

# BIODIVERSITY POLICY





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## 1. Introduction

The Ence Group's activity is based on the sustainable use of natural resources for the manufacture of bioproducts, the provision of ecosystem services and the generation of renewable energy. Aware of its dependence on natural capital, Ence has identified ecosystem degradation and the accelerated loss of biodiversity that is occurring worldwide as a direct result of human activities as a threat to its business model. The impact on ecosystems and biodiversity not only jeopardises the ecosystem services that ensure the long-term sustainability of the Group's activity, but also entails other environmental, economic and social risks that make the preservation of ecosystems and biodiversity a strategic priority for Ence.

In addition, the company's Code of Conduct recognises the care for the environment as one of Ence's ethical commitments in carrying out its activities. This commitment is also reflected in the company's Sustainability Policy.

For all these reasons, Ence has therefore defined this Policy to establish a reference framework for integrating the protection and promotion of biodiversity and ecosystem services into the group's strategy and to define the principles of action in this area, so as to ensure that the company's activities, and especially its forest management, are carried out not only respectfully, but also with a positive impact on natural capital.

The Biodiversity Policy is also conceived not only as part of Ence's regulatory framework, but also as a lever for consolidating Ence's position as a benchmark in environmental protection and sustainability in forest management, strengthening relations with its stakeholders by incorporating their concerns and needs into management and aligning the company with European and international nature conservation objectives and frameworks, such as the Post-2020 Global Biodiversity Framework, the EU Biodiversity Strategy for 2030 and the Sustainable Development Goals (SDG 15).

## 2. Objective

The aim of this Policy is to develop Ence's commitment to the protection and promotion of biodiversity in its operations, as well as to establish the company's principles of action in this area. In this regard, and given that Ence is the leading private forest manager in Spain, the specific objective of the Policy is to define the company's approach to protecting and promoting

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biodiversity in the management of its forests and to extend its principles of action to its forestry contractors and the rest of the sector.

The Policy also aims to establish the tools and mechanisms to deploy the defined principles of action and apply them in the company's daily activity, as well as to define the roles and responsibilities of the company's governing bodies and areas in the implementation of the Policy.

### 3. Scope of application

This Policy applies to all Ence Group companies and employees.

### 4. Principles of action

In order to materialise Ence's commitment to the protection and promotion of biodiversity in its operations, this Policy establishes the following principles of action:

- **Integrating the protection and promotion of biodiversity** into the definition of the company's strategy and decision-making processes, including the analysis of new business opportunities, mergers and new acquisitions. This aspect will also be integrated into Ence's corporate risk management system, environmental management system and integrated forestry management system.
- **Comply with applicable regulations and voluntary agreements** signed by Ence to promote and protect biodiversity, respecting legally designated protected areas where nature conservation is the priority management objective.
- **Promote knowledge of the biodiversity values of the areas where Ence operates** as a basis for assessing the impact of the Group's activities on biodiversity and, if deemed necessary, **develop biodiversity monitoring plans** so that the interaction of the company's activities with biodiversity can be assessed on an ongoing basis and needs for action can be detected.
- **Mitigate the possible negative impacts of the company's activities on biodiversity** and ecosystem services and extend this principle to its value chain. Ence's approach to protecting and promoting biodiversity is proactive. To protect ecosystem services and, specifically, biodiversity, Ence applies a hierarchy of action that seeks to avoid, minimise, restore or mitigate and, where appropriate, offset the impacts of its activities on ecosystems during all stages of the life cycle of its operations, so that there is no net loss

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of biodiversity in the areas where the company operates. Furthermore, this protection approach and hierarchy of action extends not only to the environmental impacts of Ence's activities, but also includes the social consequences of potential impacts on biodiversity and ecosystems.

- **Avoid locating new industrial projects or forestry operations in areas protected** for their ecological, biological, cultural and/or landscape value or in areas catalogued as being of high biodiversity value, unless it is proven that the location of the activity in these areas does not have a negative impact on biodiversity.
- **Promote the identification and, where appropriate, application of science-based solutions for the analysis, management and promotion of biodiversity**, developing objective models and indicators based, where feasible, on scientific consensus. New methodologies for managing biodiversity, natural capital and ecosystem services in Ence's forestry management activities will be identified and, where appropriate, implemented.
- **Include as additional and complementary drivers**, where appropriate, in addition to the analysis of their own activities, other factors contributing to biodiversity loss, such as climate change, land-use change or the presence of invasive species in assessments of biodiversity and ecosystem impacts, risks, dependencies and opportunities.
- **To improve**, as far as possible, the natural environments in which Ence operates, with special emphasis on its forest heritage, in order not only to protect existing biodiversity, but also to create the conditions to promote it.
- **Establish a strategy for the protection and promotion of biodiversity in Ence's forest assets** that defines lines of action, specific measures, objectives and indicators for monitoring and evaluating its effectiveness. This strategy will have a specific focus for those sites owned or managed directly by Ence located in or near biodiversity-sensitive areas and will include the results of the assessments of impacts, risks, dependencies and opportunities related to biodiversity and ecosystems.
- **Avoiding deforestation** associated with the company's activities and its supply chain, in line with the commitment to maintain zero net deforestation in Ence's direct activities and throughout its supply chain.
- **Adopt a holistic approach to biodiversity management in operations**, understanding the interactions between the ecosystems in which Ence operates and the territory as a

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whole and contributing as far as possible to conservation priorities at local, national and global level.

- **Promote collaboration** with public administrations, local communities, social organisations and other interest groups in the development of conservation, awareness-raising and research actions on biodiversity, taking into account their needs and expectations.
- **To inform, raise awareness and involve employees** in Ence's commitment to biodiversity, disseminating this Policy and promoting knowledge and training in this area.
- **Make Ence's biodiversity management strategy, objectives and performance available to all the company's stakeholders** through its sustainability reports or specific reports.
- **Promote the extension of Ence's commitment to the protection and promotion of biodiversity to the value chain**, designing measures that may include, among others, the incorporation of biodiversity protection and promotion criteria in the company's purchasing policy or the dissemination of the best practices applied by the company.
- **Promote awareness in society as a whole** of the importance of protecting and promoting biodiversity through training, education, publications, sponsorships, etc.
- **Provide adequate resources** for the implementation of this Policy in all company activities.

## 5. Priority areas for action

The principles of action set out in the previous section will be developed in the following priority lines of action for biodiversity management in Ence's operations, which focus on those aspects identified as most relevant in terms of impact and dependence:

- **Protection and promotion of biodiversity in Ence's network of Conservation Areas**, drawing up specific management plans for the different levels according to their biodiversity values (HCVs, HICs, priority habitats, etc.) and their consequent need for protection.
- **Improving connectivity** between the areas to be conserved and protected in the managed forest masses, through adequate knowledge of these areas, their environmental assessment and analysis of the population dynamics of endangered species, taking into account the characteristics of the environment. In this regard,

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connectivity will be promoted not only between Ence's conservation areas, but also between them and protected natural spaces or other areas of high biodiversity value nearby.

- **Protection and promotion of biodiversity in the productive forest areas of Ence's assets**, preserving the values provided by eucalyptus plantations in terms of soil protection, wildlife refuge and flora development, especially in ecotonal areas.
- **Analysis and development of new methodologies for the enhancement of Natural Capital**, in collaboration with research centers, public administrations and other interest groups, such as NGOs and landowner associations, to promote active management of biodiversity which, through the objective evaluation of its results, allows it to be enhanced and converted into an opportunity for the forest manager.
- **Analysis of the potential impacts on biodiversity of Ence's industrial activities**, with a special focus on the development of new projects. The analysis of potential impacts on biodiversity will be included in the design and environmental impact assessment of new projects and, if potential impacts are identified, they will be managed according to the hierarchy of action established in the principles of this Policy. The same approach will apply to expansion projects and modifications to existing facilities.
- **Integration of biodiversity into Ence's culture**, raising awareness among all company employees of the importance of this aspect and establishing the necessary tools to ensure that biodiversity is taken into account in decision-making and in the company's day-to-day operations, with special attention to forestry operations and the supply of wood and biomass. In this regard, the necessary cultural change will be promoted from the line of command and the company's contractors will also be involved in order to convey Ence's commitment and level of demand in this area, as is already the case with other aspects such as safety and the environment.
- **Promoting traceability throughout the value chain of products and raw materials** used by Ence that could have real/potential relevant impacts on biodiversity and/or ecosystems. Special focus will be placed on the production and supply of wood and biomass and, where appropriate, relying on internationally recognised certification schemes that accredit the protection of biodiversity throughout Ence's supply chain.

## 6. Planning and performance indicators

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Ence will define **Biodiversity Management Plans** for the deployment of these priority lines of action and will define actions to apply the rest of the action principles set out in this Policy, defining performance indicators.

Whenever possible, indicators should be defined on the basis of science, be aligned with international benchmark initiatives (e.g. TFND), focus on the aspects with the greatest impact, and be objective and measurable. The definition of indicators will take into account international sectoral references, but also the specific characteristics and needs of the ecosystems in which Ence operates.

Ence will set targets for the indicators defined and will monitor them, reporting the results both internally and externally to the company's stakeholders.

## 7. Compliance

Ence's management will ensure compliance with the commitments established in this Policy, monitoring the company's performance in accordance with the defined indicators and investigating and correcting any possible deviations from the established objectives. The responsibilities of the governing bodies and areas involved in compliance with this Policy are defined in the following point.

Ence has an Internal Information Channel through which any employee or third party outside Ence can report actions or behaviours that contravene the law or the company's internal regulations. All communications received are analysed with independence, objectivity and confidentiality, respecting the rights of the people involved, without any kind of reprisal for the person who reports alleged breaches in good faith.

## 8. Governing bodies and duties

The **Board of Directors** is responsible for approving, reviewing and, where necessary, updating this Policy.

The **Sustainability Committee** of the Board of Directors will review the proposed management plans. It will also be responsible for monitoring these plans and the indicators established and validating actions to minimise, mitigate and, where appropriate, offset the potential impacts of Ence's activities on ecosystems.

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The **Audit Committee** of the Board of Directors will oversee the inclusion of biodiversity-related risks in the company's risk management system if they are identified and monitor them and the proposed mitigation measures.

The **Management Committee** is responsible for disseminating and enforcing compliance with the principles of action assumed in this Policy and ensuring that it is disseminated and communicated appropriately. It is also the body responsible for defining and supervising the execution of the company's Biodiversity Management Plans and for allocating the necessary resources for the execution of the initiatives and the achievement of the established objectives.

The **Corporate Sustainability Department** is responsible for proposing updates to this Policy, establishing Ence's biodiversity strategy and management plans, setting priorities and objectives and implementing the necessary actions to ensure compliance.

The **Forestry Sustainability Department** will propose actions and initiatives to advance in the fulfilment of the principles of action of this Policy in the area of Ence's forest assets and wood supply and its extension to the rest of the sector.

The **Internal Audit Department** shall be responsible for planning and executing the audit work necessary to verify compliance with the principles set out in this policy.

The **environmental managers of the facilities and business development** will be responsible for ensuring the application of the principles of action of this Policy in Ence's industrial activities, both in existing facilities and in the development of new projects.

**All Ence Group employees** are responsible for complying with the principles of action set out in this Policy and for reporting any breach of these principles through the established channels.

In addition to the above, such governing bodies may be created as are deemed necessary to ensure compliance with the principles set out in this Policy.

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