

REPORT ON AUDIT COMMITTEE OPERATIONS FOR THE 2024 FINANCIAL YEAR

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 1/2024 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). In all cases, the Company's internal regulations that govern the Audit Committee comply with the relevant provisions of the Spanish Companies Act ("**LSC**") and the Spanish Good Governance Code of Listed Companies.

The Articles of Association and the current Regulations of the Board of Directors are registered in the Commercial Register 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.

In the 2024 financial year, the composition of the commission and category and the seniority of its members was as follows:

Name	Position	Category	Seniority in the Committee
Ms Carmen Aquerreta Ferraz	Chairwoman	Independent	Since 31/03/2022 (Chairwoman since 04/04/2024)
Mr José Guillermo Zubía Guinea	Member	Other external member	Since 25/06/2008
Ms Irene Hernández Álvarez	Member	Independent	Since 28/03/2019
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

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.

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. Functions 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 in 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;
- Providing advance notice about the Board's adoption of the corresponding agreement regarding the prospectus and the periodic 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 the 2024 financial year

In the 2024 financial year, the Audit Committee held 7 meetings, attended by 100% of its members.

The representatives of the external auditor attended the meetings held on 27 February 2024, 19 April 2024, 29 July 2024 and 28 October 2024 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 2024".

The Company's external tax advisors attended the meetings of the Committee on 27 February and 29 July 2024 to report on matters relating to the Company's tax situation referred to in the section "Significant activities during 2024" below.

At the invitation of the Chairwoman of the committee, the CEO, the Chief Financial Officer, financial management personnel, the Internal Audit Director, the Ethics and Compliance Director and the Secretary General and General Director of Sustainability as well as the General

Director 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.

Significant activities carried out in 2024

In 2024, the Audit Committee carried out the most significant activities described below:

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

Throughout 2024, 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 the 2023 financial year, including the Annual Sustainability Report for 2023, and has proposed to the Board of Directors the preparation of these documents.
- Quarterly financial information for Q4 2023 and the first three quarters of the 2024 financial year, as well as consolidated interim summarised financial statements for the six-month period ended on 30 June 2024 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) Interim dividend for 2024

The committee has reported favourably on the approval of the liquidity statements formulated in connection with the two interim dividends for 2024 approved by the board of directors.

(iii) 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 2023 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 2024, as well as the consolidated interim management report;
 - With regard to the results of the audit presented by the external auditors for the 2023 financial year, at the Committee meeting of 27 February 2024, 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 2024 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 29 February 2024.
- (iv) Selection process of the auditor for 2025 and subsequent years and proposal for the appointment of an independent third party to verify the 2024 Sustainability Report.

The audit committee has assessed the bids submitted by several audit firms within the framework of the selection process for external auditors for 2025-2027, and has reported favourably to the board on the proposed appointment of KPMG for a period of three years as auditor of the Company and (also at the proposal of the sustainability committee) as verifier of the Sustainability Report for the 2024 financial year.

(v) 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 the 2023 financial year, 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 2024 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 2024 for the Internal Auditing Director and the assessment of the degree of compliance with the objectives set for 2023 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 2024 on a quarterly basis.

(vi) 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 2023.
- Quarterly report by the external advisors on the first and second instalments of the 2024 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.

(vii) 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.

(viii) Corporate Governance

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

- Annual evaluation of the committee corresponding to the 2023 financial year, which was carried out with the help of an independent consultant, Egon Zehner, who drew up his report based on the individual and anonymous completion by each director of the self-evaluation questionnaire sent by the consultant on several aspects relating to the board and its committees, and the interviews held with the consultant by 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 the 2023 financial year.
- Favourable report, within the scope of its competencies, on the content of sections C, D, E, and F of the draft of the Annual Corporate Governance Report proposed to the Board for approval.

(ix) Ethics and Compliance

In 2024, the Committee has carried out the following actions in this area:

- Approval of the annual report corresponding to the 2023 financial year of the Ethics and Compliance Department, which includes the activities carried out by said department in said financial year, and the approval for the annual plan for 2024.
- Approval of the degree of compliance by the director of ethics and compliance with the 2023 targets and proposal of targets for 2024.
- Quarterly monitoring during the 2024 financial year of the activity carried out by

the ethics and compliance department, including (i) review of the investigation reports related to complaints received through the internal communication channel, (ii) analysis and review of the monitoring of the annual plan objectives and compliance indicators (KCI), (iii) analysis and monitoring of the compliance system for the 2024 financial year, (iv) analysis of the results of the external audit report (AENOR) of the criminal compliance control system, (v) analysis of the degree of progress of the 2023 communication plan with the aim of publicising ENCE's internal whistleblowing channel, and of the training and awareness-raising actions carried out during the first quarter of 2024, (vi) the updating of internal regulations on compliance and on risk and control matrices, (vii) the implementation of the Global Suite criminal risk management tool, (viii) actions undertaken within the framework of the review of the crime prevention model.

- Updating of internal compliance regulations.

(x) 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 2023) 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 2023, 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.

(xi) Corporate regulations

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

- The update of the antitrust compliance programme.
- The update of the Fighting Against Corruption and Fraud Policy.
- The update of the internal audit charter.
- The update of the Crime Prevention Model.

(xii) ENCE Sustainable Promissory Notes Programme 2024

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

(xiii) Risk Management and Control

The Committee approved the updating of the Company's risk map for the 2024 financial year,

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.

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

(xiv) Cybersecurity plan

The committee has reviewed and reported favourably on the Cybersecurity Contingency Plan, highlighting the cybersecurity risks and their mitigations and the actions to be deployed, the projects implemented in 2024, the training to be provided and the performance of drills so that the organisation is trained in the event of a cyberattack.

(xv) Annual Work Plan

At its meeting on 25 November 2024, the committee approved the annual work plan for 2025.

6. Evaluation 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 27 February 2024, the annual evaluation of the Committee corresponding to the 2023 financial year was carried out.

The evaluation was carried out with the assistance of an independent consultant, Egon Zehnder, based on his report on the basis of the individual and anonymous completion by each board member of the self-assessment questionnaire sent by the consultant and interviews with the consultant by the board members.

Accordingly, the committee reviewed the results of the evaluation in terms of the Egon Zehnder report, analysing the specific issues assessed and the strengths indicated, highlighting the good results obtained. After reviewing the results and conclusions set out in the report, the commission considered 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 report on the commission to the board of directors, which accepted it and made it its own.

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

In its session on 27 February 2024, 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 the 2023 financial year, 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 the 2024 financial year to the Company and its Group entities amounted to a total of €342,000, of which €75,000 correspond to other services, specifically the verification service under ISAE 3000 standard of the Statement of Non-Financial Information (SNFI) included in the consolidated management report and the service of generic training on ESG aimed at ENCE employees.

In the aforementioned report, the Committee considered that, taking into account the applicable regulations, the external auditor carried out its work independently during the 2024 financial year.

8. Date the audit committee report was prepared and date it was submitted to the Board of Directors

The Audit Committee prepared this Report on 25 February 2025 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, 25 February 2025