

REPORT ON AUDIT COMMITTEE OPERATIONS FOR FINANCIAL YEAR 2023

1. Introduction

ENCE ENERGÍA Y CELULOSA, S.A. (hereinafter, the "**Company**") has prepared this Report on Audit Committee Operations (hereinafter, the "**Report**") in accordance with the recommendation contained in Technical Guide 3/2017 on Audit Committees of Public Interest Entities, published by the National Securities Market Commission (hereinafter, the "**CNMV**").

In accordance with the provisions of Article 19 bis. 2 of the Regulations of the Company's Board of Directors and recommendation 6 of the Code of Good Governance of Listed Companies, this Report is published on the Company's website (www.ence.es) sufficiently in advance of the Ordinary Shareholders' Meeting.

2. Regulation of the Audit Committee

The regulation of the composition, operation, and powers of the Company's Audit Committee is contained in the Articles of Association (Article 47) and in the Company's Board of Directors Regulations (Article 16). Both internal rules take into account the provisions of the Spanish Companies Act ("**LSC**") and, as a supplement and provided that they are compatible, the provisions established in the Board of Directors Regulations.

The Articles of Association and the current Regulations of the Board of Directors are registered in the Mercantile Registry and have been notified to the CNMV. Both are available on the Company's website www.ence.es.

3. Composition of the Audit Committee

In accordance with the requirements of the applicable provisions, the Audit Committee is made up exclusively of non-executive Directors and a majority of independent Directors. The Audit Committee must be chaired by an independent Director.

The composition of the committee and the category and seniority of its members at year-end is as follows:

Name	Position	Category	Seniority in the Committee
Ms Irene Hernández Álvarez	Chairwoman	Independent	Since 28/03/2019 (Chairwoman since 31/03/2020)
Mr José Guillermo Zubía Guinea	Member	Other external member	Since 25/06/2008
Ms Carmen Aquerreta Ferraz	Member	Independent	Since 31/03/2022
Ms Rosa María García Piñeiro	Member	Independent	Since 28/03/2019
Mr Javier Arregui Abendivar	Member	Proprietary Director	Since 31/03/2022
Mr José Antonio Escalona de Molina	Secretary	Non-member	Since 31/03/2022

In compliance with Article 529 m of the LSC, Article 47 of the Articles of Association, and Article 16 of the Board of Directors Regulations, the members of the Audit Committee, especially its Chair, have all been appointed in consideration of their knowledge and experience in accounting, auditing, and risk management, both financial and non-financial. They are also familiar with the pulp and renewable energy production sector, and the forestry sector in which the Company operates.

The composition of the Audit Committee and the *Curriculum Vitae* of its members are published on the Company's web page and can be accessed through the following links:

<https://ence.es/inversores/gobierno-corporativo/comisiones/>

<https://ence.es/inversores/gobierno-corporativo/consejo-de-administracion/>

4. Responsibilities of the Audit Committee

The functions and responsibilities of the Audit Committee are regulated in Article 16.2 of the Regulations of the Board of Directors.

Among others, the Audit Committee is entrusted with the following functions:

- Report to the Annual General Meeting of Shareholders through the Chair of the Committee on any issues arising within its area of competence;
- Propose to the Board of Directors, for submission to the Annual General Meeting of Shareholders, the appointment, contracting conditions, scope of their commission, and their re-election and, where appropriate, the removal or non-renewal of the external auditors or audit firms, encouraging the group auditor to assume responsibility for the audits of the companies comprising the group;
- Ensure the independence and efficiency of the internal audit's functions, propose the selection, appointment, re-election, and removal of the person responsible for this

service, propose a budget, review 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;

- Regularly obtain information from the internal audit on the audit plan and its execution and supervise the Company's internal audit based on the annual internal audit plan presented by the person responsible for this area every financial year, on the information supplied about possible incidents and limitations to the scope of the audit that have arisen during its development, and on the results and follow-up of its recommendations and the activity report submitted by the head of the internal audit to the Committee for consideration at the end of each financial year;
- Monitor and evaluate the process of preparing financial and non-financial information and their integrity;
- Supervise compliance with the Company's internal codes of conduct and make the necessary proposals for their improvement;
- Establish appropriate relations with the Account Auditors in order to receive information on matters that may jeopardize 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 accounts audit, as well as any other communications established in accounts auditing law and in 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 Account Auditing Act;
- Likewise, the external auditor must hold, at least, one meeting a year with the plenary session of the Board of Directors to report on the work performed and the evolution of the Company's accounting and risk situation.
- Annually issue, prior to the issuance of the audit report, a report expressing an opinion on the independence of the auditors or audit firms; this report shall be published on the Company's website and must, in any case, express an opinion on the provision of the additional services referred to in the preceding section, considered individually and as a whole, other than the statutory audit, the limits on the concentration of the auditor's business and, in general, in relation to the rule on independence or the regulatory audit

regulations;

- Ensure that the company notifies the CNMV of a change of auditor and enclose a statement with the notice of any disagreements with the outgoing auditor and, if any, their content, and, in the event of the auditor having resigned, a review of the circumstances that gave rise to the resignation;
- Ensure that the annual accounts that the Board of Directors submits to the Annual General Meeting of Shareholders are drawn up in accordance with accounting regulations; monitor 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 criteria, reporting on proposals for the modification of accounting principles and criteria suggested by management;
- Serve as a communication channel between the Board of Directors and the auditors, evaluate the results of each audit and the responses of the management team to its recommendations, and mediate in the event of discrepancies between them in relation to the principles and criteria applicable in the preparation of the financial statements;
- 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 during the course of the audit;
- Monitor in general that the established internal control policies and systems are effectively implemented in practice;
- Supervise 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;
- 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;
- Establish and supervise a mechanism that allows employees and other parties related to the Company, such as directors, shareholders, suppliers, contractors, or subcontractors, to report potentially significant irregularities, including financial, accounting, or any other irregularities related to the Company that they notice within the Company or its group; This mechanism must guarantee confidentiality and, in any

case, establishing the possibility for communications to be made anonymously, respecting the rights of the accuser and the accused;

- Report on related-party transactions to be approved by the general meeting or the board of directors and supervise the internal procedure set forth by the Company for transactions the approval of which has been delegated, where appropriate, to the Board of Directors;
- Report to the Board of Directors, prior to the adoption by the latter of the corresponding decisions, on all matters set out by Law, the Articles of Association, and these Regulations and, in particular, in relation to the creation or acquisition of shareholdings in special purpose vehicles or entities domiciled in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the group;
- Evaluate, at least once per year, their performance and the quality of their work;
- Analyse and report in advance to the Board of Directors on the structural and corporate modifications that the Company plans to carry out, their economic conditions and their accounting impact, and, in particular, if appropriate, on the proposed exchange ratio;
- Supervise the communication and relationship strategy with shareholders and investors, supervise the application of the general policy regarding the communication of economic-financial, non-financial, and corporate information, and monitor the way in which the entity communicates and interacts with small and medium-sized shareholders.

5. Meetings held and tasks performed during financial year 2023

In financial year 2023, the Audit Committee held 8 meetings, attended by 100% of its members, as well as the Secretary of the Committee.

The representatives of the external auditor attended the meetings held on 23 February, 30 March, 4 May, 25 July and 30 October 2023 in order to report on aspects related with their independence, the periodic financial reports, half-yearly results and the Annual Accounts, as detailed in the following section on "Significant activities during 2023".

The Company's external tax advisors attended the meetings of the Committee on 23 February, 25 July and 30 October 2023 to report on matters related with the Company's tax situation referred to in the section "Significant activities during 2023" below.

The CEO, the Chief Financial Officer, financial management personnel, the Internal Audit Director, the Ethics and Compliance Director and the Secretary General, as well as the General Manager for Cellulose, and the General Manager of Magnon Green Energy S.L. attended the meetings and covered the agenda items that required action to present matters within their

area of competence.

6. Significant activities carried out in 2023

In 2023, the Audit Committee carried out the significant activities described below:

(i) Review of Annual Accounts and Quarterly, Half-Yearly, and Annual Financial Information

Throughout 2023, the Committee reviewed and analysed this information prior its approval by the Board of Directors and reported it to the regulator and the markets, with collaboration from the Financial Management Department for this analysis.

In particular, the Committee has reviewed and reported favourably on:

- The annual accounts and management report of Ence Energía y Celulosa, S.A. and its consolidated group for financial year 2022, including the Annual Sustainability Report for 2022, and has proposed to the Board of Directors the preparation of these documents.
- Quarterly financial information for Q4 2022 and the first three quarters of the 2023 financial year, as well as consolidated interim summarised financial statements for the six-month period ended on 30 June 2023 and the interim consolidated management report.
- The financial reports to be sent to the CNMV and the corresponding presentations to be reported to investors after publication of the financial information mentioned above.

(ii) Relations with the external auditor

With regard to the external auditor:

- The external auditor appeared before the Committee to report on the main aspects of the audit:
 - its audit work on the 2022 annual accounts and its report on the functioning of the internal control over financial reporting (ICFR) system, as well as the additional report to the Audit Committee;
 - the work carried out in relation to the quarterly financial information and the consolidated abridged interim financial statements for the six-month period ended on 30 June 2023, as well as the consolidated interim management report;
- With regard to the results of the audit presented by the external auditors for the 2022 financial year, at the Committee meeting of 30 March, the external auditors

confirmed to the Committee that both the accounting treatments and the information contained in the annual accounts are adequate, and therefore their opinion was given without qualifications and without limitations of any kind.

During the 2023 financial year, the Audit Committee ensured that the external auditor and the full Board of Directors met to report to it on the work performed and on developments in the company's accounting and risk situation. In particular, the auditor's representatives attended the board meeting of 31 March 2023.

(iii) Internal Audit

The Committee has supervised the actions carried out by the Internal Audit Department and, specifically, has been informed of and approved:

- The annual Internal Audit report corresponding to financial year 2022, which includes the main actions carried out by the Internal Audit team and, in particular, the audit work carried out, compliance with the Internal Audit Plan, and the monitoring of the proposed actions.
- Approval of the annual Internal Audit plan for the 2023 financial year, which describes in detail the actions planned for this department during the year, as well as its resources and budget.
- The setting of objectives for 2023 for the Internal Auditing Director and the assessment of the degree of compliance with the objectives set for 2022 in order to determine the short-term variable remuneration to be paid, if any.

The Committee also monitored the progress of the annual Internal Audit Plan 2023 on a quarterly basis.

(iv) Tax Information

The Committee has taken note of the following:

- Report by the Company's external advisors on the closing of corporate income tax for 2022.
- Quarterly report by the external advisors on the first and second instalments of the 2023 Corporate Income Tax, new laws and regulations of a fiscal nature, and the external advisors' opinion on the Company's tax situation.
- Report by external advisors on the evolution of the main tax proceedings in progress during the financial year.

(v) Tax inspection

In July 2022, the Spanish Tax Agency initiated an inspection process for 2018, 2019 and 2020 for all applicable general taxes (corporate tax, VAT, personal income tax and non-resident withholdings) with regard to certain Group companies (Ence Energía y Celulosa, S.A., Celulosas de Asturias, S.A.U. and Magnon Green Energy, S.L.).

Both the tax advisor and the staff of the management team involved in the procedure have attended the meetings of the Audit Committee in order to keep it regularly informed of the actions carried out by the inspection team, as well as of the main incidents detected, until the end of the procedure in September 2023.

(vi) Information on relevant litigation cases

The Committee has been informed by General Secretary on the status of the main existing administrative, contentious-administrative, tax, civil, and criminal proceedings.

(vii) Corporate Governance

The Committee has carried out the following actions in this area:

- Annual evaluation of the Committee for financial year 2022, which was carried out through the internal procedure consisting of taking as a reference the individual and anonymous completion by each Director of the self-evaluation questionnaire on various aspects relating to the Board and its Committees, prepared by the Appointments and Remuneration Committee and sent to the Directors. The results of the evaluation are detailed in point 7 of this Report.
- Approval and submission to the Board of Directors of the Committee's Operating Report for financial year 2022.
- Favourable report, within the scope of its competencies, on the content of sections D, E, and F of the draft of the Annual Corporate Governance Report proposed to the Board for approval.

(viii) Compliance

Two significant compliance milestones took place during 2023.

Firstly, the entry into force of Law 2/2023, of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, which has meant adapting the internal information systems in order to strengthen the company's information structure, as provided for in the aforementioned law. In this respect, the Committee has updated the internal information channel procedure, as well as reporting favourably on the approval by the Board of the Information System Policy.

Likewise, the company decided to replace the Compliance Committee, the body that until then had been responsible for compliance matters within the organisation, with a directorate that would assume these functions and report directly to the Audit Committee.

As a consequence of the above, the Ethics and Compliance Department has been created and the Compliance Committee has been dissolved and its functions have been taken over by the Director appointed for this purpose.

The Committee has carried out the following actions in this area:

- Approval of the annual report corresponding to the 2022 financial year of the Compliance Committee, which includes the activities carried out by said committee in said financial year:
- Approval of the degree of compliance with the 2022 targets and proposal of targets for 2023.
- Quarterly monitoring during the 2023 financial year of the activity carried out by the compliance committee, highlighting (i) the review of the investigation reports related with complaints received in the complaints channel, (ii) analysis and review of the compliance indicators (KCI), (iii) update on the protection of persons who report regulatory breaches and the fight against corruption, and (iv) analysis and monitoring of the Compliance System for the 2023 financial year.
- 2023 Communication Plan with the aim of raising awareness of ENCE's internal channel
- Updating of internal compliance regulations.

(ix) Sustainability

The Committee has carried out the following actions related to this area:

- It has been informed of the actions of the Sustainability Committee in relation to the non-financial information statement (Sustainability Report 2022) which was reported favourably by this Committee, having been verified by the firm KPMG without any qualification.
- It has agreed to report favourably on the Annual Sustainability Report for 2022, and to submit it to the Board of Directors for approval.
- It has reported favourably on the sustainability information included in the quarterly financial information and in the condensed interim consolidated financial statements after review by the Sustainability Committee.

(x) Corporate policies

The committee reported favourably on the approval by the Board of:

- Corporate supervision and control policy
- Updating the fiscal policy
- Updating the risk management and control policy
- The internal information system policy
- Sustainability Due Diligence Policy

- Updating the criminal and anti-bribery compliance policy
- (xi) ENCE Sustainable Promissory Notes Programme 2023

The committee agreed to report favourably on the board's approval of the registration of a promissory note programme on the Alternative Fixed Income Market (MARF).

- (xii) Risk Management and Control

The Committee approved the updating of the Company's risk map for financial year 2023, which is reviewed on a semi-annual basis, reviewing in detail the new risks, the materialised risks, and risks that have been eliminated, as well as risk tolerance levels.

The Committee also reported favourably and submitted to the Board the information related to the overall risk map for confirmation of the approval decision.

Likewise, the committee has analysed in detail the risks considered most critical as they are the most relevant and manageable.

Lastly, the Committee has followed up on the action plans defined for the mitigation of risks with the identification of those responsible for their implementation.

7. Evaluation of the evolution and performance of the Audit Committee

In compliance with Article 529 nonies section 1 of the LSC and Article 19 bis of the Board of Directors Regulations, at its meeting held on 30 March 2023, the annual evaluation of the Committee corresponding to financial year 2022 was carried out.

The evaluation was undertaken through the internal procedure consisting of taking as a reference the individual and anonymous completion by each Director of the self-evaluation questionnaire on various aspects relating to the Board and its Committees, prepared by the Appointments and Remuneration Committee and sent to the Directors.

The Committee received the aggregated information from the completed questionnaires and reviewed the results obtained on the assessment of general issues of the Committee and the Board of Directors, their functioning, the actions carried out, and the performance of their Chairs and their members. In order to assess the functioning and quality of the work, the matters discussed during the meetings of the Committee and the Board of Directors were also reviewed.

After reviewing the results and conclusions of the evaluation process, the Committee considered, notwithstanding the opinion of the Board of Directors in this regard, that its functions, both legally and under the Articles of Association, had been satisfactorily performed both generally and individually by the Chair and all members, and therefore agreed to submit the evaluation reports to the Board of Directors, which accepted it as its own.

8. Information on the Audit Committee's opinion on the Statutory Auditor's independence

In its session on 30 March 2023, the Committee, in accordance with Article 529 m section 4 (e)

of the LSC, received the external auditor's statement of independence in relation to the Company or entities related to it, as well as detailed and individualised information on the additional services rendered of any kind and the corresponding fees received.

Once the statement of independence was received, the Committee prepared the report on the independence of the accounts auditor for financial year 2022, which was published on the Company's website at the time the Annual General Meeting of Shareholders was convened, in compliance with Article 16.2 (7) of the Board of Directors Regulations.

This report, in accordance with Article 529 m section 4 (f) of the LSC, includes a justified assessment of additional services of any kind, considered individually or as a whole, other than the statutory audit, provided to the Company or entities related to it by the external auditor or by persons or entities related to it.

Specifically, according to the data provided by the auditor, all professional services rendered during financial year 2022 to the Company and entities in its Group amounted to a total of 291,732 euros, of which 56,335 euros correspond to other services related to the audit and the issuance of the report on specific procedures referring to the ICFR.

In the aforementioned report, the Committee considered that, taking into account the applicable regulations, the external auditor carried out its work independently during financial year 2022.

9. Date of preparation

The Audit Committee prepared this Report on 27 February 2024 and made it available to the Board of Directors for consideration in the annual self-assessment of the functioning of the Board of Directors and its Committees. If appropriate, the Board of Directors must approve it.

Madrid, 27 February 2024