

OPERATING REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE FOR THE 2024 FINANCIAL YEAR

1. Introduction

ENCE ENERGÍA Y CELULOSA, S.A. (hereinafter, "**Ence**" or the "**Company**") has prepared this Operating Report of the Appointments and Remuneration Committee (hereinafter, the "**Report**") in accordance with the provisions in Technical Guide 1/2019 on appointments and remuneration committees, published by the Spanish National Securities Market Commission (hereinafter, the "**CNMV**"), in order to allow shareholders and other interested parties to understand the activities carried out by the Company's Appointments and Remuneration Committee (hereinafter, the "**CNR**") during the financial year.

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

2. CNR Regulation

The regulation of the composition, operation, and powers of the CNR is contained in the Articles of Association (Article 48) and in the Company's Board of Directors Regulations (Article 17). In all cases, the Company's internal regulations that govern the CNR comply with the relevant provisions of the Spanish Companies Act ("**LSC**") and the Spanish Good Governance Code of Listed Companies.

Likewise, the Company has established mechanisms to ascertain the recommendations of stakeholders and voting advisors ("*proxy advisors*") and assess their incorporation as best practices with respect to the operation of the Committee and the matters for which it is responsible.

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 CNR

The CNR is composed exclusively of non-executive directors and a majority of independent advisors, with one independent advisor acting as Chair.

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

Name	Position	Category	Seniority with the CNR
Ms María Paz Robina Rosat	Chairwoman	Independent	26 March 2021 (Chairwoman since 31/03/2022)
Ms Irene Hernández Álvarez	Member	Independent	31 March 2022
Ms Rosalía Gil-Albarellos Marcos	Member	Independent	31 March 2022
Mr Fernando Abril-Martorell Hernández	Member	Other external member	30 March 2007
Mr Gorka Arregui Abendivar	Member	Proprietary Director	31 March 2022
Mr José Antonio Escalona de Molina	Secretary	Non-member	31 March 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.

The composition of the Appointments and Remuneration 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/>

The Board has evaluated the proven track record of the members of the CNR in skills such as people management, identification and retention of talent, selection and management of teams, communication with collaborators, and the establishment of remuneration components, as well as in other areas that are within the competence of the CNR such as good corporate governance.

4. Functions of the CNR

The functions of the CNR are governed by Article 17 of the Board of Directors Regulations.

Among other functions, the CNR is entrusted with the following responsibilities:

- To define and assess the skills, knowledge, and experience needed on the Board of Directors.
- To examine the Company's compliance with corporate governance rules and its code of conduct and make the necessary proposals for improvement.
- To submit to the Board proposals for the re-election, removal, or appointment of Independent Directors, and report on proposals for the re-election, removal or appointment of the remaining Directors, so that the Board may proceed directly to

appoint them (co-opting) or take them on board for submission to the Meeting's decision.

- To ensure, within the scope of its powers, that when filling new vacancies or appointing new directors, selection procedures favour diversity with regard to issues such as age, gender, disability or professional training and experience and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of female directors in a number that allows for a balanced presence of women and men; establishing a target for the representation of the under-represented gender and developing guidance on how to reach that target.
- To examine and organise, where appropriate together with the Coordinating Director, the succession of the Chair of the Board and the Chief Executive of the Company and, where appropriate, make proposals to the Board so that such succession takes place in an orderly and well-planned manner.
- To propose the members who should be part of each of the Committees to the Board.
- To report on the appointments and removal of Directors with greater responsibility in the Company that the Chief Executive may propose to the Board.
- To propose to the board of directors the system and amount of annual remuneration of directors and senior management.
- To propose to the Board of Directors the standard conditions for Executive Directors' contracts and their individual remuneration.
- Ensure compliance with the remuneration policy.
- To propose the periodic review of the remuneration programmes for the Directors and the executives determined by the Board of Directors.
- Verify the information regarding remuneration for Directors and senior officers, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the Company.
- Propose measures for remuneration transparency and ensure compliance.
- Evaluate, at least once per year, their performance and the quality of their work.
- To report on the evaluation process of the company's Chair of the Board and CEO.
- Ensure that conflicts of interest do not undermine the independence of any external advice provided to the committee.
- Supervise the communication strategy and the relationship with voting advisors.

5. Meetings held and tasks performed during the 2024 financial year

During the 2024 financial year, the CNR held 6 meetings, with a personal attendance rate of 96.6% of its members.

At the invitation of the chairwoman of the committee, the chief executive officer and the general director of human capital attended the meetings and items on the agenda that required their intervention, in order to explain the matters within their competence.

Significant activities carried out in 2024

The most significant tasks carried out by the CNR throughout 2024 are described below:

(i) Variable remuneration for Senior Management

The CNR reviewed and reported favourably on the proposal to meet the 2023 ordinary variable remuneration targets of the Management Committee, which included the achievement percentage of these targets and the resulting variable remuneration amounts for each of them.

At the same meeting, the CNR reviewed and reported favourably on the proposal to set the objectives of the 2024 Management Committee whose degree of compliance will determine the amount of variable remuneration for 2024.

(ii) Directors' Remuneration Report

The CNR reviewed and informed favourably on the 2023 Annual Report on Directors' Remuneration, which was submitted to a consultative vote of the shareholders at said General Meeting held on 4 April 2024.

In addition, the CNR reviewed the information on remuneration contained in the Company's Annual Accounts for 2023 and in the Company's half-yearly financial reports, and agreed with it.

(iii) Long-Term Incentive (ILP)

In relation to Cycle II of the Long-Term Incentive (ILP) for 2019-2023, the NRC reported favourably on the proposed calculation of the total amount of the incentive and the individual amount corresponding to each of the beneficiaries, broken down between cash and shares, and assessed the degree of compliance with the objectives, submitting to the board of directors the proposal for approval of the degree of compliance with the objectives of this Cycle II of the 2019-2023 ILP and, consequently, the amount of the incentive to the beneficiaries, under the terms of said proposal.

With regard to the Long-Term Incentive (ILP) for 2023-2027, approved by the general meeting of shareholders of the Company on 4 May 2023, the CNR reported favourably on the approval by the board of directors of (i) the proposed objectives for Cycle II (2024-2026) of the aforementioned 2023/2027 ILP; (ii) the designation of the beneficiaries of Cycle II and; (iii) the model letters of invitation to the designated beneficiaries.

At the session of 14 November 2024, the NRC reported favourably on the proposal to update the beneficiaries and target salary amounts for Cycles II and III of the (2023-2027) ILP.

(iv) Evaluation by the Board and the Committee

The annual evaluation of Board of Directors and the CNR 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.

After reviewing the results or the assessment of said report and conclusions of the evaluation process, the CNR submitted its corresponding report to the Board of Directors.

(v) Re-election of directors

The NRC agreed to report favourably on the re-election of:

- (i) Mr Javier Arregui Abendivar as a proprietary director;
- (ii) Mr Oscar Arregui Abendivar as a proprietary director;
- (iii) Mr Gorka Arregui Abendivar as a proprietary director;
- (iv) Mr José Ignacio Comenge Sánchez-Real as a proprietary director;
- (v) Ms Rosa María García Piñeiro as independent director;
- (vi) Ms María de la Paz Robina Rosat as an independent director;

For whose re-elections, the suitability of the training, professional experience and suitability of each director, the quality of their work and their dedication to the performance of the respective position were analysed, in accordance with the director selection policy and the competency matrix.

(vi) Positions and composition of the Committees

As a consequence of the expiry of the maximum legal term for Ms Irene Hernández as chairwoman of the audit committee, the NRC agreed to report favourably on the proposed appointment of Ms Carmen Aquerreta as the new chairwoman of the audit committee, as well as the re-elected directors maintaining the positions on the committees they currently hold, that is to say:

- Ms Rosa María García Piñeiro, Chairwoman of the Sustainability Committee and member of the Audit Committee.
- Ms María de la Paz Robina Rosat as chairwoman of the appointments and remuneration committee, and member of the sustainability committee.
- Mr Gorka Arregui Abendivar, member of the Executive Committee and of the Appointments and Remuneration Committee.
- Mr Óscar Arregui Abendivar, member of the executive committee.
- Mr José Ignacio Comenge Sánchez-Real, member of the Executive Committee.

(vii) Senior management assessment and succession planning

The members of the CNR reviewed the 2024/28 Strategic Plan for People, the results of the evaluation of each of the members of the Management Committee, and the succession plans for each of the different positions.

(viii) Corporate Governance

In March 2024, the CNR reviewed the contents of the Annual Corporate Governance Report for 2023 and the 2023 annual accounts within the scope of its responsibilities and agreed to report favourably on their approval by the Board of Directors.

The CNR was also briefed on issues such as:

- the conclusions reached following meetings with proxy advisors and ESG analysts;
- The proposal for actions to be included in the action plan relating to the Board of Directors.

The NRC found that during the 2023 financial year, compliance with the company's governance rules has been satisfactory, and that the company's corporate governance system is adequate and is updated where appropriate in accordance with new regulatory requirements as assessed by the board and its committees.

Finally, the CNR reviewed the **competency matrix** approved in 2023 that identifies, firstly, the skills and knowledge present on the Board of Directors, and secondly, the competences that are considered necessary to face the Company's challenges in the medium and long-term and which must be taken into account in future director selection processes. This review took place in June 2024, without any changes being agreed.

(ix) Regulatory review:

The NRC has reviewed and reported favourably on the approval by the Board of Directors of the updated Policy on Director Selection and Board Diversity.

(x) Review of the mandatory content of the corporate website

The CNR has carried out, in accordance with Circular 3/2015, of 23 June, of the National Securities Market Commission, on technical and legal specifications and information that the websites of listed public limited companies and savings banks that issue securities admitted to trading on official secondary securities markets must contain, a review of the mandatory content of the company's Corporate Website in accordance with its obligations as a listed public limited company.

(xi) Annual Work Plan

At its meeting on 18 December 2024, the committee approved the annual work plan for 2025.

6. Evaluation of the Board of Directors and the CNR

As indicated above, in February 2024 the annual evaluation of the Board of Directors and the CNR for the 2023 financial year was carried out with the advice of an external consultant (Egon Zehnder), who took as a reference the individual and anonymous completion by each Director of the self-evaluation questionnaire on various aspects related to the Board and its Committees, and the interviews held with that adviser by the directors.

Egon Zehnder's report on the outcome of this process showed that the assessment of the board and its committees and key positions can be considered as good, with the company paying high attention to its corporate governance model, reaching a satisfactory level, and suggesting some non-significant opportunities for improvement.

After reviewing the results and conclusions of the evaluation process in the report, the CNR considered, notwithstanding the opinion of the Board of Directors in this regard, that the functions corresponding to both bodies, by law and regulations, had been satisfactorily performed both generally and individually by the Chair and all members, and therefore agreed to submit them to the Board of Directors, which accepted them by making the corresponding evaluation reports their own. An action plan for the nomination and remuneration committee was also reviewed and approved.

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

The CNR prepared this Report on 20 February 2025 and provided it to the Board of Directors for consideration in the annual self-assessment of the functioning of the Board of Directors and its Committees, and if appropriate, approval by the Board of Directors.

Madrid, 20 February 2025