

# CLIMATE CHANGE POLICY





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## 1. Introduction

Ence recognises that climate change, accelerated by anthropogenic activity and especially by greenhouse gas emissions from the use of fossil fuels, is one of the greatest challenges facing society.

The commitments that have been established at international level and, specifically, in Europe, aimed at keeping the increase in global temperature below 2°C with respect to pre-industrial levels and limiting it as far as possible to 1.5°C, represent an enormous challenge because in practice they entail a radical change in our society's production and energy model. Ence faces the challenge with a commitment to reduce the carbon footprint of its activities and its value chain to help achieve this ambitious goal, aligning its greenhouse gas emission reduction targets with the decarbonisation trajectory in the 1.5°C scenario.

However, this challenge also represents a great opportunity to contribute to the transition to the new decarbonised model, both in the generation of renewable energy and in the manufacture of products not based on fossil materials. Aware of this opportunity, Ence makes the fight against climate change the basis of its business, focused on the decarbonisation of the energy and industrial sectors and the production of renewable materials.

## 2. Objective

The main purpose of this Policy is to establish Ence's commitments and principles for action in terms of climate change mitigation and adaptation, as well as to lay the foundations for planning actions in these areas to enhance the company's resilience in the face of climate change. The Policy also aims to assign the roles and responsibilities of the company's various governing bodies in order to comply with the established principles.

## 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 fight against climate change and the transformation of society towards a low-carbon economic model, this Policy establishes the following principles of action:

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- **Integrate climate change** into internal strategic planning and decision-making processes, incorporating the climate perspective into the assessment of business opportunities and the selection of technologies for new projects and upgrades to existing ones. Specifically, Ence will design its new decarbonised industrial projects, avoiding the use of fossil fuels whenever technically and economically feasible and using electricity and heat from renewable sources in its processes.
- **Incorporate the risks derived from climate change** into the Group's risk analysis, management and reporting process, considering the recommendations of reference bodies, analysing their financial impacts and designing mitigation and adaptation mechanisms to reduce the Group's vulnerability to these risks.
- **Promote adaptation** to climate change to improve the company's resilience to the effects of climate change and contribute to the adaptation of other actors in the value chain, such as forest owners through the generation of plant material better adapted to the new climatic conditions.
- **Contribute to climate change mitigation** by measuring and reducing the Group's greenhouse gas emissions. To this end, Ence will establish and periodically review reduction targets aligned with the Paris Agreement objectives (1.5°C scenario) and will offset residual emissions once the maximum reduction level has been reached with available technology, prioritising nature-based solutions, in order to achieve carbon neutrality by 2050.
- **Promote energy efficiency** in its operations, reducing energy consumption and ensuring, as far as possible, energy self-sufficiency from renewable sources at Ence's facilities.
- **Developing products and services** that contribute to accelerating the decarbonisation of society and achieving a carbon-neutral future, from green energy to renewable products that can replace fossil-based materials.
- **Manage the forest areas of its assets in a way that protects and promotes their function as forest sinks**, including the climate perspective in forest management, improving the resilience of plantations in the face of climate change and developing reforestation and/or ecosystem management projects that result in an increase in the CO2 absorption capacity of forest areas. In addition to applying this perspective in the

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stands managed directly by the company, Ence will promote its application in the rest of the sector.

- **Informing and involving employees** in Ence's commitment to decarbonisation, disseminating this Policy and the company's emission reduction plans and objectives and promoting knowledge and training in this area.
- **Extend its commitment to decarbonisation to Ence's value chain**, favouring whenever feasible the contracting of suppliers with emissions reduction plans and targets, to promote the reduction of the company's indirect emissions (such as those derived from the use of materials or transport).
- **Working together with Ence's customers** to support their efforts to reduce their carbon footprint throughout their value chain.
- **Promote and apply research, development and innovation** in technologies that are low-emission or free of GHG emissions and in CO2 capture technologies at the Group's facilities.
- **Collaborate with administrations and support public strategies and policies** focused on the fight against climate change and a fair energy transition, supporting those measures that do not introduce distortions that could affect the company's competitiveness in the markets in which it operates.
- **Make information on Ence's climate action strategy, objectives and performance available to all the company's stakeholders** through its sustainability reports or specific reports (e.g. GHG emissions reports).
- **Raise public awareness** of the relevance of climate change mitigation and adaptation in general and the role of decarbonisation technologies and forest sinks in particular, through training, education, publications, sponsorships, etc.

## 5. Planning and performance indicators

Ence will define **Decarbonisation Plans** to reduce the company's carbon footprint, aligned with the 1.5°C scenario, and achieve the commitment to climate neutrality by 2050. These plans will take into account both direct and indirect emissions derived from the company's activity.

The decarbonisation plans will include reasonable, specific and measurable emission reduction targets for a base year. Ence will continuously monitor its performance against these targets and periodically publish information on the level of achievement of these targets.

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## 6. Compliance

Ence's management will ensure compliance with the commitments set out 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 persons involved, without any reprisals for the person reporting alleged breaches in good faith.

## 7. Governing bodies and duties

The **Board of Directors** is responsible for approving, reviewing and, where appropriate, updating this Policy. It shall also be responsible for approving the proposed decarbonisation plans as well as the climate risk mitigation measures put in place.

The **Sustainability Committee** of the Board of Directors shall review the proposed decarbonisation plans and, if appropriate, report favourably to the Board for approval. It shall also be responsible for monitoring these plans and the indicators established, as well as for monitoring the climate risk analyses and the proposed mitigation measures.

The **Audit Committee** of the Board of Directors will oversee the inclusion of climate risks in the company's risk management system and monitor the inclusion of climate risks and 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 the company's decarbonisation objectives and plans, and for allocating the necessary resources for the execution of the initiatives defined and the achievement of the established objectives.

The **Corporate Sustainability Department** is responsible for proposing updates to this Policy, establishing decarbonisation targets and plans together with the operational areas and collaborating in the implementation of the actions necessary to ensure compliance. It is also

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responsible for updating, in coordination with the operational areas, the climate risk analyses and the implementation of new methodologies and models from reference bodies (e.g. IPCC).

**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 **Operational Areas** will collaborate in setting and proposing the necessary actions and initiatives to make progress in achieving the established decarbonisation targets.

**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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