



# **CORPORATE POLICY OF MONITORING AND CONTROL OF THE CONSOLIDATED ENCE GROUP**

***28 February 2023***

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## INTRODUCTION

Pursuant to Article 249a of the Spanish Corporate Enterprises Act (hereinafter, "**CET**"), the boards of directors of corporate enterprises are responsible for the creation of the companies' general policies. In this sense, Article 529b of the CET provides that the non-delegable powers of listed companies shall include (i) the creation of the corporate-governance policies of the companies and of the groups of which they are parent companies; (ii) the implementation of policies of control and management of risks, including tax-related risk and the monitoring of internal systems of information and control; (iii) the definition of the structures of the groups of which the companies are parent companies; (iv) approval of all types of investments or transactions that, due to their significant volumes or special characteristics, are of a strategic nature or pose special tax-related risk, unless their approval corresponds to the general shareholders' meeting; and (v) the creation of the companies' tax strategies.

This Corporate Monitoring Policy (hereinafter, "**Corporate Policy**") is hereby approved pursuant to the aforementioned provisions and so that the board of directors of ENCE ENERGÍA Y CELULOSA, S.A. (hereinafter, "**ENCE**" or the "**Company**") may satisfactorily fulfil its monitoring duties and so that its special commissions may provide support and consultancy for which they are competent within the scope of the parent company of a group.

This Corporate Policy establishes the methods of coordination and, where applicable, of approval by ENCE of certain legal documents, contracts and transactions entered into by its subsidiaries, and is therefore a framework for the policies and procedures that may be applied to the companies within the consolidation scope of the ENCE Group and that constitute the Group's body of internal rules.

The aforementioned policies and procedures and the organisational chart that includes dotted line reporting, are available at the following link: [\[\\*\]](#)

In order for the model to be effective, it is necessary to define the required dotted line report of the first organisational level of the subsidiaries in relation to the heads of the Company's corporate areas, as the dotted line reporting of the subsidiaries to the corporate areas is essential to the purpose of this Policy.

The Corporate Policy is defined without prejudice to the autonomy of the governing bodies or to the provisions of the CET or other legal orders that are applicable to the Company's investees.

## I. RELATED-PARTY TRANSACTIONS

The provisions of Ence's Policy on Related-Party Transactions approved by the Company's Board of Directors shall be observed.

## **II. INVESTMENTS AND DIVESTMENTS OF ENCE'S SUBSIDIARIES**

The Board of Directors of the subsidiary and of ENCE shall be responsible for approving transactions involving investment and divestment of assets of the subsidiaries, in addition to other legal transactions executed by these companies, including transactions whose value is equal to or greater than 0.5% of the consolidated turnover of the preceding 12 months.

## **III. FINANCIAL TRANSACTIONS**

### **A. Financial transactions with third parties.**

The Board of Directors of the subsidiary and of ENCE shall be responsible for approving financial transactions carried out by the subsidiaries of third parties when they (i) require the issuance by ENCE of guarantees of any type or amount or (ii) do not require the said guarantees but (a) take place in the context of capital markets; (b) are not part of the company's habitual activity or (c) they total an amount that is equal to or greater than 0.5% of the consolidated turnover of the preceding 12 months.

### **B. Process of effecting insurance.**

The Board of Directors of ENCE shall be responsible for approving the annual plan of insurance policies that are to be effected by the subsidiaries. In this sense, the process of effecting insurance shall be undertaken by ENCE after the subsidiaries have reported their needs.

## **IV. CORPORATE TRANSACTIONS**

The Board of Directors of the subsidiary and of ENCE shall be responsible, in relation to the subsidiaries, for approving agreements that affect the Company at the corporate level, such as incorporations, liquidations, mergers, demergers, capital increases or reductions, other amendments of articles of association, or acquisitions and sales of shareholdings or business units when these transactions imply the following: (i) loss or limitation of Ence's control of the subsidiary, (ii) the taking of a shareholding in the subsidiary by minority shareholders, (iii) significant change of the group's structure or consolidation scope or (iv) the said transactions are necessary for the Company to launch a new line of business.

## **V. TRANSACTIONS WITH SIGNIFICANT IMPACT FOR ENCE'S SUBSIDIARIES**

In a general sense, the Board of Directors of the operating company and of ENCE shall be responsible for approving legal documents, contracts or agreements implemented by the subsidiaries when they imply significant impact on the Company's consolidation scope and are not specified in the preceding paragraphs.

Significant impact shall be defined as but not limited to transactions whose value is equal to or greater than 0.5% of the consolidated turnover of the preceding 12 months.

## **VI. DOTTED LINE REPORTING MODEL**

Ence's Corporate Management, through the policies, procedures and instructions approved by the Steering Committee or Board of Directors, as the case may be, shall define the criteria and actions to be taken in matters for which they are responsible, taking into account for this purpose the suggestions and observations received from the heads of Management of the subsidiaries that functionally report to them.

Pursuant to this, the subsidiaries' Areas or Management shall ensure that their actions are in line with the procedures, policies, types of documents/reports, dates of issuance and updating, base cases for the preparation of information and standards of accounting and of determination and evaluation of risk that have been defined by Ence's Corporate Management.

The dotted line reporting model ensures the proper coordination of the group's interests; the coherence of financial, non-financial, accounting, managerial, individual and consolidated information; and the effectiveness of the monitoring defined herein.

## **VII. CORPORATE STRUCTURE**

ENCE's Board of Directors shall be responsible for the arrangement and planning of the corporate structure of the Group.

## **VIII. APPROVAL, REVISION AND MONITORING OF THE CORPORATE POLICY**

This Corporate Policy was approved by the board of directors of ENCE on 28 February 2023 after having received a pertinent report from the steering committee dated 23 February 2023.

Monitoring of compliance with the Corporate Policy shall be the responsibility of the audit committee with the assistance of Internal Audit Management.

This Corporate Policy is subject to periodic revision and, therefore, to the amendments passed by the board of directors of ENCE of its own accord or at the behest of the Audit Committee.