

REPORT ON THE FUNCTIONING OF THE 2024 FINANCIAL YEAR SUSTAINABILITY COMMITTEE

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.

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 Sustainability Committee

The regulation of the composition, operation, and powers of the sustainability committee is contained in the Articles of Association (Article 49) and in the Company's Board of Directors Regulations (Article 17 bis). In all cases, the Company's internal regulations that govern the Sustainability Committee comply with the relevant provisions of the Spanish Companies Act ("**LSC**") and the Good Governance Code.

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 Sustainability Committee

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

At year-end 2024, 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 García Piñeiro	Chairwoman	Independent	From 29 March 2019 (Chair of the committee from 23/02/2021)
Ms María Paz Robina Rosat	Member	Independent	From 31 March 2022
Mr Javier Arregui Abendivar	Member	Proprietary Director	From 26 March 2021
Ms Rosalía Gil-Albarellos Marcos	Member	Independent	From 31 March 2022
Mr Ángel Agudo	Member	Proprietary Director	From 31 March 2022

Valenciano			
Mr José Antonio Escalona de Molina	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) Proposing the appointment of the independent third party to verify the non-financial information statement.
- g) Ensuring 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 the 2024 financial year

During the 2024 financial year, the sustainability committee held 5 meetings, with a personal attendance rate of 100%.

At the invitation of the chairwoman of the committee, the chief executive officer, the general secretary and general director of sustainability, and of the director of sustainability, 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 Sustainability Committee throughout 2024 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 2023 (reporting favourably) and its verification report, which was drafted and presented to the committee by the external verifier KPMG.

At the end of the 2024 financial year, the committee reviewed the proposed structure and table of contents of the annual sustainability report for 2024, the planning of the work for its preparation, and reported favourably on the appointment of KPMG as the independent auditor of the report.

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

- (ii) Sustainability Targets

During the 2024 financial year, the committee monitored quarterly compliance with the sustainability objectives for 2022 approved in February of the same year, which were defined in line with the pillars and lines of action established in the new 2024-2028 sustainability master plan and responding to its four strategic core concepts.

The committee approved the proposed sustainability targets for the 2025 financial year at its meeting on 25 November 2024.

- (iii) Sustainability information included in the regular financial disclosures

The sustainability committee reviewed and reported favourably on the sustainability information included in the various regular 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 and legislative advances in terms of the following were reviewed:

- The process of transposition into Spanish law of the EU's Corporate Sustainability Reporting Directive (CSRD): processing of the draft law regulating the corporate reporting framework on environmental, social and governance issues, which will entail amendments to the Capital Companies Act, the Code of Commerce and the Accounts Auditing Act.
- Approval of the Sustainability Due Diligence Policy Directive (CS3D).
- Analysis of the main aspects of EU Regulation 2023/1115 (EUDR) regulating the marketing and export of raw materials and products associated with deforestation and forest degradation, as well as the measures adopted by Ence for its implementation, following its expected application at the end of 2025.
- The process of transposition of the RED III Directive.

(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) Biodiversity Plan

The commission analysed the basic lines and structure of the five-year Biodiversity Plan and approved it. At its meeting on 26 November, the committee approved the proposal of the indicators (KPIs) for the period of validity of the aforementioned plan.

(vii) Decarbonisation plan

At its meeting of 25 November 2024, the committee agreed to report favourably on the proposed update of the Group's Decarbonisation Plan.

(viii) ESG risks

The committee reviewed the ESG risks identified in application of the provisions of the CSRD for integration into the Global Risk Map approved in November 2024.

(ix) Corporate policies

The committee reported favourably on the approval by the board of the following policies, which respond to the requirements of the CSRD:

- Biodiversity Policy
- Environment Policy
- Climate Change Policy
- Stakeholder Relations and Positive Social Impact Policy

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

In the context of the renovation of the programme for 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.

(xi) Annual Work Plan

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

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 26 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 members of the committee reviewed the results of the evaluation of the committee in terms of the Egon Zehnder report, analysing the specific issues assessed and highlighting the good results obtained. After reviewing the results and conclusions of the committee's assessment process 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. Date the sustainability committee report was prepared and date it was submitted to the Board of Directors

The Sustainability Committee prepared this Report on 24 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, 24 February 2025