

LECTA • ENVIRONMENTAL REPORT 2010
NEW CHALLENGES 2011 / 2012



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**LECTA • ENVIRONMENTAL
REPORT
2010**

**NEW CHALLENGES
2011 / 2012**





About this publication:

Cover: Condat matt Périgord 350 g/m²

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October **2011**

We value your opinion. Please send your comments to:

mkt@lecta.com

LECTA • ENVIRONMENTAL REPORT

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Introduction

Publishing a report of this nature is rewarding for all of us here at Lecta and in particular it is an acknowledgement for those of us directly involved in the environmental management of our Group.

Stating and explaining environmental actions, ensuring a high level of transparency in the information presented, and committing ourselves to meeting new challenges all clearly demonstrate our vigorous sustainability policy.

2009 and 2010 were especially difficult years for everyone, and the paper industry was not immune from the crisis. The fall and subsequent weakened demand severely strained the efficiency of production processes, and it is for this reason that some of the environmental parameters analyzed show less improvement than expected. That said, we have maintained continued and significant improvement in the five years analyzed in this report.

In a report of this kind, in addition to information related to our operations, we cannot fail to talk about paper as an especially sustainable product, one produced with natural, renewable raw materials, that is both biodegradable and recyclable. It is, without a doubt, a product far better suited than others to a world oriented toward sustainability, as is seen in the numerous independent studies that conclude that paper's carbon footprint is far less than that of other media and packaging products.

Here at Lecta our hope is that you find the information about our Group and the sustainability of our products of interest. Moreover, we hope it helps you, as it has helped us, to better understand and appreciate the true significance of paper as a medium that is a part of our daily lives, that conveys emotions and information, that allows us to create and share ideas, that is present in our food and beverage packages, and that furthermore is extraordinarily sustainable.

1. The Sustainable Life Cycle of Paper



1. The Sustainable Life Cycle of Paper



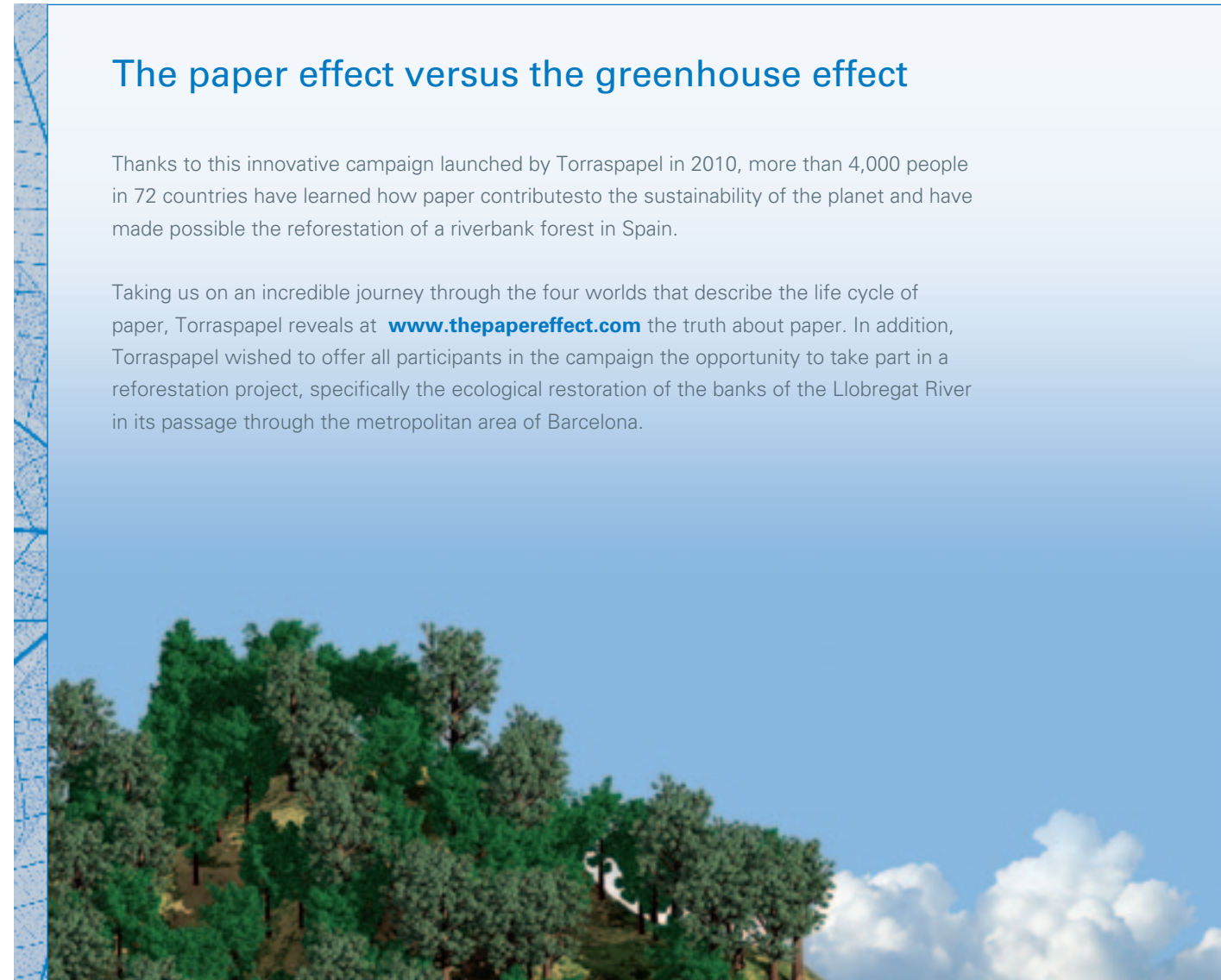
Paper is a shining example of sustainable development. It is manufactured from wood – a natural, renewable raw material – sourced from well-managed forests that are large CO₂ sinks in an efficient and environmentally friendly production process; it contributes to enhancing the quality of people's lives; and, once used, it is 100% recyclable and biodegradable.

Paper is a
natural choice for a
more sustainable world

The paper effect versus the greenhouse effect

Thanks to this innovative campaign launched by Torraspapel in 2010, more than 4,000 people in 72 countries have learned how paper contributes to the sustainability of the planet and have made possible the reforestation of a riverbank forest in Spain.

Taking us on an incredible journey through the four worlds that describe the life cycle of paper, Torraspapel reveals at www.thepapereffect.com the truth about paper. In addition, Torraspapel wished to offer all participants in the campaign the opportunity to take part in a reforestation project, specifically the ecological restoration of the banks of the Llobregat River in its passage through the metropolitan area of Barcelona.



1. The Sustainable Life Cycle of Paper



Sustainable forest management

Trees absorb CO₂ from the atmosphere in order to grow and produce the wood from which the pulp fibers used to manufacture paper are extracted. Stored carbon is not released when trees are cut, but remains inside paper products. Paper is a CO₂ sink: 1 kilogram of paper stores 1.3 kilograms of CO₂*.

Furthermore, neither hardwood trees nor exotic species from tropical forests are used in paper production, but rather rapid-growth species, mostly pine and eucalyptus, that are cultivated specifically for this purpose. Rapid-growth species efficiently contribute to the generation of CO₂ sinks and thus help to mitigate climate change.

* See sources on page 13



Forestry Certification systems, with PEFC™ and FSC® being the most widely known, ensure the traceability of forest products from extraction to their final delivery to the customer and are the instrument that demonstrates to the consumer that the wood, or any other forest product, comes from well-managed forests and other controlled sources accepted by the certification schemes themselves.

LECTA

- Guarantees the sustainable origin of the wood used in the manufacturing of its products and can document that said wood comes exclusively from legal and non-controversial sources, all of which are certified or controlled.
- Holds PEFC™ and FSC® Chain of Custody forestry certifications for all its product lines.
- Has promoted various reforestation projects, resulting in the planting of more than 20,500 native-species trees in Southern Europe and Brazil.



1. The Sustainable Life Cycle of Paper

Clean, efficient manufacturing processes

More than 80% of the pulp and paper manufactured in Europe comes from mills holding recognized environmental management systems (ISO or EMAS).

The paper industry is the largest consumer and producer of renewable energy in Europe. Also, it has become the leading promoter of CHP (combined heat and power production), an extremely efficient power generation system that permits the simultaneous production of electrical and heat energy for industrial consumption, thus saving on primary energy use and reducing CO₂ emissions.

LECTA

- Has the strictest environmental management systems (ISO 14001 and EMAS) in place for all of its production activity.
- As a result of fuel oil being replaced by cleaner fuels and increasingly energy-efficient production processes, Lecta has reduced CO₂ emissions and energy consumption per ton produced by 7.5% and 4%, respectively, over the last five years.

Paper: the material of the future

Paper will never grow obsolete. Thanks to technological innovation and its great versatility, paper has acquired new forms and uses. Indeed, more than 30% of the paper being used today is for new applications that did not even exist ten years ago.

As for the environmental impact of paper compared with other means of communication*:

- Reading a paper newspaper has a lower impact on global warming than reading the newspaper on the Internet for 30 minutes.
- The impact on global warming of using print textbooks for teaching is almost ten times less than that of electronic documents.
- Greenhouse gas emissions from the amount of spam generated worldwide each year equal the emissions that would be produced by traveling around the world by car 1.6 million times.

* See sources on page 13

LECTA

- Has developed new products and significantly increased its production of papers to meet the needs arising from new technologies, in applications ranging from thermal printing to digital printing to labeling.

1. The Sustainable Life Cycle of Paper

100% recyclable and biodegradable

Paper is 100% recyclable and biodegradable. Used paper is recycled and converted into new paper, thereby making the most efficient use of resources, preventing CO₂ emissions, and reducing landfill volume.

The European paper industry is a leader in recycling, with a recycling rate of 69% for the year 2010.

Pulp fiber deteriorates each time it is used. It can be reused, on average, six times. The life cycle of pulp fiber remains vital and functioning thanks to the continuous input of a certain amount of virgin fiber.



Furthermore, used paper that does not enter the recycling circuit (when it is not suitable as a raw material) can be used as fuel, as can biomass and waste from the manufacturing process. In this way, the sustainable life cycle of paper, in itself derived from a renewable and natural source of raw material, is completed and balanced.

Sources:

"El Papel: mitos frente a datos", "Árbol, Papel, Planeta" - ASPAPEL
 "CEPI Sustainability Report" - CEPI
 "Monitoring report of the European Recovered Paper Council" - ERPC
 "Two sides" initiative - www.twosides.info
 "Analysing the ICT- paper interplay and its environmental implications, 2010"
 - Dr. Peter Arnfalk- Lund University - Sweden

LECTA

- Manufactures products that are 100% recyclable and biodegradable.
- Has recycling, separation and waste recovery processes at all of its manufacturing sites.
- Belongs to one of the most sustainable industries that exist.

"Environmental impact of printed and electronic teaching aids, a screening study focusing on fossil carbon dioxide emissions - Advances in Printing and Media Technology, vol. 36, 2009." Maria Enroth - MSG Management System Group AB - Sweden

2. Lecta Group



2. Lecta Group



Leader
in Southern
Europe

2.1 .Introduction

Lecta is one of the largest manufacturers of coated woodfree (CWF) paper in Europe, with a production capacity of over 1.4 million tons, the market leader in Southern Europe (Spain, Portugal, France and Italy).

Lecta's origins date back to the acquisition, between 1997 and 1999, of three companies with a long tradition in their home markets: Cartiere del Garda in Italy, Papeteries de Condat in France, and Torraspapel in Spain. Lecta is a private company controlled by CVC Partners, a leading European investor in private companies.

From the creation of the Lecta Group until today, we have invested more than 850 million euros in modernizing and increasing the competitiveness of our manufacturing sites, with respect for the environment a top priority, as can be seen in all of our management processes.

In addition to CWF production at its mills in Spain, Italy and France, Lecta's operations include the manufacturing of 330,000 tons of various specialty and base papers in Spain, with a total production capacity of approximately 2 million tons of coated paper, pulp, specialty papers and base paper. Lastly, Lecta's Spanish affiliate, Torraspapel, markets some 500,000 tons of paper in Spain, Portugal, France and Argentina through its own merchants.

Lecta in 2010

Net turnover	1,522 million €
EBITDA	161 million €
Sales	1,643,000 t.
Mills	9
Employees	3,916
Own merchants	5
Sales offices	11



2. Lecta Group

2.2. Industrial Organization

Lecta currently has 9 state-of-the-art mills in Spain, France and Italy and 13 paper machines for the production of coated woodfree paper (CWF) and specialty papers. Additionally, Lecta's mill in Zaragoza (Spain) includes a pulp manufacturing plant.

Lecta's main business is the production of CWF, with 5 plants and a production capacity of more than 1.45 million tons.

All of Lecta's mills are certified to ISO 14001 environmental management system standards and have successfully completed the strict environmental review required by the European Community's Eco-Management and Audit Scheme (EMAS).

With the aim of guaranteeing the sustainable origin of the wood used in the manufacturing of our papers, Lecta has certified the Chain of Custody of all its mills to PEFC™ and FSC® standards.



2010									
Mill	Condat	Zaragoza	Garda	Motril	Sant Joan	Leitza	Sarrià de Ter	Almazán	Uranga
Capacity (t)	580,000	406,000	350,000	230,000	145,000	139,000	85,000	50,000	25,000
Products	2/S Coated	2/S Coated Base paper Pulp	2/S Coated	2/S Coated 1/S Coated	2/S Coated	Carbonless Thermal Metallized Cast Coated	Uncoated Base paper	Self-Adhesive	Base paper
Certifications	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001
	EMAS	EMAS	EMAS	EMAS	EMAS	EMAS	EMAS	EMAS	EMAS
	PEFC	PEFC	PEFC	PEFC	PEFC	PEFC	PEFC	PEFC	PEFC
	FSC	FSC	FSC	FSC	FSC	FSC	FSC	FSC	FSC
	ISO 9001	ISO 9001	EN 16001 OHSAS 18001	ISO 9001	ISO 9001	ISO 9001	ISO 9001	ISO 9001	ISO 9001

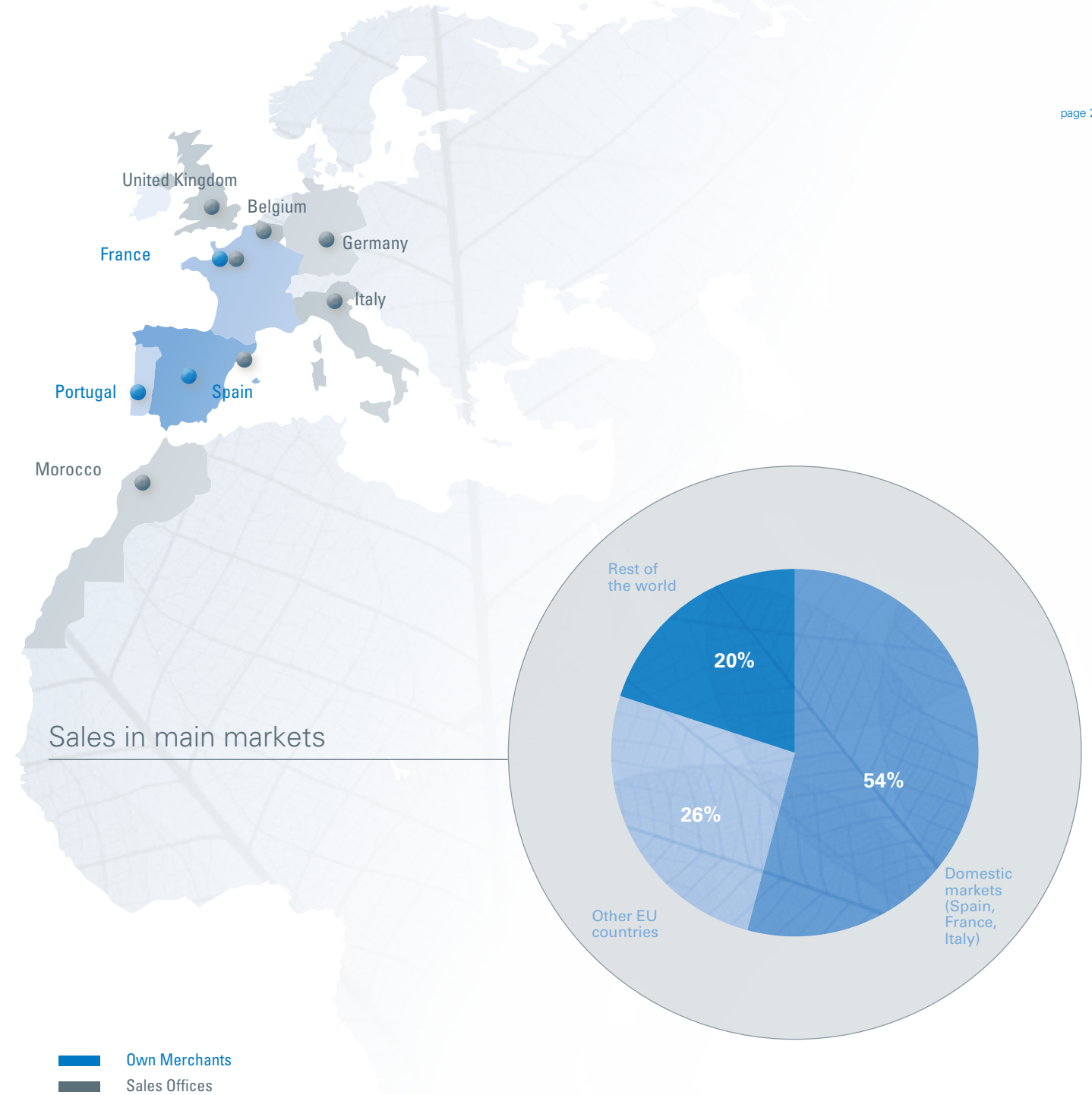
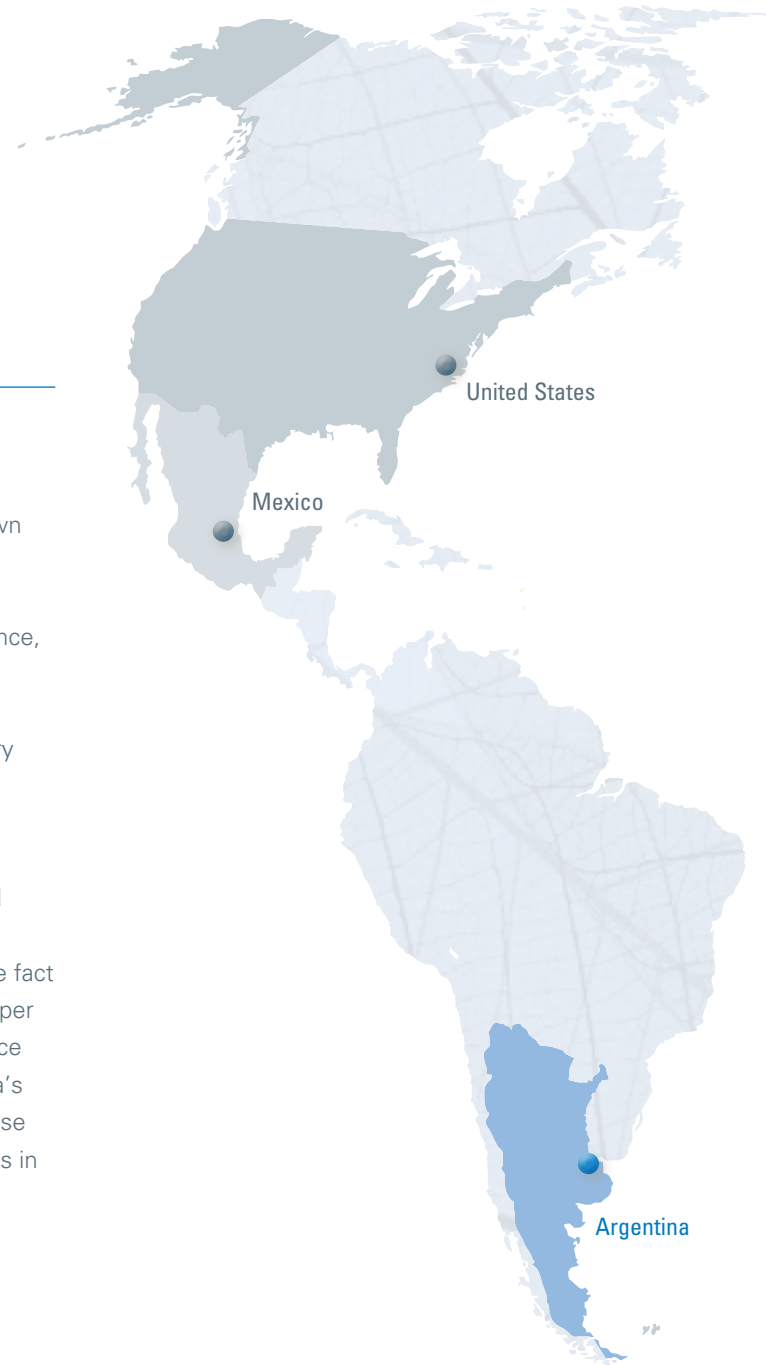
2. Lecta Group

2.3. Business Organization

With the aim of constantly providing the best service and having a thorough understanding of market needs, Lecta has sales offices and its own merchants located in 11 countries.

Through its five merchants – 1 in Spain, 2 in France, 1 in Portugal and 1 in Argentina – in 2010, Lecta marketed approximately 500,000 tons of paper from its mills, in addition to other complementary products that contribute to consolidating our leadership position in these markets.

The Group's firm commitment to innovating and improving its services through the possibilities offered by new technologies is evidenced by the fact that Lecta became a pioneer in the European paper industry with the launch of advanced e-commerce platforms. Since 2002, more than 7,500 of Lecta's merchandising business customers have used these platforms on a regular basis for on-line purchases in Spain, Portugal, France and Argentina.





2. Lecta Group

2.4. Products and Brands

The Lecta Group boasts an extensive range of products to meet the needs of customers in sectors as diverse as graphic arts, printed forms, thermal printing, labels and flexible packaging. Publishers, printers, distributors and manufacturers in more than 110 countries, on five continents, place their trust in our brands, widely-recognized in all major markets.

Coated Paper

Multilayer coated papers especially designed for the most demanding commercial print-runs and publishing needs. They are the ideal media for graphic arts applications, from catalogs and direct mail to brochures, corporate reports, books, encyclopedias and magazines.



- CreatorStar
- CreatorSilk
- CreatorMatt
- CreatorVol
- CreatorNatural Matt
- CreatorGala
- CreatorLinen
- CreatorSand
- CreatorDigital



- Condat matt Périgord
- Condat digital
- Condat silk
- Condat card
- Condat gloss



- GardaMatt Art
- GardaGloss Art
- GardaCover Hi-Fi
- GardaPat 13

Sustainability, present in everything we do

Specialty Papers

Eurocalco

Carbonless paper products resulting from an advanced manufacturing technology. Its production process is unique in Europe, with full integration that includes pulp, base paper and even the production of microcapsules, one of the key ingredients in the quality of the copy produced. Used in all kinds of printed forms, delivery notes, invoices and other multi-copy documents.

Termax

Thermal paper ideal for applications using direct thermal printing: POS receipts, labels, tickets, faxes, etc.

Adestor

Self-adhesive papers and films, with an extensive range of combinations of facestock, adhesives and silicone backing, make it the ideal solution for the most demanding labeling needs.

Creaset

One-side gloss coated paper especially designed for labels and flexible packaging. It is ideal in labels for bottled water, spirits, canned goods and food products.



Eurokote

Extraordinarily white, smooth and glossy cast coated paper, ideal for the production of premium labels for the wine, spirits, sparkling wine, water and soft drinks, luxury packaging, self-adhesive label, advertising and publishing markets.

Metalvac

High-vacuum metallized paper, with an ideal aluminum surface of only 0.1 g/m², 100% recyclable, and highly suitable for both labels and packaging.

3. The Environment



3. The Environment

3.1. Environmental Policy

Lecta carries out its activity in accordance with sustainability criteria. Its commitment to respecting the environment is evident in numerous initiatives inspired by the following principles:

- Comply with current legislation and promote continuous improvement of environmental management.
- Minimize the environmental impact of its operations.
- Establishing tracking mechanisms and regular reviews of environmental management systems in order to optimize processes.
- Ensure the efficient use of natural resources, including raw materials, water and energy.
- Guarantee the sources of the wood used as raw material in the production process, thus promoting sustainable forest management.
- Develop high-quality, safe and environmentally friendly products.
- Maximize the recovery of waste derived from production processes.
- Raise internal and external stakeholder awareness.
- Communicate the Group's environmental practices transparently and on a regular basis.



We guarantee the efficient use of natural resources

3. The Environment

3.2. Environmental Management Certifications

All of Lecta's mills are certified to the strictest environmental management systems: ISO 14001 environmental certification and the European EMAS environmental registration.

ISO 14001

Achieving ISO 14001 certification bears witness to the continuous improvement of our processes, namely in waste management, optimal energy use, pollution control and prevention, and implementing any measures necessary to ensure that Lecta's operations actively contribute to sustainable development.

In 2000, Condat's and Garda's mills completed ISO 14001 certification and since 2005, all of Torraspapel's pulp and paper production has been certified.

EMAS

The European Community management and audit system known internationally as EMAS (Eco-Management and Audit Scheme) is a voluntary system that promotes the continuous improvement in the environmental performance of public and private organizations through:



- Implementation of an environmental management system.
- Systematic, regular and objective evaluation of this system.
- Keeping the public and stakeholders informed.
- Training and active employee involvement.

Based on the ISO 14001 environmental management standard, this system also requires a public environmental statement verified by an external auditor. EMAS is a symbol of modern environmental management, of transparency and of environmental commitment.

In 2009, the EMAS registry process was completed for all Lecta Group mills.

Condat nominated for the 2010 European EMAS awards for environmental excellence

The European Commission rewards the environmental performance of companies that are the most efficient in the use of resources and environmental management. To earn this recognition, organizations must obtain a high level of efficiency in water, energy and raw material use as well as in waste and other types of emissions reductions.

Condat received the award in the "large companies" category in France in recognition of its continuous investments to reduce its environmental impact. Condat reduced waste by 40% in the last eight years, and currently more than 99% of said waste is recycled and/or recovered, only 1% of which ends up in landfills. During this same period, Condat reduced water usage by 40% and specific energy consumption energy by 15%, resulting in the subsequent decrease in greenhouse gas emissions.

3. The Environment



Efficient and sustainable production processes

3.3. Environmental milestones 2006 / 2010

- 2006** • New railway branch for freight transport at Torraspapel's Zaragoza mill, significantly reducing noise and CO₂ emissions.
- 2007** • PEFC™ certification for all Lecta Group mills.
- 2008** • Condat is awarded for its extraordinary reduction in water use (French Regional Agency of Water Adour-Garonne).
 - Approximately 3 million euro investment in the installation of an odorous gas treatment plant at Torraspapel's Zaragoza mill.
 - Torraspapel eliminates the use of fuel oil at all of its mills.
 - Opening of the Alto Garda Power CHP (combined heat and power production) plant.
- 2009** • EMAS certification for all Lecta Group mills.
 - "Paper Profile" statements for Lecta Group's coated papers.
 - FSC® certification for all Lecta Group mills.
 - Garda completes OHSAS 18001 health and safety management certification.
- 2010** • Torraspapel extends the "Paper Profile" statement to its specialty papers.
 - Garda becomes the first European paper mill to complete the UNI CEI EN 16001 energy management certification.
 - Condat is nominated for the European EMAS awards for environmental excellence.

3. The Environment

3.4. Evolution of Environmental Indicators

3.4.1. Sourcing wood

Lecta guarantees the sustainable sourcing of the wood it uses to manufacture its products and is able to document that this wood comes exclusively from legal and non-controversial sources, all of which are certified or controlled. Proof of this is the completion of multi-site PEFC™ and FSC® Chain of Custody certifications for the whole of its production.

One of the cornerstones of Lecta’s environmental policy is the promotion of sustainable forest management, guaranteeing forest conservation by improving the social conditions of forest workers and local communities. Sustainable forest management ensures that the use of natural resources will contribute to the preservation of biodiversity as well as being economically viable and socially beneficial.

Chain of Custody Certification (CoC) makes it possible to verify, through traceability, that the wood used in the manufacturing process comes from forests managed according to sustainability criteria. PEFC™ – Programme for the Endorsement of Forest Certification schemes – and FSC® – Forest Stewardship Council – are the best-known forest certification systems. Both certifications require an independent third party to accredit the traceability

of forest products, from their extraction to their final delivery to the client, and thus constitute the instrument that demonstrates to consumers that the wood, or any other forest product, comes from well-managed forests.

In 2010, Lecta consumed a total of 626,389 m³* of eucalyptus timber from Spain and Portugal in the manufacturing of pulp at its Zaragoza (Spain) mill. The Group’s pulp production is designated exclusively for internal use and represents close to 30% of the pulp Lecta requires to manufacture its paper.

The remaining pulp is purchased from external suppliers that are required to declare the percentage of supplied pulp procured from certified wood sources, the type of certification applying to items concerned with appropriate references, and the origin of the wood (forests, tree farms or sawmills). In the last five years, Lecta has significantly increased certified pulp purchases, which rose from 36% in 2006 to 70% in 2010. The remaining pulp comes from controlled sources approved by the certification schemes themselves.

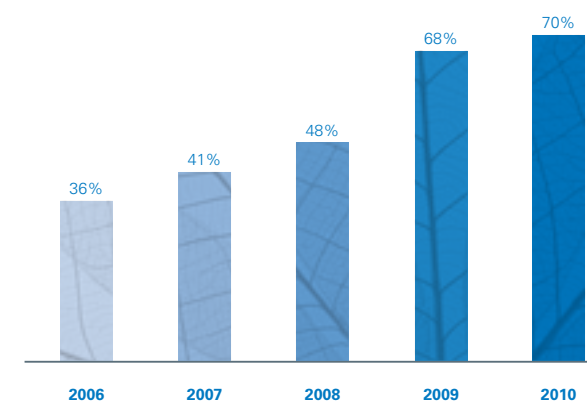
* solid cubic meters without bark.

Countries of origin for pulp fiber

	%
SPAIN	22.25
BRAZIL	17.40
PORTUGAL	15.81
CHILE	11.97
FRANCE	10.18
USA	5.25
CANADA	4.24
ESTONIA	2.82
URUGUAY	2.81
SWEDEN	1.99
FINLAND	1.82
ITALY	1.59
AUSTRIA	0.87
LITHUANIA	0.73



Purchase of certified pulp



3. The Environment

3.4.2. Energy

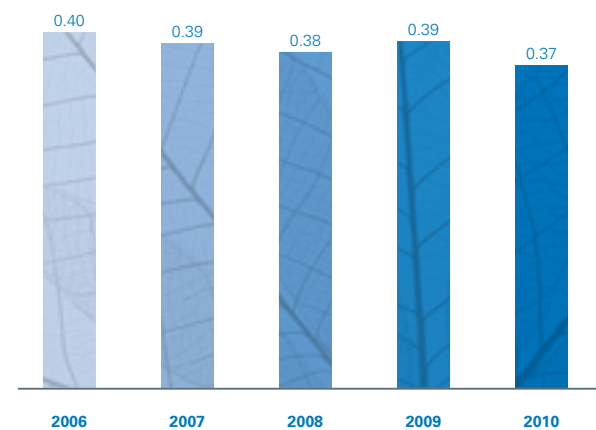
CO₂ Emissions and Climate Change

The paper industry is one of the industries best positioned to mitigate climate change: it uses a natural, renewable raw material (trees) that absorbs CO₂ during its growth; stored carbon is not released when trees are cut but remains within the paper products themselves, true CO₂ warehouses; paper can be recycled several times after use, thereby increasing carbon sequestration time; and even when it is not suitable for recycling, paper can be used as biofuel, as can biomass, with the consequent reduction in landfill waste volumes and the emissions they cause.

All Lecta Group mills strictly monitor CO₂ emissions and, in accordance with the Kyoto Protocol, work toward improving energy efficiency processes so as to reduce the emissions to the minimum.

By adopting diverse energy-saving initiatives, enhancing production processes, updating equipment, eliminating the use of fuel oil and prioritizing railway transport over road transport, the Lecta Group was able to reduce CO₂ emissions per ton of paper by 7.5% over the last five years.

SPECIFIC CO₂ EMISSIONS t. CO₂/t



Paper's carbon footprint

A product's carbon footprint is the amount of CO₂ and other greenhouse gases emitted over the entire life cycle of a process or product. Recent years have seen the publication of numerous reports and the development of different tools that analyze and show how different products and services contribute carbon. However, as there is no standard for calculating carbon footprints and given the complexity of this type of analysis, the results are not always the same and comparisons are difficult to make.

The Lecta Group rigorously adheres to CEPIFINE (Confederation of European Fine Paper Industries) recommendations regarding calculating and managing information related to carbon footprints.

At the present time, an exhaustive study is being carried out to define the correct manner in which to calculate the paper industry's carbon footprint, one in which the Lecta Group companies have collaborated by provided information about all of their mills. Meanwhile, Lecta regularly publishes information about CO₂ emissions related to manufacturing our products and how they have evolved, while continuously implementing measures to reduce the environmental impact of our operations.



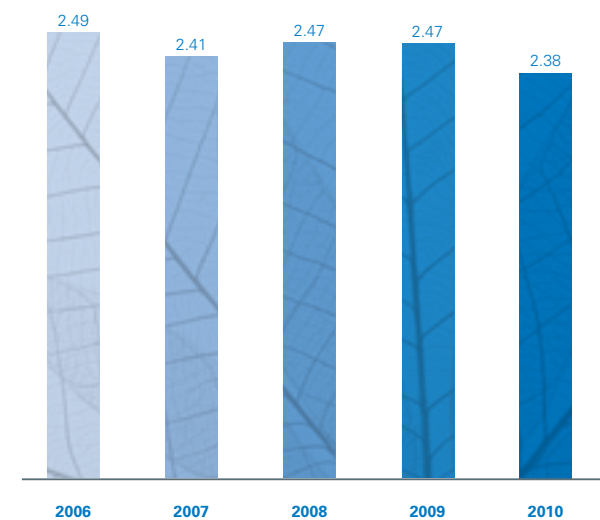
3. The Environment

Energy Consumption

Lecta has significantly reduced its consumption of specific energy in recent years. The analysis of points in the manufacturing process where energy can be saved and the implementation of necessary measures in both mills and CHP plants have made an important reduction in energy consumption possible.

Lecta's total specific energy consumption (the amount of energy consumed per ton produced) decreased by more than 4% in the last five years, dropping from 2.49 MWh/t in 2006 to 2.38 MWh/t in 2010.

SPECIFIC ENERGY CONSUMPTION MWh/t



Garda, the first paper mill in Europe to achieve UNI CEI EN 16001:2009 energy efficiency certification

Cartiere del Garda was the first paper mill in Europe and one of the first companies in Italy to complete UNI CEI EN 16001:2009 certification, which requires the implementation of an energy management system for the efficient and sustainable use of energy. Continuous improvement in energy performance contributes to reducing greenhouse gas emissions caused by energy consumption. In this respect, the company has defined a series of objectives that will allow us to further enhance the energy efficiency of our processes and reduce specific electricity consumption by 5%.



CHP (Combined Heat and Power Production)

The paper industry is one of the leading promoters of cogeneration, a system that produces heat and power simultaneously for industrial consumption thus saving on primary energy and reducing emissions.

With the aim of contributing to enhancing energy efficiency and consequently reducing greenhouse gas emissions, the Lecta Group has installed seven CHP plants for supplying heat and electrical power at its mills in Zaragoza, Sarriá, Leitza, Motril, Condat and Garda.

One of the plants uses biomass as fuel, producing energy from renewable sources, while the others consume natural gas, the cleanest and most efficient of the fossil fuels.

Thanks to these investments, Lecta has steadily increased the amount of electrical power it produces, which is now greater than consumed power. The Lecta Group's plants consumed 1,057,820 MWh of electricity in 2010, while associated CHP's produced 1,182,685 MWh. This means that Lecta not only covers its power needs but releases excess electricity produced, sold as high-efficiency CHP power, into the distribution grid.

Alto Garda Power: sustainable innovation to serve the community

In 2006, Cartiere del Garda approved a project to implement a new, modern, efficient and technologically advanced CHP plant that would allow it to optimize fuel consumption and reduce greenhouse gas emissions. Fully operational since 2009, Alto Garda Power is a combined CHP plant that covers all of Cartiere del Garda's heat and electrical power needs while at the same time generating sufficient excess energy to supply hot water to the Riva del Garda area in Italy in an environmentally friendly, economical and safe way. Alto Garda Power provides heat to hotels, businesses, and residential and municipal (schools, libraries, etc.) buildings, at an amount equivalent to 3,300 80m² homes.

3. The Environment

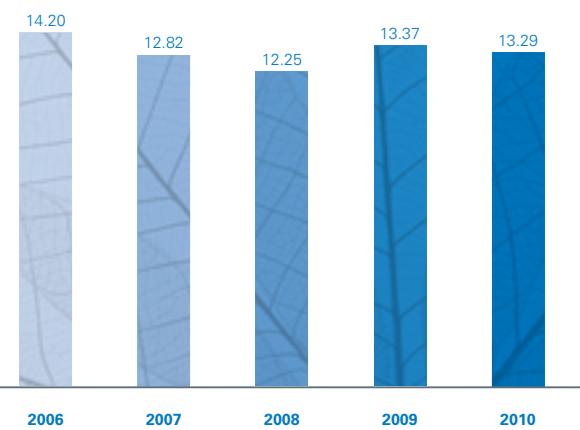
3.4.3. Water

Water usage

Pulp and paper manufacturing processes require large amounts of water. Yet practically all the water used is returned to the environment: close to 95% is sent back to waterways of origin, and of the remaining 5%, one part is transformed into steam and released into the atmosphere while another part remains in the paper as moisture content.

The process of reducing water usage began years ago with internal measures in manufacturing processes to avoid water loss during the production process and culminated with significant investment in equipment and systems to enhance the amount of water reused. Between the years 2006 and 2010 a reduction of more than 6% in the amount of water required for paper and pulp production was achieved.

DISCHARGED FLOW OF WATER m³/t



Sant Joan les Fonts reduces water use by 25%

In the period covering 2006 / 2010, Torraspapel's Sant Joan les Fonts mill reduced water usage by 25% per ton of produced paper, among the lowest levels in the industry.

Greatly heightened awareness of the importance of reducing water consumption resulted in the implementation of numerous actions including optimizing the water consumption of sprayers in presses, adjusting water seals in vacuum pumps, and reducing the recovered water circuit, thereby improving the control of water flow in the manufacturing process.



Effluent Quality

The main parameters for measuring the quality of water returned to the environment are chemical oxygen demand (COD) and total suspended solids (TSS).

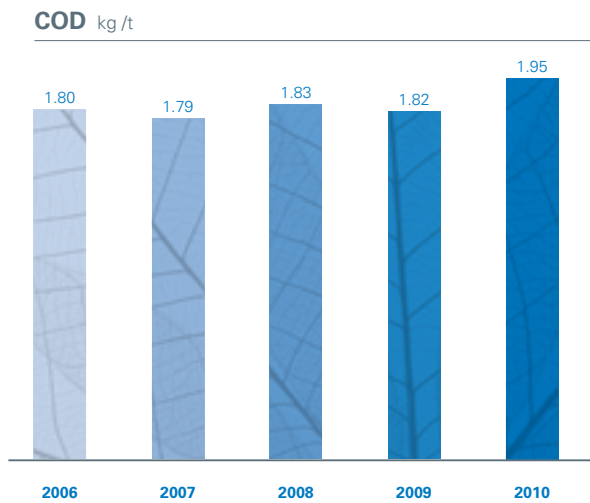
Chemical oxygen demand is the amount of oxygen required for the total decomposition of organic compounds in water through chemical reaction. The greater the demand, the less oxygen there is for living organisms in the river or sea where effluents are discharged.

3. The Environment

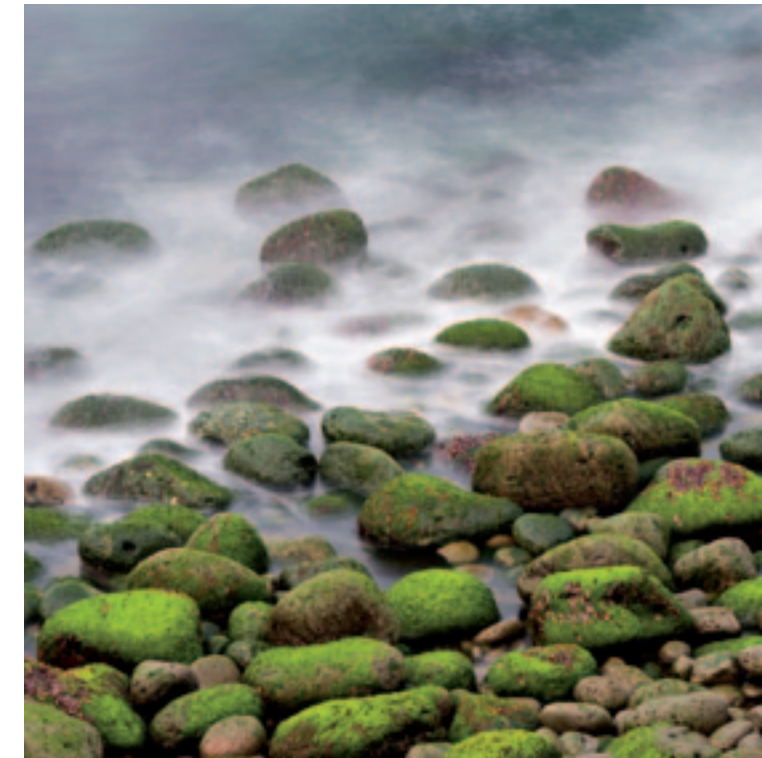
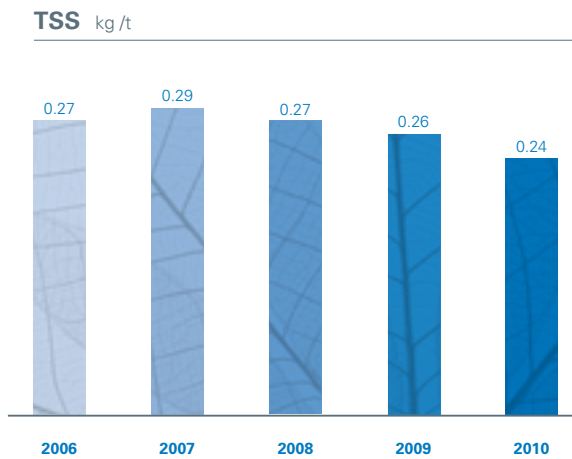
As a result of the fall in paper demand, making continuous stops and adjustments in production processes necessary in 2009 and 2010, process optimization was negatively affected, with a resultant increase in the COD ratio for 2010. Still, it should be noted that our COD values for paper and pulp manufacturing are far below industry averages*.

In 2010, corrective measures were implemented at some of Lecta's manufacturing sites in order to reduce the COD ratio. The positive evolution thereof will be reflected in the values for 2011 and 2012.

* BREF data on the best techniques available for paper production: 6-2.5 kg COD/t and for pulp production: 45-25 kg COD/t



Suspended solids are traces of chemical pulp and minerals. These tiny particles can inhibit the ability of sunlight to penetrate waters in which effluents are discharged. The suspended solids discharged by Lecta over the last six years has decreased by more than 11%, remaining far below the industry average.



Sarrià de Ter reduces COD emissions by more than 30%

Torraspapel's Sarrià de Ter mill, thanks to careful monitoring of effluent quality, and despite production modifications in 2009 that entailed switching from manufacturing coated paper to uncoated and specialty base paper, improved its COD ratios significantly. Diverse actions were carried out, including adding oxygen to the water treatment plant, automating recirculation tubes and preparations return, and installing a more accurate COD meter in the water treatment plant. Together these measures made possible a 32% reduction in COD values over the last five years.

Since 2001, 100% of the pulp manufactured by Lecta has been ECF (Elemental Chlorine Free). Doing away with chlorine gas in the bleaching sequence of pulp eliminates the dioxins in effluents, thus substantially improving the quality of discharged water. This has resulted in a drastic reduction of AOX (absorbable organically bound halogens) emissions, which reached levels of 0.03 kg/t in 2010.

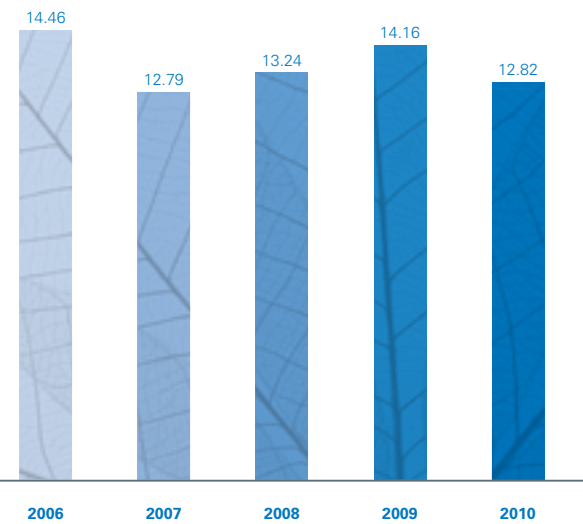
3. The Environment

3.4.4. Solid waste

Given the importance to environmental conservation of reducing landfill volumes and the emissions they cause, Lecta has implemented concrete measures in all of its mills aimed at the reduction and recovery of solid waste generated during the paper manufacturing process.

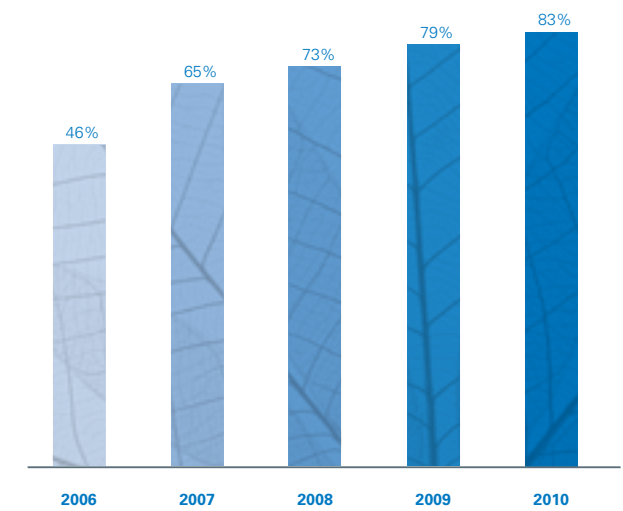
The recovery of coater water and waste from cyclonic treatment, made possible by reintroducing both into production processes, has allowed Lecta to reduce dry sludge emissions by more than 11% in the last five years.

SLUDGE kg/t



Through the successful search for new uses such as composting for agriculture that permit using waste previously destined for landfills, Lecta recovered, in 2010, more than 83% of the sludge generated during production processes.

RECOVERY OF SLUDGE



Sludge recovery at Condat

100% of the sludge generated by the Condat mill is recovered for agricultural purposes. This sludge is rich in calcium carbonate and therefore useful in rebalancing the pH of the area's soil. Also, the presence of fibers enables increasing the soil's water retention capacity and reducing irrigation needs.

This is done in accordance with an exhaustive monitoring of the sludge's and soil's condition, analyzing once a month, the content of trace elements, metal trace elements, traces of organic substances, and biological contaminants. The addition of sludge ends when the pH reaches 6.5.

In this way 40 farms in the Périgord area of France have benefited from the regulating action of sludge.

3. The Environment

3.4.5. Odorous gases

During the pulp manufacturing process, compounds - mainly reduced sulfides known generically as TRS - are released that produce an odor easily detected by the human sense of smell.

The only Lecta Group mill that manufactures pulp is Torraspapel's Zaragoza mill. Beyond mere compliance with current law, Lecta invested close to 3 million euros in a study and subsequent installation of a treatment plant for the odorous gases emitted by the Zaragoza mill, resulting in a 90% reduction of these gases.

Installed in May 2007, the new treatment plant has resulted in the elimination and repurposing for energy of odorous gases, thereby increasing the efficiency and sustainability of manufacturing processes.

The project is based on three equally important operational aspects: capturing gases, destroying compounds capable of producing unpleasant odors through low NO_x thermal treatment, and, lastly, cleaning of combustion gases for emissions control.

A new investment plan totalling more than 23 million euros includes actions aimed at eliminating odor-causing gases.



Environmental
responsibility guides
our operations

3. The Environment

3.5. "Paper Profile" Statement

Transparent communication as well as minimizing our environmental impact is crucial to Lecta's environmental policy. As proof of this, Lecta provides its customers with a "Paper Profile" statement for all its papers containing vital environmental information about our products: composition, key environmental parameters – emissions to air and water, solid waste landfill and consumption of purchased electricity – and environmental management and wood procurement certifications.

The "Paper Profile" is an international, environmental product declaration designed to aid the paper buyer in making more responsible choices.



3.6. Chemical Substances: REACH

The European REACH regulations (EC 1097/2006) regarding the registration, evaluation and authorization of chemicals, which entered into effect on 1 June 2007, establish a sole European registry for the control of chemical substances produced or imported in quantities greater than one ton per year.

When these chemicals exceed one hundred tons per year they are subject to an evaluation process and if considered hazardous (carcinogens, environmental pollutants...), regardless of their amount and in the absence of a less aggressive alternative, require authorization.

The new rules require 30,000 chemicals to be registered and lead in turn to greater industry accountability to supply information concerning the dangers of chemical substances and measures to reduce their risk.

In Lecta's case, the regulations require registering some of the products used in the manufacturing process of bleached kraft pulp at Torraspapel's Zaragoza mill. These chemicals were satisfactorily registered within the terms established by the regulation.

Other chemical products used to manufacture uncoated, coated and specialty papers do not require registration by Lecta but by the supplier. For this reason, Lecta has asked its suppliers to confirm in writing that they fulfill their obligations under REACH regulation and maintains a registry that is updated upon reception of the information.

Also, Lecta uses no substance on the SVHC (Substances of Very High Concern) list contained in Appendix XIV of REACH regulations. Accordingly, Lecta has asked all its chemical products suppliers to confirm that they do not use any of the substances on the aforementioned list in the products they supply to us.

3. The Environment

3.7. Environmental Investments

Lecta has invested close to 90 million euros in projects with environmental objectives over the last five years.

More than 70% of these investments were designed to enhance the energy efficiency of manufacturing processes and implement Alto Garda Power, a modern, high-performance CHP plant capable of covering the heat and power production needs of the Cartiere de Garda mill, in addition to recycling part of the heat it produces to provide hot water to the Riva del Garda community, a clear example of both environmental and social sustainability. The plant has also been soundproofed, thus avoiding noise pollution and any inconveniences this might cause in the surrounding area.

Numerous investments related to increasing points of control, renovating and modernizing equipment, and replacing fuel oil with cleaner fuels have helped to minimize air emissions, a top priority in mitigating climate change.

Other notable achievements were the reduction by 90% of odor-producing gases from the pulp plant in Zaragoza, achieving the strictest environmental certifications – EMAS, PEFC™, FSC® and UNI CEI EN 16001 – and waste management based on the reduction and increasing recovery of waste, thus avoiding an increase in landfills and the emissions they cause.



In order to ensure an efficient use of resources and minimize environmental impact, we have implemented diverse measures that affect not only air emissions and solid waste, but also reduction of water usage and improvement of the quality of effluents returned to the environment.

To this end, investments were made in new measuring equipment, advanced water reutilization systems, and modern water-treatment plants.

Environmental investments 2006 / 2010 (€)	
Energy efficiency	68,386,266
Reduction of noise and air emissions	9,657,034
Odor reduction	3,317,771
Certifications, authorizations, licenses and various conditionings	2,719,480
Waste and hazardous substance management and reduction	2,197,389
Reduction of water usage and improvement of the quality of effluents	2,083,864
Total	88,361,804

4. Social Responsibility



4. Social Responsibility

4.1. Reforestation and the Environment

Forest restoration is a cornerstone of the Lecta Group's social and environmental commitment.

Torraspapel, in collaboration with the Spanish NGO Acció Natura, has been promoting reforestation plans and volunteer days in which customers, employees and their families have participated for years, resulting in the planting of more than 20,500 trees on the Iberian Peninsula and in Brazil.

Recently, as part of the environmental awareness campaign "The Paper Effect versus the Greenhouse Effect" launched by Torraspapel in October 2010, the company offered all participants the opportunity to collaborate in a reforestation project, specifically the ecological restoration of the banks of the Llobregat River in its passage through the metropolitan area of Barcelona. Thanks to this initiative, more than 4,000 people learned about paper's contribution to the sustainability of the planet and have made possible the reforestation of a riverbank forest in Catalonia.



Torraspapel also participates in the United Nations Program for the Environment (UNEP), through its "Plant for the Planet" campaign in Spain. For "World Forest Day" 40,000 trees were distributed, making it the most important reforestation action to take place in Spain.

Furthermore, since 1997, Garda has collaborated with "Adamello Brenta" Natural Park, the largest protected area in Trentino, Italy, in the Alps. As part of this partnership, the bear KIARA was adopted. Born in February 2005 as a result of the "Life Ursus" Project, which has reintroduced brown bears in the Dolomites, Garda immediately adopted the baby KIARA in a show of support for "Adamello Brenta" Natural Park, establishing a fund to contribute to the conservation of brown bears.

4. Social Responsibility



4.2. Supporting Education and Culture

Lecta wants to share its experience in paper manufacturing with society, devoting special attention to those groups whose members can benefit from learning about our activity firsthand, thus contributing to a more complete training and their being better able to perform their work.

For this reason, since 2002 Torraspapel has opened its mills to graphic arts students as part of a partnership with 29 Spanish schools. This action allows future professionals to learn about the manufacturing process of a tool they use on a daily basis: paper. More than 3,500 students benefit from the project each year, which includes 29 schools located throughout Spain. As part of this initiative, Torraspapel offers guided visits to its mills so that students can learn about the paper manufacturing process firsthand, contributes educational material created specifically for participating graphic arts students, and distributes swatchbooks for its paper range and paper itself for use in workshops.

Another instance of our commitment to education and culture is the Design Contest, which Torraspapel has sponsored annually since 2004, and in which nearly 2,000 students from collaborating graphic arts schools have participated.

From its origin paper has always been closely associated to the world of art and culture as a medium for representing emblematic artistic work. The Lecta Group collaborates with museums, exhibitions and renowned cultural and artistic publications. Examples of this include Condat's sponsorship of exhibits at the School of Fine Arts in Paris and the Printing Museum in Lyon; Garda's "A Better Project" initiative books, with images by well-known international photographers; and the 100th Anniversary Commemorative Book of the Catalan Palau de la Musica, a UNESCO World Heritage site, printed on Torraspapel's CreatorSilk paper.

4. Social Responsibility



4.3. Collaborating with the Community

Lecta's manufacturing sites are located mainly in rural communities, thus contributing to their economic development by creating stable, high-quality employment. Moreover, as part of their corporate social responsibility strategy, the Lecta Group companies sponsor or otherwise help finance numerous projects in the cultural, sports and healthcare fields.

Condat consistently participates in cultural events in the Périgord region in France, including the prestigious National Book Fair in Brive, a town located 20km from its mill. The Fair has become one of the leading events in French literature after the Paris Book Fair. In addition to collaborating with renowned museums in the Trento region in Italy, Garda is also the main sponsor of the G.S. Riva Basket sports organization, which promotes basketball among young people by supporting

amateur and professional team competition. In terms of healthcare, since 2007, Garda has worked with M.A.G.I. (International Association of Medical Genetics), the primary activity of which is scientific research and dissemination of information about rare genetic diseases. Cartiere del Garda has helped to open an information center on these kinds of diseases in the region that offers free advice to patients and their families.

4.4. Humanitarian Projects

Each year, Lecta Group companies send Christmas and New Year greetings to their customers and collaborators in Christmas cards that support charitable causes. Torraspapel and Condat collaborate with the NGO Intermón-Oxfam, which develops projects for marginalized sectors of the population across the world, fighting against the causes of poverty. Cartiere del Garda, meanwhile, supports the protection of children's rights through "Save the Children" and specifically through participating in the "Every One" campaign, which seeks to reduce maternal mortality rates by introducing specific healthcare services in communities and promoting healthy eating habits.



Torraspapel collaborates annually in the production and distribution of publications and calendars published by non-profit organizations that promote cultural and social ends such as fomenting reading, education and integration of persons with disabilities.

4. Social Responsibility

4.5. United Nations Global Compact

The Lecta Group participates in the United Nations Global Compact, the world's largest Corporate Social Responsibility initiative.

The UN Global Compact is an international initiative designed to encourage companies to take on a voluntary commitment to social responsibility by adopting ten principles of behavior in the areas of human rights, labor, the environment and anti-corruption.

The Lecta Group's joining the Global Compact reaffirms our commitment to socially responsible business practices and guarantees the integration of the ten principles into the company's strategy, culture and daily operations. Our goal is to comply with the Compact as well as publicly advocating its objectives and principles.

Aware of its commitment to society and good business practices, Torraspapel joined the United Nations Global Compact in 2004, reporting annually on compliance with its ten principles. Recently, Lecta extended this commitment to all of the Group's companies. As a result, all now publicly demonstrate their strong support for sustainable development.



The Global Compact is the world's largest Corporate Social Responsibility initiative

5. New Challenges



5. New Challenges 2011/2012



Certifications

objectives

Have in place high-efficiency energy management and sustainability systems.

Increase the amount of pulp purchased from certified forest plantations.

commitments

Complete EN 16001: 2009 / ISO 50001 certification for all Group mills in 2012.

Purchase 75% of pulp from certified forests in 2012.

Climate change

objectives

Quantify CO₂ emissions produced during the life cycle of our products.

Reduce primary fossil fuel energy consumption.

commitments

Conduct a study for calculating our carbon footprint in 2012.

Invest in the installation of new CHP plants and enhance the efficiency of existing ones.

Reduce CO₂ emissions by 3%.

Reducing environmental impact

objectives

Maintain our position as leaders in minimizing environmental impact.

commitments

Keep water usage levels below 13 m³/t.

Reduce air emission levels of solid particles by 13% at the Zaragoza pulp mill in 2012.

Monitor and communicate the evolution of AOX emissions in effluents.



Social responsibility

objectives

Communicate our progress in the area of social responsibility on an annual basis.

commitments

Submit a Global Compact Progress Report on an annual basis.

Information transparency

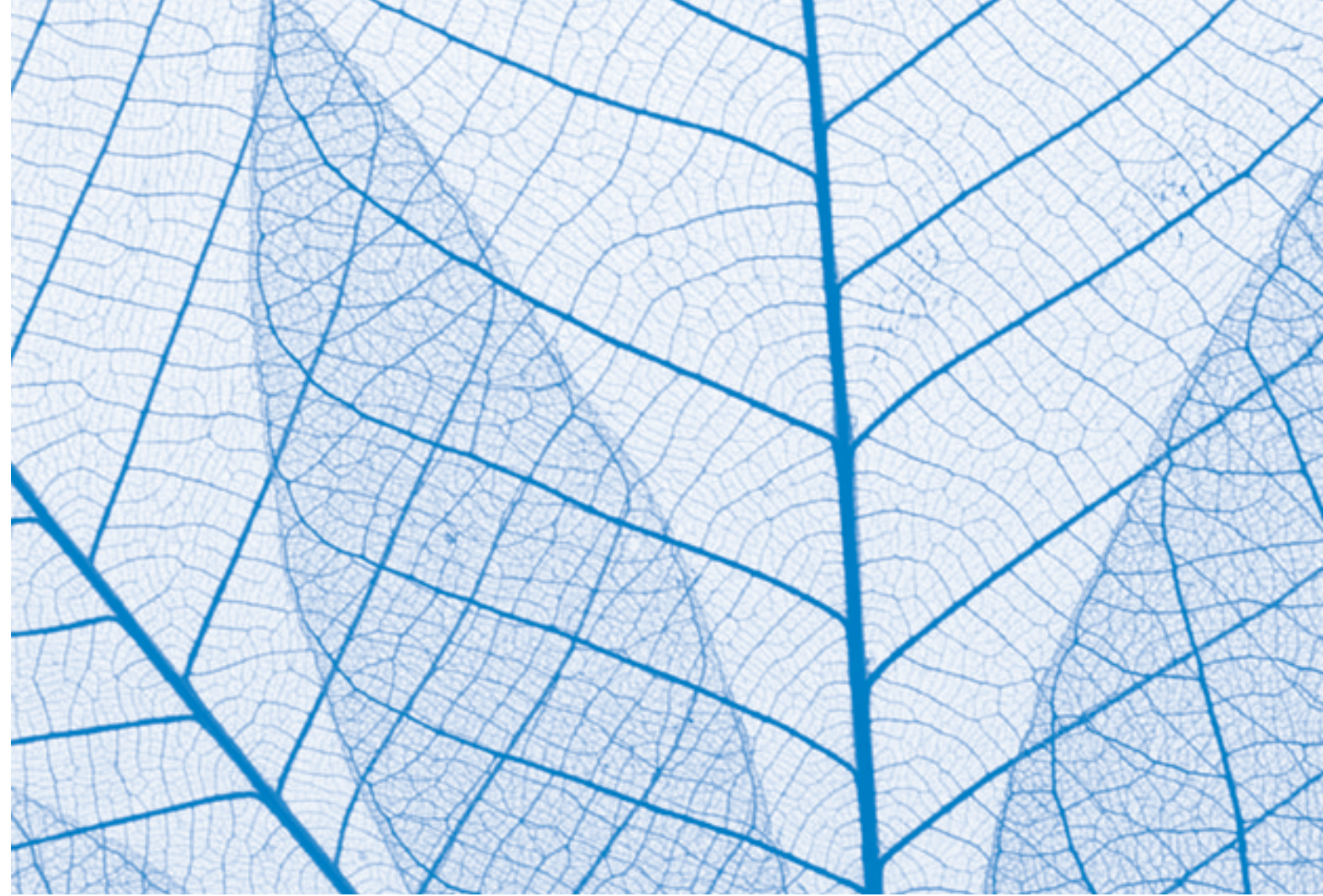
objectives

Make known the objectives and actions derived from our environmental policy to stakeholders.

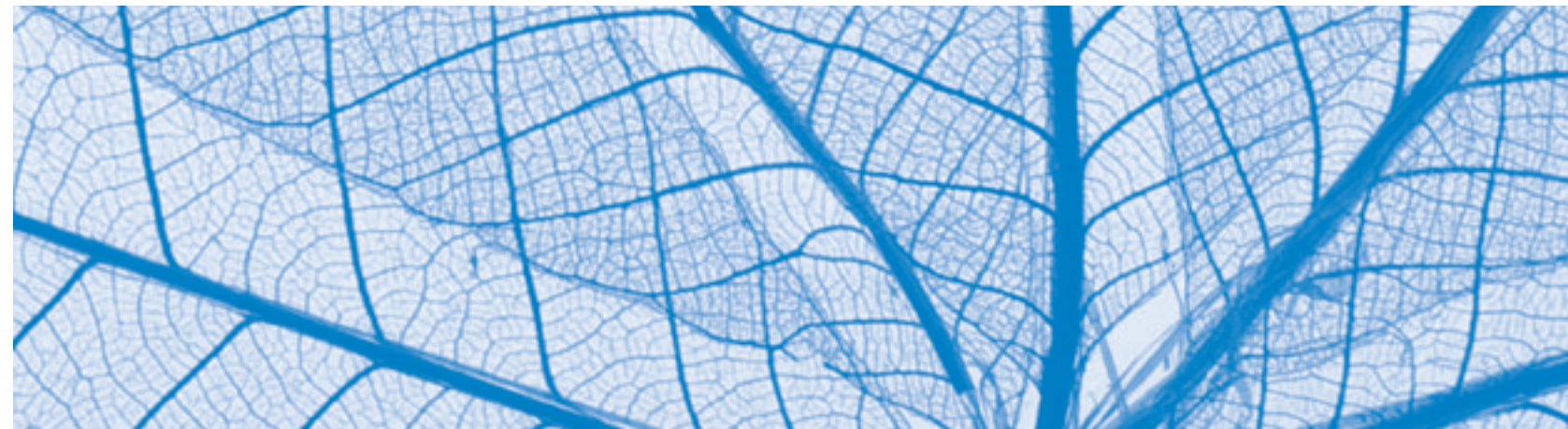
commitments

Publish an Environmental Report and other documents of an environmental nature on a regular basis.

Communicate environmental and CSR actions and projects through the Group's websites.



6. Appendix



6.1. Summary of Environmental Data

		Lecta Group		
		2008	2009	2010
Production	Paper production, t.	1,686,000	1,482,219	1,660,445
	Pulp Production, t.	232,468	206,201	221,174
Consumption of raw materials	Pulp purchased externally, t. (airdried pulp)	688,841	544,325	615,238
	Percentage of purchased pulp certified to sustainable forest management systems (PEFC™ and FSC®)	48%	68%	70%
	Wood consumption, m ³	662,083	581,129	626,389
Energy	Primary energy consumption from fossil fuels ⁽¹⁾ , MWh	1,623,106	840,711	903,731
	Primary energy consumption from biomass, MWhPCI	1,007,598	925,997	969,333
	Total energy consumption ⁽²⁾ , MWh	4,747,994	4,177,518	4,482,468
	Total specific energy consumption for paper and pulp production ⁽²⁾ , MWh/t	2.47	2.47	2.38
	Percentage of cogenerated electricity in total electricity consumption ⁽³⁾	90%	97%	112%
Air emissions	NO _x emissions ⁽⁴⁾ , t.	1,027	869	901
	SO ₂ emissions, t.	40	89	155
	CO ₂ emissions attributable to pulp and paper production ⁽⁵⁾ , t.	726,760	654,901	697,965
	Specific CO ₂ emissions attributable to pulp and paper production ⁽⁵⁾ , t. CO ₂ /t	0.38	0.39	0.37
Water	Process effluents, m ³	23,495,963	22,568,521	25,015,207
	Specific process effluents for pulp and paper production, m ³ /t	12.25	13.37	13.29
	Suspended solids ⁽⁶⁾ , t.	512	446	455
	Specific load of suspended solids for pulp and paper production ⁽⁶⁾ , kg/t	0.27	0.26	0.24
	Chemical Oxygen Demand (COD) ⁽⁶⁾ , t.	3,504	3,072	3,668
	Specific COD load for pulp and paper production ⁽⁶⁾ , kg/t	1.83	1.82	1.95
Waste	Non-hazardous waste, t.	121,697	107,288	122,756
	Hazardous waste, t.	1,037	857	960
	Percentage of hazardous waste in total waste	0.84%	0.79%	0.78%
	Recovered sludge, wet t.	48,719	43,676	66,520

⁽¹⁾ Direct energy consumption at the mill: natural gas (LCV) and fuel oil.

⁽²⁾ Direct energy consumption at the mill: natural gas (LCV), fuel oil, biomass, steam and electricity.

⁽³⁾ Electrical energy generated at CHP plants with over 50% ownership by LECTA.

⁽⁴⁾ Emissions from direct primary energy consumption at the mill.

		Condat			Garda			Torraspapel		
		2008	2009	2010	2008	2009	2010	2008	2009	2010
		522,500	446,768	524,528	326,552	290,071	337,193	836,948	745,380	798,724
								232,468	206,201	221,174
		285,374	238,167	281,762	164,115	149,677	166,456	239,352	156,481	167,021
		45%	63%	72%	52%	64%	65%	50%	80%	74%
								662,083	581,129	626,389
		68,963	61,412	77,108	769,894	115,318	100,107	784,249	663,981	726,516
								1,007,598	925,997	969,333
		1,073,109	957,296	1,072,414	769,894	575,959	658,889	2,904,991	2,644,263	2,751,165
		2.05	2.14	2.04	2.36	1.99	1.95	2.72	2.78	2.70
					100%	112%	236%	144%	151%	142%
		15	14	17	172	26	22	840	829	862
								40	89	155
		169,984	158,670	175,264	154,618	123,751	137,391	402,158	372,480	385,310
		0.33	0.36	0.33	0.47	0.43	0.41	0.38	0.39	0.38
		6,256,989	5,861,608	6,046,796	3,747,864	3,529,152	4,735,272	13,491,110	13,177,761	14,233,139
		11.98	13.12	11.53	11.48	12.17	14.04	12.62	13.85	13.96
		82	67	66	94	102	86	336	278	303
		0.16	0.15	0.13	0.29	0.35	0.26	0.31	0.29	0.30
		288	247	242	176	217	311	3,040	2,608	3,115
		0.55	0.55	0.46	0.54	0.75	0.92	2.84	2.74	3.05
		18,184	17,064	17,365	6,004	5,581	4,432	97,509	84,643	100,959
		138	55	142	90	40	49	809	762	769
		0.75%	0.32%	0.81%	1.48%	0.71%	1.09%	0.82%	0.89%	0.76%
		14,761	13,880	14,160	3,593	3,873	2,654	30,365	25,922	49,706

⁽⁵⁾ In the case of industrial installations involving CHP associated with paper production (independent of LECTA participation), indirect CO₂ emissions from electricity and steam generated during CHP and consumed at the mill were calculated on the basis of the "Allocation of Emissions from the Combined Heat and Power Plant" methodology published by Greenhouse Gas Protocol (www.ghgprotocol.org). In all other cases indirect CO₂ emissions from consumption of electricity from the grid were calculated on the basis of national grid emissions factors (in the case of Spain, according to WWF data: Observatorio de la electricidad; in the case of France, according to data supplied by the supplier).

⁽⁶⁾ Effluents after treatment.

6.2 Independent Verification

AENOR¹ Independent Verification Statement

The main aim of this independent verification is to ensure that the data included in the 2010 Environmental Report made by the LECTA Group (henceforward "the organization") regarding its environmental performance is complete: accurate, consistent, transparent and without significant disparities.

Verification Scope

The scope of the verification focuses on the environmental data included in the "Summary Environmental Data" section contained in the annex to the LECTA Group's Environmental Report.

The period subject to verification is 2008-2010, and includes information on the following vectors: production, energy, air, water and waste.

Verification Methodology

The methodology for carrying out the verification consisted in:

- Collection and analysis of information associated with the different companies and manufacturing sites that provide said information, in order to obtain an overview of their characteristics and environmental impact.
- Collection and analysis of the quantitative data necessary for the development of the declared environmental indicators.

These actions were carried out at the head offices of the LECTA Group and did not entail any on-site visits to the different centers.

Specifically, the verification process is based on the following steps:

- 1.- Assessment of the information system regarding environmental performance used by the organization. In this manner AENOR drew conclusions about sources of error, omissions or possible misinterpretations on the part of the organization.
- 2.- Assessment of the data and information that the organization has available regarding its environmental performance.
- 3.- Comparison of the information available with verification criteria in order to draw conclusions as to whether the submitted information is accurate, consistent, transparent and without significant disparities.
- 4.- Preparation of this independent verifier statement.

¹ Spanish Association for Standardisation and Certification

Completeness, Relevance and Accuracy of the Data

The verification includes information on the manufacturing sites of the LECTA Group, namely, TORRASPAPEL's mills in Spain, CONDAT's in France and Cartiere del GARDA's in Italy.

The indicators used are relevant for the organization and the sector and reflect their environmental performance.

The data sources used by the organization are based primarily on: environmental statements validated in accordance with the EMAS EcoManagement and Audit Scheme, reports and other documents submitted to the relevant administrations in response to specific legal requirements, and internal control documents.

Errors detected during the verification were corrected as part of the verification process.

Verification Findings

There is no evidence that the information on environmental performance reported in the annex to the Environmental Report is unreliable or contains any errors or omissions. We thus conclude that this information accurately reflects the environmental performance of the organization.

Recommendations

Include in subsequent reports new indicators that permit broadening the vision of the environmental performance of the organization.

Include references to industry documents and indexes.

Unify the system for obtaining source data to calculate environmental indicators across the different sites and companies.

Audit Manager

D^a. Norma PLA-GIRIBERT ENRICH



Madrid, 14 October 2001

New Products Director

D. Jaime FONTANALS RODRIGUEZ



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