

REPORT ON THE FUNCTIONING OF THE SUSTAINABILITY COMMITTEE FINANCIAL YEAR 2023

1. Introduction

ENCE ENERGÍA Y CELULOSA, S.A. (hereinafter, "**Ence**" or the "**Company**") has prepared this Sustainability Committee Operating Report (hereinafter, the "**Report**") in order to inform shareholders and other interested parties of the activities carried out by the Sustainability Committee during the year.

This report is published on the Company's website (www.ence.es) sufficiently in advance of the ordinary shareholders' meeting.

2. Regulation of the Sustainability Committee

The regulations governing the composition, functioning and powers of the sustainability committee are contained in the regulations of the board of directors of the Company (article 17 bis), as well as in article 49 of the Articles of Association. In any event, the internal rules of the Company governing the sustainability committee comply with the relevant provisions of the Capital Companies Act ("**LSC**") and the recommendations of the Code of Good Governance.

3. Composition of the Sustainability Committee

The sustainability committee is composed exclusively of non-executive directors and is chaired by an independent female director.

At year-end 2023, the composition of the sustainability committee and the seniority of its members is as follows:

Name	Position	Category	Seniority in the Sustainability Committee
Ms Rosa Garcia	Chairwoman	Independent	From 29 March 2019
Ms Maria Paz Robina	Member	Independent	From 31 March 2022
Mr Javier Arregui	Member	Proprietary Director	From 26 March 2021
Ms Rosalía Gil-Albarellos	Member	Independent	From 31 March 2022
Mr Ángel Agudo	Member	Proprietary Director	From 31 March 2022
Mr José Antonio Escalona	Secretary	Non-member	From 20 June 2018

The Committee's members were appointed at the proposal of the Appointments and Remuneration Committee, in accordance with Article 17.2 (g) of the Board of Directors Regulations.

The composition of the Sustainability Committee and the CVs 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. Functions of the Sustainability Committee

The functions of the Sustainability Committee are governed by Article 17 bis of the Board of Directors Regulations.

The sustainability committee is entrusted with the following responsibilities:

- a) Periodically reviewing the sustainability policy and proposing to the Board of Directors that it be updated so that it is oriented towards the creation of value and the promotion of social interest, taking into account, as appropriate, the legitimate interests of other stakeholders.
- b) Identifying and proposing to the Board of Directors the specific sustainability policies to be included in the Company's internal regulations.
- c) 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.
- d) Reporting, prior to review by the Audit Committee and approval by the Board of Directors, the annual non-financial information statement (Annual Sustainability Report).
- e) Coordinating non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.
- f) Propose the appointment of the independent third party to verify the non-financial information statement.
- g) Ensure that the company's culture is aligned with its purpose and values.
- h) Being aware of significant legal modifications in the field of sustainability with a possible significant influence for the Company, as well as emerging trends, such as circular economy or natural capital, in order to analyse them and, where appropriate, promote action plans.
- i) Supervising and evaluating the strategy of dialogue with the different stakeholders, as well as the procedures and channels of communication with them, within the scope of its competencies, ensuring that it responds to the main interests, expectations and demands of the Company's stakeholders.
- j) Being familiar with and promoting the Company's social action strategy and its community relations plans.

5. Meetings held and tasks performed during financial year 2023

During the 2023 financial year, the sustainability committee held 5 meetings, with a personal attendance rate of 100% including the committee secretary.

The non-members of the sustainability committee who have occasionally attended its meetings were the Chair and CEO, the General Secretary and General Manager of Sustainability, the

Sustainability Director, the General Manager of Cellulose, the General Manager of Magnon Green Energy, S.L. (hereinafter, Magnon) to inform the committee on the monitoring of the sustainability objectives of their corresponding areas of responsibility and other matters related with the items on the agenda of the meetings.

The most significant tasks carried out by the Sustainability Committee throughout 2023 are described below:

(i) The consolidated statement of non-financial information (annual Sustainability Report)

Prior to its review by the audit committee and its drafting by the Board of Directors, the sustainability committee reviewed the Sustainability Report for 2022 (reporting favourably) and its verification report, which was drafted and presented to the committee by the external verifier KPMG.

At the end of financial year 2023, the committee reviewed the proposed structure and table of contents of the annual sustainability report for 2023, the planning of the work for its preparation, and reported favourably on the appointment of KPMG as the independent auditor of the report.

Finally, with regard to the annual sustainability report, the committee discussed the recommendations made by the external verifier.

(ii) Sustainability Targets

During financial year 2023, the committee monitored quarterly compliance with the sustainability objectives for 2023 approved at the end of financial year 2022, which were defined in line with the pillars and lines of action established in the 2019-2023 sustainability master plan and responding to its strategic axes.

(iii) Sustainability information included in the quarterly financial disclosures

The sustainability committee reviewed and reported favourably on the sustainability information included in the various quarterly financial disclosures.

(iv) New developments in the regulatory framework and business implications

The committee analysed the main regulatory developments, their impact on the Company's business and the actions taken in respect thereof.

In particular, regulatory developments in terms of the following were reviewed:

- The processing and approval of the Renewables Directive (RED III)
- The Royal Decree implementing the Climate Change Law as regards the content of climate risk reports
- Delegated acts complementary to climate taxonomy

(v) Information on activities sponsored by the Company

The committee reviewed the quarterly update on activities sponsored by the Company and approved in advance by the donations and sponsorship committee.

(vi) Sustainability objectives linked to the issuance of promissory notes in MARF

In the context of the issuance of sustainable promissory notes by the Company on the Alternative Fixed Income Market (MARF), the Committee reviewed the specific sustainability objectives and indicators to which these notes are linked, the measurement and degree of compliance with which will be analysed annually by an independent advisor (G Advisory).

(vii) Sustainability Due Diligence Policy and Third Party Due Diligence Procedure

The Committee reported favourably on the Board's approval of the Corporate Sustainability Due Diligence Policy and agreed with the Third Party Due Diligence Procedure.

(viii) Dual materiality analysis in accordance with the Corporate Sustainability Reporting Directive (CSRD)

In accordance with the entry into force of the Corporate Sustainability Reporting Directive (CSRD) which aims to strengthen and broaden the scope of sustainability reporting requirements, the Committee reviewed the materiality analysis performed with the support of an external consultant in accordance with the information provided by the Company.

(ix) Climate change risks and opportunities

The Committee analysed the update of the Financial Impact Assessment of Climate Risks carried out by the company in 2022 with the aim of complying with the draft of the Draft Royal Decree regulating the content of the reports on the estimation of the financial impact of climate risks.

(x) Preliminary version of the decarbonisation plan

At its meeting on 27 November, the Committee agreed to report favourably on the Decarbonisation Plan presented for the pulp business.

(xi) 2024-2028 Sustainability Master Plan

The Committee, after the appropriate selection process, agreed to choose PricewaterhouseCoopers ("PwC"), an independent firm of recognised prestige in this field, to support the definition of the 2024-2028 Sustainability Master Plan. In the successive sessions of the 2023 financial year, the Committee discussed in detail the preliminary work carried out, including interviews with executives of the organisation and members of the Board, a *benchmarking* analysis and the double materiality analysis.

The 2024-2028 Sustainability Master Plan is structured into 4 pillars (eco-efficient operation, bioproducts and ecosystem services, responsible supply chain and positive social impact) and a transversal objective (system governance), highlighting the reduction in the number of lines of action and objectives compared to the previous Plan, with a focus on material aspects for the company.

In accordance with the above, as well as with the debates held during the meetings, modifications

and suggestions proposed, the Committee agreed to report favourably on the approval by the Board of the 2024-2028 Sustainability Master Plan.

6. Evaluation of the Sustainability 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 29 March 2023, the annual evaluation of the Committee corresponding to financial year 2022 was carried out.

The evaluation 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 evaluation showed that the Committee has satisfactorily performed the functions assigned to it by law and regulations, both generally and individually by the Chair and each of its members.

7. Date the sustainability committee report was prepared and date it was submitted to the Board of Directors

The Sustainability Committee prepared this Report on 26 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, 26 February 2024