solution for Papresa and Oarsoaldea is for Papresa to install an anaerobic treatment plant and remain connected to the current catch basin to finish treating its water.

STUDY OF THE POSSIBILITY OF IMPLEMENTING A SLUDGE ENERGY RECOVERY SYSTEM (STUDY OF VARIANTS FOR THE THERMAL PLANT)

The Green-e Project has been developed, which entails building a plant to recover the waste produced by the Basque paper industry. Agreement signed in November 2020.

7.2 Goals for 2021

Papresa S.A. is a paper company that is subject to the IPPC (Integrated Pollution Prevention and Control) law (Act 16/2002), as well as to other regulations.

The following goals involving the significant environmental aspects for 2020 will be addressed.

2021 Goals

Goal 1: Reduce COD in the factory by 70% (February 2022)

Install an anaerobic plant (create project plan)

Conduct detailed study of the discharge water and internal points of the process

Adapt internal controls (frequency + sampling + personnel)

Daily testing

Weekly follow-up "Work Team"

Goal 2: Reduce raw material costs 20% (Dec 2021)

Contract new OCC pulp preparation plant (create project plan)

Engineering contract

Weekly monitoring

Goal 3: Upgrade machine 5 (February 2022)

Production table noise

Installation for starch preparation

Testing with chemicals

Consolidation improvements in paper profiles

Adapt dispersion equipment in DIP2

Goal 4: Resume internal environmental visits in the factory. (May 2021)

Define technical instruction.

Goal 5: Decrease sulphuric acid consumption by 30% (from 2.2 kg/tonne paper to 1.5 kg/tonne paper)

Optimise flocculation gravity separator.

Polymer tests.

Adjust polychloride dosage.

Goal 6: Decrease the total waste sludge generated by 10%

Reduce DIP3 tailings

Reduce tailings in the manufacture of pulp for packaging paper.

8 Next Statement and Verification Body

The next environmental statement will be written in 2021 and be validated in 2022 by an Accredited Verification Body.

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Renteria, 14 May 2021
Miguel Sánchez García
PRESIDENT AND CEO



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