

APPENDIX II:

**Template and statistics on the Annual Corporate Governance Report under
CNMV Circular 5/2013**

ANNEX I TEMPLATE

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE

31/12/2021

TAX ID (CIF) A-28212264

Company name: ENCE ENERGIA Y CELULOSA, S.A

Registered office: BEATRIZ DE BOBADILLA, 14 PLANTA 4ª MADRID

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

A OWNERSHIP STRUCTURE

A1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

No ☒

Yes ☐

Board approval date

dd/mm/yyyy

Minimum period of uninterrupted ownership required by the statutes

Indicate whether the company has awarded votes for loyalty:

No ☐

Yes ☐

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
11/05/2017	221,645,250.00	246,272,500			246,272,500

Number of shares registered in the special register pending the expiry of the loyalty period

Observations

Indicate whether there are different classes of shares with different associated rights:

Yes ☐

No ☒

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

Observations

A2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr VÍCTOR URRUTIA VALLEJO	0.00	7.29	0.00	0.00	7.29		
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0.00	6.38	0.00	0.00	6.38		
RETOS OPERATIVOS XXI, S.L.	29.24	0.00	0.00	0.00	29.24		
TURINA 2000, S.L.	0.00	29.24	0.00	0.00	29.24		
Mr JUAN LUIS ARREGUI CIARSOLO	0.20	29.24	0.00	0.00	29.44		

Observations

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
Mr VÍCTOR URRUTIA VALLEJO	ASÚA INVERSIONES, S.L.	7.29	0.00	7.29		
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MENDIBEA 2002, S.L.	6.38	0.00	6.38	-	-
TURINA 2000, S.L.	RETOS OPERATIVOS XXI, S.L.	29.24	0.00	29.24		

<u>Mr JUAN LUIS</u>	<u>RETOS</u>	<u>29.24</u>	<u>0.00</u>	<u>29.24</u>		
<u>ARREGUI</u>	<u>OPERATIVOS</u>					
<u>CIARSOLO</u>	<u>XXI, S.L.</u>					

Observations

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements
BESTINVER GESTION, S.A., S.G.I.I.C dropped from 3% of share capital on 16 June 2021

A3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote			
	Direct	Indirect	Direct	Indirect		Direct	Indirect		
Mr FERNANDO ABRIL-MARTORELL HERNÁNDEZ	0.36	0.00	0.00	0.00	0.36	0.00	0.00		
Mr IGNACIO DE COLMENARES BRUNET	0.13	0.00	0.00	0.00	0.13	0.00	0.00		
Mr JOSE GUILLERMO ZUBIA GUINEA	0.02	0.00	0.00	0.00	0.02	0.00	0.00		
Mr JAVIER ARREGUI ABENDIVAR	0.01	0.00	0.00	0.00	0.01	0.00	0.00		
Ms IRENE HERNÁNDEZ ÁLVAREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Ms ISABEL TOCINO BISCAROLASAGA	0.00	0.00	0.00	0.00	0.00	0.00	0.00		

Total percentage of voting rights held by the Board of Directors	43.51
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Observations

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights		From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
<u>No data</u>							
						-	-

Observations

List the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors	43.51
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Observations

- A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Nature of relationship	Brief description
<u>No data</u>		

- A5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Nature of relationship	Brief description
<u>No data</u>		

- A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to

significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
Mr ÓSCAR ARREGUI ABENDIVAR	RETOS OPERATIVOS XXI, S.L.	RETOS OPERATIVOS XXI, S.L.	Director
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MENDIBEA 2002, S.L.	MENDIBEA 2002, S.L.	Sole Administrator
Mr GORKA ARREGUI ABENDIVAR	RETOS OPERATIVOS XXI, S.L.	RETOS OPERATIVOS XXI, S.L.	Director
Mr JAVIER ARREGUI ABENDIVAR	RETOS OPERATIVOS XXI, S.L.	RETOS OPERATIVOS XXI, S.L.	Director
Mr VÍCTOR URRUTIA VALLEJO	ASÚA INVERSIONES, S.L.	ASÚA INVERSIONES, S.L.	Sole Administrator

Observations

- A.7. Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes ☐

No ☒

Parties to the shareholders' agreement	% of share capital concerned	Brief description of the agreement	Expiry date of the agreement, if any

Observations

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes ☐

No ☒

Parties to the concerted action	% of share capital concerned	Brief description of the concerted action	Expiry date of the concert, if any

Observations

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

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- A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes ☐

No ☒

Name or company name

Observations

- A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
3,923,750		1.59

Observations

(*) Through:

Name or company name of direct shareholder	Number of direct shares
No data	
Total:	

Observations

Explain any significant changes during the year:

Explain significant changes
There were no significant variations in treasury stock during the year.

- A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

The Annual General Meeting of Shareholders held on 30 March 2017 authorised the company to acquire its own shares, by purchase or by any other valuable consideration. This acquisition may be made at any time and as often as it is deemed appropriate, either directly or through subsidiaries of which it is the parent company.

The minimum acquisition price or consideration shall be equivalent to the nominal value of the treasury shares acquired, and the maximum acquisition price or consideration shall be the equivalent to the list value of the treasury shares acquired in an official secondary market at the time of acquisition.

This authorisation was granted for a term of five years from the date of the aforementioned Meeting, and was subject to the limitation that at no time shall the nominal value of the treasury shares acquired in use of the authorisation, added to that of those already in possession of Ence Energía y Celulosa, S.A. and any of its controlled subsidiaries exceed the maximum amount allowed by law at any time.

The Board of Directors was also authorised to carry out the derivative acquisition of Ence Energía y Celulosa, S.A. shares under the terms set forth and so that it could allocate, in whole or in part, the treasury shares already acquired and those acquired by virtue of the previous authorisation to disposal or amortisation, or implement remuneration systems consisting of or the purpose of delivering shares or option rights of Ence Energía y Celulosa, S.A. shares to workers and executives pursuant to the provisions of section 1.a) in Article 146 of the Capital Companies Act, as well as dividend reinvestment plans or similar shareholder remuneration instruments

- A.11 Estimated float:

	%
Estimated float	54.75

Observations
Estimation based on share capital after deduction of significant shareholdings, shares held by the board of directors and treasury shares.

- A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes ☒

No ☐

Description of restrictions

Royal Decree-Laws 8/2020, 11/2020 and 34/2020 have established certain restrictions on foreign investment - including intra-Community investors - which affect ENCE ENERGÍA Y CELULOSA S.A., both as a listed company and because it operates in a sector subject to investment control.

Likewise, Royal Decree-Law 27/2021, of 23 November, extends certain economic measures to support the recovery. Article 4 thereof amended for the second time the sole temporary provision of RDL 34/2020 by extending the authorisation regime for foreign direct investment by residents of other European Union and European Free Trade Association countries until 31 December 2022.

- A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes ☐

No ☒

If so, explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations would cease to apply

- A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes ☒

No ☐

If so, indicate each share class and the rights and obligations conferred.

Indicate the various share classes
On 24 November 2017, the Company, through its subsidiary, ENCE ENERGÍA, S.L.U., made a bond issue for the amount of €50 million, maturing on 24 November 2025. These bonds are listed in the multilateral trading system called Open Market (Freiverkehr) on the Frankfurt Stock Exchange.
On 23 February 2018, the Company issued convertible and exchangeable Company bonds, excluding the preemptive subscription right, for an amount of €160 million, maturing on 5 March 2023. These debentures are listed in the multilateral trading system called Open Market (Freiverkehr) on the Frankfurt Stock Exchange.
On 8 November 2018, the Company, through its subsidiary, ENCE ENERGÍA, S.L.U., made a bond issue for the amount of €43 million, maturing on 24 November 2025. These debentures are listed in the multilateral trading system called Open Market (Freiverkehr) on the Frankfurt Stock Exchange.
The above information is provided because it is a regulated market but it is not an official market.

B GENERAL SHAREHOLDERS' MEETING

- B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details.

Yes ☐

No ☒

	% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters	% quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions
Quorum required at 1st call		
Quorum required at 2nd call		

Description of differences

- B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes ☐

No ☒

Describe how it is different from the regime provided in the Spanish Corporate Enterprises Act.

	Qualified majority other than that set forth in Article 201.2 of the Corporate Enterprises Act for matters referred to in Article 194.1 of this Act	Other matters requiring a qualified majority
% established by the company for the adoption of resolutions		

Describe the differences
<p>The amendment of the Ence Energía y Celulosa, S.A. Articles of Association is governed by the provisions of the Capital Companies Act and its own Articles of Association, which are established in the legal regime.</p> <p>Thus, in the first call, the concurrence of shareholders present or represented who have at least fifty percent of the subscribed capital with the right to vote is required to be able to ratify any amendment to the articles of association. In the second call, the attendance of twenty-five percent of said capital is sufficient (Article 29.2 of the Articles of Association).</p>

Once the meeting has been validly constituted, in order to approve any amendment to the Articles of Association, a favourable vote of half plus one of the shares with voting rights present or represented (Articles 29.1 and 35.4 of the Articles of Association), or two thirds, is required when in the second call the attendance quorum does not reach fifty percent (Article 29.2 of the Articles of Association)

- B.3 Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

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- B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

	Attendance data				
Date of general meeting	% physical presence	% present by proxy	% distance voting		Total
			Electronic voting	Other	
28/03/2019	43.08	26.21	0.00	0.2	69.56
Of which float:	6.27	26.21	0.00	0.2	32.75
31/03/2020	v	54.83	0.02	0.9	57.41
Of which float:	0.00	18.64	0.02	0.9	19.59
14/12/2020	42.11	12.03	0.05	5.6	59.86
Of which float:	0.00	12.03	0.05	5.6	17.75
26/03/2021	38.58	20.28	0.01	1.4	60.35
Of which float:	0.00	13.90	0.01	1.4	15.39

Observations
The 2020 and 2021 general meetings have been held exclusively remotely, as a consequence of the COVID-19 pandemic, thus the information on "physical presence" refers to virtual presence through duly accredited remote attendance during the holding of the Annual General Meeting of Shareholders through the platform made available to the shareholders by the Company.

- B.5 Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

Yes ☐No ☒

Items on the agenda not approved	% vote against (*)

(*) If the non-approval of the point was for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

- B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes ☐No ☒

Number of shares required to attend General Meetings	
Number of shares required for voting remotely	

Observations

- B.7 Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes ☐No ☒

Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by law

- B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

On the Company's website, www.ence.es, click on Investors and Corporate Governance.



STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1 Board of Directors

- C.1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:

Maximum number of directors	<u>16</u>
Minimum number of directors	<u>8</u>

Number of directors set by the general meeting	<u>13</u>
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Observations

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
Ms IRENE HERNÁNDEZ ÁLVAREZ		Independent	INDEPENDENT (COORDINATING DIRECTOR)	28/03/2019	28/03/2019	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr IGNACIO DE COLMENARES BRUNET		Executive	CHAIRMAN-CHIEF EXECUTIVE OFFICER	22/12/2010	31/03/2020	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr VÍCTOR URRUTIA VALLEJO		Proprietary	DIRECTOR	30/06/2014	31/03/2020	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr FERNANDO ABRIL-MARTORELL HERNÁNDEZ		Other external member	DIRECTOR	30/03/2007	28/03/2019	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Ms ISABEL TOCINO BISCAROLASAGA		Independent	DIRECTOR	21/03/2013	28/03/2019	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Ms AMAIA GOROSTIZA TELLERÍA		Independent	DIRECTOR	28/03/2019	28/03/2019	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr JOSE GUILLERMO ZUBIA GUINEA		Other external member	DIRECTOR	30/03/2007	28/03/2019	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	

Ms ROSA MARÍA GARCÍA PIÑEIRO		Independent	DIRECTOR	22/03/2018	26/03/2021	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ- REAL		Proprietary	DIRECTOR	26/03/2021	26/03/2021	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr GORKA ARREGUI ABENDIVAR		Proprietary	DIRECTOR	26/03/2021	26/03/2021	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr ÓSCAR ARREGUI ABENDIVAR		Proprietary	DIRECTOR	26/03/2021	26/03/2021	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Mr JAVIER ARREGUI ABENDIVAR		Proprietary	DIRECTOR	26/03/2021	26/03/2021	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	
Ms MARÍA PAZ ROBINA ROSAT		Independent	DIRECTOR	26/03/2021	26/03/2021	ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT	

Total number of directors	13
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Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
TURINA 2000, S.L.	Proprietary	22/03/2018	26/03/2021	Audit Committee, Appointments and Remunerations Commission	YES
RETOS OPERATIVOS	Proprietary	22/03/2018	26/03/2021	Executive Commission	YES

XXI, S.L.				Sustainability Commission	
Mr JUAN LUIS ARREGUI CIARSOLO	Proprietary	22/03/2018	26/03/2021	Executive Commission Sustainability Commission	YES
Mr JAVIER ECHENIQUE LANDIRIBAR	Other external member	22/03/2018	26/03/2021	Executive Commission	YES
Mr JOSE CARLOS DEL ÁLAMO JIMÉNEZ	Independent	22/03/2018	26/03/2021	Appointments and Remunerations Commission Sustainability Commission	YES

<p>Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting</p>
<p>D. Juan Luis Arregui, Javier Echenique and José Carlos del Alamo expressed in advance their desire not to be re-elected. Turina 2000, S.L. and Retos Operativos XXI, S.L., prior legal entity directors, were replaced by the natural persons who had been representing them: Mr Gorka Arregui and Mr Oscar Arregui, respectively.</p>

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organisation chart of the company	Profile
Mr IGNACIO DE COLMENARES BRUNET	CHAIRMAN-CHIEF EXECUTIVE OFFICER	He holds a law degree from the Central University of Barcelona and a master's degree in Economics and Business Management from the IESE Business School in Barcelona. He has had a long professional career in the steel and energy sector. He was an Export and Trading Manager of the Compañía Española de Laminación, the embryo of the CELSA steel group. Subsequently, he held the position of Commercial Director of Nueva Montaña Quijano, a common steel company, and he was Commercial General Director of Grupo CELSA Trefilerías. In 1996, he became the Managing Director of Trenzas y Cable de Acero-TYCSA, a company specialised in the manufacture of steel cable, aluminium, and optical fibre. Subsequently, in 2001, he joined the Global Steel Wire steel group as Managing Director, a position that he combined with that of Corporate Development Director of the CELSA Group. In 2008,

		<p>before joining Ence, he was CEO of Isofotón, a company producing photovoltaic panels and promoting solar installations, taking part in the technological, industrial, and commercial restructuring of the company. He has also been Chairman and CEO of Bergé Lift, a group of companies dedicated to the import, distribution, rental, and maintenance of handling equipment. He is currently a member of the Board of Directors of the Spanish Association of Pulp, Paper and Cardboard Manufacturers (ASPAPL) and a director and member of the investment commission of Corporación Financiera Alba.</p>
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Total number of executive directors	1
Percentage of Board	7.69

Observations

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr VÍCTOR URRUTIA VALLEJO	ASÚA INVERSIONES, S.L.	<p>PhD in Economics from the Complutense University of Madrid and Law Degree from the University of Oviedo. He speaks English, French, and German. He is currently the Chairman of Compañía Vinícola del Norte de España, S.A. (CVNE), a member of the Executive Commission and member of the Instituto de Empresa Familiar, Sole Director of Asúa Inversiones, S.L., and Vice-Chairman of OCIBAR, S.A. Previously, he was Director of Firestone Hispania, Director of IBM</p>

		<p>España, Chairman of Begano, Director of Asturbega y Norbega, Vice-Chairman of IBERDROLA, S.A., Director of Barclays Bank, S.A.E., Director and member of the Executive Committee of Vocento and Prensa Española, Chairman of CASBEGA, S.A., and Director of Coca-Cola Iberian Partners.</p>
<p>Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL</p>	<p>MENDIBEA 2002, S.L.</p>	<p>José Ignacio Comenge Sánchez-Real held several positions in the Banco Hispano Americano between 1973 and 1983, such as Deputy Director of Foreign Trade and Director of Large Companies. From 1984 to 2002 he occupied the following positions in MUTUA MADRILEÑA AUTOMOVILISTA: Director responsible for the Financial Area and Vice-chairman of the Board of Directors. He is currently Chairman of Ball Beverage Can Iberica, S.L. and a Director at COCA-COLA EUROPEAN PARTNERS, plc, EBRO FOODS S.A., BARBOSA & ALMEIDA, S.A., AZORA EUROPA I, SA, Compañía Vinícola del Norte de España, S.A. and OLIVE PARTNERS, S.A. (in the latter two, the director is MENDIBEA 2002, S.L.)</p>
<p>Mr GORKA ARREGUI ABENDIVAR</p>	<p>RETOS OPERATIVOS XXI, S.L.</p>	<p>Mr Gorka Arregui Abendivar, who has a degree in Law, has held positions of responsibility in companies in the industrial, energy, agri-food, and forestry investment sectors, among others. He is currently a Member of the Board of Directors of companies belonging to these sectors, such as Foresta, Ciresco S.A., Gopisa, S.A., and Investigación y Desarrollo Agrario, S.A.</p>
<p>Mr ÓSCAR ARREGUI ABENDIVAR</p>	<p>RETOS OPERATIVOS XXI, S.L.</p>	<p>Óscar Arregui qualified as an industrial engineer at the Bilbao Advanced Technical School of Engineering (specialising in electrical engineering) and holds a Master's in Business Administration (MBA) from IESE Business School. He has</p>

		occupied several positions of responsibility within Grupo Guascor in the fields of both research and development and its expansion into the North American market. He currently works as director at Dehesa del Corcho XXI, S.L., Dehesa de castrillo XXI, S.L. and is a member of the board of directors of Turina 2000, S.L.
Mr JAVIER ARREGUI ABENDIVAR	RETOS OPERATIVOS XXI, S.L.	He holds a degree in Business Administration from Saint Louis University (Missouri, USA) and a postgraduate degree in Finance from the University of San Andrés (Buenos Aires, Argentina), and he has occupied various positions of responsibility within the Seche Group and has been a member of the Board of Directors of, among others, Cesa, Grupo Guascor and Foresta Capital. Until his appointment as a natural person representative of TURINA 2000, S.L., he has been acting as General Manager of International Development and Forestry Assets at Ence, and is a member of the company's Management Committee. He is currently the sole Director of Grupo Foresta, S.L.

Total number of proprietary directors	5
Percentage of Board	38.46

Observations

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Ms IRENE HERNÁNDEZ ÁLVAREZ	She has a degree in Economics and Business Administration from ICADE. She received a National Award For Excellence in Academic Performance, the Second National Economy Award, and the VI Carlos Cubillo Valverde Award in 1988. She began her professional career at JP Morgan in Madrid and New York, between 1987 and 2001, where she was

	<p>responsible for major fixed income and equity operations in national and international markets. She has had an outstanding career in financial advisory services for family businesses. She is a founding partner of Impulsa Capital, a company dedicated to corporate financial advice in the field of private equity/risk capital, and a Registered Advisor to BME Growth and Listing Sponsor of Euronext. Currently, she is an Independent Director of Saint Croix Holding Immobilier SOCIMI, S.A. and an Independent Director of Elecnor, S.A.</p>
Ms ISABEL TOCINO BISCAROLASAGA	<p>She holds a PhD in Law cum laude from the Complutense University of Madrid, where she has been Professor of Civil Law. She has completed the Senior Management Programmes at IESE (1994) and Harvard Business School (2004). She holds the Great Cross of Knighthood of the Royal Order of Charles III and of the Cross of San Raimundo de Peñafort. From 2006-2018, she was an Independent Director of the SANTANDER Group, where she was a member of the Executive Commission, the Audit Commission, and the Risk Commission. She has also been a Councillor of the Council of State (2008-2019) and a member of the Advisory Board of AMUNDI (2014-2019). She was Minister of the Environment (1996-2000) and President for Spain and Portugal and Vice-President for Europe of Siebel Systems (2002-2006) (now ORACLE). She was a Member of the Spanish Congress (1986-2002) and President of the Foreign Affairs Commission and previously President of the European Affairs Commission in the Spanish Congress of Deputies. As Minister for the Environment (1996-2000), she participated actively in negotiating the Kyoto Protocol and promoted legislative initiatives on waste, water and hydrological resources, and national parks. Prior to that, she worked for 7 years in the Legal Department of the Nuclear Energy Board (1971-1978), now CIEMAT, and was a member of the Group of Governmental Legal Experts of the European Energy Agency of the OECD (in Paris). She is a member of the International Society of Nuclear Law (INLA), the Spanish Nuclear Society (SNE), and the Instituto da electricidade de Minas Gerais in Portoalegre (Brazil). She was Vice-President of the International Association of Women Lawyers. She was formerly President and is currently Vice-President of the Federal Council of the European Movement and a Full Member of the Royal Academy of Doctors. She has published the book "Aspectos Legales del Riesgo y Daño de las Centrales Nucleares" (Legal Aspects of Risk and Damage in Nuclear Power Plants) as well as various contributions on Nuclear Energy, the</p>

	<p>Environment, and the field of Civil Liability, both in Spanish and international specialist journals. She is currently a Director and Vice-Chairwoman of SANTANDER Spain, where she chairs the Remuneration Commission and is a member of the Standing Commission and the Appointments and Responsible Banking Commission. She is also an Independent Director of ENAGÁS, and is Chair of its Audit Commission.</p>
Ms AMAIA GOROSTIZA TELLERÍA	<p>Ms Gorostiza studied Business Studies at the Institute of Business Studies of the País Vasco University. She began her professional career at Industrias Amaia Tellería, becoming Financial and Administrative Director and member of the Board of Directors. Also, in the financial field, she has been a director and auditor of the APD-Norte's Board and a director and member of the Finance Commission of Elkargi (mutual guarantee society). She is a founding partner and Chairwoman of Geo Management, a company dedicated to business and investment advice, and Geo Ingerobotica, dedicated to engineering services and industrial automation. She is currently an Independent Director, a member of the Audit Commission, and a member of the CSR Commission at Dominion, dedicated to technology and innovation solutions, and Chairwoman of the Board of Sociedad Deportiva EIBAR.</p>
Ms ROSA MARÍA GARCÍA PIÑEIRO	<p>She holds a degree in Industrial Engineering from the University of Vigo and a master's degree in Business Administration and Management from the University of Geneva, as well as a master's degree in Environmental Engineering from the EOI Business School. She has extensive experience in the industrial sector, with a remarkable focus on the environment and sustainability, with an international vision. She has spent her professional career at Alcoa, where she has held positions such as Environmental Engineer, Internal Environment Auditor, Director of Occupational Safety and Health, Director of Government Affairs and Sustainability for Europe, and Chairwoman of Alcoa Inespal, S.L. in Spain. She is currently the Alcoa Group's Global Sustainability Vice-president and the Chairwoman of the Alcoa Foundation. She is also an independent Director on the Board of Directors of Acerinox, S.A.</p>
	<p>She holds a degree in Chemistry from the University of Valladolid. She has spent her entire professional career at Michelin España y Portugal where she has been the first woman to hold each position she has taken on. In February 1988 she joined Michelin Spain at the Vitoria factory, holding various positions of responsibility within the</p>

Ms MARÍA PAZ ROBINA ROSAT	<p>quality and manufacturing areas in the production of semi-finished products. In February 1993, she went to the Aranda de Duero factory and continued in the Quality and Industrialisation area where she was responsible for Quality Assurance in the manufacture of truck tyres. In June 2004, at the Valladolid headquarters, she became the head of Personnel Management, Training, and Administration for all of Michelin Spain and Portugal. From July 2009, for 7 years, she managed the truck tyre factory in Aranda de Duero. In August 2016, she took over the management of the Michelin Industrial Centre in Álava, one of the largest in the world, comprising 4 industrial activities in Vitoria and a logistics centre in Araia. Currently, since March 2019, she has been the Human Resources Director, Managing Director, and Chairwoman of the Board of Directors of Michelin España Portugal S.A. She is also a member of the Board of Directors of Signus Ecovalor, the Executive Board of Consorcio del Caucho, and the Governing Board of the automotive cluster FACYL</p>
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Total number of independent directors	5
Percentage of Board	38.46

Observations

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
Mr FERNANDO ABRIL-MARTORELL HERNÁNDEZ	Mr Fernando Abril-Martorell maintains a minority shareholding in Foresta Capital, S.L., a company in which Mr Juan Luis Arregui Ciarsolo, who controls 100% of OPERATIONAL CHALLENGES XXI S.L., also participates indirectly. Likewise, he has been a member of the Board of Directors of the Company for 12 years.	RETOS OPERATIVOS XXI, S.L.	He holds a degree in Law and Business Administration from ICADE (Madrid). He has worked in various companies and financial entities. He was Chairman of Indra from January 2015 to May 2021. Between 2011 and 2014, he was Managing Director of Grupo Prisa. Between 2005 and 2011, he was CEO of Credit Suisse in Spain and Portugal. He was Chief Executive Officer of the Telefónica Group from 2000 to 2003 and previously Chief Financial Officer from 1997 to 2000. He began his career at JP Morgan where he spent 10 years between 1987 and 1997 in the Madrid, New York and London offices. He is currently a director of the Norwegian company Adevinta, S.A.
Mr JOSE GUILLERMO ZUBIA GUINEA	Mr José Guillermo Zubía Guinea served for 12 years as an independent director, for which reason his legal category	ENCE ENERGÍA Y CELULOSA, S.A.	He has a Law degree from the Complutense University of Madrid. He studied Economics at this University and Taxation at the Centre for Economic and Tax Studies. He has

	has changed to "other external director"		<p>been an owner, consultant and advisor of several companies. He was secretary general of the Alavés Business Union (SEA) from 1979 to 1995. He was secretary general of the Confederation of Basque Entrepreneurs (Confebask) from October 1995 to March 2011. He has been a member of the Board of Directors and Governing Bodies of the main Socio-Economic Institutions of País Vasco: among others, the Society for Promotion and Industrial Reconversion, the Economic and Social Councils, and Labour Relations. He has been a member of the Economic and Social Council of Spain and its Economic and Labour Relations Commissions. He has also been a member of the Permanent Commission of the Andalusian School of Economics and has participated in various courses and conferences at the Menéndez Pelayo International University, the summer courses at El Escorial and the summer university at the País Vasco University.</p>
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Total number of other external directors	2
Percentage of Board	15.38

Observations

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
No data			

Observations

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year n	Year n-1	Year n-2	Year n-3	Year n	Year n-1	Year n-2	Year n-3
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	5	4	4	2	38.46	28.57	28.57	14.29
Other External					0.00	0.00	0.00	0.00
Total:	5	4	4	2	38.46	28.57	28.57	14.29

Observations

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes ☒

No ☐

Partial policies ☐

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved
<p>In relation to gender diversity, Article 17.2 d) of the Board of Directors Regulations, indicates that the Appointments and Remuneration Commission establishes a representation target for the less-represented gender on the Board, draws up guidelines on how to achieve it and ensures that, if new vacancies open or when new Directors are appointed, the selection procedures are not subject to implicit biases that may imply gender-based discrimination.</p> <p>The Policy on the Selection of Directors and Diversity in the Composition of the Board expressly incorporates the diversity aspects specifically mentioned in Article 540.4.c) sub-section 8 of the Capital Companies Act, as well as the most updated version of recommendations 14 and 15 of the Good Governance Code, establishing that:</p> <ul style="list-style-type: none"> - This policy - public, concrete and verifiable - promotes an appropriate composition of the board of directors and ensures that proposals for appointment or re-election are based on a prior analysis of the competencies required by the board, while favouring diversity of knowledge, experience, age and gender. - The Appointments and Remuneration Commission and the Board of Directors shall ensure that the procedures for selecting board members and its commissions favour diversity with respect to issues such as age, gender, disability and professional training and experience, and are not subject to implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Board Members in a number that enables a balanced presence of women and men to be achieved. - In particular, the new policy seeks to ensure both that, by 2022, the number of female directors represents at least 40% of the total number of board members and that the company adopts measures to encourage having a significant number of female senior managers. - Ence's commitment to the goal of gender diversity has been evident in the past years, with the representation of women on the Board rising from 7% in 2017 to 38.46% in 2021. In this context, Ence has amply met the target of exceeding 30% of women on the board.

- C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures
As indicated in Section C.1.5, the Appointments and Remuneration Commission has ensured that, when new vacancies are filled or when

new Directors are appointed, the selection procedures do not suffer from implicit biases that may imply gender-based discrimination.

In this regard, in financial year 2021, the Appointments and Remuneration Commission launched a specific procedure for the selection of an independent director with the assistance of an external advisor, with a view to proposing her appointment at the 2022 General Meeting. As a result of this process, the Commission has submitted a proposal for the appointment of an independent director.

In view of the foregoing, the Company has showed its commitment to promoting an increase in the participation of female Directors on the Board of Directors, whose representation has risen to 38.46% of the Board in 2021, vastly exceeding the 30% goal that had been set for that financial year.

In this respect, it should be noted that in the category of independent directors, where the Commission has full power to propose the appointment of directors, the percentage of women is 100% (5 female directors out of 5 independent directors).

In 2020, the Policy on the Selection of Directors and Diversity in the Composition of the Board was updated to, among other matters, expressly establish that the Company shall endeavour to adopt measures that encourage the company to have a significant number of female senior executives, within the meaning of recommendation 14 of the Good Governance Code. In accordance with the foregoing, the company is working along these lines, having set diversity targets for management positions which have been approved by the Appointments and Remuneration Commission.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons
Not applicable.

- C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The Appointments and Remuneration Commission has verified the degree of compliance with the current policy for the selection of Directors and put it into practice, as described in sections C.1.5 and C.1.6 above.

With regard to the appointment of new female directors, the Commission has reiterated its commitment to fulfil the objectives set out in sections C.1.5 and C.1.6 above, which have effectively materialised in 2021 in the development of a process for the selection of two independent female directors.

As a result, the number of female directors in 2021 represents 38.46% of the total number of board members, amply meeting the target of exceeding 30% in 2021.

- C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason
No data	

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes ☐

No ☒

Name or company name of shareholder	Explanation

- C1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description
IGNACIO DE COLMENARES BRUNET	ALL POWERS, EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW, THE ARTICLES OF ASSOCIATION, AND BOARD OF DIRECTORS REGULATIONS.
Executive Commission	ALL POWERS, EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW, THE ARTICLES OF ASSOCIATION, AND BOARD OF DIRECTORS REGULATIONS.

- C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
Mr IGNACIO DE COLMENARES BRUNET	SIERRAS CALMAS, S.A.	Executive Chairman	YES
Mr IGNACIO DE COLMENARES BRUNET	LAS PLEYADES URUGUAY, S.A.	Executive Chairman	YES

Mr IGNACIO DE COLMENARES BRUNET	LIPTOFLO S.A.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	SILVASUR AGROFORESTAL, S.A.U.	Joint administrator	YES
Mr IGNACIO DE COLMENARES BRUNET	CELULOSA ENERGÍA, S.A.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	IBERSILVA, S.A.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE INVESTIGACIÓN Y DESARROLLO, S.A.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	CELULOSAS DE ASTURIAS, S.A.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA, S.L.	Chairman of the Board of Directors	NO
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA HUELVA, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	SOSTENIBILIDAD Y ECONOMÍA CIRCULAR, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA EXTREMADURA, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA CASTILLA Y LEÓN DOS, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA EXTREMADURA DOS, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA HUELVA DOS, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA CASTILLA Y LEÓN, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA PUERTOLLANO, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA ESTE, S.L.U.	Sole administrator representative	YES

Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA PAMI, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	Fuerzas Energéticas del Sur de Europa XXIX, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE SERVICIOS CORPORATIVOS, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA LA LOMA 2, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE SOLAR 2, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	NORTE FORESTAL, S.A.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ANDUJAR I SOLAR, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ANDUJAR II, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE GRANADA SOLAR, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE ENERGÍA PUERTOLLANO 2, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE BIOMASA CÓRDOBA, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE HUELVA SOLAR 10, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE SEVILLA SOLAR I, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE SEVILLA II, S.L.U.	Sole administrator representative	YES
Mr IGNACIO DE COLMENARES BRUNET	ENCE SEVILLA SOLAR III, S.L.U.	Sole administrator representative	YES

Observations

- C1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Ms IRENE HERNÁNDEZ ÁLVAREZ	ELECNOR, S.A.	DIRECTOR
Ms IRENE HERNÁNDEZ ÁLVAREZ	Saint Croix Holding Immobilier SOCIMI, S.A.	DIRECTOR
Ms IRENE HERNÁNDEZ ÁLVAREZ	Impulsa Capital, S.A.	JOINT ADMINISTRATOR
Mr IGNACIO DE COLMENARES BRUNET	Corporación Financiera Alba, S.A.	DIRECTOR
Mr VÍCTOR URRUTIA VALLEJO	Compañía Vinicola Del Norte de España	CHAIRMAN
Mr VÍCTOR URRUTIA VALLEJO	OCIBAR, S.A.	VICE-CHAIRMAN
Mr VÍCTOR URRUTIA VALLEJO	Asúa Inversiones, S.L.	SOLE ADMINISTRATOR
Mr FERNANDO ABRIL-MARTORELL HERNÁNDEZ	ADEVINTA, S.L.	DIRECTOR
Ms MARÍA PAZ ROBINA ROSAT	Michelin España Portugal, S.A. (MEPSA AUTOMOCIÓN)	CHAIRMAN
Ms MARÍA PAZ ROBINA ROSAT	Signus Ecovalor, S.L.	VICE-CHAIRMAN
Ms MARÍA PAZ ROBINA ROSAT	Consorcio Nacional De Industriales Del Caucho (National Rubber Industry Consortium)	VICE-CHAIRMAN 4
Ms ISABEL TOCINO BISCAROLASAGA	ENAGÁS, S.A.	DIRECTOR
Ms ISABEL TOCINO BISCAROLASAGA	Banco Santander, S.A.	VICE-CHAIRMAN
Ms AMAIA GOROSTIZA TELLERÍA	DOMINION GLOBAL	DIRECTOR
Ms AMAIA GOROSTIZA TELLERÍA	Sociedad Deportiva Eibar	CHAIRMAN
Mr JAVIER ECHENIQUE LANDIRIBAR	ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS S.A.	DIRECTOR
Mr JAVIER ECHENIQUE LANDIRIBAR	TELFÓNICA, S.A.	VICE-CHAIRMAN
Mr JAVIER ECHENIQUE LANDIRIBAR	ACS Servicios Comunicaciones y Energía, S.A.	DIRECTOR
Mr JAVIER ECHENIQUE LANDIRIBAR	Telefónica Audiovisual Digital, S.L.U.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	TORNEADOS NUMERICOS, S.A.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	CORPORACIÓN EMPRESARIAL DE EXTREMADURA, S.A.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA PRIVATE EQUITY II SCR, S.A.	DIRECTOR'S REPRESENTATIVE

Mr JAVIER ARREGUI ABENDIVAR	RETOS OPERATIVOS XXI, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	CARNICAS TURO, S.L.	SOLE ADMINISTRATOR
Mr JAVIER ARREGUI ABENDIVAR	TREELANDS CAPITAL, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA CAPITAL, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	VUELO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	TERRENO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	AGROLUAN, S.L.	SOLE ADMINISTRATOR
Mr JAVIER ARREGUI ABENDIVAR	Foresta Mantenimiento De Plantaciones, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA INDIVIDUAL 2, S.L.	CHIEF EXECUTIVE OFFICER
Mr JAVIER ARREGUI ABENDIVAR	FORESTA TERRENOS, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	KALINEX INVERSIONES, S.L.	VICE-CHAIRMAN
Mr JAVIER ARREGUI ABENDIVAR	DEHESA EL CORCHO XXI, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	LA PRADERA DE LA TABLADILLA, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	NOGALES DEL TIETAR, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	FINE TIMBER INVESTMENT, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA CAPITAL, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	VUELO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	TERRENO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	AGROLUAN, S.L.	SOLE ADMINISTRATOR
Mr JAVIER ARREGUI ABENDIVAR	Foresta Mantenimiento De Plantaciones, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA INDIVIDUAL 2, S.L.	CHIEF EXECUTIVE OFFICER
Mr JAVIER ARREGUI ABENDIVAR	FORESTA TERRENOS, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	KALINEX INVERSIONES, S.L.	VICE-CHAIRMAN
Mr JAVIER ARREGUI ABENDIVAR	DEHESA EL CORCHO XXI, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	LA PRADERA DE LA TABLADILLA, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	NOGALES DEL TIETAR, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	FINE TIMBER INVESTMENT, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA CAPITAL, S.L.	DIRECTOR

Mr JAVIER ARREGUI ABENDIVAR	VUELO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	TERRENO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	AGROLUAN, S.L.	SOLE ADMINISTRATOR
Mr JAVIER ARREGUI ABENDIVAR	Foresta Mantenimiento De Plantaciones, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA INDIVIDUAL 2, S.L.	CHIEF EXECUTIVE OFFICER
Mr JAVIER ARREGUI ABENDIVAR	FORESTA TERRENOS, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	FORESTA CAPITAL, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	VUELO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	TERRENO NOGALES, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	AGROLUAN, S.L.	SOLE ADMINISTRATOR
Mr JAVIER ARREGUI ABENDIVAR	Foresta Mantenimiento De Plantaciones, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	FORESTA INDIVIDUAL 2, S.L.	CHIEF EXECUTIVE OFFICER
Mr JAVIER ARREGUI ABENDIVAR	FORESTA TERRENOS, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	KALINEX INVERSIONES, S.L.	VICE-CHAIRMAN
Mr JAVIER ARREGUI ABENDIVAR	DEHESA EL CORCHO XXI, S.L.	DIRECTOR
Mr JAVIER ARREGUI ABENDIVAR	LA PRADERA DE LA TABLADILLA, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JAVIER ARREGUI ABENDIVAR	NOGALES DEL TIETAR, S.L.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	DESARROLLOS INMOBILIARIOS SAMISOL, S.L.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	DESARROLLOS INMOBILIARIOS LAS ROZUELAS, S.L.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	DESARROLLOS INMOBILIARIOS MIRADOR DE LOS FLAMINGOS, S.L.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	ARBI 21, S.L.	SOLE ADMINISTRATOR
Mr GORKA ARREGUI ABENDIVAR	DESARROLLOS INMOBILIARIO CERRO DE BELMONTE, S.L.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	DESARROLLOS INMOBILIARIOS LA FLORIDA, S.L.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	ARTEVINO Y VIÑEDOS, S.L.	DIRECTOR

Mr GORKA ARREGUI ABENDIVAR	GESTION Y PROYECTOS INMOBILIARIOS PENTA, S.L.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	AUTOCOA INDUSTRIAS DE AUTOMOCION, S.A.	DIRECTOR
Mr GORKA ARREGUI ABENDIVAR	CABOPINO CLUB DE GOLF, S.A.	DIRECTOR
Mr GORKA ARREGUI ABENDIVAR	GESTIÓN PROYECTOS Y CONTROL, S.A.	DIRECTOR'S REPRESENTATIVE
Mr GORKA ARREGUI ABENDIVAR	ILUSTRACION PENTA, S.A.	DIRECTOR
Mr GORKA ARREGUI ABENDIVAR	GOPIA, S.A.	DIRECTOR
Mr GORKA ARREGUI ABENDIVAR	CORPORACIÓN LORPEN, S.A.	CHAIRMAN
Mr GORKA ARREGUI ABENDIVAR	ILUSTRACION PENTA, S.A.	CHAIRMAN
Mr GORKA ARREGUI ABENDIVAR	GOPIA, S.A.	CHAIRMAN
Mr JAVIER ARREGUI ABENDIVAR	TURINA 2000, S.L.	CHAIRMAN
Mr JAVIER ARREGUI ABENDIVAR	INVERSIONES SECTOR PRIMARIO, S.L.	SOLE ADMINISTRATOR
Mr ÓSCAR ARREGUI ABENDIVAR	TREELANDS CAPITAL, S.L.	DIRECTOR
Mr ÓSCAR ARREGUI ABENDIVAR	DEHESA DEL CASTRILLO XXI, S.L.	DIRECTOR'S REPRESENTATIVE
Mr JOSE CARLOS DEL ÁLAMO JIMÉNEZ	TÉCNICA Y PROYECTOS, S.A. (TYPESA)	VICE-CHAIRMAN 2
Ms ROSA MARÍA GARCÍA PIÑEIRO	Acerinox, S.A.	DIRECTOR
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	Ball Beverage Can Iberica, S.L.	CHAIRMAN
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	BARBOSA & ALMEIDA, S.A.	DIRECTOR
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	EBRO FOODS, S.A.	DIRECTOR
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	COCA-COLA EUROPACIFIC PARTNERS IBERIA S.L.	DIRECTOR

Observations

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Mr IGNACIO DE COLMENARES BRUNET	Member of the Investment Commission of Corporación Financiera Alba, S.A.
Mr VÍCTOR URRUTIA VALLEJO	Member of the Instituto de Empresa Familiar
Ms MARÍA PAZ ROBINA ROSAT	Member of the Governing Board of FACyL - Automotive Cluster from

	Castilla y León and Chief Executive Officer of MEPSA/Automoción
Mr JAVIER ECHENIQUE LANDIRIBAR	Member of the Advisory Board of Sabadell Guipuzcoano, Advisory Board of Telefónica España, Advisory Board of Calcinor and McKinsey Advisory Council.
Ms ROSA MARÍA GARCÍA PIÑEIRO	Vice-president of Sustainability at Alcoa Corp.
Mr FERNANDO ABRIL-MARTORELL HERNÁNDEZ	Operating Partner at Advent Intl./PE

Observations

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes ☒

No ☐

C.1.13

Explanation of the rules and identification of the document where this is regulated
<p>Article 37.2 of the Board of Directors Regulations establishes that the maximum number of other listed companies' Board of Directors of which the Company's Directors may form a part should not exceed 3 in the case of Executive Directors and 5 in the case of non-Executive Directors. For these purposes, all the boards of companies forming part of the same Group shall be counted as a single board.</p> <p>Exceptionally and in view of concurrent personal and professional circumstances, the Board, after a favourable report from the Appointments and Remuneration Commission, may individually authorise exceeding the limit established in the previous paragraph when the dedication of the affected Director is not compromised.</p> <p>If this situation arises, this authorisation is reported in the Annual Corporate Governance Report.</p>

Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	2,109
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	1,573

Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	1,528
Pension rights accumulated by former directors (thousands of euros)	75

Observations
<p>The above remuneration includes the fixed remuneration of the directors in their capacity as such and the fixed and variable remuneration earned by the Chief Executive Officer under his service provision agreement and the Remuneration Policy, a full breakdown of which is set out in the Annual Report on Directors' Remuneration of the Company for financial year 2021.</p> <p>Under Article 42.3 of the Articles of Association, said remuneration for the performance of executive functions is compatible and separate from that received by the Directors in their capacity as such. The limit on the remuneration of the Directors in their capacity as such was set by the Annual General Meeting of Shareholders of 22 March 2018 at €1,900,000 per year and the amount accrued in financial year 2021 amounted to €1,576 (thousand).</p>

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
Mr FELIPE TORROBA MAESTRONI	Managing Director of Independent Power Plants Operations
Mr MODESTO SAIZ SUAREZ	Sales Director
Mr ALFREDO AVELLO DE LA PEÑA	Managing Director of Finance, Corporate Development, and Forestry Assets
Ms MARIA JOSE ZUERAS SALUDAS	Managing Director of Human Resources
Ms REYES CEREZO RODRÍGUEZ- SEDANO	General Secretary and Managing Director of Sustainability
Mr ÁNGEL JOSÉ MOSQUERA LÓPEZ-LEYTON	Internal Auditing Director
Mr JORDI AGUILÓ JUBIERRE	Managing Director of Cellulose
Mr FERNANDO GONZÁLEZ-PALACIOS	Director of Planning and Management Control

Number of women in senior management	2
Percentage of total senior management	25.00

Total remuneration of senior management (thousands of euros)	2,090
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Observations
The figure of 2,089.52 thousand euros of total remuneration indicated in the table includes fixed and variable remuneration for senior management in 2021.

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes ☐

No ☒

Description of amendment(s)

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

The internal regulatory framework of reference in this respect consists of the Articles of Association, the Board of Directors Regulations, and the Policy on the Selection of Directors and Diversity in the Composition of the Board, approved by the Board of Directors on 4 February 2016 and amended on 27 November 2018 to adapt it to the Non-Financial Reporting and Diversity Act 11/2018 and on 24 November 2020 to adapt it to the latest revision of the Good Governance Code (recommendations 14 and 15). In addition, in April 2020, the board approved the competency matrix for directors.
The Directors are appointed and separated by the Annual General Meeting of Shareholders (Article 39.1 of the Articles of Association). The Board of Directors may fill vacancies that occur through the interim co-opting procedure until the first Annual General Meeting of Shareholders held (Article 40 of the Articles of Association).
In any case, the proposals for the appointment of Directors that the Board (or the Appointments and Remuneration Commission in the case of Independent Directors) submit to the Annual General Meeting of Shareholders, and the appointment decisions adopted by the Board by virtue of the powers of co-opting legally attributed to it, must be preceded by the corresponding Appointments and Remuneration Commission report. When the Board departs from the Appointments and Remuneration Commission's recommendations, it must state the reasons for its action and record the reasons in the minutes (Article 20.5 of the Board Regulations).
The Board of Directors and the Appointments and Remuneration Commission shall ensure that the candidates selected are persons of recognised solvency, competence, and experience, imposing strict requirements in relation to individuals appointed to fill the positions of Independent Director (Article 21.1 of the Board of Directors Regulations).
The Appointments and Remuneration Commission may not propose or appoint persons to fill an Independent Director position whose situation or whose present or past relationship with the Company may impair their independence (Article 21.2 of the Board of Directors Regulations).

Pursuant to Article 8.1 of the Board of Directors Regulations, the Board of Directors shall endeavour to ensure that external and non-Executive Directors represent a large majority of the Executive Directors on the board and that, in general, the different categories of Directors are adapted in their proportion and characteristics to the best corporate governance practices.
Pursuant to Article 8.1 of the Board of Directors Regulations, the Board of Directors shall endeavour to ensure that external and non-Executive Directors represent a large majority of the Executive Directors on the board and that, in general, the different categories of Directors are adapted in their proportion and characteristics to the best corporate governance practices.
Pursuant to Article 40 of the Articles of Association, a Director's term of office is 3 years and they may be re-elected one or more times for periods of equal duration.
Pursuant to Article 22 of the Board of Directors Regulations, the proposals for re-election of Directors must be made in accordance with the provisions of their appointment.
Pursuant to the provisions in Article 24.1 of the Board of Directors Regulations, the Directors shall cease to hold office when the period for which they were appointed has elapsed and when the Annual General Meeting of Shareholders or the Board of Directors decides on the use of the legal, articles of association, or regulatory powers bestowed upon them.
In addition, the Board of Directors will not propose the removal of any Independent Director before the expiry of the statutory period for which they were appointed, unless there is just cause, as assessed by the Board following a report from the Appointments and Remuneration Commission (Article 24.4 of the Board of Directors Regulations).
The removal of an Independent Director may also be proposed as a result of public offers for acquisition, mergers or other similar corporate transactions that entail a change in the capital structure of the Company, to the extent that it is necessary to establish a reasonable balance between the Proprietary Directors and Independent Directors based on the relationship between the Company's stable capital and floating capital (Article 24.4 of the Board of Directors Regulations)

- C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of amendment(s)
On 28 February 2022, the Board of Directors proceeded to evaluate its activity, without this evaluation having led to significant changes in its internal organisation or in the applicable procedures.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the

functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated
<p>By virtue of Article 19 bis of the Board of Directors Regulations, the Board of Directors must evaluate once a year, and adopt where appropriate, an action plan that corrects the deficiencies detected with respect to:</p> <ul style="list-style-type: none"> a) The quality and efficiency of the Board of Directors operation; b) the performance and composition of its commissions; c) the diversity of Board of Directors members and competences; d) the performance of the Chairman of the Board of Directors and the Chief Executive Officer, taking into account, as the case may be, the evaluation made by the coordinating director or by the Appointments and Remuneration Commission; e) the performance and contribution of individual Board Members, with particular attention to the different Heads of the Board of Directors Committees. <p>The evaluation process was carried out on the basis of a questionnaire previously completed individually by each of the Directors. The structure of the questionnaire covered all aspects referred to in this section regarding diversity in the composition and powers of the Board of Directors, the functioning and composition of its Committees, the performance of the Chairman of the Board of Directors, the CEO of the Company, its secretary, and the remaining the Board members and the performance of the Chairman of the Committee.</p> <p>The results, once consolidated, have been reviewed by the Chairmen of the Board and the respective committees in order to draw up the conclusions of the evaluation and identify, if any, action plans.</p>

- C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

The 2021 evaluation has not been assisted by an external consultant.
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- C.1.19 Indicate the cases in which directors are obliged to resign.

<p>Pursuant to Article 24.3 of the Board of Directors Regulations, the Directors must offer their resignation to the Board and formalise, if deemed appropriate, their resignation in the following cases:</p> <ul style="list-style-type: none"> a) when they are affected by any of the applicable incompatibility or prohibition cases; b) when severely reprimanded by the Audit Committee for having infringed their obligations as Directors; c) where remaining on the Board could seriously jeopardise the interests of the company or when the reasons for which they were appointed are no longer present; or d) when, in the case of Proprietary Directors, the shareholder they represent or who proposed their appointment fully transfers their shareholding, or reduces their shareholding to a level that requires
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a proportional reduction in the number of their Proprietary Directors.

Article 24.5 of the Regulations establishes that directors must inform the board of directors and, if appropriate, resign when situations arise that affect them, whether or not related to their actions in the company itself, that could damage the credit and reputation of the company and, in particular, of any criminal proceedings in which they are under investigation, as well as the procedural events thereof. Having been informed of or otherwise having become aware of any of the above situations, the board shall examine the case as soon as possible and, having regard to the particular circumstances, decide, upon a report from the Appointments and Remuneration Commission, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the director, or proposing the removal of the director. This shall be reported in the annual corporate governance report, unless there are special circumstances that justify it, which shall be recorded in the minutes.

Article 24.5 was introduced in the Regulation as last amended on 22 December 2020, in order to adapt its wording to the latest revision of the Good Governance Code

C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?:

Yes ☒

No ☐

If so, describe the differences.

Description of differences
In accordance with Article 24.2 of the Board of Directors Regulations, for the re-election as Executive Director of those Directors who reach the age of 65, the favourable vote of at least two thirds of the Directors present or represented is required.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes ☒

No ☐

Description of requirements
In accordance with Article 10.1 of the Board of Directors Regulations, the position of Chair of the Board of Directors may be held by an Executive Director. In this case, their appointment will require the favourable vote of two thirds of the members of the Board.

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

Yes ☒

No ☐

	Age limit
Chairman	N/A
Managing director	N/A
Director	N/A

Observations
In accordance with Article 24.2 in the Board of Directors Regulations, with regard to Executive Directors over the age of 65, the Board of Directors may approve their re-election on an annual basis by a majority of two thirds, until they reach the age of 70.

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes ☐

No ☒

Additional requirements and/or maximum number of years of office	
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C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

In accordance with the provisions in the Articles of Association (Article 46), proxies must be granted in writing and specifically for each Board, and each director may not hold more than three proxies, with the exception of the Chairman, who shall not have this limit, although he may not represent the majority of the Board.

The Board of Directors Regulations (Article 19.1, paragraph 2) establish that directors shall make every effort to attend board meetings and, when they are unable to do so in person, in the case of a non-executive director, only another non-executive director may be appointed as proxy. The representation will be conferred with the corresponding instructions depending on the specific matters that are expected to be discussed in the Board.

- C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	15
Number of board meetings held without the chairman's presence	0

Observations

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	5
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Observations

Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the executive committee	13
Number of meetings held by the audit committee	8
Number of meetings held by the nomination and remuneration committee	6
Number of meetings held by the nomination committee	
Number of meeting held by the remuneration committee	
Number of meetings held by the Sustainability committee	5

Observations

- C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings at which at least 80% of the directors were present in person	15
Attendance in person as a % of total votes during the year	96.11
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	15
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100.00

Observations

The individual attendance information for the directors at the meetings of the Board of Directors are as follows: Ignacio Colmenares: 100%
 Juan Luis Arregui: 20% (From January to March 2021)
 RETOS OPERATIVOS XXI, S.L. legal entity director represented by Oscar Arregui from January to March 2021 and, as a natural person director, Mr Oscar Arregui: 93.33%
 TURINA 2000, S.L., legal entity director represented by Gorka Arregui from January to March 2021 and, as a natural person director, Mr Gorka Arregui: 100%;
 José Ignacio Comenge: 93.33%; Fernando Abril-Martorell: 100%;
 Victor Urrutia: 86.67%;
 Javier Echenique: 100% (From January to March 2021); Carlos del Álamo: 100% (From January to March 2021); Isabel Tocino: 100%;
 Rosa García Piñeiro: 100%; Irene Hernández: 100%;
 Amaia Gorostiza: 100%; José Guillermo Zubía: 100%;
 María Paz Robina Rosat (From April to December 2021); Javier Arregui: 100% (From April to December 2021)

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes ☒

No ☐

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position
Mr IGNACIO DE COLMENARES BRUNET	VICE-PRESIDENT AND CHIEF EXECUTIVE OFFICER

Observations

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The Board of Directors Regulations (Article 16.2 10) entrust the Audit Committee with the function of ensuring that the annual accounts submitted by the board of directors to the annual general meeting of shareholders are drawn up in accordance with accounting regulations, monitoring compliance with legal requirements, the correct application of generally accepted accounting principles and the proper delimitation of the scope of consolidation, as well as the correct application of accounting principles, reporting on proposals for amending accounting principles and criteria suggested by management.

Furthermore, Article 16.2.5. of the Regulations assigns the function of supervising and evaluating the process of preparing and the integrity of financial and non-financial information to the Audit Committee. Additionally, in accordance with the provisions in Article 16.2 7) of the Regulations, the Audit Committee is responsible for establishing the appropriate relationships with the accounts auditors in order to receive information on matters that may jeopardise their independence to be reviewed by the Committee, and any other matters related to the process of conducting the accounts audit, as well as any other communications established in audit law and in technical audit rules.

Likewise, the Board of Directors Regulations (Article 43.4) provide that the Board of Directors will endeavour to finalise the accounts in such a way that there is no room for exceptions made by the auditor. However, when the board considers that it should maintain its judgement, it shall clearly explain publicly, through the Chairman of the Audit Committee at the general meeting, the audit commission's opinion on the content and scope of the auditor's exceptions, and a summary of such opinion shall be made available to shareholders at the time of publication of the notice of the meeting, along with the other proposals and reports of the board.

C.1.29 Is the secretary of the Board also a director?

Yes ☐

No ☒

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Mr JOSÉ ANTONIO ESCALONA DE MOLINA	
Observations	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

In accordance with the provisions of article 16.2.7. of the Board of Directors Regulations, the Audit Committee is responsible for establishing appropriate relations with the Account Auditors in order to receive information on matters that may jeopardise their independence (in particular, so that the auditor's remuneration for its work does not compromise its quality or independence), for consideration by the Committee and any other matters related to the process of conducting the audit of accounts, as well as any other communications provided for in audit law and in the technical audit rules.

In any event, each year the Audit Committee shall receive from the account auditors or audit companies the written confirmation of their independence from the company or companies related to them directly or indirectly, as well as information on additional services of any kind provided and the corresponding fees received from these companies by the aforementioned account auditors or audit companies, or by the persons or entities linked to them in accordance with the provisions in the Accounts Auditing Act.

Likewise, the external auditor must hold one meeting a year with the Board of Directors in full session to report on the work performed and the evolution of the Company's accounting and risk situation.

In addition, pursuant to Article 16.2.8, each year the Audit Committee shall issue, prior to the issuance of the audit report, a report expressing an opinion on the independence of the account auditors or audit companies.

In addition, Article 16.2.11 establishes that the Audit Committee should serve as a communication channel between the Board of Directors and the Auditors, evaluating the results of each audit and the responses of the management team to its recommendations and mediating in the event of discrepancies between them in relation to the principles and criteria applicable in the preparation of financial statements.

The Committee will be responsible for supervising compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted in a clear and precise manner (Article 16.2.14 of the Board of Directors Regulations).

Likewise, the Board shall refrain from contracting audit firms whose fees, for all matters, are greater than ten percent of their total income during the last financial year (Article 43.2 of the Board of Directors Regulations). In addition, the Board of Directors will publicly report the overall fees paid to the auditing firm for services other than auditing (Article 43.3 of the Board of Directors Regulations).

C.1.31 Indicate whether the company changed its external auditor during the year.
If so, identify the incoming and outgoing auditors:

Yes ☒

No ☐

Outgoing auditor	Incoming auditor
PricewaterhouseCoopers Auditores, S.L.	KPMG Auditores, S.L.

Observations

If there were any disagreements with the outgoing auditor, explain their content:

Yes ☐

No ☒

Explanation of disagreements

- C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes ☒

No ☐

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	18	0	18
Amount invoiced for non-audit work/Amount for audit work (in %)	1.33	0.86	1.18

Observations

- C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes ☐

No ☒

Explanation of the reasons and direct link to the document made available to the shareholders at the time that the general meeting was called in relation to this matter

- C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	2.94	2.94

Observations

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes ☒

No ☐

Details of the procedure
<p>In accordance with Article 26 of the Board of Directors Regulations, the Director is vested with the broadest powers to be informed about any aspect of the company, to examine its books, records, documents and other corporate operations background, and to inspect all its facilities. The right to information extends to subsidiary companies, whether domestic or foreign.</p> <p>To avoid disturbing the ordinary management of the company, the exercise of the right to information will be channelled through the Chairman or the Secretary of the Board of Directors, who will deal with requests from a Director providing them with the information directly, offering them the appropriate contact persons at the appropriate organisational level, and deciding on the appropriate measures to allow them to carry out the necessary examinations and inspections in situ.</p> <p>In accordance with the provisions in Article 10.4 of the Board of Directors Regulations, the Chairman, with the collaboration of the Secretary, shall ensure that the directors have the necessary information beforehand and sufficiently in advance for deliberation and the adoption of decisions on the matters to be discussed. An internal procedure was approved in 2020 to ensure that directors have the necessary documentation sufficiently in advance. This procedure has been consistently applied to ensure that the agreed deadlines for making it available to directors are met.</p> <p>In addition, in order to provide directors with the necessary information sufficiently in advance of the meetings of the Board and its Committees, the Company has made a web platform available to them on which they are provided sufficiently in advance with the documentation corresponding to the agenda items to be dealt with in the meetings, as well as other relevant information.</p>

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes ☒

No ☐

Explain the rules
<p>The Directors must notify the Board, as soon as possible, of any event or situation that may be relevant to their performance as Directors of the Company, especially those circumstances that affect them and that may damage the credit and reputation of the company and, in particular, criminal proceedings in which they are under investigation, as well as subsequent procedural events. (Article 37.3 of the Board Regulations, the wording of which was adapted in December to the latest amendment of the Good Governance Code).</p> <p>Likewise, Article 24.3 of the Board Regulations establishes that the Directors must tender their resignation to the Board of Directors and formalise, if deemed appropriate, the corresponding resignation, in the following cases, among others:</p> <ul style="list-style-type: none"> a) when they are affected by any of the applicable incompatibility or prohibition cases; b) when they are seriously admonished by the Appointments and Remuneration Commission for having breached their obligations as Directors; c) where remaining on the Board could seriously jeopardise the interests of the company or when the reasons for which they were appointed are no longer present; or d) when, in the case of Proprietary Directors, the shareholder they represent or who proposed their appointment fully transfers their shareholding, or reduces their shareholding to a level that requires a proportional reduction in the number of their Proprietary Directors. <p>In addition, section 5 of Article 24 of the Regulations establishes that directors must inform the board of directors and, if appropriate, resign when situations arise that affect them, whether or not related to their actions in the company itself, that could damage the credit and reputation of the company and, in particular, of any criminal proceedings in which they are under investigation, as well as the procedural events thereof. Having been informed of or otherwise having become aware of any of the above situations, the board shall examine the case as soon as possible and, having regard to the specific circumstances, decide, after a report from the Appointments and Remuneration Commission, whether or not to take any action, such as opening an internal investigation, requesting the</p>

resignation of the director or proposing the removal of the director.

- C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes ☐

No ☒

Director's name	Nature of the situation	Observations

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes ☐

No ☐

Decision / action taken	Reasoned explanation

- C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Both the bond issue on 24 November 2017 for an amount of €50 million and the financing contract signed with various financial institutions within the framework of the aforementioned issue for an amount of up to €170 million, extendable by an additional €100 million by agreement between the parties, include control change clauses governing the possibility for bondholders to require the total redemption of the bonds, plus interest and other amounts accrued in accordance with the Issuance Documents, as well as the repayment of the financing drawn down.

In relation to the bond issue dated 23 February 2018, for an amount of €160 million, control change clauses are foreseen to govern the option of the holders of bonds to request the redemption of their bonds from the issuer.

Finally, the €43 million bond issue of 8 November 2018 includes change of control clauses governing the possibility for bondholders to require full redemption of the bonds, interest, and other amounts accrued in accordance with the Issuance Documents.

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
Chief Executive Officer and executive and senior expert levels	<p>•Chief Executive Officer: The Board may at any time revoke the powers delegated to the Chief Executive Officer. The non-re-election of a Chief Executive Officer as a member of the Board when their appointment expires during the term of the contract shall be considered equivalent to such termination. In this case, the Director shall be entitled to (i) a minimum notice of three months or, as the case may be, to gross compensation equivalent to the fixed full remuneration according to the period of notice not complied with and (ii) to an indemnity of one whole annual fixed remuneration received at that moment, and the variable remuneration received the year immediately prior to termination. Any remuneration from long-term incentive plans is not included in this calculation. If the termination of the Chief Executive Officer is a result of the commission of infractions against the law, contracts, the articles of association, or other applicable company regulations, the notice and indemnity payment mentioned above are also excluded. If, during the term of the Contract, a major shift in control of the Company occurs, as defined within the Contract, the Director may present their resignation, and is entitled to receive a sum equivalent to twice the Whole Annual Fixed Remuneration being received at that time plus the Variable Remuneration received the two previous years. Compensation shall not be paid to the Chief Executive Officer until the company has verified that there have been no infringements or serious breaches resulting in verifiable harm to the company, which it shall do within three months of the dismissal.</p> <p>The company has indemnity clauses in the event of unilateral termination by the</p>

	company with one executive, with the following amounts: - Contract with a manager: In the event of unilateral termination of the employment relationship by the company, the manager shall be entitled to a gross compensation, in addition to the legal compensation, equivalent to six months' salary, the payment of travel expenses for the employee and his family (wife and children) from Spain to Brazil and moving expenses from Spain to Brazil, except in the case of final decision on fair dismissal, arbitration award or administrative decision.
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Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of directors	General shareholders' meeting
Body authorising the clauses	<u>√</u>	

	YES	NO
Are these clauses notified to the General Shareholders' Meeting?	<u>√</u>	

Observations
<p>The Board of Directors is responsible for authorising the contractual clauses relating to the Chief Executive Officer and the members of the Management Committee, without authorising the clauses of the other executives or employees.</p> <p>The Annual General Meeting of Shareholders has been informed of the contractual clauses related to the CEO and the other executives or employees through this report.</p>

C.2 Committees of the Board of Directors

- C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMITTEE

Name	Position	Current
Ms IRENE HERNÁNDEZ ÁLVAREZ	MEMBER	Independent
Mr IGNACIO DE COLMENARES BRUNET	CHAIRMAN	Executive
Mr FERNANDO ABRIL- MARTORELL HERNÁNDEZ	MEMBER	Other external member
Mr JOSE GUILLERMO ZUBIA GUINEA	MEMBER	Other external member
Mr JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	Proprietary
Mr ÓSCAR ARREGUI ABENDIVAR	MEMBER	Proprietary
Mr GORKA ARREGUI ABENDIVAR	MEMBER	Proprietary

% of executive directors	14.29
% of proprietary directors	42.86
% of independent directors	14.29
% of other external directors	28.57

Observations

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

Pursuant to Article 50 of the Articles of Association, the Executive Commission shall be formed by a minimum of four Directors and a maximum of eight, including the Chairman. Within these limits, the number of members is determined by the Board of Directors, ensuring the presence of at least two non-executive directors, at least one of whom must be independent. (Article 15.1 bis of the Board of Directors Regulations).

It reports its agreements to the Board at the following meeting, and all the Directors are provided with a copy of the minutes of Executive Commission sessions.

It has all the same powers as the Board of Directors except those which cannot be delegated under the law, the Articles of Association, or the Board of Directors Regulations.

In 2021, the Executive Commission held 13 meetings in which it analysed the documentation and information previously provided by the company and discussed various issues, focusing mainly on the analysis and monitoring of corporate and financial transactions, monitoring of the pulp and energy markets and the impact analysis on the rulings of the National High Court annulling the extension of the concession of the public maritime-land domain on which the Pontevedra biofactory is located.

AUDIT COMMITTEE

Name	Position	Current
Ms IRENE HERNÁNDEZ ÁLVAREZ	CHAIRMAN	Independent
Ms ISABEL TOCINO BISCAROLASAGA	MEMBER	Independent
Mr JOSE GUILLERMO ZUBIA GUINEA	MEMBER	Other external member
Ms ROSA MARÍA GARCÍA PIÑEIRO	MEMBER	Independent
Mr ÓSCAR ARREGUI ABENDIVAR	MEMBER	Proprietary

% of proprietary directors	0.00
% of independent directors	20.00
% of other external directors	60.00

Observations

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

Pursuant to Article 51 of the Articles of Association, the Audit Committee shall be formed by a minimum of three and a maximum of seven Directors. Its members shall be exclusively non-Executive Directors, the majority of whom shall be Independent Directors, and as a whole shall be appointed based on their knowledge and experience in accounting, auditing and risk management, both financial and non-financial (Article 16.1 of the Board of Directors Regulations).

The Audit Committee meets periodically as necessary, at least four times a year.

Members of the executive team or company staff must attend the Committee sessions, collaborate and allow it to access the information they possess when required to do so, and shall have a voice but no voting rights.

The agreements adopted in each session of the Committee are reported at the following session of the Board of Directors and a copy of the minutes of the Committee's sessions shall be made available to all the Directors.

Its duties, which consist mainly of ensuring financial transparency and assessing risks that may affect the Company, are set out in Article 16 of the Board of Directors Regulations. In December 2020, its functions relating to the assessment and monitoring of the integrity of non-financial information were adapted in line with the latest reform of the Good Governance Code.

During 2021, its most important actions in the exercise of its functions have been the updating of the global and criminal risk map, review of the quarterly financial reports and the annual accounts to be prepared by the Board of Directors, the proposal for approval by the Board of the modification of the Crime Prevention Protocol: Criminal Compliance Policy, Whistleblower Channel Procedure and Compliance Committee Procedure. In addition, there has been the review of the Annual Internal Audit Report 2020 and the Internal Audit Plan 2021, the review of the Annual Report of the Compliance Committee, and the report on corporate operations carried out during the year.

The Operating Report detailing the actions of the Audit Committee during the year has been made available to shareholders.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience	Ms IRENE HERNÁNDEZ ÁLVAREZ / Ms ISABEL TOCINO BISCAROLASAGA / Mr JOSE GUILLERMO ZUBIA GUINEA
Date of appointment of the chairperson	26/03/2021

Observations

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Current
Mr FERNANDO ABRIL-MARTORELL HERNÁNDEZ	MEMBER	Other external member

Ms ISABEL TOCINO BISCAROLASAGA	MEMBER	Independent
Ms AMAIA GOROSTIZA TELLERÍA	CHAIRMAN	Independent
Mr JAVIER ARREGUI ABENDIVAR	MEMBER	Proprietary
Ms MARÍA PAZ ROBINA ROSAT	MEMBER	Independent

% of proprietary directors	0.00
% of independent directors	20.00
% of other external directors	60.00
Observations	

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

Pursuant to Article 17 of the Board of Directors Regulations, the Appointments and Remuneration Commission shall be formed by the number of non-Executive Directors decided by the Board of Directors, with a minimum of three members and a maximum of seven, the majority of which must be Independent Directors.

The Appointments and Remuneration Commission meets every time the Board or its Chairman requests the issue of a report or the adoption of proposals, and, in any case, whenever it is appropriate to ensure the proper performance of its functions, and at least 4 times a year. It always meets once a year to prepare the information regarding the remuneration of the Directors, which the Board of Directors must approve and include in their annual public documentation (Article 17.4 of the Board of Directors Regulations).

The agreements adopted in each session of the Commission are reported at the following session of the Board of Directors and a copy of the minutes of the commission's sessions shall be made available to all the Directors.

Its duties, which include assessing the skills, knowledge, and experience required on the board, proposing the appointment of independent directors, and reporting on the appointment of other directors, setting a target for representation of the under-represented gender on the board, organising the succession of the chairman, proposing the remuneration system for directors and senior management, and examining compliance with the company's corporate governance rules and making the

necessary proposals for their improvement, are set out in Article 17 of the Board of Directors Regulations.

During 2021, its most important actions in practice in exercising its duties have been the determination of the annual variable remuneration of senior management for 2021 and the targets associated with the annual variable remuneration for 2022, the review of the competency matrix, the report on the amendment of the Board Regulations, and the review of the annual corporate governance report and the annual remuneration report for 2020.

Details of the actions carried out by the Appointments and Remuneration Commission in 2021 can be found in the Commission's Operating Report available on the Company's website.

NOMINATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

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REMUNERATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

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SUSTAINABILITY COMMITTEE

Name	Position	Current
Mr VÍCTOR URRUTIA VALLEJO	MEMBER	Proprietary
Mr JOSE GUILLERMO ZUBIA GUINEA	MEMBER	Other external member
Ms ROSA MARÍA GARCÍA PIÑEIRO	CHAIRMAN	Independent
Ms AMAIA GOROSTIZA TELLERÍA	MEMBER	Independent
Mr JAVIER ARREGUI ABENDIVAR	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	40.00
% of independent directors	40.00
% of other external directors	20.00

Observations

Explain the functions assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Sustainability Commission is governed by Article 17 bis of the Board Regulations, which determines that it shall be composed exclusively of non-executive directors, appointed by the Board of Directors at a number determined thereby, and have a minimum of three and a maximum of seven members. Said members shall be elected from among the Company

Directors, based on their experience and knowledge with regard to the responsibilities assigned to the Commission.

The Sustainability Commission meets as often as is deemed necessary for the proper performance of its functions, at least four times a year. Anyone required to do so may attend the sessions of the Commission, and shall have a voice but no voting rights. The Commission reports its actions to the Board of Directors periodically and whenever it deems it appropriate to do so.

Without prejudice to other tasks that may be assigned to it by the Board of Directors, the main functions of the Sustainability Commission are as follows.

Periodically reviewing the sustainability policy and proposing its updating to the Board of Directors, as well as defining and updating when appropriate the company's sustainability strategy, monitoring that it is aligned with the corporate strategy and addresses the material aspects for the company's stakeholders and monitoring and assessing its degree of compliance, reporting to the Board of Directors as appropriate.

·Coordinating non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks. Report, prior to review by the Audit Committee and approval by the Board of Directors, the annual non-financial information statement (Annual Sustainability Report). Propose the appointment of the independent third party to verify the non-financial information statement..

·Ensure that the company's culture is aligned with its purpose and values

·Supervise and evaluate the communication strategy with different stakeholders, except for shareholders and investors. Be familiar with and promote the Company's social action strategy and its community relations plans.

·Be aware of significant legal changes in the area of sustainability and responsible innovation, as well as trends in this area, such as those related to the circular economy, in order to analyse them and, where appropriate, promote action plans.

During 2021, its most important actions in the exercise of its functions have been the establishment of the contents and structure of the report on the statement of non-financial information and the verification report thereof, which was drafted and submitted to the Commission by the external auditor KPMG. It has carried out quarterly monitoring of compliance with the sustainability objectives for 2021, which were approved in the 2020 financial year, and has approved the sustainability objectives for 2022. It has also reviewed and reported favourably to the Board on Ence's new Health and Safety Policy. In addition, the Commission has supervised the analysis of the risks and opportunities arising from climate change and has established the scenarios and models to be used to assess the company's sensitivity to these risks.

Details of the actions carried out by the Sustainability Commission in 2021 can be found in the Commission's Operating Report available on the Company's website.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Number	%	Number	%	Number	%	Number	%
Executive committee	1	14.28	1	12.50	0	0.00	0	0.00
Audit committee	3	60.00	3	60.00	1	20.00	1	20.00
Nomination and Remuneration committee	3	60.00	2	40.00	1	20.00	0	0.00
Nomination committee								
Remuneration committee								
Sustainability committee	2	40.00	1	16.66	1	16.66	1	14.28

Observations

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

EXECUTIVE OR DELEGATED COMMISSION

The Executive Commission is governed both in the Articles of Association and the Board of Directors Regulations.
Furthermore, the provisions of the Regulation on the functioning of the Board of Directors shall apply to the Executive Commission, insofar as is possible. There are no specific regulations for the Executive Commission.

The Articles of Association and the Board of Directors Regulations in force at any time can be accessed on the Company's website, at the address www.ence.es.

AUDIT COMMITTEE

The Audit Committee is governed both in the Articles of Association and the Board of Directors Regulations.
Furthermore, the provisions of the Regulation on the functioning of the Board of Directors shall apply to the Audit Committee, insofar as possible. There are no specific regulations for the Audit Committee.

The Board of Directors Regulations in force at any time can be accessed on the Company's website, at the address www.ence.es.

The Audit Committee has prepared the performance report for the 2021 financial year, in accordance with the recommendations set out in Technical Guide 3/2017 of the CNMV on Audit Committees of Public-Interest Entities.

APPOINTMENTS AND REMUNERATION COMMISSION

The Appointments and Remuneration Commission is governed both in the Articles of Association and the Board of Directors Regulations. There are no specific regulations for the Appointments and Remuneration Commission.

The Articles of Association and the Board of Directors Regulations in force at any time can be accessed on the Company's website, at the address www.ence.es.

The Appointments and Remuneration Commission has prepared the 2021 Operating Report, as recommended by the CNMV's Technical Guide 1/2019 on Appointments and Remuneration Commissions.

SUSTAINABILITY COMMISSION

The governing of the Sustainability Commission can be found in the Board of Directors Regulations. There are no specific regulations for the Sustainability Commission.

The Board of Directors Regulations in force at any time can be accessed on the Company's website, at the address www.ence.es.

The Sustainability Commission has drawn up the Operational Report for financial year 2021



RELATED PARTY AND INTRAGROUP TRANSACTIONS

- D1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Until 3 July 2021, the date of entry into force of the amendments on related-party transactions introduced by Law 5/2021 of 12 April (the "Law"), the Company has been applying the procedure provided for in its internal regulations:

Pursuant to Article 16.2.18 of the Board of Directors Regulations, the Audit Committee is responsible for reporting transactions which involve or could involve conflicts of interest to the Board of Directors.

Subsequently, the Board of Directors shall approve (or not) the proposed transaction before it is executed (Article 33 et seq. of the Board of Directors Regulations).

Article 40.1 of the Board of Directors Regulations establishes that the Board of Directors must directly approve transactions that the Company or companies in its group carry out with directors, or with shareholders holding, individually or together with others, a significant interest, including shareholders represented on the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them.

In any case, in accordance with section 2 of the same Article, the approval by the Board of Directors of the transactions described in the previous paragraph is subject to a report issued previously by the Audit Committee, in which the transaction shall be assessed especially from the point of view of market conditions and, where appropriate, equal treatment of shareholders.

Pursuant to Article 40.3, only transactions that simultaneously meet the following three characteristics are exempt from the approval established in paragraph 1 above and from the report in paragraph 2: (a) they are made under contracts whose terms are standardised and applied en masse to a large number of customers; (b) they are made at generally established prices or rates by the party acting as the supplier of the good or service in question; and (c) their amount does not exceed one per cent of the Company's annual revenue.

With the entry into force of the aforementioned amendments, the Company has carried out the necessary work to adapt its internal regulations to the new regime of related-party transactions established by the Law, in particular:

- At its December 2021 meeting, the board of directors approved a new corporate policy on related-party transactions.
- The board of directors, at its February 2022 meeting, approved the amendment of the Board Regulations.
- At its meeting in February 2022, the board of directors resolved to submit the amendment of the Articles of Association to the General Meeting of Shareholders for approval.

- D2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has

abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the shareholder or any of its subsidiaries	% Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
No data								

Observations

- D3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
No data							

Observations

- D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's

group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
No data		

Observations

- D5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
No data		

Observations

- D6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

The mechanisms applicable during financial year 2021 have been as follows

Article 44 of the Articles of Association entrusts the Board of Directors with defining, through the Board of Directors Regulations, the specific obligations of Directors arising from the duty of loyalty, and in particular from the duties to maintain the confidentiality of the Company's information to which they have access during the performance of their duties, and to not carry out activities which involve effective competition with those of the Company. In addition, the Board of Directors Regulations shall focus in particular on conflicts of interest, and shall establish the appropriate procedures and guarantees for authorising or waiving them in accordance with the provisions in Articles 229 et seq. of the Capital Companies Act.

With regard to conflicts of interest, the Board of Directors Regulations (Article 33) establishes that board members must refrain from participating in deliberations and votes on agreements or decisions in which they or a related person have a direct or indirect conflict of interest. The above refraining obligation shall not extend to agreements or

decisions which concern them in their capacity as Directors, such as their appointment or removal for positions in the administrative body or others of similar significance.

In any case, Directors must inform the Board of any direct or indirect conflict of interest which they or persons related to them may have with the Company. Conflicts of interest involving Company directors shall also be reported in the Annual Corporate Governance Report and in the notes to the annual accounts.

A Director may not directly or indirectly make professional or commercial transactions with the company, unless he or she reports the situation of conflict of interest in advance and the Board approves the transaction following the issue of a report by the Audit Committee. Through the Audit Committee, the Board of Directors shall ensure that said transactions are made under market conditions and respect the principle of equal treatment of shareholders.

In turn, Article 40.2 of the Board of Directors Regulations establishes that in any case the approval by the Board of Directors of the transactions described in the previous paragraph is subject to a report issued previously by the Audit Committee, in which the transaction shall be assessed to establish whether it respects the principle of equal treatment of shareholders and is carried out under market conditions.

Furthermore, in relation to the non-compete obligation, the Board of Directors Regulations (Article 32) stipulate that board members must refrain from:

a) making transactions with the Company, with the exclusion of ordinary transactions which are made under standard conditions for clients and are of little relevance; b) using the name of the Company or their status as a director to unduly influence the conduct of private transactions; c) making use of the Company's assets, including its confidential information, for private purposes; d) taking advantage of the Company's business opportunities; e) gaining advantages or remuneration from third parties other than the Company and its group in connection with the performance of their duties, unless these are mere courtesies; and f) performing activities on their own or another party's behalf which involve real or potential effective competition with the Company or which put them in a position of permanent conflict of interest with the Company in any other way. In the case of Directors who are legal persons, this obligation extends to the natural person representing the Director.

Board members who have obtained authorisation from the Annual General Meeting shall be obliged to comply with the conditions and guarantees laid down in the Meeting agreement and, in any case, the obligation to refrain from (i) accessing information and (ii) participating in discussions and votes regarding agreements or decisions in which they or a related person have a direct or indirect conflict of interest, this refraining obligation excludes agreements or decisions which concern them in their capacity as board members, in accordance with the provisions in the following Article and in Articles 229 and 228 of the Capital Companies Act.

In any case, Directors must inform the Board of Directors of any direct or indirect conflict of interest which they or persons related to them may have with the Company. Any conflicts of interest involving Directors shall be reported in the notes.

Likewise, in accordance with Article 23.3 of the Board of Directors Regulations, if, when informed by the Appointments and Remuneration Commission, the Board of Directors believes that the interests of the Company are put at risk, a Director who is ending their term or who for any other reason ceases to serve in the position may not provide services to any other entity competing with the Company during the established time period, which shall in no case exceed two years. In such cases, the Director in question shall be entitled to a reasonable indemnity payment to offset any actual damages he or she may

suffer as a result of said measure. This compensation shall be calculated within the limit referred to in Article 42.1 of the Articles of Association.

On the other hand, and in accordance with the amendments set out by Law 5/2021, of 12 April, which amends the revised text of the Capital Companies Act ("Act"), Ence's Board of Directors approved, at its meeting held in February 2022, the amendment of the Board Regulations in order to adapt its wording to the provisions of the Act regarding conflicts of interest.

- D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes ☐

No ☒

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes ☐

No ☐

Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

- E1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

Ence's Risk Management and Control System (hereinafter "RMCS") is a process that is integrated into the organisation and focused on identifying, assessing, prioritising, responding to and following up on situations that pose a threat to the company's activities and objectives. This process involves the participation of different areas of the company with specific responsibilities that cover all phases of the process. Ence's Risk Management System (RMS) encompasses Ence and all of the Group's companies, all of its businesses (cellulose, energy and forest), and the activities of its corporate areas, and is defined and regulated in

the Risk Management and Control Policy and in the Risk Management Procedure approved by the Board of Directors. Said Risk Management and Control System is periodically revised to include best practices in this area.

Ence's RMS has been defined pursuant to the guidelines of international reference frameworks, in particular, the Enterprise Risk Management Integrated Framework of COSO (Committee of Sponsoring Organizations of the Treadway Commission) and is periodically reviewed to incorporate the best practices in this area.

The RMCS specifies all risk factors that have been identified for the different objectives of the organisation taking into account different scenarios and time horizons (short, medium and long-term). The risks, like the objectives, are categorised as relating to strategy, operations, financial reporting and regulatory compliance, as well as by origin (internal or external). Furthermore, the RMCS establishes the following types of risks according to their nature: environment risks, risks relating to information in decision-making, financial risks, organisational risks, operational risks, criminal risks, tax risk factors and reputational risks. Every six months, Ence identifies and assesses new risks and monitors the evolution of previously identified risks and risks that have ended or materialised in previous periods. It also updates the information relating to the controls and action plans associated with identified risks. Such monitoring and control aims to manage risks by ensuring compliance with and effectiveness of the agreed action plans and to have continuous supervision of the company's main risks.

The result of this process is the Risk Register and Risk Map, which are presented to the Management Committee for joint discussion and evaluation. Subsequently, the Risk Register and Risk Map are submitted to the Audit Committee for review and reporting to the Board of Directors for subsequent approval by the Board.

The Audit Committee periodically monitors the fiscal risks facing the company in order to help the Board of Directors establish the fiscal risk management and control policy. To this end, Ence has a team of external advisors and experts, as well as specific resources available in the company, who have set out internal guidelines for fiscal compliance and low risk appetite in this area.

Ence also has a Risk Management System for the prevention and detection of offences. It includes numerous measures and controls designed to prevent or reduce as much as possible the risk of a criminal act being committed, and to ensure that the company's employees, executives and administrators act in accordance with the law at all times as they perform their professional activities. The aforementioned Criminal Risk Management System was certified by AENOR in 2021, in accordance with the requirements of the UNE 19601:2017 standard.

With the aim of being able to comprehensively supervise and monitor all the Company's activities, Ence keeps an updated Criminal Risk Map, which identifies all the activities that present opportunities for criminal acts and therefore criminal liability risks for ENCE.

In addition to covering offences that could result in criminal liability for Ence, other offences have been included in the criminal risk map. While these do not imply criminal liability for the legal person, committing them could lead to legal consequences for the Company as outlined in Article 129 of the Criminal Code.

- E2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

BOARD OF DIRECTORS: The Board of Directors is the Company's highest decision-making body, with the exception of matters reserved for the jurisdiction of the Annual General Meeting. The Board of Directors is responsible for ensuring the integrity and correct functioning of ENCE's RMCS, monitoring the risks identified and the agreed upon control measures and action plans to manage threats to the company's objectives.

AUDIT COMMITTEE: The Audit Committee assists the Board of Directors with its monitoring and control functions by supervising the efficiency of the Company's internal control, internal auditing and the process of preparing and submitting financial and non-financial information (Article 51 of the Articles of Association and Article 16 of the Board of Directors Regulations).

Article 16.2.12 of the Board of Directors Regulations empowers the Audit Committee to "supervise and evaluate the effectiveness of the internal control and financial and non-financial risk management systems relating to the company and, where appropriate, the group, including operational, technological, legal, social, environmental, climate, political, and reputational risks, or risks related to corruption; and discuss with the auditors or audit firms any significant weaknesses in the internal control system detected during the course of the audit."

COMPLIANCE COMMITTEE: reporting directly to the Audit Committee, with powers of autonomy and control over all areas of the Company, acting as the main control for prevention, supervision and review. Its functions are:

- Promote knowledge, application, dissemination, and compliance with the Code of Conduct, and support training and dissemination actions.
- Promote the approval and implementation of rules and procedures necessary for implementation and compliance with the Code of Conduct.
- Receive information on communications sent through Ence's complaints channel.
- Based on the report of a complaint drawn up by the Internal Audit Director, issue conclusions and actions.
- Define and update Ence's Criminal Risk Map, which identifies company activities in which possible offences that must be prevented may be committed.
- Supervise, control, and assess the operation of the Model for the Prevention and Detection of Offences, in coordination with those directly responsible for the controls, as established by the company for offence prevention.
- Identify control weaknesses or areas for improvement, promote action plans for rectification, and update or modify the measures and controls that form part the Model for the Protection and Detection of Offences.
- Communicate or promote the effective disclosure to all personnel of the controls foreseen in the applicable Model for the Prevention and Detection of Offences, and its eventual modifications or updates.
- Promote training plans on the Model for the Prevention and Detection of Offences.
- Advise Ence's Management regarding decisions that could imply a possible criminal liability for the legal entity.
- Manage a repository of documentary evidence accrediting the effective exercise of continuous control and supervision of the Offence Prevention Model, maintaining an updated register of the controls that form part of the Model, of the reports from internal or external auditors in relation to the functioning of the Model, of files on breaches that arise, and the corrective measures adopted.

- Periodically inform the Audit Committee of the assessment results in relation to the Model for the Prevention and Detection of Offences.
 - Supervise compliance with all regulations on personal data protection.
- INTERNAL AUDIT MANAGEMENT: reports directly to the Audit Committee, responsible for:
- Developing the group's risk management procedures and criteria and presenting them, via the Audit Committee, to the Board of Directors for their approval.
 - Ensuring that risk management procedures and criteria that have been approved by the Board of Directors are correctly implemented.
 - Providing support and guidance for risk managers in all areas related to risk management.
 - Advising the Audit Committee of any identified risks, as well as the proposed action plans and proposals made by the risk manager.
 - Developing and periodically updating the risk map based on previously approved action plans and proposals.
 - Informing the Board of Directors, via the Audit Committee, about risks that have emerged, underlining the circumstances that caused them and if the established control systems have worked.
 - Periodically monitoring the extent to which approved action plans are implemented.
 - Periodically informing the Audit Committee of the emergence of new risks, the evolution of those identified, the extent to which action plans are being implemented, and the general operation of the risk management system.
- RISK MANAGERS: Directors and managers of the different business areas and corporate functions are responsible for the different risks, performing, among other things, the following duties:
- Use the approved risk management procedures and criteria, in particular:
 - Identify situations of risk that effect the fulfilment of objectives within their area of responsibility
 - Assess identified risks according to the methodology available
 - Report their risks by participating in the established risk reporting process
 - Follow the guidelines regularly outlined regarding risk management
 - Inform the internal auditor of the risks identified, the proposed action plan, and the level of progress/implementation

E3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

Objective to improve and optimise production capacity: ENCE produces pulp in its factories in Navia and Pontevedra using the most environmentally-friendly technology and adopts continual improvement processes to strengthen competitiveness and the quality of its products. Nevertheless, the age of some of the equipment could affect their correct operation, performance, or lifespan

Objective to strengthen the positioning of its Pulp production in Europe. New product development: To create a global brand to differentiate itself from its competitors. This objective could come under threat in the event of incapacity to produce the products that the clients demand, or in the event of unavailability of a sufficient amount of certified timber that meets the standards generally accepted in the global pulp market, primarily according to the FSC.

Objective of optimising operating costs: PRIORITY: to improve

efficiency in operations by optimising production costs. The objective could come under threat due to: the rising costs of raw material, consumables, other industrial supplies and parts, logistics and transport, salary costs, strikes, or a drop in productivity

Minimising the impact of operations on the environment: The cellulose business is carried out in industrial facilities, involving a process which poses risks inherent in all industrial activity. PRIORITY: Complying with environmental legislation and reducing any risks that could harm the company's natural, environmental, or social context to a minimum

Business continuity objective: The original 1958 concession was extended by Resolution 20/01/2016 for 60 years (from 8/11/2013) by the competent Ministry. The Resolution was challenged by the City Council of Pontevedra, Green Peace Spain and the Asociación Pola Defensa da Ría (APDR), giving rise to three legal proceedings before the National High Court (AN), in which the Ministry defended the legality of the extension. On 8/03/2019, the Ministry acquiesced in the proceedings despite having maintained that the Resolution is in accordance with the law. ENCE strongly opposed the acquiescence. The AN issued three Rulings upholding the appeals filed and annulling the Resolution, on the grounds that it does not justify the need for the biofactory to be located in the maritime-terrestrial public domain due to its nature, nor are reasons of public interest alleged to defend its current location. ENCE filed appeals (in 2021) for cassation against the Rulings. The non-admission of the appeal or its rejection would turn the rulings into final unappealable decisions, and it is estimated that their execution would lead to the start of the dismantling of the biofactory in 2023-2024. ENCE considers that there are legal arguments to support the legality of the Resolution, but in view of the restrictive nature of the appeal and in accordance with accounting regulations, impacts of 200.2 million euros have been recorded in the consolidated financial statements. In the event that all recourses are exhausted and the annulment of the Resolution is confirmed, ENCE will file claims for the Administration's financial liability in order to be compensated for all the damages caused.

Financial discipline objective: The businesses carried out by Ence are conducted in complex economic environments that require disciplined financial measures in order to maintain financing capacity at reasonable levels, which could be affected by these risks: PULP PRICE VOLATILITY. The product price on the global market is inherently volatile, influenced by variables such as worldwide production or global demand for the product. The price of pulp significantly impacts Ence's revenue and profit. A significant drop in the price of pulp could have a corresponding negative effect on revenue, cash flow, or profit. EXCHANGE RATE VOLATILITY. The price of pulp is set in dollars (USD) and Ence's costs are set in euros (€), meaning that business revenue on pulp sales are influenced by the euro/dollar exchange rate. COMMERCIAL CREDIT RISK - CELLULOSE. Collection risk of trade receivables from customers. LIQUIDITY AND CAPITAL RISKS. Exposure to adverse debt or equity market situations could hinder or impede the ability to cover the financial needs required for the proper development of the Group's activities and its Strategic Plan 2019-2023.

Objective to ensure quality, safety, and good health in the workplace: The objective of continual improvement in the safety of the facilities and occupational health and work centres may be threatened by the risks inherent in the company's industrial and

forestry activities. Specific prevention regulations are in place, but they do not entirely eliminate the risks. Since the COVID-19 pandemic was declared, Ence has been working to establish protocols and measures to prevent contagion.

Objective to comply with regulations: the BREF regulations have restrictive values in terms of production and emissions, taking into account the type of process, geographical location, and local environmental conditions, which will generate the need for investments and new systems of environmental control and improvement.

Tax risk objective: PRIORITY: Ensuring that all activities and operations are developed in compliance with tax legislation. The Audit Committee monitors fiscal risks in order to help the Board determine fiscal risk management and control policies. RISK: changes in the tax regulations established by the Tax Administration that may affect ENCE's results. Ence has a specialised tax area and external advice to establish internal guidelines for compliance with tax regulations and zero risk appetite.

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

In accordance with ENCE's Risk Management and Control Policy, the company has implemented a methodology for assigning specific risk appetite levels based on the activities carried out. The Company's degree of risk acceptance is contingent on ensuring that the potential benefits and risks are fully understood prior to decision-making and, where appropriate, reasonable measures are put in place to manage such situations.

ENCE analyses each situation based on the relationship between risk and return. In this respect, the analysis involves factors such as strategy, stakeholder expectations, current legislation, the environment, and relationships with third parties:

1. ENCE adopts a zero risk appetite level for all situations in which the health and safety of employees and collaborators could be compromised, a priority in its actions.
2. ENCE has a focus on minimising its exposure to situations related to compliance with legislation and regulations affecting the company, especially with regard to the impact that its operations may have on the environment and the surroundings in which it operates, as well as the Group's reputation with third parties and the continuity of the business.
3. ENCE has a team of external advisors as well as specialised internal staff who have set internal guidelines for tax compliance and zero risk assumption in this area.
4. ENCE adopts a moderate level of risk appetite for situations related to the research, development, and innovation of its products, aimed at providing solutions that fully meet the needs of its customers and making the company a benchmark in the pulp market.
5. Likewise, aware of the current difficulties in relation to the economic environment in which it operates, ENCE is committed to establishing financial discipline that will enable it to keep the organisation's total debt under control and provide it with sufficient liquidity to meet its payments and priority investments. In this respect, the company adopts

a low risk appetite for speculative financial transactions. However, a large volume of ENCE's operations are associated with the exchange rate between the US Dollar (\$) and the Euro (€). ENCE, aware of the economic situation and the evolution of the exchange rate between the two currencies, adopts a low risk appetite in this area through rigorous management in accordance with the guidelines set by the Board of Directors Executive Commission and, where appropriate, the Finance Department

E5 Indicate which risks, including tax risks, have materialised during the year.

PULP PRICE VOLATILITY: The price of pulp is established on an active market whose evolution affects revenue and profit. The uncertainty scenarios in the market derived from COVID have had an impact on Ence's results. **DOLLAR DEPRECIATION:** The euro to dollar exchange rate proved to be extremely volatile. Ence has monitored the foreign exchange market in order to contract financial hedges and/or futures to mitigate impacts if necessary. **OPTIMISING OPERATIONAL COSTS:** In the volatile environment in which ENCE does business, given the characteristics of the business and the global macroeconomic environment, a priority has been set to improve the efficiency of operations by optimising production costs. Thus, the upward variation of costs associated with raw materials, strikes, the cost associated with sectoral and environmental regulations and the technological progress of the competition are risk factors that have had to be dealt with. **PONTEVEDRA BIOFACTORY CONCESSION:** The original 1958 concession was extended by Resolution 20/01/2016 for 60 years (from 2013) by the former Ministry of Agriculture, Food and Environment (MAGRAMA). The Resolution was challenged by the City Council of Pontevedra, Green Peace Spain and the Asociación Pola Defensa da Ría (APDR), which gave rise to three legal proceedings before the Administrative Chamber of the National High Court ("AN"), in which the former MAGRAMA, together with Ence as co-defendant, defended the legality of the extension. On 8/03/2019, the Ministry for Ecological Transition (formerly MAGRAMA), filed a letter of acquiescence in the proceedings, requesting that the claims be upheld, despite having maintained that the Resolution of 20/01/2016 is in accordance with the law. ENCE strongly opposed the acquiescence. The AN issued three Rulings (two on 15/07 and the third on 21/09/2021, the Rulings) upholding the appeals filed by Greenpeace Spain, by the Pontevedra City Council and by the APDR and annulling the Ministry's Resolution of 20/01/2016 to extend the concession, on the grounds that it does not justify the need for ENCE's pulp biofactory in Pontevedra, by its nature, to be located in the maritime-terrestrial public domain due to its nature, nor are reasons of public interest alleged to defend the current location of the biofactory. On 28/09 and 29/11/2021, ENCE filed appeals for cassation with the Supreme Court (SC) against the Rulings. Non-admission of the appeals for cassation or its rejection by the SC, would turn the Rulings into final unappealable decisions, and it is estimated that their execution would lead to the start of the dismantling of the biofactory in 2023-2024. Although ENCE considers that there are legal arguments to support the legality of the extension of the concession and has therefore filed appeals for cassation in regard to the Rulings, in view of the restrictive nature of the appeal and the

specific circumstances of the case, in accordance with the applicable accounting regulations, it has been considered necessary to record in the consolidated financial statements certain impacts that amounted to 200.2 million euros. In the event that all appeals are exhausted and the annulment of the Resolution of 20/01/2016 is confirmed by the Courts, ENCE will file claims for the Administration's financial liability in order to be compensated for all the damages caused by the annulment.

EVOLUTION OF THE PULP MARKET (COVID-19 IMPACT): As a consequence of the COVID-19 pandemic, there has been a global crisis with effects on markets, on the mobility of products and people, and on people's consumption habits with an impact on pulp products. In particular, the pandemic has accelerated the decline in printing, writing, specialities, and specialty products.

This situation, if sustained over time, could have a very significant impact at the global level, affecting the demand, the supply, price, and mobility of pulp, including the need to develop new products or the appearance/reactivation of new markets supplied up to now with alternative products and which have an impact on Ence's production model.

LOW TIMBER STOCK: The availability of raw material, mainly eucalyptus globulus, for pulp production was reduced due to restrictions in the supply and availability of timber due to structural or economic circumstances. The lack of globulus cannot be replaced by Nitens due to its technical and commercial limitations. Within the casuistry, tensions have been observed in the market derived from the existence and inclusion of competitors in the timber market with better rate margins, payment methods (cash) or due to insufficient supply planning. With regard to the cyclical casuistry, the difficulty of supplying timber in climatologically unfavourable periods for harvesting is recurrent, as well as situations of market stress as a result of the moratorium on planting eucalyptus in Galicia, the significant increase in the price of pine wood and forest fires.

ADAPTING POWER PLANTS TO NEW FUELS: Due to the change in the supply plan to new agroforestry fuels for the power plants, inefficiencies have arisen in their operation, affecting results and objectives.

ENERGY POOL PRICE VOLATILITY. Ence's results in the pulp and energy businesses may be affected by changes in the market pool price and by the review/update of a new regulatory regime establishing a new pool price for the period, with an impact on EBITDA and cash flow

- E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise

-New product development objective: Improve the relationship with clients, the understanding of their needs, the productive processes, and the strengthening of the sales team. The availability risk of FSC certified wood is reduced by strengthening owner and supplier management and relations with the FSC. The presence and positioning in the European market has been strengthened, designing actions to increase the number of customers and new specialities adapted to their needs and market trends. These include the development of pulp that could

potentially substitute plastic.

-Objective to optimise operating costs: identifying more competitive goods and services, improving negotiation capacity and expanding the pool of suppliers. The insufficient supply of timber around the factories is managed through better commercial and logistical planning and a greater presence in the market with the purchase of standing timber, an increase in felling equipment and an increase in their operational capacity, contingency plans, and minimum stocks to guarantee operations.

•Strikes: in anticipation of strikes by third parties, there are communication and joint management policies with suppliers to anticipate these situations.

•Cost associated with specific regulations: ongoing relationship with key stakeholders and participation in associations.

•Technological progress of the competition: continuous monitoring of technological innovations. Continuous improvement of production processes.

-Objective of minimising the impact of our operations on the environment: Ongoing improvements and investments are made in facilities, pursuant to the regulatory requirements of our Integrated Environmental Permits.

-Business Continuity Objectives:

•Natural disasters and catastrophes, pandemics, fires, and so on and preventing risks and minimising their impact should they occur: scenario analysis, training, insurance, preventive inspection measures, monitoring and control of activities, and an integrated approach to combating the main pests that threaten biological assets.

•Extension of the Pontevedra factory concession: Legal defence. Scenario and impact analysis.

-Financial discipline objective:

•Low pulp price: Ence has a Global Risk Committee to mitigate this risk, which periodically monitors the development of the pulp market. This Committee maintains constant contact with financial institutions to contract the relevant financial and/or futures hedges, if necessary.

•Exchange rate volatility: continuous monitoring of the foreign exchange market and of the evolution of the dollar and euro exchange rates, in order to contract, where appropriate, financial and/or futures hedges.

•Interest rate volatility: the most important financial operations are linked to fixed interest rates.

•Commercial credit risk: cellulose: this is mitigated by insuring practically all of the sales and financial credit risk, by dealing with counterparts with excellent credit ratings, and establishing contracting limits with periodic reviews.

•Liquidity and capital risk: Financial Plan covering all financing needs and how they will be covered. Policies have been adopted that set the maximum capital to be committed to projects prior to obtaining long-term funding.

-Objective of guaranteeing occupational quality, health, and safety: Plans for occupational hazard prevention are in place, based on training and maintaining integrated management systems and obtaining ISO, OSHAS, and FSC certificates. External and internal compliance audits. Health risk derived from the COVID-19 pandemic: since 24/02/2020, Ence has developed and implemented prevention protocols throughout its value chain, applying measures aimed at preventing contagion for worksites, auxiliary companies, and contractors. To ensure compliance, a system of audits has been implemented, the results of which are periodically analysed by the COVID-19 Committee.

-Regulatory compliance objective.

Response to this risk is channelled by actively participating in decision-making forums about regulations relating to the new application (BREF) and in defining the investments that are the most important, in order to adapt to new future regulations.

Moreover, Ence has implemented a Risk Management System for the Prevention and Detection of Offences, certified by AENOR in accordance with the UNE 19601:2017 standard. This includes numerous measures and controls that are designed to prevent or mitigate, as much as possible, any criminal act committed within our organisation, and guarantee the legality of actions carried out by Company's employees or Directors in the course of their professional activities at all times. In 2021, Ence developed and implemented internal policies and procedures to reduce its exposure to specific offences.

-Fiscal risk control objectives.

Ence also has a team of advisors and experts, combined with the availability of the company's dedicated resources, that have established internal fiscal compliance guidelines and lowered the risk assumed in this area. Nevertheless, as these risks come from outside the company and whose field of activity are unlikely to affect Ence significantly, the main developments are monitored in detail in order to adjust accordingly, as they arise.

The Tax Policy approved by the Board of Directors reflects the principles of the Code of Good Tax Practices, with the objective of supporting the long-term business strategy by avoiding tax risks and inefficiencies in the execution of decisions.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1 The entity's control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

Article 14.1 of Ence's Board of Directors Regulations sets out the creation of an Audit Committee by the Board of Directors, the powers and functioning of which are listed in Article 16 of the Company's aforementioned Board of Directors Regulations.

The Audit Committee assumes the following duties in relation to the internal information and control systems:

1. Propose to the Board of Directors, for submission to the Annual General Meeting of Shareholders, the appointment, contracting conditions, scope of the professional mandate, re-election, and, as the case may be, the termination or non-renewal of account auditors or auditing companies.
2. Supervise the Company's internal audit based on the annual internal audit plan presented by the Head of this area every financial year, the information supplied about incidents that have arisen during the period, and activities that the Head of the internal audit submits for the Committee's consideration at the end of every financial year.
3. Ensure the independence and efficiency of the internal audit's functions, propose the selection, appointment, re-election, and removal of the Head, propose a budget, examine the information that this system periodically generates about its activities, check that senior management have taken note of the reports' conclusions and recommendations, and approve its guidance and work plans, ensuring that its activity is concerned mainly with the risks that are relevant to the Company.
4. Monitor and assess the preparation process and the integrity of financial and non-financial information.
5. Review the Company's accounts, monitor compliance with legal requirements, the correct application of generally accepted accounting principles, and the scope of the consolidation perimeter, as well as reporting on proposals to modify the accounting principles and criteria suggested by management.
6. Supervise and assess the effectiveness of the internal control and financial and non-financial risk management systems relating to the company and, where appropriate, the group, including operational, technological, legal, social, environmental, climate, political, reputational, and corruption-related risks; and discuss with the auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit.

7. Monitor in general that the established internal control policies and systems are effectively implemented in practice.
8. Provide advance notice about the Board's adoption of the corresponding agreement regarding the prospectus and the periodical financial information that the Company must provide to markets and supervisory bodies.
9. Establish and supervise a mechanism which enables employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially important irregularities, especially financial and accounting issues, that are of concern within the company.

Ence's Corporate Finance Department is responsible for defining the Internal Control Over Financial Information (ICFR) System. In this context, it establishes and communicates the policies, directives, and procedures related to the preparation of this information to ensure the quality and reliability of the financial information generated.

In addition, the Internal Audit Department's functions include assuring the Audit Committee that the significant business risks are identified and managed effectively, and that adequate supervision of the internal control system of financial information is in place.

F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The design and review of the organisational structure, as well as the lines of responsibility, are the responsibility of the Appointments and Remuneration Commission and the Board of Directors. Said Commission, via the Chief Executive Officer, determines the distribution of tasks and functions within senior management, guaranteeing an adequate communication system between the different areas and an appropriate separation of functions.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

Ence has a Code of Conduct, approved by the Board of Directors and which applies to all Company employees, directors, managers, third parties who act on behalf of Ence (contract workers or sub-contracted companies, agents, and intermediaries, etc.), and any other person that is included within the scope of the Code of Conduct, by decision of Ence's Chairman of the Board of Directors and CEO, in view of the circumstances in each individual case.

The Code contains a statement of the group's ethical values, as well as the minimal behavioural standards that should be observed by all people within its scope of application in the way that they behave in the course of their professional activity. Said Code of Conduct includes a specific paragraph that considers the basic behavioural principles in relation to transparency and integrity with financial information: reliability of financial information and control of operating records, preparation of financial and accountancy reports, market information, contracting with privileged information, and dealing with classified and confidential information.

Ence also has a disciplinary procedure approved by the Board of Directors, as a means through which a violation of the group's procedures and implemented internal regulations will be penalised.

Throughout 2021, the Human Resources Department continued to run training sessions on the Code of Conduct, targeted to all of the group's employees.

Likewise, Ence has an Internal Conduct Regulation for the Stock Market, (hereafter the "ICR"), approved by the Company's Board of Directors, which adapts to the new regime established in Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse, updated in 2020. Said ICR implements aspects such as: regulations for conduct in relation to the execution of operations on stocks and financial instruments issued by the group, the processing of privileged information, the communication of relevant information, transactions on treasury shares, and the prohibition of price manipulation, among others

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

Ence has a communication, or whistleblower, channel which enables the communication of financial or non-financial accounting irregularities, events or unlawful acts, disobedience of the Code of Conduct, and Ence's procedures and internal regulations. This channel is a tool that guarantees the confidentiality of anyone who reports directly to the company's governing bodies any of the irregularities described above, whether they have identified themselves when making the report or have done so anonymously.

Management of the whistleblower channel is regulated by the whistleblower channel procedures, approved by the Board of Directors, and carried out by Ence's Audit Committee, represented by its Chair, fulfilling its responsibility to comply with the basic

principles mentioned in areas that constitute, or could constitute, a criminal incident. In addition, the Audit Committee is responsible for adopting measures to improve compliance and for settling any doubts regarding interpretation. Likewise, it controls and monitors that all complaints are dealt with and managed in an adequate, complete, independent, and confidential manner.

The basic principles that make up the operation of this control are: (i) guarantee confidentiality for those who use the whistleblower channel, whether they have identified themselves when making the complaint or have done so anonymously; (ii) guarantee proper management of the complaints made, which implies that they are handled with the utmost confidentiality and in accordance with the operating procedure of the whistleblower channel; (iii) ensure, for all complaints received, a timely, independent, and confidential analysis; (iv) ensure, for all complaints or queries received, a timely, independent, and confidential analysis within a reasonable period of time, which shall not exceed three months from the acknowledgement of receipt of the complaint; (v) the commitment to carry out disciplinary, sanctioning, and legal proceedings, as appropriate, until their resolution, with the aim of proportionately correcting conduct contrary to the law or Ence's internal regulations.

Every quarter, the Internal Audit Department prepares a report on all complaints received, which are categorised by subject (harassment, conduct, ethics, criminal, etc.), their gravity (minor, serious, very serious, or inappropriate), and actions taken and their resolution. The report is submitted to the Audit Committee.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

As part of Ence's management systems, the Head of the Human Resources Department has established a training plan that screens for the training needs of staff, including those who participate in reporting and preparing financial and non-financial information, risk management, and internal controls. The annual performance evaluation fosters personal development and the uncovering of training needs.

F.2 Assessment of risks in financial reporting

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented.

Ence's Risk Management and Control System is defined and governed in the Risk Management and Control Policy and the Risk Management Procedure, which have been approved by the company's Board of Directors.

The RMCS encompasses Ence and the companies within its group, as defined under law, as well as all businesses (cellulose, energy, forestry) and activities performed within its corporate and support spheres.

The RMCS contains all the risks identified for the different objectives established by the organisation, distinguishing between strategic, operational, financial reporting, and compliance objectives and classifying them according to their origin (internal or external).

Furthermore, the RMCS establishes the following types of risks according to their nature: environment risks, risks relating to information in decision-making, financial risks, organisational risks, operational risks, fiscal risks, reputational risks, and risks arising from climate change.

Risks of fraudulent financial reporting were considered a relevant factor when establishing the Internal Control over Financial Reporting (ICFR) System, its relevant documentation and procedures, and the implementation of a sufficient separation of duties within the financial department.

In 2021, Ence's Board of Directors approved the update of the Crime Prevention and Detection Protocol, the Criminal Compliance Policy and the Whistleblower Channel Procedure, which constitute a permanent commitment to monitoring and sanctioning fraudulent acts and conduct or conduct conducive to corruption in all its manifestations, carried out by the individuals included within its scope of application.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

The process is based on the integrated management of different business processes aimed at strategic objectives, including risks related to financial reporting. The latter process covers the full range of financial reporting objectives (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations).

The Risk Record and the Risk Map are the formats used for the periodic report on the main risks identified and assessed in the different business, corporate, and ancillary units in accordance with the requirements established in the Risk Management and Control Policy and Procedure.

The Risk Map is reviewed regularly, at least twice a year, and its results are presented to the Management Committee, the Audit Committee, and the Board of Directors

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

On a monthly basis, the Head of the Finance Department determines Ence's scope of consolidation by using the Consolidation Procedure. This procedure establishes the steps to follow in ensuring that the scope of consolidation is properly updated, thereby avoiding any omissions in the consolidated financial reports.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

Ence's Risk Map reflects, among others, financial reporting risks as well as other types of risks classified as: environmental risks, operational risks, reputational risks, legal and compliance risks, organisational risks and information risks for decision-making, and risks derived from climate change, considering the possible economic impact that their materialisation could entail across different scenarios and time horizons.

Furthermore, Ence has established a Risk Management System for the prevention and detection of offences. It includes many measures and controls designed to prevent or reduce as much as possible the risk of a criminal act being committed within our organisation. It is also aimed at ensuring that the professional activities of the company's employees and managers are at all times legal. The aforementioned Criminal Compliance Management System was certified in 2021 by Aenor, pursuant to UNE 19601:2017.

In order to be able to carry out a complete supervision and control of all the company's activities, a criminal risk map has been drawn up identifying all the activities in which criminal actions could be committed and which, therefore, could lead to Ence being held criminally liable.

In addition to covering offences that could result in criminal liability for Ence, other offences have been included in the criminal risk map. While these do not imply criminal liability for the legal person, committing them could lead to legal consequences for the Company as outlined in Article 129 of the Criminal Code.

In 2021, Ence developed and implemented internal policies and procedures to reduce its exposure to specific offences.

- The governing body within the company that supervises the process.

Said system is coordinated and supervised by the Internal Audit Department, and ultimately, by the Audit Committee.

F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

- F.3.1. Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

Ence has a series of manual and automatic verification checks for financial reporting in order to prevent fraudulent actions, ensure the accuracy of the financial reports, and compliance with relevant legislation and generally accepted accounting principles. There is also an account closing process in which financial information is verified and approved prior to publication.

The annual accounts of the individual companies and the consolidated group, along with the quarterly and half-yearly financial reports, which are released to the market, are reviewed firstly by the Head of the Finance Department, then inspected by the Audit Committee before being prepared by the Board of Directors.

As an additional control, Ence has established that the auditor shall perform audit procedures on significant items in the quarterly or half-yearly financial statements, where appropriate, as part of its annual audit.

In accordance with the recommendations of the CNMV, Ence has established and documented the critical checks that affect the preparation of the financial reports.

Such documentation consists of instructions, relevant risk matrices and controls which contain information on the supervisory activity, the risk to be reduced, the frequency of checks, and the person in charge. It also defines the critical checks and fraud controls to be performed.

Finally, a system for reviewing said processes has been established to ensure they are kept up-to-date

- F.3.2. Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the

company relating to the preparation and publication of financial information.

Ence has an Information System Security Policy that regulates access, changes made, system operation, operational continuity, and separation of functions across the entire applications map, including the infrastructure, with a special focus on the financial reporting systems. The security rules described therein, and the prevention and detection controls set out in the systems, protect the financial information.

- F.3.3. Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

As part of the internal authorisation rules, all activities outsourced to third parties require joint internal levels of approval depending on the amount involved, including, where applicable, the Chairman and CEO, and are supervised by the legal department, if necessary.

As part of Accounts Auditing Act 22/2015 of 20 July, external auditors are required to demonstrate their independence every year. Furthermore, where they offer their services as independent experts, the offer must be submitted to the Audit Committee in order to ensure that the transparency of the financial statements is unaffected.

F.4 Information and communication

Report on whether the company has at least the following, describing their main characteristics:

- F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Administration and Accounting Policies Department is in charge of defining the accounting policies applicable to Ence and keeping them up-to-date. It is also in charge of communicating those policies to all persons concerned and resolving all questions or enquiries in relation to them whether from subsidiaries or a business unit. Ence also has an Accounting Policies Manual that has been circulated and is available through the Ence Intranet to all staff who actively participate in the preparation of the financial statements.

- F.4.2. Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

Ence's accounting procedure has established mechanisms for the standardised capturing and preparation of financial information, general rules, data entry rules, manual entry approval, estimates and opinions (including valuations and projections), and a communication system for financial reporting to senior management.

The preparation of the consolidated financial statements is carried out centrally on the basis of the financial statements provided by each subsidiary of the Group in the established formats. The consolidation process has established checks to ensure the accuracy of the consolidated financial statements, in accordance with the Consolidation Procedure and the Inter-company Transactions Procedure.

F.5 Supervision of the functioning of the system

Report on at least the following, describing their principal features:

- F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

Ence has a fully independent internal audit department whose functions and responsibilities in relation to financial reporting supervision is governed by the Internal Audit Regulation as approved by the Audit Committee.

During the 2021 financial year, the Internal Audit Department informed the Audit Committee every quarter on the progress of the audit plan, the conclusions reached, and the results of its activities. It also provided the Committee with its recommendations, highlighting in particular those aspects related to financial reporting and the ICFR, as well as the progress of the action plans implemented to reduce any internal control failings.

As part of its 2021 Audit Plan, approved by the Audit Committee, supervisory activities were carried out on the internal control over financial reporting. In particular, Ence has a plan in which all the processes relevant to the ICFR are reviewed in a 3-year cycle. Failings detected in audits are notified to the relevant departments, along with the corresponding corrective action.

As part of the assessment of ICFR processes, the following are checked:

- the updating of information and documents where processes have undergone changes.
- the absence of any significant failings in the internal control over financial reporting; if there are any, corrective measures are carried out

as part of an action plan and the possible effect of such deficiencies are assessed.

- F.5.2. Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

In accordance with the Board of Directors Regulations, the Audit Committee is responsible for the preparation, submission, and monitoring of regulated financial reports. It must also ensure the effectiveness of the Company's internal control and the internal control and risk management systems, including the Internal Control over Financial Reporting Systems.

The Audit Committee meets at least once per quarter in order to obtain and analyse the information necessary to comply with the duties assigned by the Company's Board of Directors.

There is an annual schedule of content that must be addressed during the Audit Committee's meetings; the meetings include sessions where the accounts auditor, tax experts, or other specialists attend when deemed necessary. The following relevant aspects should be highlighted:

- As mentioned in the previous section, the Audit Committee receives quarterly reports on the progress of implemented action plans that aim to correct detected internal control failings.
- The accounts auditor has access to the Audit Committee through invitations to the Audit Committee's meetings that review the quarterly financial statements; at these meetings, the external auditor submits a quarterly report on agreed procedures.
- Likewise, the Internal Audit Department has access to the Audit Committee as it is invited to the latter's meetings.

The half-yearly information issued to the markets has been subject to a limited review by the auditor.

F.6 Other relevant information

Not applicable.

F.7 External auditor's report

Report:

- F.7.1. Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the

corresponding report as an attachment. If not, reasons why should be given.

The ICFR information provided to markets for the 2021 financial year was submitted to the external auditor for review. The external auditor's report on the information is enclosed as an annex.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

- 1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.**

Complies ☒ Explain ☐

- 2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.**
- b) The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

- 3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:**

- a) Changes that have occurred since the last General Shareholders' Meeting.**
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.**

Complies ☒ Complies partially ☐ Explain ☐

- 4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.**

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-

financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies ☒ Complies partially ☐ Explain ☐

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies ☒ Complies partially ☐ Explain ☐

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

a) Report on the auditor's independence.

b) Reports on the workings of the audit and nomination and remuneration committees.

c) Report by the audit committee on related party transactions.

Complies ☒ Complies partially ☐ Explain ☐

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies ☒ Complies partially ☐ Explain ☐

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies ☒ Complies partially ☐ Explain ☐

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the

General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies ☒ Complies partially ☐ Explain ☐

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

a) Should immediately distribute such complementary points and new proposals for resolutions.

b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.

c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies ☒ Complies partially ☐ Explain ☐

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies ☒ Explain ☐

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;**
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and**
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.**

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies ☒ Complies partially ☐ Explain ☐

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors..

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies ☒ Complies partially ☐ Explain ☐

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.**
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.**

Complies ☒ Explain ☐

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies ☒ Explain ☐

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.**
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.**
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.**
- e) Company shares and share options that they own.**

Complies ☒ Complies partially ☐ Explain ☐

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies ☒ Explain ☐

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies ☒ Complies partially ☐ Explain ☐

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies ☒ Complies partially ☐ Explain ☐

- 26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.**

Complies ☒ Complies partially ☐ Explain ☐

- 27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.**

Complies ☒ Complies partially ☐ Explain ☐

- 28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.**

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

- 29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

Complies ☒ Complies partially ☐ Explain ☐

- 30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.**

Complies ☒ Explain ☐ Not applicable ☐

- 31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies ☒ Complies partially ☐ Explain ☐

- 32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

Complies ☒ Complies partially ☐ Explain ☐

- 33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be**

responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies ☒ X Complies partially ☐ Explain ☐

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies ☒ X Complies partially ☐ Explain ☐ Not applicable ☐

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies ☒ X Explain ☐

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies ☒ X Complies partially ☐ Explain ☐

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies ☒ Complies partially ☐ Explain ☐

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies ☒ Complies partially ☐ Explain ☐

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies ☒ Complies partially ☐ Explain ☐

- 43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.**

Complies ☒ Complies partially ☐ Explain ☐

- 44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.**

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

- 45. That the risk management and control policy identify or determine, as a minimum:**

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the

financial or economic risks contingent liabilities and other off-balance sheet risks.

- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies ☒ Complies partially ☐ Explain ☐

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies ☒ Complies partially ☐ Explain ☐

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies ☒ Complies partially ☐ Explain ☐

48. That large-cap companies have separate nomination and remuneration committees.

Complies ☐ Explain ☐ Not applicable ☒

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies ☒ Complies partially ☐ Explain ☐

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.**
- b) Verifying compliance with the company's remuneration policy.**
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.**
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.**
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.**

Complies ☒ Complies partially ☐ Explain ☐

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies ☒ Complies partially ☐ Explain ☐

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.**
- b) That their chairpersons be independent directors.**
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.**
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.**
- e) That their meetings be recorded and their minutes be made available to all directors.**

Complies ☐ Complies partially ☒ Explain ☐

All the Board's Commissions comply with all the requirements except in relation to the composition of the Sustainability Commission, which does not have a majority of independent directors. However, the Company has taken this good governance recommendation into account and, to this end, following

the resolutions of the Board of Directors of the same date on appointments and re-elections indicated in the mandatory report made available to the shareholders, the Sustainability Commission will now have a majority of independent members (which will be as shown in section H) with effect from the date of the General Meeting.

- 53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.**

Complies ☐ Complies partially ☒ Explain ☐

All the Board's Commissions, among which the functions indicated have been distributed, comply with these recommendations, except in relation to the composition of the Sustainability Commission, which does not have a majority of independent directors. However, the Board has taken this governance recommendation into account as indicated in the previous recommendations and as stated in section H.

- 54. The minimum functions referred to in the foregoing recommendation are the following:**

- a) **Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.**
- b) **Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.**
- c) **The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.**
- d) **Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.**
- e) **Supervision and evaluation of the way in which relations with the various stakeholders are handled.**

Complies ☒ Complies partially ☐ Explain ☐

- 55. That environmental and social sustainability policies identify and include at least the following:**

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies ☒ Complies partially ☐ Explain ☐

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies ☒ Explain ☐

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies ☒ Complies partially ☐ Explain ☐

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

The payment terms for the termination or expiry of the chief executive officer's contract were agreed prior to the last amendment of the Good Governance Code.

Under these terms, the recommended limit of two annuities of total annual remuneration would only be exceeded in the hypothetical case that the contractual termination would occur due to the resignation of the CEO as a result of a change of control, along with the fact that, if applicable, he would be 62 years of age or older, which would entitle him to receive the accumulated amount in the mixed social security system. In all other cases, the recommendation has been complied with.

In this regard, it should be clarified that the chief executive's contract governs the post-contractual non-competition obligation, and establishes that the compensation for assuming this obligation is understood to be paid to the chief executive on a periodic basis as of his appointment on 22 December 2010 and not when his contract is terminated; for such purpose, the aforementioned contract provides that 15% of his Fixed Remuneration is understood to be paid in compensation for such obligation, and does not constitute a separate component in addition to the total amount of 664,125 euros as the approved Fixed Remuneration for the chief executive, which is taken as a reference for the calculation of the variable remuneration and other remuneration components of the chief executive, as well as for the determination of the payments due to the termination of his contract.

Therefore, among the payments envisaged in the event of the termination of the contract, no amount is envisaged for post-contractual non-competition.

For the reasons set out above, the company understands that Recommendation 64 is not applicable to the compensation of the post-contractual non-competition obligation indicated above, as the compensation mechanism defined in the chief executive's contract does not entail the payment of any additional amount to the chief executive after the termination of his contract.

H FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

As indicated in section G.52 and G.53, in accordance with the decisions of the Board on appointments and re-elections set out in the mandatory report made available to shareholders, the composition of the Sustainability Commission, after approval of the relevant decisions by the Annual Meeting, will be as follows: Ms Rosa María García Piñeiro, independent director, in the position of Chairwoman. Maria de la Paz Robina Rosat, independent director, in the position of member. Mr Javier Arregui Abendivar, proprietary director, in the position of member. Mr Ángel Agudo Valenciano, proprietary director, in the position of member. Ms Rosalía Gil-Albarellos Marcos, independent director, in the position of member.

Mr José Antonio Escalona de Molina, in the position of non-director Secretary.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on **28/02/2022**.

Indicate whether any director voted against or abstained from approving this report.

Yes ☐

No ☒

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non attendance)	Explain the reasons

Observations

